

His Worship the Mayor Councillors CITY OF MARION

# NOTICE OF GENERAL COUNCIL MEETING

Council Chamber, Council Administration Centre 245 Sturt Road, Sturt

Tuesday, 26 February 2019 06:30 PM

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the Local Government Act 1999 that a General Council meeting will be held

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration Centre on Sturt Road, Sturt.

Adrian Skull Chief Executive Officer



# **TABLE OF CONTENTS**

OPEN MEETING	5
KAURNA ACKNOWLEDGEMENT	5
DISCLOSURE	5
ELECTED MEMBERS DECLARATION OF INTEREST (if any)	5
CONFIRMATION OF MINUTES	5
Confirmation of the minutes for the General Council Meeting held on 12 February2019	5
APPENDIX 1	6
COMMUNICATIONS	21
Mayoral Communication Report	21
Deputy Mayor Communication Report	22
CEO and Executive Communications Report	23
ELECTED MEMBER VERBAL COMMUNICATIONS	25
ADJOURNED ITEMS	25
DEPUTATIONS	25
PETITIONS	25
COMMITTEE RECOMMENDATIONS	25
Confirmation of Minutes of the Infrastructure and Strategy Committee Meeting5 February 2019	25
APPENDIX 1	27
CONFIDENTIAL ITEMS	32
Cover Report - Marion Outdoor Pool	32
Marion Outdoor Pool	33
CORPORATE REPORTS FOR DECISION	34
Elected Member Liaison on External Bodies	34
APPENDIX 1	38
Single Use Plastics Discussion Paper	40
APPENDIX 1	43
APPENDIX 2	85
Iconic Event - ASO at Warriparinga	92
APPENDIX 1	96
APPENDIX 2	97
APPENDIX 3	98
2nd Budget Review 2018/19	99
APPENDIX 1	101
APPENDIX 2	105
Community Bus - additional vehicle and activation of Council facilities	115
APPENDIX 1	120



APPENDIX 2	124
Treasury Management - Borrowings versus Cash Strategy	125
APPENDIX 1	130
APPENDIX 2	135
APPENDIX 3	139
APPENDIX 4	140
APPENDIX 5	147
APPENDIX 6	162
APPENDIX 7	167
ALGA 2019 National General Assembly of Local Government - Call for Notices of	168
APPENDIX 1	171
APPENDIX 2	187
CORPORATE REPORTS FOR INFORMATION/NOTING	189
Capital Works Review	189
APPENDIX 1	191
Seaview High School Community Facilities	192
Work Health & Safety - Monthly Performance Report - January 2019	194
APPENDIX 1	196
Questions Taken on Notice Register	199
APPENDIX 1	200
Finance Report - January 2019	201
APPENDIX 1	203
APPENDIX 2	208
APPENDIX 3	213
WORKSHOP / PRESENTATION ITEMS	215
MOTIONS WITH NOTICE	215
Boundary Realignment	215
APPENDIX 1	217
Community Celebrations	218
QUESTIONS WITH NOTICE	220
MOTIONS WITHOUT NOTICE	220
QUESTIONS WITHOUT NOTICE	220
OTHER BUSINESS	220
MEETING CLOSURE	220





# **OPEN MEETING**

# KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

# **DISCLOSURE**

All persons in attendance are advised that the audio of this General Council meeting will be recorded and will be made available on the City of Marion website.

# **ELECTED MEMBER'S DECLARATION OF INTEREST (if any)**

# **CONFIRMATION OF MINUTES**

# Confirmation of the minutes for the General Council Meeting held on 12 February 2019

Originating Officer Governance Officer - Victoria Moritz

Corporate Manager Corporate Governance - Kate McKenzie

Report Reference: GC190226

# **RECOMMENDATION:**

# That:

1. The minutes of the General Council Meeting held on 12 February 2019 be taken as read and confirmed.

# **ATTACHMENTS:**

#	Attachment	Туре
1	GC190212 - Final Minutes	PDF File



MINUTES OF THE GC190212 - GENERAL COUNCIL MEETING - 12 February 2019

Tuesday, 12 February 2019 06:30 PM

Council Administration Centre, 245 Sturt Road, Sturt



# **PRESENT: Elected Members**

Mayor - Kris Hanna, Councillor - Ian Crossland, Councillor - Tim Gard, Councillor - Jason Veliskou, Councillor - Bruce Hull, Councillor - Nathan Prior, Councillor - Raelene Telfer, Councillor - Tim Pfeiffer, Councillor - Kendra Clancy, Councillor - Maggie Duncan, Councillor - Matthew Shilling, Councillor - Joseph Masika

DATE: Tuesday 12 February, 2019, 6.30pm

# **VENUE:**

Council Chamber, Administration Centre, 245 Strurt Road, Sturt

# Staff In Attendance

General Manager City Development - Abby Dickson General Manager Corporate Services - Vincent Mifsud Manager Corporate Governance - Kate McKenzie Governance Officer - Victoria Moritz (minute taker)

# **OPEN MEETING**

The Mayor opened the meeting at 12/02/2019 6:30:00 pm

# KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

# **DISCLOSURE**

All persons in attendance are advised that the audio of this General Council meeting will be recorded and will be made available on the City of Marion website.

# **ELECTED MEMBER'S DECLARATION OF INTEREST (if any)**

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

- No interests were disclosed

# **CONFIRMATION OF MINUTES**

Confirmation of the minutes for the General Council Meeting held on 29 January 2019 Report Reference: GC190212

Moved Councillor - Matthew Shilling Seconded Councillor - Nathan Prior

1. That the minutes of the General Council Meeting held on 29 January 2019 be taken as read and confirmed.

**Carried Unanimously** 

# **COMMUNICATIONS**

Nil

# **ADJOURNED ITEMS**

Nil

# **DEPUTATIONS**

South Adelaide Basketball Club Report Reference: GC190212D01

Simon Romaniuk of the South Adelaide Basketball club gave a five minute deputation to Council.

6.40pm Councillor - Bruce Hull entered the meeting

# Mitchell Park Sports & Community Club

Report Reference: GC190212D03

Mr John Gumley, President of the Mitchell Park Sports & Community Club gave a five minute deputation to Council in relation to the Mitchell Park Sports and Community Club.



# Mitchell Park Football Club Report Reference: GC190212D02

Mr Adam Hay, President of the Mitchell Park Football Club gave a five minute deputation to Council in relation to the Mitchell Park Sports and Community Club.

7.06pm Councillor Shilling left the meeting7.08pm Councillor Shilling re-entered the meeting

**Dover Gardens Kennel and Obedience Club Report Reference:** GC190212D04

This Deputation request was withdrawn

# ORDER OF AGENDA ITEMS

The Mayor sought and was granted leave of the meeting to consider the item *Mitchell Park Sports and Community Club - Community Needs Analysis* next on the agenda.

Mitchell Park Sports and Community Club - Community Needs Analysis Report Reference: GC190212R06

Moved Councillor - Ian Crossland

**Seconded Councillor - Matthew Shilling** 

That this item be deferred until after the conclusion of the confidential item *Mitchell Park Sports and Community Club Redevelopment - Redevelopment Options GC190212F01* 

Carried



# **CONFIDENTIAL ITEMS**

Mitchell Park Sports and Community Club Redevelopment - Redevelopment Options

Report Reference: GC190212F01

Moved Councillor – Ian Crossland Seconded Councillor – Tim Gard

That:

1. Pursuant to Section 90(2) 3(b)(i) and (ii) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Abby Dickson Tony Lines, Vincent Mifsud, Kate McKenzie, Greg Salmon, Birgit Stroeher, Craig Clarke, Liz Byrne and Victoria Moritz, be excluded from the meeting as the Council receives and considers information relating to the report *Mitchell Park Sports and Community Club Redevelopment – Scoping Options*, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential relating to matters pertaining to commercial operations of a confidential nature, the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information and could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or prejudice the commercial position of the council.

**Carried Unanimously** 

7.20pm the meeting went into confidence

# **MEETING SUSPENSION**

**Moved Councillor - Ian Crossland** 

Seconded Councillor - Jason Veliskou

That formal meeting procedures be suspended to discuss the item.

**Carried Unanimously** 

7.23pm formal meeting procedures suspended 8.03pm formal meeting procedures resumed



# Moved Councillor - Raelene Telfer Seconded Councillor - Tim Gard

That Council:

- 1. Notes the Report
- 2. Commits up to \$10 million to undertake the redevelopment of Mitchell Park Sports and Community Club, and neighbourhood centre facilities.
- 3. Notes that the final redevelopment option is subject to Council considering and adopting a revised Section 48 Prudential Management Report.
- 4. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report and appendices, having been considered in confidence under Section 90(2) 3 (b)(i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

**Carried Unanimously** 

# Moved Councillor - Raelene Telfer Seconded Councillor - Maggie Duncan

That:

1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, minutes (in relation to points 5, 6 and 7) and appendices, having been considered in confidence under Section 90(2) 3 (b)(i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, otherwise be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

Carried

8.22pm the meeting came out of confidence

Mitchell Park Sports and Community Club - Community Needs Analysis Report Reference: GC190212R06

Moved Councillor - Raelene Telfer Seconded Councillor - Jason Veliskou

That Council:

- 1. Notes the report, stating that the Mitchell Park location provides the greatest number of potential partners, economic and social benefits to basketballers, footballers, cricketers, dog trainers, fitness clients, neighbourhood hub participants, social group members and others.
- 2. The preferred facility development option is for an integrated, regional, indoor, multi-purpose sports and community centre.



3. Praises the fifty years of voluntary work done at Mitchell Park Sports and Community Centre, Dover Dog Club, the Mitchell Park Neighbourhood Hub, and South Adelaide Basketball Club and recognises Marion Council will make every endeavour to upgrade these facilities in the very near future.

# **AMENDMENT**

# **Moved Councillor - Ian Crossland**

That Council:

1. Note the report

# POINT OF ORDER

Councillor Veliskou called a point of order as the Amendment was of significant variance to the motion. The Mayor upheld the point of order and did not allow the Amendment.

The original Motion was Carried

# Division called by Councillor - Ian Crossland

Voters	Against	For
Councillor - Bruce Hull	X	
Councillor - Ian Crossland	X	
Councillor - Jason Veliskou		Χ
Councillor - Joseph Masika		Χ
Councillor - Kendra Clancy	X	
Councillor - Maggie Duncan	X	
Councillor - Matthew Shilling	X	
Councillor - Nathan Prior		Χ
Councillor - Raelene Telfer		Χ
Councillor - Tim Pfeiffer		Χ
Councillor - Tim Gard		Χ

**Carried** 

# **PETITIONS**

Nil

# **COMMITTEE RECOMMENDATIONS**

Nil

# CORPORATE REPORTS FOR DECISION

**Local Government Association Ordinary General Meeting 2019** 

Report Reference: GC190212R01

Moved Councillor - Nathan Prior Seconded Councillor - Kendra Clancy

That:

- 1. Council notes the report 'Local Government Association Ordinary General Meeting 2019".
- 2. The nominated Council Voting Delegate for this meeting is Mayor Hanna and that the Proxy Delegate for this meeting is Councillor Pfeiffer
- 3. On submitting items of business to the LGA, the Chief Executive Officer be authorised to amend the wording (without changing the meaning or purpose of the motion) if required.

**Carried Unanimously** 

Update to the Schedule of Delegations: Liquor Licensing Act 1997 and South Australian Public Health Act 2011, Regulations 2015 and Regulations 2013

Report Reference: GC190212R02

Moved Councillor - Tim Pfeiffer Seconded Councillor - Matthew Shilling

That Council:

Having conducted a review of the Council's Delegations Register in accordance with Section 44(6) of the Local Government Act 1999, the Council:

# 1. Revocations

Hereby revokes its previous delegations to the Chief Executive Officer of those powers and functions under the following:

- South Australian Public Health Act 2011, Regulations 2015 and Regulations 2013
- Liquor Licensing Act 1997



- 2. Delegations made under the South Australian Public Health Act 2011, Regulations 2015 and Regulations 2013:
  - 2.1. In exercise of the powers contained in Section 44 of the Local Government Act the following powers, functions and duties under the South Australian Health Act 2011, South Australian Public Health (Legionella) Regulations 2013 and the South Australian Public Health (Wastewater) Regulations 2013 contained in the proposed Instrument of Delegation contained in Appendix 2 are hereby delegated this 12th day of February 2019 to the person occupying the office of Chief Executive Officer of the Council subject to the conditions and or limitations specified herein or in the Schedule of Conditions in each such proposed Instrument of Delegation.
  - 2.2. Such powers and functions may be further delegated by the Chief Executive Officer as the Chief Executive Officer sees fit and in accordance with the relevant legislation unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation .
- 3. Delegations made under the Liquor Licensing Act 1997:
  - 3.1. In exercise of the powers contained in Section 44 of the Local Government Act the following powers, functions and duties under the Liquor Licensing Act 1997 contained in the proposed Instrument of Delegation contained in Appendix 3 are hereby delegated this 12th day of February 2019 to the person occupying the office of Chief Executive Officer of the Council subject to the conditions and or limitations specified herein or in the Schedule of Conditions in each such proposed Instrument of Delegation.
  - 3.2. Such powers and functions may be further delegated by the Chief Executive Officer as the Chief Executive Officer sees fit and in accordance with the relevant legislation unless otherwise indicated herein or in the Schedule of Conditions contained in the proposed Instrument of Delegation.

**Carried Unanimously** 

Notice of intent to undertake an 'Approach to market' for the maintenance and management of Council owned vineyards

Report Reference: GC190129R03

**Moved Councillor - Bruce Hull** 

**Seconded Councillor - Nathan Prior** 

# That Council:

- 1. Notes the report and Administration's intent to commence an open 'Approach to market' process to seek informal offers for a 5 (Five) year maintenance and management Agreement of Council owned vineyards.
- 2. Request Administration bring a report back in April 2019 informing Council of the outcomes of the Approach to Market to manage Council's vineyards.

**Carried Unanimously** 



**Draft City Limits Publications Policy Report Reference:** GC190212R04

Moved Councillor - Jason Veliskou Seconded Councillor - Matthew Shilling

That Council:

- 1. Adopts the *City Limits Publications Policy* with the following addition:
  - Option 2: The number of pages is maintained at 24 and that all Elected Members have a column each edition.

Carried

**Equity, Access and Social Inclusion Policy** 

Report Reference: GC190212R05

Moved Councillor - Joseph Masika Seconded Councillor - Jason Veliskou

That Council:

- 1. Endorses the draft Equity, Access and Social Inclusion Policy (Appendix 1) for public consultation.
- 2. Notes outcomes of public consultation will be provided in April 2019 for adoption of the Equity, Access and Social Inclusion Policy.

**Carried Unanimously** 

# CORPORATE REPORTS FOR INFORMATION/NOTING

Questions Taken on Notice Register Report Reference: GC190212R07

8.56pm Councillor Pfeiffer left the meeting

Moved Councillor - Raelene Telfer Seconded Councillor - Nathan Prior

That Council:

1. Notes the report "Questions Taken on Notice Register".

**Carried Unanimously** 

# **WORKSHOP / PRESENTATION ITEMS**

Nil

# **MOTIONS WITH NOTICE**

2022 General Council Election - Meet the Candidate Forum

Report Reference: GC190212M01

8.58pm Councillor Pfeiffer re-entered the meeting

**Moved Councillor - Bruce Hull** 

**Seconded Councillor - Kendra Clancy** 

That:

1. Just prior to the next General Council Election, Council facilitates and funds a public Meet the Candidates Forum in a suitable all weather venue as part of a broader strategy to promote voter response and general election candidate awareness"

Lost

# Councillor Hull called a division

Voters	Against	For
Councillor - Bruce Hull		X
Councillor - Ian Crossland	X	
Councillor - Jason Veliskou	X	
Councillor - Joseph Masika	X	
Councillor - Kendra Clancy		X
Councillor - Maggie Duncan	Х	
Councillor - Matthew Shilling	Х	
Councillor - Nathan Prior	Х	
Councillor - Raelene Telfer	Х	
Councillor - Tim Pfeiffer	Х	
Councillor - Tim Gard	Х	

Lost



# Requirement for Developers to install a builder's pole for electricity supply Report Reference: GC190212M02

**Moved Councillor - Bruce Hull** 

Seconded Councillor - Jason Veliskou

# That:

- 1. Council write to the minister for planning and the Local Government Association for a change to the Development Act 1993 to require all developers to install a builder's pole for electricity supply at construction sites for domestic premises in order to obtain building approval. That all generators and compressors are prohibited in metropolitan areas and that only electric nail guns and electric mechanised tools are used on such building sites during the construction stage.
- 2. To gain support from the sector, administration submits the above resolution as a Motion with Notice to the Local Government Association for the 2019 Ordinary General Meeting
- 9.13pm Councillor Ian Crossland left the meeting

Lost

**Newstart Allowance** 

Report Reference: GC190212M03

9.16pm Councillor – Ian Crossland re-entered the meeting

# **Moved Councillor - Bruce Hull**

That:

- 1. The City of Marion publically advocates for an increase to the Newstart Allowance through a letter to the relevant Government Ministers.
- 2. A report be provided to a subsequent Council meeting on how Council is currently assisting and supporting residents on low fixed incomes, with recommendations on how this can be built on in the future.
- 3. Conveys to the LGA the intention of point 1. To any future vote on this matter within the LGA.

**Lapsed** for want of a seconder



# **MEETING EXTENSION**

# Moved Councillor - Jason Veliskou Seconded Councillor - Matthew Shilling

That the meeting be extended until the conclusion of all items listed on the agenda.

Carried

9.19pm meeting extended

Quentin Kenihan Memorial Report Reference: GC190212M04

# **Moved Councillor - Bruce Hull**

# That Council:

- 1. Note staff's report back to Council on suitable options to pay tribute to the late Mr Quentin Kenihan by way of a monument/plaque in recognition of his quest and contributions to establish an inclusive playground in Marion at the Hendrie Street site.
- 2. Note the three options presented for consideration for the monument/plaque in recognition of Mr Quentin Kenihan's quest and contributions to establish an inclusive playground in Marion at the Hendrie Street Reserve as set out on Attachments A, B and C.
- 3. Endorses Option 1 Track Start and End Signage, with the memorial to be funded through operational budgets.

Lapsed for want of a seconder

# Moved Councillor - Jason Veliskou Seconded Councillor - Tim Gard

# That Council:

- 1. Offer to provide a memorial for the Late Quentin Kenihan (in consultation with his family) in recognition of his contribution as an ambassador for the Hendrie Street Inclusive Playground.
- 2. The memorial be in the form of a small bronze plaque on one of the seats in the Hendrie Street Inclusive Playground and the process be undertaken as per the memorial policy.

Carried



Hendrie Street Reserve and Jervois Street Reserve - Community Consultation for designated fenced areas

Report Reference: GC190212M05

Moved Councillor - Jason Veliskou Seconded Councillor - Joseph Masika

# That Council:

- 1. Endorses Administration to undertake community consultation to designate the enclosed fenced playground areas of both Hendrie Street Reserve Inclusive Playground and Jervois Street Reserve as dog free areas.
- 2. Note, in accord with the Dogs By-law this will not preclude the presence of assistance dogs within the fenced areas.
- 4. Note that during the community consultation process it will be communicated that the balance of the open space area outside of the following shall remain as Dog-Off Leash areas:
  - o the fenced junior playground at Jervois Street Reserve
  - the fenced playground at Hendrie Street Reserve
- 5. Note the outcomes of the community consultation will be presented to Council for consideration in April 2019.

**Carried Unanimously** 

**Abandoned trolleys** 

Report Reference: GC190212M06

9.49pm Councillor Gard left the meeting

Moved Councillor - Jason Veliskou Seconded Councillor - Bruce Hull

That:

- 1. Administration report back to the by the May 2019 General Council on: how to penalise the owners of trolleys left abandoned in the street; and potential impacts.
- 9.51pm Councillor Gard re-entered the meeting
- 9.51pm Councillor Masika left the meeting
- 9.53pm Councillor Masika re-entered the meeting

**Carried Unanimously** 



**CHAIRPERSON** 

City of Marion Minutes of the General Council Meeting held on 12 February 2019

Revitalisation forum concerning Edwardstown & Melrose Park Report Reference: GC190212M07			
Moved Councillor - Tim Pfeiffer Seconded Councillor - Joseph Masika			
That Council:			
<ol> <li>Request administration to coordinate a joint Forum with Mitcham Council and invite relevant State Government Ministers, business and community representatives and the Southern Adelaide Economic Development Board to explore opportunities to revitalise the area spanning Edwardstov and Melrose Park as key employment precinct.</li> </ol>	vn		
Carried Unanimously			
QUESTIONS WITH NOTICE			
Nil			
MOTIONS WITHOUT NOTICE			
Nil			
QUESTIONS WITHOUT NOTICE			
Nil			
OTHER BUSINESS			
Nil			
MEETING CLOSURE			
Council shall conclude on or before 9.30pm unless there is a specific motion adopted at the meeting to continue beyond that time.	,		
MEETING CLOSURE - Meeting Declared Closed at 12/02/2019 10.03 pm			
CONFIRMED THIS 26 FEBRUARY 2019			



# **Mayoral Communication Report**

**Date of Council Meeting** 26 February 2019

Name of Elected Member Mayor - Kris Hanna

Report Reference GC190226

# **Details**

Date	Event	Comments
30 January 2019	1st Birthday of Tonsley Residential (Peet)	Attended
3 February 2019	The Marilyns' fundraising event – attended as witness for The Guinness Book of World Records	Attended
4 February 2019	Community Grants Cheque Presentation	Presented Awards
5 February 2019	Tonsley Greenway – site investigation	Attended
6 February 2019	Meeting with Lord Mayor Verschoor	Attended
7 February 2019	Lunch with Mayor Thompson (City of Onkaparinga)	Attended
11 Februray 2019	Galleon Theatre Group AGM	Attended
20 February 2019	Tokyo Keizai University Exchange Student Visit	Hosted and delivered speech in Japanese
20 February 2019	Premier's Marshall's Local Government Roundtable	Attended
20 February 2019	Lunch with the Mayor Coxon (City of West Torrens)	Attended
20 February 2019	LGA President's Mayors Networking Event	Attended

In addition, the Mayor has met with residents, MPs, Candidates and also with the CEO and Council staff regarding various issues.



# **Deputy Mayor Communication Report**

**Date of Council Meeting** 26 February 2019

Name of Elected Member Councillor - Tim Pfeiffer

**Report Reference** GC190226

# **Details**

Date	Event	Comments
31 January 2019	Edwardstown Oval Board of Management Director Elections (attended and spoke)	Attended and spoke
7 February 2019	Edwardstown Oval Board of Management	Inaugural Board meeting
14 February 2019	Marion Libraries 60th Birthday (Hallett Cove)	Guest Speaker
16 February 2019	Elected Member Sire Visits to the Southern Wards	
21 February 2019	Edwardstown Oval Board of Management meeting	
23 February 2019	Marion Celebrates	
25 February 2019	Mayor's Reception for the new Edwardstown Oval Board	
17 February 2019	Bangka Day Memorial Service	Floral tribute laid on behalf of the City of Marion



# **CEO and Executive Communications Report**

**Date of Council Meeting** 

Report Reference GC190226

**Details** 

Date	Activity	Attended By
30 January 2019	SRWRA Strategic Planning Workshop	Vincent Mifsud
31 January 2019	Meeting Adrian Skull and Steve Murray MP	Adrian Skull
4 February 2019	SRWRA Board Meeting	Vincent Mifsud
5 February 2019	Meeting with Cities of Marion, Holdfast Bay, West Torrens, Mount Barker & Murray Bridge and Solo / Visy	Adrian Skull
6 February 2019	Meeting with SAGE Automation re driverless vehicles	Tony Lines
7 February 2019	City of Marion with KPMG Toni Jones, National Leader of KPMG's Local Government Sector	Adrian Skull Vincent Mifsud Abby Dickson
7 February 2019	IT Platform Reference Group Meeting	Vincent Mifsud
7 February 2019	Phil Dautel - Tonsley	Abby Dickson Adrian Skull
8 February 2019	South Australian Economic Development Board meeting	Adrian Skull Abby Dickson
11 February 2019	John Schutz - DEW. Site visit re BMX	Adrian Skull Abby Dickson
14 February 2019	Council Collaboration Workshop with City of Holdfast Bay	Adrian Skull Vincent Mifsud Abby Dickson Tony Lines
15 February 2019	Presenting at SAALC Breakfast Seminar	Adrian Skull
18 February 2019	LGA CEO Advisory Group Meeting	Adrian Skull
19 February 2019	Cross Council Collaboration Session with Cities of Charles Sturt and Port Adelaide Enfield	Adrian Skull Vincent Mifsud Abby Dickson Tony Lines
21 February 2019	Meeting Adrian Skull and Ilia Houridis (ORS)	Adrian Skull
21 February 2019	Meeting Adrian Skull and Ilia Houridis and Adman Luscombe re SAALC	Adrian Skull



21 February 2019	Southern Adelaide ZEMC Meeting	Tony Lines
22 February 2019	LGP 2019 Annual State Conference	Adrian Skull
22 February 2019	Cross Council Collaboration Meeting	Vincent Mifsud
25 February 2019	IT Platform Reference Group Meeting	Vincent Mifsud
25 February 2019	Mayors Reception - Edwardstown Board	Abby Dickson
25 February 2019	Implementation Strategy - Planning Meeting	Abby Dickson



# **ELECTED MEMBER VERBAL COMMUNICATIONS**

**ADJOURNED ITEMS** 

**DEPUTATIONS** 

**PETITIONS** 

**COMMITTEE RECOMMENDATIONS** 



# Confirmation of Minutes of the Infrastructure and Strategy Committee Meeting - 5 February 2019

Originating Officer Executive Assistant to General Manager Corporate Services - Louise

Herdegen

Corporate Manager Corporate Governance - Kate McKenzie

General Manager Corporate Services - Vincent Mifsud

Report Reference GC180226R01

# REPORT OBJECTIVE

The purpose of this report is to facilitate the receiving and noting of the minutes from the 5 February 2019 Infrastructure and Strategy Committee meeting.

# **EXECUTIVE SUMMARY**

A summary of items considered by Committee Members are noted below:

# Oaklands Smart Precinct Update (Report Reference: ISC190205R03)

This report provided an update on the progress of the Oaklands Smart Precinct.

# Committee's Forward Agenda (Report Reference: ISC190205R04)

The Committee discussed its role to provide value for the development of the Committee's 2019 work program. A number of actions were noted with a report to be prepared for Council.

# Capital Works Review (Report Reference: ISC190205R05)

The purpose of this report was to provide the committee with a review of capital works costs.

# RECOMMENDATION

# **That Council:**

- 1. Receives and notes the minutes of the Infrastructure and Strategy Committee meeting of 5 February 2019 (Appendix 1).
- 2. Notes that separate reports will be brought to Council for consideration of any recommendations from the Infrastructure and Strategy Committee.

# DISCUSSION

# **Attachment**

#	Attachment	Туре
1	ISC190205 - Draft Minutes	PDF File

# MINUTES OF THE INFRASTRUCTURE AND STRATEGY COMMITTEE HELD AT ADMINISTRATION CENTRE 245 STURT ROAD, STURT ON TUESDAY 5 FEBRUARY 2019



# **ATTENDANCE**

# **Elected Members**

Councillor Luke Hutchinson (Presiding Member), Councillor Ian Crossland, Councillor Tim Gard, Councillor Bruce Hull, Councillor Matthew Shilling

His Worship the Mayor Kris Hanna

# In Attendance

Councillor Maggie Duncan
Councillor Nathan Prior
Councillor Raelene Telfer

Mr Adrian Skull Chief Executive Officer

Ms Abby Dickson General Manager City Development
Mr Tony Lines General Manager City Services
Ms Fiona Harvey Manager Innovation and Strategy

Mr Mathew Allen Manager Engineering and Field Services

Ms Georgie Johnson Smart Cities Project Officer

Mr David Harman Unit Manager Statutory Finance and Payroll

Ms Kate McKenzie Manager Corporate Governance

Ms Louise Herdegen Executive Assistant to General Manager Corporate

Services / Minute Taker

# 1. OPEN MEETING

The Councillor Hutchinson opened the meeting 6:32 pm.

# 2. KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

# 3. ELECTED MEMBER'S DECLARATION

The Chair asked if any Member wished to disclose an interest in relation to any item being considered at the meeting.

Nothing was disclosed

# 4. CONFIRMATION OF MINUTES

Confirmation of the minutes for the Infrastructure and Strategy Committee Meeting held on 4 December 2018. (Report Reference: GC190205R01)

# Moved Councillor Crossland, Seconded Councillor Shilling

That the minutes of the Infrastructure and Strategy Committee Meeting held on 4 December 2018 be taken as read and confirmed.

**Carried Unanimously** 

#### 5. BUSINESS ARISING

Review of the Business Arising from previous meetings of the Infrastructure and Strategy Committee Meetings (Report Reference: ISC190205R02).

# Moved Councillor Shilling, Seconded Councillor Gard

That the Infrastructure and Strategy Committee:

1. Notes the business arising statement.

**Carried Unanimously** 

# 6. CONFIDENTIAL ITEMS

Nil

#### 7. REPORTS FOR DISCUSSION

**6.35 pm Oaklands Smart Precinct Update** (Report Reference: ISC190205R03)

6.35 pm Manager Innovation and Strategy and Smart Cities Project Officer entered the meeting.

Presentation to the members on the Oaklands Smart Precinct as a quarterly update. The presentation provided an overview of the area bound by the project and possible connections through to Diagonal Road.

Members discussed the following points:

- Connections need to be where people would walk and their destinations. It was indicated that these are very preliminary designs and consultation will occur with Ward Councillors prior to public consultation.
- Staff have meetings with Westfield Marion and will be working through this with them at the community consultation stage.
- Smart Wayfinding options could include interactive signs that have directions,

- transport and event information. Opportunity to improve the signage at MCC. Ensure that signage is vandal proof.
- Other initiatives include Smart poles or Benches with powerpoints as charging stations for mobile devices. Other smart options for consideration is a running track at Dwyers Reserve.
- Potential risks of powerpoints in public places. Learning opportunities from Adelaide City Council. Preference would be to look at opportunities for wireless charging spots rather than powerpoints due to potential risks and damage.

# Moved Councillor Shilling, Seconded Councillor Gard

That the Infrastructure and Strategy Committee:

1. Notes the progress report on the Oaklands Smart Precinct Project.

Carried

# **6.53 pm Committee's Forward Agenda** (Report Reference: ISC190205R04)

The Committee sought clarity on the following:

- Funding structures for enablers looking at different management models for different venues.
- Maximize the potential relationships with the businesses in Tonsley and how we can tap in with smart cities technologies - major economic driver for the city.
- Connections to the region and Southern Economic Development Board (SAEDB)
- Options for management of sporting clubs and potential outsourcing.

The Committee queried if it was delivering against its objectives in its terms of reference and if further focus is needed to occur on delivering against these. Discussion points include:

- Can be reactive and may need more focus on the agenda and its connection to the Committee's Terms of Reference.
- Ensuring we utilise the expertise and experience from the independent member. Where there are issues outside the scope of the independent member, additional specialist expertise may be requested.
- Determination of which items are presented to the Committee rather than Council. The Committee has the opportunity to have more detailed discussions and to hear from the independent member and staff to fully understand the issues.
- SAEDB –Awaiting annual report and require metrics to show how it is performing.
- Volunteering Evolution discussion around what it means.
- Grant attraction update provide updates to the Committee to gain more understanding of the program and outcomes.
- Edwardstown employment precinct joint session with Mitcham Council to discuss the local area and how this crosses over between boundaries.

#### Actions:

- Quarterly update from SAEDB
- ICT Transformation Project update every second meeting.
- Grant attraction update of projects that have been submitted and results of those

- applications.
- Edwardstown Precinct

  forum with Mitcham Council to discuss the local area and how this crosses over between boundaries.
- Future city transport collaborate with the City of Holdfast Bay
- Future of City of Marion golf course and irrigation works

   ensure it is consistent with the lease requirements, management arrangements, potential site upgrade. Report to be presented at next meeting.
- Mitchell Park Looking at funding options. Noted that Labour has committed \$5m to Brighton Sports Club – is there an opportunity for Mitchell Park? Report to next Council meeting.
- Marino Hall Where are we in the assessment of Marino Hall and is there opportunity with the federal election for funding? Report to next meeting.

# Moved Councillor Crossland Seconded Councillor Gard

That the Infrastructure and Strategy Committee:

1. Notes the committed agenda items and discussed the proposed areas for the 2019 work program.

**Carried Unanimously** 

#### 8. REPORTS FOR NOTING

**7.44 pm Capital Works Review** (Report Reference: ISC190205R05)

7.45 pm General Manager City Services, Manager Engineering and Field Services, Unit Manager Statutory Finance and Payroll entered the meeting.

The General Manager City Services provided an overview and context of the report.

The Committee discussed the following:

- Difficultly in comparing staff costs with external contractors. Is there an opportunity to test this with some of our preferred contractors ie provide a quote to see how they compare to internal costs? Not all contractors open to give up their time to provide information for jobs they won't win.
- Some of the considerations for doing the work internally vs externally include efficiency, cost, safety and quality. The bulk of the work on the program has been completed successfully externally.
- Acknowledge the staff have a lot of knowledge and understand the expectations of the community. Consideration to be given to EB agreements and any impact on outsourcing work.

# Moved Mayor Hanna, Seconded Councillor Shilling

That the Infrastructure & Strategy Committee:

1. Notes this report.

# **Carried Unanimously**

# 9. WORKSHOP / PRESENTATION ITEMS

Nil

# **10. OTHER BUSINESS**

Questions taken on notice:

- Public use of netball courts at Clovelly Park Primary School update for next meeting.
- Seaview High update for next meeting.

# 11. MEETING CLOSURE

The meeting was declared closed at 8:07 pm.

# 12. NEXT MEETING

The next meeting of the Infrastructure and Strategy Committee will be held at 6.30pm on Tuesday 5 March 2019 in the Council Chamber, 245 Sturt Road, Sturt.



# **Cover Report - Marion Outdoor Pool**

Originating Officer Manager City Property - Megan Hayward

Corporate Manager City Property - Megan Hayward

General Manager City Development - Abby Dickson

Report Reference GC190226F01

# RECOMMENDATION

That pursuant to Section 90(2) and (3)(b) of the *Local Government Act 1999*, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Abby Dickson, Tony Lines, Vincent Mifsud, Kate McKenzie, Megan Hayward, Tyson Edwards, Ray Barnwell, Jaimie Thwaites, Vlctoria Moritz and Craig Clarke, be excluded from the meeting as the Council receives and considers information relating to Marion Outdoor Pool, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates commercial confidence.



# **Marion Outdoor Pool**

# CONFIDENTIAL

# **Reason For Passing This Resolution:**

**Local Government Act (SA) 1999 S 90 (2) 3(b) (i) and (ii)**: information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest.



# CORPORATE REPORTS FOR DECISION

# **Elected Member Liaison on External Bodies**

Originating Officer Unit Manager Governance and Records - Jaimie Thwaites

Corporate Manager Corporate Governance - Kate McKenzie

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190226R02

# REPORT OBJECTIVE

With the conduct of the 2018 Local Government Election, Council's nominated representatives to a number of external bodies now require review. Accordingly, the purpose of this report is to highlight the role of Elected Members' liaison on external bodies, and to seek nominations from Elected Members to a range of these bodies.

# **EXECUTIVE SUMMARY**

Elected Members are involved, as Council liaisons to a range of external bodies which comprise community groups, school councils, management committees etc. These bodies are generally incorporated bodies (and thus legally constituted) that operate separately to Council's operations. Liaison with such external bodies is an important role for Elected Members in that it provides leadership within the community, and helps build the community's capacity and resilience.

# RECOMMENDATION

# That:

- 1. Nominates the following Elected Members to act as Council Liaison Officers to the outlined external bodies for a period of two years, to be reviewed in January 2021:
  - 1.1. Councillor Gard to the 5049 Coastal Community
  - 1.2. Councillor Masika and Councillor Pfeiffer (as proxy) to the Active Elders
  - 1.3. Councillor Masika and Councillor Pfeiffer (as proxy) to the Ascot Park Bowling Club
  - 1.4. Councillor Masika to the Clovelly Park Community Centre Committee
  - 1.5. Councillor Telfer to the Cosgrove Hall Committee of Management
  - 1.6. Councillor Crossland to the Cove Football Club
  - 1.7. Councillor Crossland to the Cove Netball Club
  - 1.8. Councillor Pfeiffer to the Edwardstown Oval Committee
  - 1.9. Councillor Pfeiffer to the Emmaus Christian College
  - 1.10. Councillor Crossland to the Good Shepherd Lutheran Church Hallett Cove



- 1.11. Councillor Crossland to the Hallett Cove Beach Tennis Club
- 1.12. Councillor Crossland to the Hallett Cove Estate Community Association
- 1.13. Councillor Duncan to the Hamilton Secondary School
- 1.14. Councillor Crossland to the Hallett Cove R-12 School
- 1.15. Councillor Crossland to the Hallett Cove Netball Club
- 1.16. Councillor Hull and Councillor Masika (as proxy) to the Hindu Temple
- 1.17. Councillor Shilling to the Holdfast Model Aero Club Inc.
- 1.18. Councillor Veliskou to the Koorana Gymnastics Club
- 1.19. Councillor Gard to the Marino Community Hall
- 1.20. Councillor Telfer to the Marion Bowling Club
- 1.21. Councillor Pfeiffer to the Marion City Band
- 1.22. Councillor Telfer to the Marion Historical Society
- 1.23. Councillor Telfer to the Marion Historic Village Museum
- 1.24. Councillor Telfer to the Mitchell Park Sports and Community Centre Committee
- 1.25. Councillor Gard to the Nannas Childcare
- 1.26. Councillor Prior to the Oaklands Estate Kindergarten
- 1.27. Councillor Duncan to the Oasis Family Church
- 1.28. Councillor Veliskou to the Plympton Glenelg RSL
- 1.29. Councillor Pfeiffer to the Plympton Probus Club
- 1.30. Councillor Veliskou and Councillor Hull to the Red House Group Inc
- 1.31. Councillor Veliskou to the Retire Australia Glengowrie Estate Residents Group
- 1.32. Councillor Masika to the Rotary Club of Edwardstown
- 1.33. Councillor Prior to the Salvation Army Marion
- 1.34. Councillor Shilling to the Seaview Downs Kindergarten
- 1.35. Councillor Councillor Telfer and Councillor Duncan (proxy) to the Seaview High School
- 1.36. Councillor Duncan to the Sheidow Park Primary School
- 1.37. Councillor Pfeiffer to the South Adelaide Squash & Racquetball Club'
- 1.38. Councillor Gard to the Southern Football League
- 1.39. Councillor Telfer to the Sunrise Christian School



- 1.40. Councillor Hull to the Swimming SA
- 1.41. Councillor Shilling to the Trott Park Community Garden
- 2. If additional requests are received after this meeting, Council authorises the Mayor to nominate, after consultation with Elected Members, Council Liaison Officers to external bodies.
- 3. Administration advises each of the external bodies of their nominated Council Liaison.

# **GENERAL ANALYSIS**

The immediate past Council nominated Elected Members in a liaison role to a range of external bodies comprising community groups, school councils, management committees etc. These bodies are generally incorporated (and thus legally constituted) and operate separate to Council's operations.

Note that Council's subsidiary the Southern Region Waste Resource Authority (SRWRA) is not considered an external body as it has been established by Council under Section 43 of the *Local Government Act 1999* and is associated with the operations of Council. Furthermore, Committees established by parties such as the State Government that have local government representation arranged via the Local Government Association (e.g. the Volunteer Ministerial Advisory Group or the Dog and Cat Management Board) are not considered external bodies for the purposes of this report.

The liaison roles are structured to assist in communication and exchange of information between the Council and the external body concerned. Elected Members are not appointed as members of the external body and do not have any voting rights when matters are brought before the body for decision.

The liaison approach, rather than a formal appointment to the external bodies has been the preferred method as voting members on external bodies, Elected Members must make decisions on behalf of, and in the best interests of the external body, and not on behalf of, or in the interests of Council. This circumstance has the potential to create a conflict of interest between an individual's role as a City of Marion Elected Member, and their role as a member of the external body.

As non-voting liaison to an external body, an Elected Member can, with the agreement of the external body concerned:

- Act as the point of contact for Council
- Observe and participate in discussions at a meeting of the external body
- Act as an information provider from Council to the external body and vice-versa
- Act as an advisor, mentor and support for the external body;
- Support Council's approach to any matters associated with the external body

# DISCUSSION

A letter was distributed to over 200 external bodies from the City of Marion Clublink database providing them with the opportunity to accept the offer of a Council Liaison Officer. A list of respondents is provided at Appendix 1 together with details of their last known meeting cycle.

In order to appoint or re-appoint Elected Members to external bodies to act as Council Liaison Officers, the following process is suggested:

1. Council to review the list of external bodies provided in Appendix 1, who have responded to Administration's enquiries regarding nominated Council Liaison Officers, and nominate Elected



Members to undertake the role for each body, noting their preference when received.

- 2. If additional requests are received after this meeting, Council authorises the Mayor to nominate, after consultation with Elected Members, Council Liaison Officers to external bodies.
- 3. Administration to write to the list of external bodies requesting a Council Liaison Officer and advise accordingly of the nominated liaison together with their relevant contact details.

## Term of Nominated Liaison Roles

Last term, Elected Member's undertook their nominated liaison roles for a 2-year period, reviewing the nominations half way through the term. Taking this approach again will provide additional leadership opportunities for Elected Members throughout the community, and also additional "listening" opportunities.

# **Legal / Legislative and Risk Management**:

By nominating Elected Members in liaison roles rather than making formal appointments to the various external bodies that exist within the City of Marion, indemnity and conflict of interest risks for individual Elected Members are mitigated. Taking this approach has also been commended by the Local Government Association Mutual Liability Scheme, and has been cited as a best practice risk management strategy.

# **Financial Implications:**

Elected Member costs associated with travel to and from attendance at meetings of external bodies in a liaison role is a bona fide expense under the Local Government Act.

Accordingly, provision is made on an ongoing basis in the budget for Elected Member expenses for such attendance.

#### **CONCLUSION:**

Elected Member involvement as Council liaisons to a range of external bodies comprising community groups, school councils and management committees provide an ideal opportunity not only for leadership within the community and helping to build community capacity and resilience, but also the opportunity to hear the views of the community on many and varied topics.

#### **Attachment**

#	Attachment	Туре
1	Council Liaison Roles - Appendix 1	PDF File

# Requests for Council Liaison on External Bodies

	External Body	Meeting Times	Elected Member
1.	5049 Coastal Community	6-8 meeting per year at mutually convenient time	Cr Gard
2.	Active Elders	Wednesday 10.30am - 3.30pm	Cr Masika
		(weekly)	Cr Pfeiffer (proxy)
3.	Ascot Park Bowling Club	2nd Monday of Month at 6pm	Cr Masika
			Cr Pfeiffer (proxy)
4.	Clovelly Park Community Centre Committee	Monthly TBA	Cr Masika
5.	Cosgrove Hall Committee of Management	3rd Thursday of month at 7.15pm	Cr Telfer
6.	Cove FC	1st Monday of the Month at 7pm	Cr Crossland
7.	Cove Netball Club	Sunday 4pm- 7pm	Cr Crossland
8.	Edwardstown Oval Committee	To be advised	Cr Pfeiffer
9.	Emmaus Christian College	Contact as required	Cr Pfeiffer
10.	Good Shepherd Lutheran Church Hallett Cove	Point of contact only –attend meetings only by agreement (3rd Thursday of month at 7.30pm)	Cr Crossland
11.	Hallett Cove Beach Tennis Club	Wednesday at 7.30pm (monthly in summer, 6 weekly in winter)	Cr Crossland
12.	Hallett Cove Estate Community Association	Monthly on Monday at 7.30pm (plus adhoc as required)	Cr Crossland
13.	Hamilton Secondary School	Monthly on Wednesday at 6.30pm	Cr Duncan
14.	Hallett Cove R – 12 School	To be advised	Cr Crossland
15.	Hallett Cove Netball Club	Monthly Thursday (winter season), Tuesday (Summer Season) at 7pm	Cr Crossland
16.	Hindu Temple	Flexible (excluding 9-9am & 6 -	Cr Hull
		9pm)	Cr Masika (proxy)
17.	Holdfast Model Aero Club Inc.	Monthly on Wednesday at 7.30pm	Cr Shilling
18.	Koorana Gymnastics Club	Monthly on Thursday at 7.45pm	Cr Veliskou
19.	Marino Community Hall	Quarterly on Friday at 4pm	Cr Gard
20.	Marion Bowling Club	Monthly on Monday at 2pm	Cr Telfer
21.	Marion City Band	3 <sup>rd</sup> Tuesday of Month at 7.15pm	Cr Pfeiffer
22.	Marion Historical Society	3rd Wednesday of month at 7.30pm	Cr Telfer
23.	Marion Historic Village Museum	Adhoc as required	Cr Telfer
24.	Mitchell Park Sports and Community Centre	Monthly on either Tuesday or Wednesday (alternates each month	Cr Telfer
25.	Nannas Childcare	Monthly on Monday at 1pm	Cr Gard

	External Body	Meeting Times	Elected Member
26.	Oaklands Estate Kindergarten	Monthly - TBA after AGM in February	Cr Prior
27.	Oasis Family Church	Sunday 10am weekly	Cr Duncan
28.	Plympton Glenelg RSL	To be advised	Cr Veliskou
29.	Plympton Probus Club	2nd Monday of month at 10am	Cr Pfeiffer
30.	Red House Group Inc	3rd Thursday of Month (except May 2019 - 4th Thursday at 7pm	Cr Veliskou and Cr Hull
31.	Retire Australia - Glengowrie Estate Residents Group	2nd Tuesday of Month at 2pm	Cr Veliskou
32.	Rotary Club of Edwardstown	1st and 3rd Tuesday of each Month at 6.15pm	Cr Masika
33.	Salvation Army Marion	n/a	Cr Prior
34.	Seaview Downs Kindergarten	twice per term	Cr Shilling
		Twice per term on 2 <sup>nd</sup> Wednesday	Cr Telfer
		of the month at 6.30pm	Cr Duncan (proxy)
36.	Sheidow Park Primary School	Flexible	Cr Duncan
37.	South Adelaide Squash & Racquetball Club'	3rd Wednesday of month at 9.30am	Cr Pfeiffer
38.	Southern Football League	Monthly on Tues at 12 noon	Cr Gard
39.	Sunrise Christian School	Once per semester	Cr Telfer
40.	Swimming SA	Monthly on 4th Monday	Cr Hull
41.	Trott Park Community Garden	As required	Cr Shilling



# **Single Use Plastics Discussion Paper**

Originating Officer Education Officer Waste & Recycling - Allison Byrne

Corporate Manager Innovation and Strategy - Fiona Harvey

General Manager City Development - Abby Dickson

Report Reference GC190226R03

# REPORT OBJECTIVE

To provide Council with an update on the South Australian Governments invitation for comments on potential regulation of single-use plastic products (Attachment 1) and to seek feedback and endorsement for City of Marion's response (Attachment 2).

#### **EXECUTIVE SUMMARY**

In August 2018, Council resolved to ban the sale and/or public distribution of food and drinks served on or in, non-recyclable, single-use plastics at all Council events (GC180828M04). While stakeholder engagement has commenced with council event organisers and the food and drink vendors servicing various events, a consistent standard which is applicable to all food and drink vendors across the State, underpinned by legislation, would facilitate greater environmental, social and economic benefits.

The South Australian Government's Discussion Paper: *Turning the Tide on Single-use Plastic Products* presents an important opportunity for City of Marion as a key stakeholder to:

- Emphasise key considerations for Government regulation to reduce, minimise or eliminate the impacts arising from the production and consumption of single-use plastics on the economy, society and environment. Government must focus on preventing supply of these items, and legislation would be able to curb the supply of non-recyclable single-use plastic, more strongly influence community behaviour change and reduce waste to landfill.
- Advocate on behalf of our community which has been increasingly concerned about and calling for
  action on reducing unnecessary single-use plastic items such as straws and coffee cups. This is
  evidenced by the positive feedback received from the community in response to City of Marion's ban
  on single-use plastics at Council events.
- Champion state-wide governance on the issue of single-use plastics, and retain South Australia's
  nation-leading performance on recycling rates and waste reduction. The community behaviour
  changes driving South Australian success with litter reduction and recycling have been brought
  about by the Container Deposit Scheme in 1977 (originally the Beverage Container Act 1975,
  incorporated into the Environment Protection Act 1993) and the Plastic Shopping Bag (Waste
  Avoidance) Act 2008.

Council's draft response to the Discussion Paper is presented in Attachment 2. The response is based on community feedback gathered from waste and recycling education programs, national and state strategic directions on waste and recycling, and past experiences working with Green Industries SA and waste and recycling industry partners.

# RECOMMENDATION

# **That Council:**

1. Endorses the submission contained in Attachment 2 in response to the South Australian Government's Discussion Paper *Turning the Tide on Single-Use Plastic Products*, subject to any amendments made in the meeting.



Valuing Nature:

and we will adopt best practice technologies and methods for recycling of green-waste and other waste.

The proposed intervention by State Government may include amendment **Legal / Legislative / Policy:** 

to the Plastic Shopping Bag (Waste Avoidance) Act 2008 and/or the Environment Protection Act 1993, or development of new legislation or

policy.

**Timeline** City of Marion's submission of comments on the Discussion Paper are due

back to the State Government by no later than 1 March 2019.

# **DISCUSSION**

The public groundswell of concern surrounding the issue of single-use plastic products and their environmental impacts has received rapidly growing attention over the last 18 months both locally and abroad. Popular television series including the ABC's War on Waste and the BBC's Blue Planet II have raised the profile of this issue to international attention, and governments around the world have been implementing a range of laws and policies to ban particular plastic items including plastic straws and plastic bags.

A key driver of change was announced by the European Union in October 2018, which is legislating a Europe-wide ban of single-use plastic plates, cutlery, straws, balloon sticks and cotton buds, as these items are among the EU's top 10 most commonly found single-use plastics (ref. Attachment 1, p. 16). For plastic products in the EU's top 10 litter items list which currently have no alternatives, such as take-away food containers, they are not banned outright but the EU intends to impose reduction targets and associated timeframes.

In August 2018 the City of Marion adopted a ban on the sale and/or public distribution of food and drinks served on or in, non-recyclable, single-use plastics at all Council events. Food and drink businesses servicing council events have responded well to this directive, and feedback from the general community has been positive. State government intervention in the form of legislation would further strengthen Marion's ban and drive markets for recyclable or compostable alternatives to single-use plastic products, thereby assisting uptake by smaller businesses.

South Australia currently has two product-focused legal instruments – Container Deposit Legislation incorporated into the Environment Protection Act 1993 and the Plastic Shopping Bags (Waste Avoidance) Aci 2008. South Australia's legislated ban on lightweight plastic bags was the first of its kind in Australia and has proved to be highly effective at reducing the supply of these item in SA and has changed consumer behaviour to alternative shopping bag options. Other states which have since adopted a similar ban include NT, TAS, QLD, ACT and WA. Victoria is also planning to adopt a ban on lightweight single-use plastic bags.

The State Government's proposition in their Discussion Paper on single-use plastic products is that rapid intervention is required to reduce, minimise or eliminate the impacts arising from the production and consumption of single-use plastics on the economy, society and environment. To this end the SA government seeks to target efforts where there will be greatest benefit (ref. Attachment 1, p. 13).

The discussion paper seeks feedback on 7 key areas including:

- 1. Overall problems with single-use plastic products
- 2. Plastic bags
- 3. Straws, coffee cups and other items
- 4. Excluded items
- 5. Labelling
- 6. Businesses, retailers, manufacturers and importers
- 7. Community



The City of Marion supports the proposed government intervention as an opportunity to advocate for the needs of our community and environment, and to work together to meet these challenges head-on. Major opportunities for State government intervention include:

- Legislation to restrict the sale or supply of the following single-use plastic products which generate
  excessive waste as they are made to be used once and then disposed to landfill, as most of these
  items are not recycled:
  - Plastic straws, cutlery and utensils such as stirrers
  - Plastic-lined paper cups for serving food and drinks (eg. Coffee, hot chips, ice cream)
  - Styrofoam cups, trays and containers
  - Plastic plates
  - · Plastic lids for hot and cold drinks
  - Plastic takeaway containers
  - Plastic retail carrier bags of any size or thickness.
  - Promoting a broader supply of compostable bags in the community from outlets such as supermarkets offers value to Council's Food Waste Recycling Program and further uptake of kitchen caddies by households.
  - Tackling the food waste that is disposed to landfill in plastic bags and takeaway containers.
  - Prompt adjustment by community and business following introduction of new legislation, as evidenced by the 2008 legislation in South Australia.
  - Supporting councils in a consistent approach to banning single-use plastics in metropolitan Adelaide and developing recycling infrastructure and public awareness strategies to increase the recycling of packaging products which are recyclable or compostable.
  - Banning all types of plastic carrier bags, even the degradable and biodegradable types, will
    reduce waste to landfill and leakage of plastic litter into the environment.

It is appreciated that restricting the supply of single-use plastic products by manufacturers and retailers will have some impact on businesses and consumers in the short term due to the slightly higher cost of compostable single-use alternatives to plastic products. However the precedent of the previously legislated plastic bag ban in South Australia showed that businesses and consumers successfully adapted and innovated under those new conditions. With phased implementation, support and good education, this next step in banning single-use plastic products can also be well-received and managed.

Attachment 2 provides City of Marion's detailed response to the questions posed in the State Government's Discussion paper.

#### **Attachment**

#	Attachment	Туре
1	GISA_Single-use plastic products_Discussion Paper	PDF File
2	City of Marion Submission to Single-use plastics Discussion Paper	PDF File





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Green Industries SA GPO Box 1047 Adelaide SA 5001

Telephone (08) 8204 2051

Email: greenindustries@sa.gov.au

# Contents

A message from the Minister	05
Invitation to comment	07
Purpose	08
Questions posed in this discussion paper	09
Fast facts	10
Introduction	12
Plastics	14
What are single-use plastics?	16
What is the problem?	18
Should South Australia act?	22
Guiding principles	22
Existing policy settings	25
Container Deposit Scheme (CDS)	25
The Plastic Shopping Bag (Waste Avoidance) Act 2008	26
Which items could we focus on?	28
Community and business impacts	33
What's the best approach?	36
Appendix	38
References	40



# A message from the Minister



As South Australians, we have a history of leading the nation in waste management. From our Container Deposit Scheme to the Plastic Bag ban, our state has a lot to be proud of.

As the Minister for Environment and Water, I am committed to keeping South Australia at the forefront of recycling and resource recovery while also increasing economic activity and creating jobs.

Much of what we refer to as wastes are in fact resources that we should strive to keep circulating within the economy.

South Australia is well placed to build on the success of existing legislation for beverage containers and single-use plastic bags. A similar approach could be used for a wide range of other single-use plastic products, which, like plastic bags, are largely intended for disposal after a single-use, and for many of these products there remains no feasible recycling pathway.

The Marshall Government is seeking your ideas and feedback on how we as a state can better protect our natural resources and environment from impacts associated with single-use or throwaway plastic products.

Additionally, ten years on from the last change to the popular Container Deposit Scheme (CDS), it is time to consider opportunities to further improve the scheme, including in terms of its contribution to recycling. We are seeking your feedback on the issues and opportunities to be considered in a review of the CDS.

Continuing to find innovative solutions that reduce waste, improve our environment and benefit our community is critical to ensuring South Australia continues to lead the nation in waste management.

I welcome your feedback on these important issues.

# **David Speirs MP**

Minister for Environment and Water



# Invitation to comment

The deadline for comments and submissions is 5:00pm, Friday, 22 February 2019.

# What is being decided?

The government is seeking ideas on measures to better protect our environment from impacts associated with single-use plastic products.

# How can your feedback influence the decision?

Views expressed in feedback will help inform government interventions on single-use plastic products.

# Get involved:

Comments on this single-use plastics discussion paper can be provided in writing or online, including by undertaking a short survey, at <a href="mailto:yoursay.sa.gov.au">yoursay.sa.gov.au</a>

Written submissions must be lodged with Green Industries SA, at <a href="mailto:greenindustries@sa.gov.au">greenindustries@sa.gov.au</a> or GPO Box 1047 Adelaide SA 5001.

## Important information about your submission

Submissions will be treated as public documents, unless received in confidence subject to the requirements of the Freedom of Information Act 1991, and may be quoted in full or part in subsequent Green Industries SA reports. If you do not want the public to read your answers, please write "confidential" on your submission.

You may agree or disagree with, or comment on, the general issues discussed in the single-use plastics discussion paper or the proposed measures identified to address single-use plastic products. Please provide reasons for your comments, supported by relevant data. You can make an important contribution by suggesting an alternative or more appropriate approach to single-use plastic products.

# How will your feedback be used?

A summary of feedback will be prepared and released publicly. Subject to the outcomes of this consultation process, further detailed consultation with business, industry and other parties will be undertaken.

## Tips for written submissions

Please keep in mind the following when preparing your submission:

- list points so that issues raised are clear and include a summary of your submission
- if possible, refer each point to the appropriate section, chapter or proposal in the document
- if you discuss different sections of the document, keep these distinct and separate, so there is no confusion as to which section you are considering
- attach any factual information you wish to provide and give details of the source.

Please include your name, position, organisation and contact details (telephone number, email and postal address) with your submission.

#### Contact:

lan Harvey, Director Strategy and Policy, Green Industries SA – telephone 08 8204 2051.



# Purpose

Single-use plastics are attracting considerable local, national and international interest and the South Australian community has increasingly been calling for action on items such as plastic bags, coffee cups and polystyrene.

This discussion paper seeks to further the public conversation around a range of single-use plastic products that are impacting our environment. It draws upon a significant amount of information from the European Union (EU) and other places to inform this conversation.

The EU announced in late October 2018 its intention to ban single-use plastic items such as plates, cutlery, straws, balloon sticks or cotton buds. In relation to the consumption of several other single-use items

for which no current alternative exists, and which are not banned outright, the EU intends to impose reduction targets and associated timeframes.

As a government, it's important to target our efforts where it has the greatest benefit. This discussion paper therefore seeks your views on areas of potential reform as well as any potential unintended impacts that may arise from any government intervention.

Your feedback will help to inform the government's continued efforts to maintain South Australia's national leadership in recycling and our transition to a circular economy. Questions are posed throughout the discussion paper to help guide your submission.

# Questions we would like you to consider

- Do you consider single-use plastic products are causing environmental problems?
- What do you consider to be the most important problem associated with single-use plastic products that needs to be addressed?

# Plastic bags

- What are your views on extending South Australia's ban on lightweight single-use shopping bags to include thicker plastic bags? What would be the consequences of such action for community, businesses and the environment?
- Should all checkout bags and produce bags (i.e. for grocery items) be made from compostable (Australian Standard 4736-2006) material? What would the impacts be for retailers, consumers and industry? Would there be demand and flow-on benefits in establishing new industry to produce compostable bags here in SA?
- What do you do with biodegradable, degradable or compostable bags once you have finished using them? What do you think about the idea of banning lightweight single-use shopping bags even those made from biodegradable, degradable or compostable substances, as has been proposed in other Australian jurisdictions?

# Straws, coffee cups and other items

Do you think South Australia should introduce measures to address items such as single-use plastic straws and plastic-lined takeaway coffee cups? What other single-use plastic items or single-use products would you like to be considered for possible government intervention?

#### **Excluded items**

What are your views on the list of items excluded (see page 30) and do you think there are others that do not require additional action or should be exempt from possible government intervention, and why?

Are there exclusions that should be included? Why?

# Labelling

Do you think that labelling describing how to recycle or dispose of a product, or parts of the product is helpful to consumers? For which products would better product labelling enable better disposal?

# Business, retailers, manufacturers and importers

- If you are a South Australian based manufacturer or importer of any of the single-use plastic products mentioned in this discussion paper, what are your views on this topic? Do you have access to alternatives? Are there cost impacts that need to be considered as part of this discussion?
- If you are a retailer or business that sells, offers or provides single-use plastic products mentioned in this discussion paper, what are your views on this topic?

## Community

- As a consumer of single-use plastic products mentioned in this discussion paper, what are your concerns? What would you like to see done to address the problem(s) or concern(s)?
- Do you think government intervention is required in relation to single-use plastic products or other single-use items? If so, what type and in what timeframe?
- Do you think that restricting the sale or supply of some single-use plastic or other single-use products for which there are more sustainable alternatives available is a good idea?

# **Fast Facts**



Plastics production has surged over the past 50 years, from 15 million tonnes in 1964 to 311 million tonnes in 2014, and is expected to double again over the next 20 years, as plastics serve increasingly many applications.



The production of plastics from fossil feedstocks has a significant carbon impact that will become even more significant with the projected surge in consumption of plastics.



Currently, packaging represents 26% of the total volume of plastics used globally.



According to UN Environment, one million plastic drinking bottles are purchased every minute, while up to 5 trillion single-use plastic bags are used worldwide every year.



In total, half of all plastic produced is designed to be used only once — and then thrown away.



Australians use around 10 million straws a day, equating to 700,000 per day in South Australia.



It's estimated that 500 billion disposable coffee cups are produced globally each year



At least 8 million tonnes of plastics leak into the ocean each year – which is equivalent to dumping the contents of one garbage truck into the ocean per minute.



Today, about 300 million tonnes of plastic waste every year are produced, nearly equivalent to the weight of the entire human population.



The best research currently available estimates that there are over 150 million tonnes of plastics in the ocean today.



If current trends continue, the ocean is expected to contain 1 tonne of plastic for every 3 tonnes of fish by 2025, and by 2050, more plastics than fish by weight.



Bits of plastic have been detected in the faeces of people in Europe, Russia and Japan, according to research claiming to show for the first time the widespread presence of plastics in the human food chain.



80% of marine litter is from land based sources.

These facts are derived from a range of sources mentioned in this discussion paper.



# Introduction

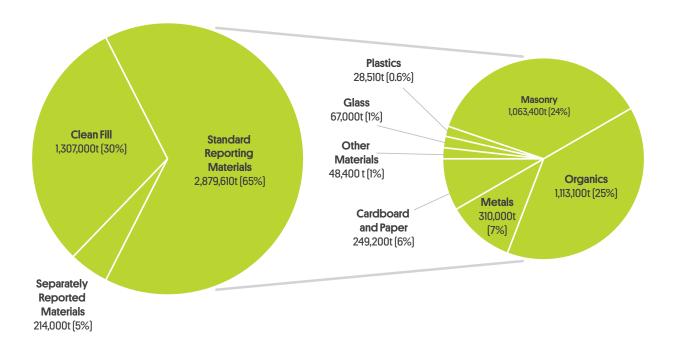
South Australia leads recycling in Australia with 84% of its waste being redirected from landfill to better uses locally, interstate and internationally. Most of the material is recycled locally in the form of construction wastes [masonry] and organics.

Construction and demolition wastes have a recovery rate of over 90%, while commercial and industrial wastes have a recovery rate of around 80%. However, municipal household waste achieves the lowest recovery rate at approximately 55%.

Recycling creates jobs – it has been estimated that approximately 9.2 jobs are created for every 10,000 tonnes recycled compared with 2.8 jobs for every 10,000 tonnes landfilled.<sup>2</sup> In South Australia, the recycling and waste industry has a turnover of about \$1 billion and employs approximately 4,800 people directly and indirectly.

There aren't large 'step' changes left to be made in the construction and demolition, and commercial and industrial sectors. The emphasis for these remains focussed on better collection (e.g. precincts for restaurant and food waste), broader market development (new products and services based on recovered materials), government and business procurement strategies (to improve market pull through) and higher performing products and standards (to capitalise on the market opportunities to replace virgin products).

FIGURE 1 Contribution of different material categories to SA's resource recovery during 2016-2017



However, there are potential 'step' changes to be made in other sectors such as single-use plastics, including packaging. The industry-led Australian Packaging Covenant and its predecessor arrangements have been in place since 1999 and are underpinned by statutory measures in most Australian jurisdictions. While some inroads have been made on light-weighting of packaging, or material substitution (e.g. glass food or beverage container replaced by a plastic container), along with improved kerbside recycling, the overall impact on the supermarket aisle is not significant for most people, and for some their recycling bin is often full to overflowing. Many argue that packaging waste has increased as evidenced by the rise in packaged fruit and vegetable items. The reasons for this perceived increase are complex, and relate to market preferences and diversification, security and food preservation, shelf space impact on buying patterns, and brand recognition.

The proposition underpinning this *Turning the tide* on single-use plastic products discussion paper [the discussion paper] is that impacts arising from the production and consumption of single-use plastics and other single-use items on the economy, society and the environment require rapid intervention to reduce, minimise or eliminate those impacts.



# **Plastics**

Plastics play an important role in our economy and daily lives. Light and innovative materials in cars or planes save fuel and cut CO<sub>2</sub> emissions and when used in packaging, plastics help ensure food safety and reduce food waste. Combined with 3D printing, bio-compatible plastic materials can save human lives by enabling medical innovation.<sup>3</sup>

However, too often, the way plastics are currently produced, used and discarded harms our environment. The amount of marine litter in oceans and seas is growing, to the detriment of ecosystems, biodiversity and potentially human health and is causing widespread concern. At the same time, valuable material that could be brought back into the economy is lost, once thrown away or littered. The potential economic and environmental benefits of a more resource-efficient and circular approach are not realised.<sup>4</sup>

The need to tackle these problems and reduce the associated environmental, economic and social harm is widely recognised.

Single-use plastics, and in particular plastic packaging is widely available, persistent, and at best prone to disposal to landfill rather than recycling and at worst prone to littering where it may enter the marine environment. Studies in the EU regard plastic as the main source of marine litter as it is hardly biodegradable and it can have toxic and other harmful impacts. Due to its persistency, these impacts are growing as each year we generate more plastic waste. It is a global problem as acknowledged by many initiatives worldwide.<sup>5</sup>

In addition to harming the environment (particularly wildlife impacts), marine litter damages activities such as tourism, fisheries and shipping. For instance,

in the EU it is estimated that the cost of marine litter to EU fisheries is between 1% and 5% of total revenues from catches by the EU fleet. It threatens food chains, especially seafood.<sup>6</sup>

Australia and South Australia are not isolated from these issues.

The decision by China to restrict or ban the import of recyclable materials, alongside television programs such as the ABC's War on Waste<sup>7</sup> have highlighted the pressing need to do something, and find local solutions.

In April 2018, Australia's Environment Ministers committed to set a substantial path for Australia's recyclable waste. Commitments at that time included an agreement to make 100% of packaging in Australia reusable, recyclable or compostable by 2025 or earlier, and for governments to work with the industry led Australian Packaging Covenant Organisation (APCO) to deliver this target.8 The development of targets for the use of recycled content in packaging was also endorsed.

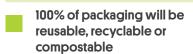
On 11 September 2018, the APCO Board approved four national packaging targets and a Strategic Intent Plan. The targets are that, by 2025:

The Government of South Australia recognises that it also has a role in managing the problems associated with packaging. This includes singleuse plastic packaging which affects all states and territories in Australia.

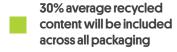
Ideally a joined up national approach is preferred, however, like looking down the wrong end of a telescope the targets are clear but appear a long way off. This discussion paper suggests that if we are to meet those targets, immediate and timely action is required and that the focus should be on single-use plastics, more broadly and not just packaging.

Other countries around the world are responding to the same pressures in relation to single-use plastics. France has banned plastic cups and plates, Italy and France are banning plastic cotton buds, the UK intends to ban straws, joined by the Brussels region recently, and other countries like Ireland and Portugal are considering similar measures.

# 2025 Targets







Problematic and unnecessary single-use plastic packaging will be phased out through redesign, innovation or alternative delivery methods



# What are single-use plastics?

The 2016-17 Australian Plastics Recycling Survey – National report commissioned by the Australian Government Department of the Environment and Energy defined a 'plastic' for the purposes of that report as:

A plastic material is any of a wide range of synthetic or semi-synthetic organic solids that are mouldable. Plastics are typically organic polymers of high molecular mass, but they often contain other substances. They are usually synthetic, most commonly derived from petrochemicals, but many are either partially natural or fully natural (i.e. biobased).

Further information on plastics, including those marketed as 'environmentally friendly', is provided in the appendix on page 38.

Single-use plastics, refers to plastic packaging or other consumer products made of plastic that are designed to be used once, often away from home, and thrown away after a brief use. These items are particularly litter prone. Single-use plastics include small packaging, bags, disposable cups, lids, straws and cutlery.<sup>10</sup>

It is recognised that some single-use plastic items that are used in health related applications and procedures are also designed to be used once and then disposed. These items are not the subject of this discussion paper.

In the EU, the top 10 most commonly found single-use plastics makes up 86% of all single-use plastic in beach litter and is responsible for more than half of plastic marine litter. This list has been stable in recent years and over different regional seas within Europe. The list is very similar to lists in the US and other countries that consistently find the same single-use plastics in their marine litter.



**TABLE 1:** EU top 10 most commonly found singleuse plastics

RANKING	ITEM
1	Drink bottles, caps and lids
2	Cigarette butts
3	Cotton bud sticks
4	Crisp packets / sweet wrappers
5	Sanitary applications (e.g. wet
	wipes, sanitary towels]
6	Plastic bags
7	Cutlery, straws and stirrers
8	Drinks cups and cup lids
9	Balloons and balloon sticks
10	Food containers including
10	Fast food packaging

Whilst the dominance of this top 10 is stable, proposed legislation in the EU will have a review clause allowing for possible changes in the products or measures covered.<sup>11</sup>

In Australia, the National Report for the 2016-17
National Litter Index indicates that overall, cigarette butts, beverage containers and takeaway food packaging represent two-thirds (66%) of all the litter counted across the country.<sup>12</sup>

South Australia has consistently had less beverage containers in the litter stream than other state and territory jurisdictions and this is directly attributable to this state's container deposit legislation. South Australian litter surveys undertaken twice a year

for more than 20 years support this finding,<sup>13</sup> as well as marine debris surveys undertaken by the Commonwealth Scientific and Industrial Research Organisation [CSIRO].

To provide some comparison with the EU findings presented in **Table 1**, Green Industries SA (GISA) analysed 5 years of litter count survey data for South Australia with the following exclusions:

- GISA's analysis excluded glass and metals which are relatively inert and less mobile once littered; and
- GISA's analysis excluded cigarette butts: As is the case nationally and internationally, cigarette butts are the most numerous (by number, not volume) item of litter. Waste from tobacco products, in particular cigarette filters containing plastic can persist in the environment for many years. Existing measures that can lead to a reduction in cigarette butt litter include community health measures aimed at reducing the number of smokers, litter enforcement action through the Local Nuisance and Litter Control Act 2016, extended product responsibility measures from tobacco manufacturers (e.g. butt litter campaigns), provision of infrastructure and education and awareness.

Considering the above exclusions, South
Australia's top 10 littered items (not specifically related to marine pollution) are provided in

Table 2 and are based on total litter counts taken over a 5 year period ending November 2017.

The top 10 presented in Table 2 are expressed in relative count order with the 10th item assigned a relative frequency of 1. The counts of Other paper (including tissues) are 11.5 higher than those of Packing tape and straps.



TABLE 2: South Australia's top 10 littered items

ITEM	RELATIVE FREQUENCY
Other paper	11.5
(including tissues)	
Other plastic	5.9
Snack bags &	2.8
confectionery wrappers	
Cups/take away containers	2.1
Packages & boxes	2.0
Straws	1.8
Take away & cups	1.8
Plastic bottle tops	1.7
Clothing & materials	1.1
Packing tape & straps	1.0

Not surprisingly, there are similarities between the single-use plastics in both tables as many of the products containing plastic are global in their distribution, marketing and use. However, there are also some single-use plastics which may not be particularly prevalent in the litter stream but are not able to be recycled or difficult to recycle such as polystyrene packaging and plastic lined takeaway coffee cups. These products by design can only be disposed to landfill (at best) and for some, alternative recyclable, compostable or biodegradable product alternatives are available.

# What is the problem?

Over the past several years, there has been a steady increase in the volume of highly reputable international literature that addresses this question. This discussion paper draws heavily from organisations such as the Ellen MacArthur Foundation, the European Commission, the United Nations Environment Program and others. Some compelling facts presented at the front of this discussion paper are derived from these organisations' investigations.

Imagining a world without plastics is nearly impossible. Plastics are increasingly used across the economy, serving as a key enabler for sectors as diverse as packaging, construction, transportation, healthcare and electronics. Modern innovations mean today's plastics make up 50% of a vehicle's volume, but only about 10% of its weight. Plastics have brought massive economic benefits to these sectors, thanks to a combination of low cost, versatility, durability and high strength-to-weight ratio. 15

However, due to its slow decomposition, plastic accumulates in seas, oceans and on beaches worldwide, including Australia. 80% of marine litter emanates from land based sources. The European Commission notes that plastic residues are found in marine species – such as sea turtles, seals, whales and birds, but also in fish and shellfish, and therefore in the human food chain. While plastics are a convenient, adaptable, useful and economically valuable material, these need to be better used, re-used and recycled. When littered, the economic impact of plastics encompasses not just the lost economic value in the material, but also the costs of cleaning up and losses for tourism, fisheries and shipping. The source of the search of the searc

The United Nations Environment Program has estimated the total natural capital cost to the marine ecosystem as a result of plastic littering to be \$13 billion per year globally, accounting for 17% of total lifecycle impacts on the marine ecosystem. This includes economic losses incurred by fisheries and tourism as well as time spent cleaning up beaches.<sup>18</sup>

Very large quantities of plastic waste leak into the environment from sources both on land and at sea, generating significant economic and environmental damage. Globally, 5 to 13 million tonnes of plastics — 1.5 to 4% of global plastics production — end up in the oceans every year.<sup>19</sup>

According to the World Economic Forum, in its report The New Plastics Economy (2016) at least 8 million tonnes of plastics leak into the ocean each year – which is equivalent to dumping the contents of one garbage truck into the ocean per minute. If no action is taken, this will increase to 2 per minute by 2030 and 4 per minute by 2050. The report suggests that packaging represents the major share of the leakage. Not only is packaging the largest application of plastics with 26% of volumes, its small size and low residual value also makes it especially prone to leakage. One indicative data point cited in the report is that plastic packaging comprises more than 62% of all items (including non-plastics) collected in international coastal clean-up operations.<sup>20</sup>

This phenomenon is exacerbated by the increasing amount of plastic waste generated each year, and is also fuelled by the growing consumption of 'single-use' plastics, i.e. packaging or other consumer products that are thrown away after one brief use, are rarely recycled and prone to being littered. These include small packaging, bags, disposable cups, lids, straws and cutlery, for which plastic is widely used due to its lightness, low cost, and practical features.<sup>21</sup>



iStock/Getty Images

For Australia, injury and fatality to vertebrate marine life caused by ingestion of, or entanglement in, harmful marine debris was listed as a key threatening process under the *Environment Protection and Biodiversity Conservation Act 1999* [EPBC Act] in August 2003.

A Threat Abatement Plan for the impact of marine debris on the vertebrate wildlife of Australia's coasts and oceans was subsequently developed to outline priority areas for government action at a local, state and national level. The Threat Abatement Plan was recently updated in 2018 and highlights 'limit[ing] the amount of single-use plastic material lost to the environment in Australia' as a high priority action.<sup>22</sup>

Plastics are an obvious, problematic target for action. Experts say fishing gear (ropes and nets made from synthetic fibres), balloons and plastic bags are the biggest entanglement threat to marine fauna, and plastic bags and utensils are the biggest ingestion risk for seabirds, turtles and marine mammals (Wilcox et al., 2016). Plastics may also be chemically harmful in some contexts, either because of their potential toxicity or because they absorb other pollutants (Rochman et al., 2013).<sup>23</sup>

In 2016, the Australian Government's Senate Environment and Communications References Committee undertook an inquiry into the threat of marine plastic pollution in Australia. Its report *Toxic tide: the threat of marine plastic pollution in Australia* acknowledged that:

Evidence clearly demonstrates that this is an issue of global concern with vast quantities of plastic entering the marine environment on a daily basis. The committee understands that calculating the exact rates of plastic pollution into the future is difficult, but is of the view that estimates of current rates of pollution are sufficiently high as to warrant immediate action. The committee also accepts that marine plastic pollution in the Australian marine environment is difficult to quantify, but that amounts recovered through clean-up activities would point to the problem being significant.<sup>24</sup>

The identification of the origin, pathway and type of marine debris can be difficult, as litter degrades and fragments over time.

Some plastics enter the marine environment as 'macro-plastics' and then degrade slowly into smaller fragments. Others enter directly in the form of microplastics, which are plastic particles with a diameter less than 5mm. Some of these microplastics are intentionally added to products such as scrubbing agents in cosmetics, detergents, paints (sometimes referred to as microbeads) or to serve as input for further processing (e.g. plastic resin pellets). Others originate from the abrasion of large plastic objects during manufacturing or use [e.g. tyre dust, textile fibres].<sup>25</sup>

Bits of plastic have even been detected in the faeces of people in Europe, Russia and Japan, according to research claiming to show for the first time the widespread presence of plastics in the human food chain.<sup>26</sup>

The Australian Government Department of the Environment and Energy is working with industry and state and territory governments to ensure a voluntary phase-out of microbeads from personal care and cosmetic products. It has also committed to eliminating remaining microbeads from the Australian market and will examine options to broaden the phase-out to other products.<sup>27</sup>

In view of the work already underway in relation to microbeads this discussion paper does not address these further. Similarly, it is recognised that there is litter emanating from marine based sources that cause impacts [e.g. fishing gear] attributable to a smaller cross-section of our society which may require a more tailored approach and is not covered here.

Although there are other materials causing impacts, there appears to be sufficient evidence for action to be taken to reduce the problem on single-use plastics, which are macro-plastics.

## Questions to consider in making a submission:

- Do you consider single-use plastic products are causing environmental problems?
- What do you consider to be the most important problem associated with single-use plastic products that needs to be addressed?





# Should South Australia act?

There are a number of considerations that need to be balanced when the community seeks leadership from government and industry.

# **Guiding principles**

We know that wasteful consumption habits are not sustainable because of global limits to availability and accessibility of the earth's natural resources. We also know that there are limits to the amount of man-made waste and pollution that the earth can absorb or contain.

These widely held views are contextualised in a range of nationally and internationally recognised principles and concepts such as ecologically sustainable development. Any discussion of waste

management draws upon the same and related principles and concepts that are recognised globally as the cornerstone of waste management policy and help to guide our decision making. The following are important guiding principles for the purposes of this discussion paper:

The principles of the circular economy: It is important that society move away from the "take, make, dispose" linear consumption pathway to one which continues to return materials back into the economy. Some plastics, and in particular single-use plastic items are entering the environment rather than being returned to the economy for further utilisation.

The waste hierarchy: The waste management hierarchy is recognised internationally as an aspirational framework for sustainability.

# Reuse The waste management hierarchy Recover Treat/Dispose Itter? warine litter?

Most Preferable

Least Preferable

The framework stresses the need to:

- operate at the highest possible level of the hierarchy, considering social, environmental and economic practicalities
- make decisions using sound knowledge and information
- conserve materials and energy by acting to avoid waste and reduce wasteful consumption
- preserve the value of materials used, through source separation and reduced contamination.

The waste hierarchy implies a closed system where waste is ultimately dealt with in one way or another, however it does not reflect 'leakage' from the system or fugitive waste that escapes as litter or marine debris. This discussion paper proposes that the hierarchy also recognises litter and marine debris as being the least preferable option in waste management – that is, waste disposed of onto land or into aquatic environments whether deliberately or otherwise.

# United Nations Sustainable Development Goals<sup>28</sup>

On 25 September 2015, countries around the world, including Australia, adopted a set of goals to end poverty, protect the planet and ensure prosperity for all as part of a new sustainable-development agenda. The Sustainable Development Goals are the blueprint to achieve a better and more sustainable future for all. The goals address the global challenges we face, including those related to poverty, inequality, climate, environmental degradation, prosperity, and peace and justice. Each goal has specific targets to be achieved by 2030. Sustainable Development Goal 12 is specifically focused on responsible consumption and production patterns.

Achieving Goal 12 requires a strong national framework for sustainable consumption and production that is integrated into national and sectoral plans, sustainable business practices and consumer behaviour, together with adherence to international norms on the management of hazardous chemicals and wastes.



Targets associated with Sustainable Development Goal 12 include, but are not limited to:

- By 2020, achieve the environmentally-sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimise their adverse impacts on human health and the environment
- By 2030, achieve the sustainable management and efficient use of natural resources
- By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse



Sustainable Development Goal 14 is focussed on "life below water" and includes a specific target: "by 2025 prevent and significantly reduce marine

pollution of all kinds, in particular from land-based activities, including marine debris and nutrient pollution."<sup>29</sup> As part of this target, the United Nations has announced a major global Clean Seas campaign aimed at ending plastic marine litter, particularly from single-use plastics.<sup>30</sup>

# **Community concern**

Recent community interest following television programs such as the ABC's *War on Waste*<sup>31</sup> and documentaries such as *Blue Planet II*<sup>32</sup> suggest that single-use plastics are of concern. South Australia has shown leadership in measures such as a ban on single-use plastic bags, container deposit legislation and high performing kerbside recycling systems, including kitchen food waste recycling in some council areas.

The Australian Government's Environment and Communications Senate Committee in its June 2018 Inquiry report, Never waste a crisis: the waste and recycling industry in Australia recommended that the Australian and state and territory governments agree to phase out petroleum-based single-use plastics by 2023.<sup>33</sup>



environmentally-sound chemical and waste management reduce marine pollution of all kinds



sustainable management and efficient use of natural resources substantially reduce waste generation



**United Nations Sustainable Development Goals** 







# **Existing policy settings**

This discussion paper outlines some of the economic, social and environmental problems of single-use plastics. A report by Circle Economy suggests the challenges associated with increasing plastic production, low levels of recycling and leakage to the environment is a powerful example that demonstrates the urgent need to overhaul waste management policy to tackle the root causes of excessive material use, significantly increase recovery and recycling rates, and promote high-value loops such as re-use, remanufacturing, refurbishment and lastly material recycling.<sup>34</sup>

The report considers that policy is required to extend along the entire value chain, including tackling excessive consumption, for example with the phase out of single-use and non-recyclable plastics.

South Australia has a strong track record in taking action in relation to a range of waste types with many already banned from disposal to landfill. As stated in the UN Habitat's 2010 publication Solid Waste Management in the World's Cities:<sup>35</sup>

South Australia has demonstrated a high level of political commitment and willingness to 'stick its neck out' and implement some policies and legislation upon which other administrations take a more conservative position. The Zero Waste Act [now Green Industries SA Act] and Plastic Bag Ban are two excellent samples of South Australia's Government showing leadership by putting in place arrangements to support a major drive towards the 3Rs [reduce, reuse, recycle].

South Australia already has two product-focussed legal instruments that specifically tackle single-use plastic and other items.



# **Container Deposit Scheme (CDS)**

Introduced in 1977 to reduce beverage containers in the litter stream, CDS continues to have a high level of community support and has a strong impact on the recycling of beverage containers covered under the scheme. The CDS includes some beverages provided in single-use plastic bottles or containers.

In 2017–18, almost 603 million containers [42,913 tonnes] were recovered by collection depots for recycling. This means that over \$60 million was refunded to the community during that period. The CDS also provides a financial benefit to individuals, community groups, sporting clubs and charities that collect empty containers for refund.

The scope of the CDS was expanded to products such as flavoured milk, juice and waters in 2003 and the deposit lifted from 5 cents to 10 cents in 2008.

Several Australian jurisdictions have more recently introduced container deposit schemes or intend to introduce one in the near future.

The Environment Protection Authority (EPA) is the regulator of the South Australian CDS, and intends to work in partnership with the key sectors who participate in the scheme to identify opportunities for improving CDS in the state. The EPA has released a scoping paper seeking views and feedback to inform issues to be considered in the review and the research required to inform the review.

Further information can be found in the CDS scoping paper - Improving South Australia's recycling makes cents - at epa.sa.gov.au



# The Plastic Shopping Bag (Waste Avoidance) Act 2008

South Australia was the first state in Australia to ban lightweight checkout style plastic bags. *The Plastic Shopping Bags (Waste Avoidance) Act 2008* came into effect on 1 January 2009, with the ban on shopping bags taking effect from 4 May 2009.

South Australia's plastic shopping bags ban was adopted in recognition of the environmental issues associated with single-use, lightweight, checkoutstyle, plastic bag use, including harm to marine life and harm to the environment through litter and less attractive public places. Similar bans are now in place or being considered in other parts of Australia.

The Plastic Shopping Bags Act allows the use of alternative compostable/biodegradable plastic bags provided they comply with Australian Standard 4736-2006 - Biodegradable plastics - Biodegradable plastics suitable for composting and other microbial treatment.

This ban on lightweight plastic shopping bags, and provision of comprehensive recycling options, has effectively removed from circulation around 400 million single-use plastic bags each year in South Australia, while reducing related environmental impacts and stimulating reuse and alternative product development e.g. multiple-use bags.

Switching from lightweight, single-use shopping bags to multiple-use bags uses comparatively fewer resources and energy use across its life cycle and was an important factor that supported the introduction of the ban on single-use plastic bags.

A 2013 review on South Australia's plastic bag legislation concluded that:

The ban on lightweight single-use plastic bags has been highly effective at reducing the supply of lightweight single-use plastic bags from South Australia and changing consumer behaviour to alternatives to plastic shopping bags. Moving forward, consideration should be given to extending the ban to address the new alternatives including thick and heavy plastic bags as well as providing further education and advocacy to promote greener overall behaviour of consumers.

The review considered potential legislative amendments to improve the operation of the Act.

- Amend the definition of a plastic shopping bag to make it clear that the minimum thickness requirement applies across all parts of a bag
- Require biodegradable / compostable bags to be approved by the Environment Protection Authority
- Introduce an offence to provide bags different from those tested and approved by the Environment Protection Authority.

It is timely [10 years on] to review the current Plastic Shopping Bags Act. A review will identify opportunities to improve compliance with the Plastic Shopping Bags Act and explore whether the ban on lightweight singe-use plastic bags should be expanded to include other thicker plastic bags. Consideration will be given to other jurisdictions' bans, including those that consider products that are marketed as 'degradable', 'bio' and 'oxo' degradable, and national targets for packaging [page 18].

According to the United Nations
Environment Programme (UNEP) there
is little evidence to suggest that products
labelled as biodegradable will significantly
decrease the volume of plastic entering the
ocean, or the physical and chemical risks that
plastics pose to the marine environment.
The Australian Bioplastics Association also
stated that "biodegradable plastics were not
designed to be a solution for marine litter".

There are more sustainable alternatives to singleuse plastic bags. A trial using compostable bags in place of plastic 'barrier bags' for fruit and vegetables is being undertaken at two South Australian supermarkets and is receiving strong support from the community.

#### Questions to consider in making a submission:

- What are your views on extending South Australia's ban on lightweight single-use shopping bags to include thicker plastic bags? What would be the consequences of such action for community, businesses and the environment?
- Should all checkout bags and produce bags (i.e. for grocery items) be made from compostable (Australian Standard 4736-2006) material? What would the impacts be for retailers, consumers and industry? Would there be demand and flow-on benefits in establishing new industry to produce compostable bags here in SA?

Note: Produce bags and other shopping bags made from compostable (Australian Standard 4736-2006) material enables them to be re-used for household food waste disposal into the household green organics bin, and reduces costs to councils by not having to provide compostable bags as is currently the case for those councils that provide a food waste collection service to residents.

What do you do with biodegradable, degradable or compostable bags once you have finished using them?
What do you think about the idea of banning lightweight single-use shopping bags even those made from biodegradable, degradable or compostable substances?



# Which items could we focus on?

This discussion paper does not purport to rely on detailed analysis on the prevalence and impacts [economic, social and environmental] associated with the incidence of single-use plastics in the South Australian litter stream or the impacts on the economy. Detailed information and analysis has not been undertaken regarding the suitability of available alternatives to some single-use plastics identified in this paper, noting only that some alternatives exist.

Information, evidence and data from various credible sources refer to the negative impacts that some plastics and in particular some single-use plastic products can have.

These impacts are likely to be exacerbated by the growing consumption of single-use plastics which are cheap to manufacture and widely used due to low cost and other

practical features (e.g. lightness), and in the absence of some form of intervention may only get worse.

International and local evidence referenced in this discussion paper suggests that for some single use plastic products that are intended and/or designed to be disposed of after one brief use, 36 are rarely recycled, cannot be recycled and in some cases are prone to being littered, that government intervention and action is required.

The state government is interested in your views about this and what single-use plastic and other single-use items you think are important.

Recent community attention in Australia and internationally has focussed on single-use plastic straws and plastic-lined takeaway coffee cups, and some discussion on these specific items is provided below.

# Single-use plastic straws and cutlery

Although the subject of some uncertainty, estimates suggest that Australian's use around 10 million straws a day and that this may even be an underestimation.<sup>37</sup>

South Australia represents about 7% of the population of Australia and based on this simple analysis our State's usage could be around 700,000 straws per day or 255,500,000 million straws per year.

20 minutes is the average time a straw is used before being discarded.<sup>38</sup>

Single-use plastic straws are most commonly made from type 5 plastic, or polypropylene and are in the top 10 items littering the marine environment where these can be ingested by marine life such as turtles and seabirds. Plastic cutlery is most commonly made from polypropylene and polystyrene and is also in the top 10 items littering the marine environment.

In February 2018, Scotland announced its intention to ban plastic straws by the end of 2019 as a means of tackling marine pollution. Taiwan has announced similar measures and a number of United States cities have already banned plastic straws, including Malibu, Santa Monica, Manhattan Beach and Seattle. In October 2018, members of the European Parliament (comprising 28 member states) announced ambitious legislation to ban single-use cutlery, cotton buds, straws and stirrers from 2021.<sup>39</sup>

Individual businesses are also responding. Woolworths announced it will stop selling plastic straws by the end of 2018. $^{40}$ 

The Last Straw is a campaign to reduce the use of the plastic straws in venues around Australia. It aims to tackle the issue from both sides - encouraging consumers to use less plastic straws and encouraging businesses to give out less straws through staff training and information.<sup>41</sup>

Campaigns such as *refuse the straw* (out of the United Kingdom) and *straws suck* (an initiative of the ACT Government) attest to the growing community interest and concern regarding this single-use plastic product.

Some South Australian businesses are taking their own action by replacing plastic straws with more sustainable alternatives. Festival and event organisers around Adelaide are also making changes by supplying compostable cutlery and tableware instead of single-use plastic items.

# Plastic-lined takeaway cups (coffee cups)

Estimates of Australians' annual use of disposable coffee cups vary from between 1 billion disposable coffee cups each year,<sup>42</sup> with *Choice* (a leading consumer advocacy group in Australia) estimating that this figure could be as high as 3 billion coffee cups disposed each year.<sup>43</sup>

Based on a simple analysis our state's usage could be around 191,000 to 575,000 per day or 70 million to 210 million disposable coffee cups used each year.

The well-intentioned caffeine lover who tries to do the right thing and recycle their cup may be doing more harm than good. The plastic waterproof lining of many paper coffee cups means they can't be recycled with collections of paper and cardboard and may actually contaminate a load, causing the whole lot to be sent to landfill.<sup>44</sup>

Takeaway cups are primarily constructed of virgin (non-recycled) paperboard with a polyethylene plastic (PE) coating or polylactic acid coating on the cup to prevent leaking of liquids (e.g. coffee) and maintain the structural integrity of the cup during use. These cups are generally used for a short period of time (minutes) between purchase and disposal. PE is a plastic made from fossil petrochemical resources whereas polylactide is a bioplastic made from plant starches - with the PE lined takeaway coffee cups representing approximately 90% of coffee cups produced.

France has recently committed to ban disposable cups and plates by 2020 - except those that are completely compostable.

Some South Australian retailers are already moving from plastic-lined takeaway cups, with compostable alternatives and offering discounts for 'keep cups'.

# Questions to consider in making a submission:



Do you think South Australia should introduce measures to address items such as single-use plastic straws and plastic-lined takeaway coffee cups? What other single-use plastic items or single-use products would you like to be considered for possible government intervention?

# **Excluded items**

There are some single-use plastics for which existing efforts to tackle them are in place or that require more information to determine the best approach. For this reason, it is suggested that the following materials, items or products should be excluded from further specific consideration at this time.

Microplastics / microbeads – specifically those intentionally added to a product are not in scope as they are being addressed through other processes – refer page 20, and the national approach to eliminating microbeads.

Debris emanating from sea-based sources (e.g. lost or discarded fishing gear) – it is difficult to estimate the scale of this problem in the South Australian context. A more tailored response may be required and this form of debris is not examined further, although it may be the subject of future investigation and action.

#### Non-plastic single-use disposable items (e.g. packaging)

 packaging comprising exclusively fibre will degrade and littered items comprising glass and metals are mostly inert and with relatively low environmental damage and less mobile once littered. The exclusion of these materials does not imply that leakage to the environment is acceptable, and it is recognised that visual amenity remains an important issue.

Single-use plastic beverage containers – many are already addressed through existing legislation (CDS). The EPA intends to review South Australia's CDS legislation and could consider single-use plastic beverage containers alongside other beverage containers not currently subject to the legislation - as such these products are not examined further in this discussion paper.

#### Sanitary applications (wet wipes, sanitary towels) -

These products are routinely flushed down toilets and wastewater treatment facility operators face significant problems when non-suitable products are flushed down the toilet as these contribute to blockages in household and municipal sewerage systems.

In April 2018, a manufacturer of sanitary wipes was ordered to pay penalties for making false and misleading representations about its 'flushable' toilet and bathroom cleaning wipes.<sup>45</sup>

It is suggested that their presence and associated impacts could be reduced through appropriate and accurate packaging labelling that provides advice to consumers on responsible disposal option(s).

Absorbent hygiene products – Single-use absorbent hygiene products (AHP) such as nappies represent a significant waste stream. A 2013 report estimated that South Australia could generate in the order of 35,000 tonnes annually with the majority of the waste arising from residential use (primarily nappies for children).<sup>46</sup>

However, the 2013 report also indicated that the majority of the AHP waste generated in South Australia is currently disposed to landfill and for this reason is not likely to be littered or disposed to the environment. Solutions to better utilise waste AHP are technically available but most are not commercially viable and would generally rely on segregation and separate collection infrastructure and systems at the household level which is not yet available.

It should be noted that the Australian Packaging
Covenant Organisation (APCO), with Planet Ark and PREP
Design, have launched a labelling scheme that will help
consumers better understand how to recycle products
effectively.<sup>47</sup> This is being voluntarily phased in by many
Australian companies but imported goods may not
feature such labelling.

# Questions to consider in making a submission:

- What are your views on the list of items excluded and do you think there are others that do not require additional action or should be exempt from possible government intervention, and why? Are there exclusions that should be included? Why?
- Do you think that labelling describing how to recycle or dispose of a product, or parts of the product is helpful to consumers? For which products would better product labelling enable better disposal?



# Community and business impacts

Further work will be undertaken to evaluate how many South Australian based manufacturers or importers of single-use plastic products could be impacted by potential intervention measures from government. Impact assessments will also be undertaken for retailers and consumers.

However, in developing its proposal for a Directive of the European Parliament and of the Council on the reduction of the impact of certain plastic products on the environment, the European Commission undertook various impact assessments and relevant information is provided below to aid discussion and facilitate feedback on this important issue.

In the context of generally buoyant and increasing demand for plastic products, producers (plastics converters) are likely to be negatively affected by any reduction in demand for single use products but they have an opportunity to redirect production to reusable and recyclable items.

For food and drink related items (food containers, cups and cup lids, cutlery, straws and stirrers), the food service industry and retailers pay for the single use plastic items that they provide to customers 'free of charge'. Although the cost might not be evident to customers, the consumer will normally cover it in the overall price. With a shift to reusable items, a single upfront purchase by the retailer will avoid future regular costs of purchasing the single use items, and thus may lead to a saving.

There will be a cost to providing reusable items for consumption on site, but savings from not providing single-use items. The balance of the costs and savings will vary for different retailers and determine whether a switch away from single-use plastics can 'pay for itself' over time. However, the shift to non-plastic single use alternatives may lead to an increase in costs to retailers if these are more expensive, and if they do not to pass these costs on to consumers.

For other single-use items such as wet wipes, sanitary towels, and cotton buds, that retailers sell on directly to customers (rather than use to contain the food or drink they are selling), the impacts will vary based on the difference between the wholesale price and the retail price of the non-plastic single-use alternative. Where retailers sell multi-use alternatives, while the number of sales will be lower, the effect on profits will depend on the per item margin that the retailer makes versus the margin on the current single-use plastic items."48

"Many retailers, especially in food service retail, are SMEs. They may be positively impacted where they avoid the need to purchase single use items that accompany or contain the food or drink they sell. Whilst reduced consumer spending will translate almost into reduce retail sales, there will be rebalancing as consumers spend their money on alternatives, and favour innovative responses. New business models will develop for making available multi use items to consumers and this could reduce costs, especially as options are scaled up.<sup>49</sup>



The European Commission's impact analysis suggests that for individual consumers, the impacts will vary depending on their consumption habits and their own pre-existing preferences in respect of using reusable items.<sup>50</sup>

In a world where convenience is highly valued, alternative more sustainable approaches even where these have reduced levels of convenience can and do enter the market. The increase in reusable coffee cups indicates that some consumers are willing to adopt more sustainable (reusable) packaging which incur less convenience and higher financial costs. When consumers use their own reusable cup it will need washing in order to keep the cup clean and usable.

Therefore, there may be some additional costs from washing the items. However, as they are no longer purchasing many single-use plastic items, the overall cost is likely to fall.<sup>51</sup>

In addition, alternative business models evolve to respond to and support consumer concerns and preferences, and *Responsible cafes*<sup>52</sup> is a good example where many participating cafes offer a price discount when a consumer brings a refillable coffee cup. *Responsible cafes* currently has 344 cafes registered in South Australia with participating cafes saving approximately 35.2 cups per day from landfill. Over the year that equates to approximately 12,800 cups per cafe.

In June 2018, Australia's supermarket giants
Woolworths and Coles announced they will be
reducing the level of plastic packaging in their
stores. In addition to action in relation to the sale
of straws (refer page 29) Woolworths announced
they will remove plastic packaging from 80 fruit
and vegetable lines. Coles also announced a set
of commitments on packaging and recycling,
including removing plastic wrapping from Coles
brand bananas.



Business opportunities may also arise through the emergence of new companies that can produce suitable alternatives to single-use disposal plastic products or that can provide improved recycling outcomes for existing products that keep the materials circulating within our economy.

South Australia's plastic bag ban demonstrates that the large majority of consumers will accept measures that support the reduction in environmental impacts especially to marine animals, and in particular when alternatives are available (e.g. reusable shopping bags).

Negative impacts on state-based businesses that support South Australian jobs should be avoided or minimised where possible. Similarly, increased cost pressures facing the community are to be avoided or minimised.

It is also preferable for voluntary approaches or collaborative measures or policies over regulatory measures where business and industry has the foresight and willingness to act in a timely manner and where the alternative measures or policies achieve a

tangible reduction in the impact of single-use plastics on the economy, environment, and society.

#### Questions to consider in making a submission:

- g If you are a South Australian based manufacturer or importer of any of the single-use plastic products mentioned in this discussion paper, what are your views on this topic? Do you have access to alternatives? Are there cost impacts that need to be considered as part of this discussion?
- If you are a retailer or business that sells, offers or provides single-use plastic products mentioned in this discussion paper, what are your views on this topic?
- As a consumer of single-use plastic products mentioned in this discussion paper what are your concerns? What would you like to see done to address the problem(s) or concern(s)?

## What is the best approach?

There are a range of approaches and options that could be adopted to tackle single-use plastic products.

Some options are more suited to a national approach (e.g. import restrictions, taxes, labelling, product accreditation), while others can be state-based (e.g. legislation, education, and incentives).

Options can range from industry-led approaches that rely upon industry to voluntarily transition to more sustainable alternatives through to fully-mandated legislative approaches such as bans. The EU has announced its intention to develop legislation to ban single-use cutlery, cotton buds, straws and stirrers from 2021.

For some single-use plastic items improved product labelling may be the best approach e.g. sanitary wipes, and for other products improved education and awareness of consumers may encourage a shift toward more sustainable product choices.

The EU approach also intends to use national reduction targets for plastics not directly 'captured' through banning and for which no alternative product exists including single-use burger boxes, sandwich boxes or food containers for fruits, vegetables, desserts or ice creams. These items will have to be reduced by EU member states by at least 25% by 2025. The EU Member States also agreed that reduction measures should also cover waste from tobacco products, in particular cigarette filters containing plastic which would have to be reduced by 50% by 2015 and 80% by 2030.53 The mechanism(s) intended to achieve the required reduction targets are not identified.

Ideally, the preferred approach for South Australia should deliver environmental, economic and social benefits, be publicly acceptable and contribute to improved use of materials and resources.

It may be appropriate to restrict market access for some single-use plastic and other single-use products where suitable substitutes or alternatives exist with lower impacts. The use of legislation in South Australia is a mechanism that has already been used to restrict market access, for example in relation to the provision of single-use plastic bags as discussed above.

Similar legislation could be developed to restrict market access for individual single-use plastics or a more flexible and complete policy approach could be to develop framework legislation that enables bans and exclusions to be adopted for various single-use plastics and other single-use products with suitable time frames and after appropriate consultation.

A dedicated legislative instrument could be considered to address all single-use plastic and other single-use products targeted in one Act of Parliament by defining specific objectives and measures with a view to preventing and reducing their impact on the environment, society and the economy. The legislation could:

- Regulate (prohibit) the sale and supply of single-use products and materials in South Australia particularly those with a single-use applications such as identified above.
- Provide an ongoing legislative mechanism
  to manage products and materials which will
  be especially important as the complexity of
  waste types are changing and could become
  more problematic to manage into the future.

Such legislation would need to be informed by targeted consultation with affected parties and interest groups and consider a range of business and other impacts.

Any initiative should be seen in the broader context of the transition to a circular economy. It should support business innovation in the development of multi-use [longer lasting] alternatives and more sustainable single-use products. It could also promote compostable and other bio-based alternatives and introduce an innovative bio-economy, bringing new opportunities for businesses.

The framework legislation could also enable a staged approach whereby some of the more impactful single-use plastic or other single-use products could be addressed before others.

This would also send a powerful message to the single-use plastic producers, importers and the packaging industry, brand owners and consumers that South Australia is serious, and will again lead on these aspects. Businesses would be more mindful of the downstream impacts before introducing new single use products.

#### Questions to consider in making a submission:

- Do you think government intervention is required in relation to single-use plastic products or other single-use items? If so, what type and in what timeframe?
- Do you think that restricting the sale or supply of some single-use plastic or other single-use products for which there are more sustainable alternatives available is a good idea?

For example, early product bans could be imposed where there are readily available alternatives on the market e.g. non-biodegradable single-use plastic straws in favour of straws made with biodegradable materials (e.g. paper) or reusable alternatives.

In Australia, the *Mutual Recognition Act 1992 (Cth)* requires that a product, which is sold in one state or territory, must be allowed to be sold in other Australian states or territories. It is possible for jurisdictions to ban the sale or production of products in its own jurisdiction through an exemption under the Mutual Recognition Act.

# Where to from here?

Views and thoughts expressed in submissions on this challenging and important issue will help inform government policy to **turn the tide** on single-use plastic products.

Subject to the outcomes of this discussion paper consultation process, further detailed consultation with business, industry and other parties will be undertaken.

See page 7 for information on how you can contribute to the discussion on this important issue.

## **Appendix**

#### **Definition of plastic**

There are two types of polymers: synthetic and natural. Synthetic polymers are derived from petroleum oil, and made by scientists and engineers. Examples of synthetic polymers include nylon, polyethylene, polyester, Teflon, and epoxy. Natural polymers occur in nature and can be extracted. They are often water-based. Examples of naturally occurring polymers are silk, wool, DNA, cellulose and proteins. 54

#### **Environmentally friendly plastic?**

The Victorian government published a discussion paper on Reducing the impacts of plastics on the Victorian environment,<sup>55</sup> refers to the 'environmentally friendly' plastic alternatives to plastic items like bags, coffee cups and cutlery that are becoming increasingly common. The paper suggests that 'environmentally friendly' plastic products are often labelled as degradable, biodegradable and compostable and that these alternatives are not always as environmentally friendly as they appear. They can present similar entanglement and ingestion risks to marine animals as typical plastic items and, if sent to landfill, can produce methane, a potent greenhouse gas.

The terminology and explanation describing the difference between biodegradable, compostable and degradable varies but in general terms can be described as follows:<sup>56</sup>

Biodegradable: something is biodegradable when living things, like fungi or bacteria can break it down. Biodegradable plastics are made from plant-based materials like corn and wheat starch rather than petroleum and break down into organic material and water over time and under certain conditions (e.g. temperatures above 50°C).

Compostable: A subset of biodegradable plastic, compostable plastics are generally made from plant material that return to base organic components when processed under certain conditions such as those provided in a commercial composting environment operating in accordance with Australian Standards [AS 4736-2006].

Degradable or 'oxo-degradable': Chemical additives used in the plastic allow the product to break down quicker than a standard plastic product usually would. The additives are designed to promote the oxidation of the material to the point where it embrittles and fragments into tinier and tinier pieces of plastic (microplastic). This may then be followed by biodegradation by bacteria and fungi at varying rates depending upon the environment. A recent study for the European Commission (EC) casts doubt on whether in practice these plastics biodegradable fully or within reasonable time periods.<sup>57</sup> A clear find from the EC study was these plastics were prohibited from biodegradation if the plastic is not first exposed to UV radiation (and, to a certain extent, heat]. In these circumstances biodegradation will either not take place (it will behave as a conventional plastic) or it will be slowed significantly.<sup>58</sup>

Compostable bags are becoming increasingly useful for collecting food scraps. Confusingly however, many products labelled as 'compostable', including bags, only decompose fully in commercial composting facilities, and cannot be effectively composted at home.

Biodegradable, degradable and compostable plastics can contaminate other plastic waste collected for recycling, and vice versa, as these are not always easily identifiable or easy to separate out.

The Western Australian (WA) government concluded that consumers, recyclers, composters and local governments are unable to distinguish biodegradable plastics from conventional plastics<sup>59</sup> and has banned all single-use plastic bags up to a thickness of 35 microns.<sup>60</sup>

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## City of Marion Submission -**Turning the Tide on Single-use Plastic** products: Discussion paper



#### City of Marion Comments on 'Turning the Tide on Single-use Plastic Products' **Discussion paper**

#### WHAT IS THE PROBLEM?

#### Question 1: Do you consider single-use plastic products are causing environmental problems?

- 1. The excessive amount of waste from these products is an important issue to address. Recycling alone will never stem the flow of plastics into our oceans; the production of all this plastic waste needs to be slowed down at the source with legislation and regulation.
- 2. The facts presented in the Discussion Paper (pp. 10-11) demonstrate three significant and widespread environmental problems associated with single-use plastic products:
  - 2.1. Excessive waste generation, caused by items that are made to be used once, very briefly and then disposed of, and most single-use plastic items are not recycled.
  - 2.2. Litter and pollution impacts:
    - 2.2.1. Plastic leakage into the ocean. Data from National and State litter reports indicate most of this plastic comprises single-use plastic products such bottles, lids, bags and straws.
    - 2.2.2. Invasive presence of plastic in marine wildlife and the human food chain.
  - 2.3. Carbon impacts on the climate from the production of over 300 million tonnes of plastics from fossil fuels.
- 3. Single-use plastic products are problematic by their design for disposal to landfill where they are managed at the least preferable end of the waste management hierarchy. This hierarchy is highlighted in the Discussion Paper (pp. 22-23) and presents a sound rationale for regulating wasteful single-use plastics and allowing progress on the State's vision for a circular economy and better design of products for greater resource recovery which extends their life cycle and reduces waste.
- 4. Inspections of over 3,600 red-lidded waste bins of City of Marion households and a 2015 waste audit<sup>1</sup> indicate that there is significant food waste associated with the disposal of single use plastic containers and bags, where significant quantities of food waste are disposed to landfill within plastic bags and plastic takeaway containers.

<sup>&</sup>lt;sup>1</sup> Cumming, M. (2015) Domestic and Commercial Waste Audit Report for City of Marion, Sydney: A. Prince Consulting, p. 57.

## City of Marion Submission – Turning the Tide on Single-use Plastic products: Discussion paper



Question 2: What do you consider to be the most important problem associated with single-use plastic products that need to be addressed?

- 5. The City of Marion supports the State Government's view that the current level of production and consumption of single-use plastic products is at an unsustainable level and must be reduced.
- 6. Educating the community to support behaviour change will require significant focus.

#### **SHOULD SOUTH AUSTRALIA ACT?**

Question 3: What are your views on extending South Australia's ban on lightweight single-use shopping bags to include thicker plastic bags? What would be the consequences of such action for community, businesses and the environment?

- 7. Thicker plastic bags still contribute significantly to the problems outlined above and are still most commonly used only once or twice, and usually in the second instance is used as a garbage bag for the waste bin.
- 8. Internet-ordered home deliveries from major supermarkets continue to use the thicker plastic bags as single-use items and customers will get new bags with every delivery. Inspections of the red-lidded waste bins from over 3,600 properties across City of Marion indicate that the thicker plastic shopping bags from supermarkets are commonly used only once for shopping before disposal to landfill, even though the bags appear to be in near-new condition.
- 9. Consequences for the community would include adaptation to the change and greater uptake of alternatives to plastic bags, as evidenced by the 2008 legislation in South Australia.
- 10. The State Government must also provide resources for community education regarding further bans to single-use plastic products as it will present a significant change to consumers who predominantly have an entrenched behaviour of using plastic bags for convenience.
- 11. As with the business response to the Act introduced in 2008, it is anticipated that banning additional single-use plastic items would see businesses adopting alternatives with relative ease from a wide-ranging choice of readily available alternatives in the market.
- 12. There are many and varied examples of businesses currently supplying alternatives to any sort of plastic bag:
  - 12.1. Clothing stores such as Gorman, Witchery, Crumpler have been using paper bags for a number of years, and they continue to be commonly used by a variety of other retail boutiques for fashion, jewellery and beauty products.
  - 12.2. Bunnings and Foodland stores have been successfully reusing their empty stock boxes by offering them instead of plastic bags to customers near check-out areas for carrying their purchases free of charge.

# City of Marion Submission – Turning the Tide on Single-use Plastic products: Discussion paper



- 13. The barrier bags available in supermarkets for fruit and vegetables should also be included in South Australia's ban on plastic bags, particularly in light of a successful trial in City of Holdfast Bay where compostable bags are provided in the fruit and vegetable section of participating Foodland supermarkets instead of the plastic barrier bags. After being taken home, these bags have a second use as a liner for the home's kitchen organics bin, and are disposed with organics to a commercial composting facility, thereby reducing both plastic and food waste.
- 14. Banning all types of plastic carrier bags, even the degradable and biodegradable bags, will reduce the supply of plastic and litter leakage into the environment.
- 15. For the environment, the best answer to the problem is avoidance, as emphasised in the waste management hierarchy, to curb carbon emissions from the production of all these bags and the later disposal to landfill or leakage into the environment.

Question 4: Should all checkout bags and produce bags (ie. for grocery items) be made from compostable (Australian standard 4736-2006) material? What would the impacts be for retailers, consumers and industry? Would there be demand and flow-on benefits in establishing new industry to produce compostable bags here in SA?

- 16. The City of Marion agrees with the proposition that all checkout and produce bags should be made from material which is compostable to Australian Standard AS 4736. This can include a range of products, such as uncoated paper and cardboard, bioplastic (or PLA which the kitchen caddy bags are made of), bamboo or cotton.
- 17. This kind of requirement would likely provide flow-on benefits to Australian businesses devising solutions for domestic markets, as international standards for compostability would be challenging to achieve and would place the onus on product developers to ensure Australian standards are adhered to.
- 18. More competitive pricing for compostable products would be a likely market development resulting from the increased demand for such products.
- 19. Heavier carrier bags need to be reused multiple times to offset their environmental costs according to Denmark's life cycle assessment of carrier bags. Unbleached paper and bioplastic bags (PLA-type compostable product) were the closest options to single-use plastic bags in their performance on environmental indicators<sup>2</sup>.
- 20. There could initially be a negative impact on businesses or consumers with a transition from cheaper plastic products to slightly more costly alternatives, but with effective management and behaviour change strategies, these impacts can be addressed.

Available at: https://www2.mst.dk/Udgiv/publications/2018/02/978-87-93614-73-4.pdf

<sup>&</sup>lt;sup>2</sup> The Danish Environmental Protection Agency (2018) *A Life Cycle Assessment of grocery carrier bags,* Ministry of Environment and Food of Denmark.

### City of Marion Submission – Turning the Tide on Single-use Plastic products: Discussion paper



Question 5: What do you do with degradable, biodegradable or compostable bags once you have finished using them? What do you think about the idea of banning lightweight single-use shopping bags, even those made from biodegradable, degradable or compostable substances, as has been proposed in other Australian jurisdictions?

- 21. The current advice to City of Marion ratepayers using the three-bin system is to place degradable and biodegradable bags in the soft plastic recycling bins at supermarkets participating in Redcycle scheme or to place them in their red-lidded waste bin.
- 22. Since the emergence of the three-bin system in the City of Marion eleven years ago, plastic bags have remained the single biggest contaminant and an immense source of confusion for residents about their correct disposal. State and National recycling reports indicate that this is an issue for most jurisdictions around the country. Removing these bags from circulation would see a significant increase in recycling rates and lower costs for processing mixed recyclables.
- 23. City of Marion encourages the disposal of compostable bags to the household green organics bin. However, due to the growing popularity of using compostable bags for recycling food scraps, bin inspections in the City of Marion have revealed a growing presence of biodegradable bags which are not compostable mistakenly being placed in the green bin, which contaminates the organic waste stream. This issue could easily be addressed by the banning of biodegradable plastic bags, which would make it easier for both the individual trying to recycle correctly and the composting business which is receiving the organic waste material for composting.
- 24. The idea of banning degradable, biodegradable and/or compostable bags is a complex matter as the differences between these three terms are not well-understood by most people. The terms are often used incorrectly and inconsistently by product suppliers, retailers and consumers.
- 25. All plastic bags which are both degradable and biodegradable should be banned from sale or supply in South Australia, with the exception of bags which meet Australian standard AS4736 for compostability, as these items are made of organic materials and contain no fossil fuel-based plastic content.
  - 25.1. An example of compostable bags include the type made available to residents for lining their kitchen organics bin and disposing of their bag of food waste to the green organics bin.
- 26. The term biodegradable has created the most confusion as it is often used as a stand-alone term to describe bags which are also compostable, and the two are distinctly different when considering disposal to a commercial composting facility, where compostable is acceptable but biodegradable is not. Taking degradable and biodegradable bags out of circulation would yield a user-friendly approach to businesses and consumers seeking clear direction from government.
- 27. The Australian Standard AS4736-2006 for compostable products is a voluntary certification<sup>3</sup>, however it is critical that compostable plastics carry the Australia Standard certification, and consideration should be given to mandating this standard for suppliers of compostable

<sup>&</sup>lt;sup>3</sup> Source: <a href="https://www.bioplastics.org.au/certification/">https://www.bioplastics.org.au/certification/</a>

### City of Marion Submission – Turning the Tide on Single-use Plastic products: Discussion paper



packaging to ensure greater certainty for consumers seeking to purchase compostable products and to recycle them effectively.

28. Banning all types of plastic bags, including degradable and biodegradable bags, would have positive impacts for the consumer such as less confusion about correct disposal and less contamination in household recycling bins.

#### WHICH ITEMS COULD WE FOCUS ON?

Question 6: Do you think South Australia should introduce measures to address items such as single-use plastic straws and plastic-lined takeaway coffee cups? What other single-use plastic items or single-use products would you like to be considered for possible government intervention?

- 29. South Australia should introduce legislation to ban the supply of the following single-use items which are not recyclable or compostable, and most frequently end up as litter:
  - 29.1. Plastic straws, cutlery and utensils such as stirrers
  - 29.2. Plastic-lined paper cups for serving food and drinks (eg. Coffee, hot chips, ice cream)
  - 29.3. Styrofoam cups, trays and containers
  - 29.4. Plastic plates
  - 29.5. Plastic lids for hot and cold drinks
  - 29.6. Plastic takeaway containers
  - 29.7. Plastic carrier bags of any size or thickness.
- 30. The City of Marion supports an outright ban of the above-listed single-use plastic items across the State, and has taken initial steps to ban these items from being supplied at Council events. The Council ban was adopted as a guiding principle in August 2018<sup>4</sup>, however state-wide legislation is essential to expanding the ban more broadly in the community and providing greater consistency and certainty to businesses, so they can plan ahead and face similar requirements regardless of which Local Government Area they are servicing.
- 31. To drive greater resource recovery of single-use plastic bottles from water and other beverages, a recycling target should be mandated for South Australia and 90% is suggested as a meaningful target.
- 32. Cotton buds should also be included in the South Australian ban on single-use plastics, as strengthening the ban introduced by the European Union will see a further increase in affordable non-plastic alternatives emerging in the consumer market.

 $\label{eq:action} \begin{tabular}{ll} Available at: $\frac{https://cdn.marion.sa.gov.au/meetings/minutes/GC180828-Minutes.pdf?mtime=20180831153243 \\ \end{tabular}$ 

<sup>&</sup>lt;sup>4</sup> City of Marion (2018) 'Non-recyclable Plastics, Report Reference: GC180828M04', Minutes of The General Council Meeting, Sturt, SA, p. 14.

## City of Marion Submission – Turning the Tide on Single-use Plastic products: Discussion paper



Question 7: What are your views on the list of items excluded (page 30) and do you think there are others that do not require additional action or should be exempt from possible government intervention, and why? Are there exclusions that should be included? Why?

- 33. The City of Marion is aware that microbeads are currently featured on the Federal Environment Minister's List of Products and supports the elimination of microbeads via a national product stewardship approach.
- 34. As one of the largest sources of marine litter, debris from fishing-based sources warrants attention and should not be excluded from this opportunity for government intervention, as it is highlighted as a pressing issue in the Discussion Paper. Government regulation must be developed to address this problem in conjunction with other measures to resolve environmental problems associated with single-use plastic products.
- 35. As part of a strategy to address the problem of single-use plastic litter, the State Government should develop tools for litter enforcement action through the *Local Nuisance and Litter Control Act 2016*.

Question 8: Do you think that labelling describing how to recycle or dispose of a product, or parts of the product is helpful to consumers? For which products would better labelling enable better disposal?

- 36. Labelling is extremely important for guiding correct disposal of a product, and many studies of community attitudes and behaviours show that the majority of Australians first look for instructions on the packaging if they don't know which of the three household bins to use.
- 37. Any product which is recyclable or compostable requires better labelling to ensure effective resource recovery. Labelling bags as biodegradable has not assisted with correct disposal.
- 38. Community feedback also indicates there is a lot of confusion with mistaking plastics identification codes for recycling symbols as these two symbols look very similar, but the plastics identification code always has a number inside the triangle of arrows which confirms what type of plastic the item is made of. Unfortunately this code has no correlation to instruction for recycling in Australia as products can come from anywhere in the global market.
- 39. To address community confusion about labelling, Planet Ark's new Australasian Recycling Label is a promising tool and it is hoped that this labelling will appear on enough products to sufficiently educate the community about correct disposal of recyclable items. At this stage the label is applicable to what goes in household waste and recycling bins, but not to items suitable for green bins due to the great variations between States.
- 40. South Australia has strong potential to lead Australia on labelling of compostable products, and the items which require better labelling for disposal to organics bins include bags, coffee cups and coffee cup lids, and any other compostable single-use item.

## City of Marion Submission – **Turning the Tide on Single-use Plastic** products: Discussion paper



41. Popularising the use of the seedling logo on certified compostable products (available from the organisation which certifies them) would be extremely beneficial to community education, which is demonstrated by the effectiveness of other common certification logos such as those used for organic foods.

#### WHAT'S THE BEST APPROACH?

Question 12: Do you think government intervention is required in relation to single-use plastic products or other single-use items? If so, what type and in what timeframe?

- 42. For this urgent issue, a range of tools are required to reduce the supply of single-use plastic products, and the introduction of legislation needs to be a key part of the South Australian Government's overall strategy, after delivery of the two important stages of community awareness campaigns and disincentives.
- 43. Suggested timeframes for businesses to adapt to further restrictions on the supply of single-use plastic products include six months for large businesses and up to two years for small businesses.
- 44. The State Government should also mandate recyclability or compostability of plastic packaging products in order to drive greater producer responsibility and enable South Australia to be a leading state in advancement toward the Australian Government's goal for all packaging to be recyclable, compostable or reusable by 2025<sup>5</sup>.
- 45. Government intervention should be underpinned by a principle of supporting domestic recycling markets so that waste is not shipped overseas to developing countries where environmental standards and certainty about recycling is questionable.

Question 13: Do you think restricting the sale or supply of some single-use plastic or other singleuse products for which there are more sustainable alternatives available is a good idea?

- 46. Restricting the sale or supply of single-use items outlined in response to Question 6 is critical to the process of designing out waste and advancement of the circular economy, particularly as there are readily available sustainable alternatives which food and drink businesses are already commonly adopting at public events in metropolitan Adelaide areas.
- 47. By their design, products should be made so that they can be recycled, composted or repurposed at the end of their useful life, and wherever possible they should be made from recycled material. Imposing restrictions on the supply of items proven to be unsustainable will drive the supply chain in a more sustainable direction, increase recycling and reduce waste to landfill, and this will provide economic, social and environmental benefits.

<sup>&</sup>lt;sup>5</sup> Source: http://www.environment.gov.au/protection/waste-resource-recovery/plastics-and-packaging



#### Iconic Event - ASO at Warriparinga

Originating Officer Public Relations Officer - Events - Pia Vogrin

Corporate Manager Manager Customer Experience - Karen Cocks

General Manager City Services - Tony Lines

Report Reference GC190226R04

#### REPORT OBJECTIVE

The purpose of this report is to provide Council with a detailed budget and run sheet for the proposed iconic event for Marion – a performance by the Adelaide Symphony Orchestra (ASO) at Warriparinga.

#### **EXECUTIVE SUMMARY**

Council has considered staging the ASO at Warriparinga as a proposed iconic event for the City of Marion.

The free, four-hour concert is proposed for either November or December and is expected to attract between 5000 and 7000 people. The concert will be supported by indigenous band Electric Fields, which will perform alongside the orchestra in a unique collaboration.

A cultural, environmental and artistic program is also being created to showcase the indigenous heritage of Warriparinga, particularly to a new audience who are visiting the site for the first time. A full run sheet and budget has been prepared. Administration is in sponsorship discussions with local businesses and is applying for State Government grants so as to reduce the cost to Council.

#### **RECOMMENDATION**

#### That Council:

- 1. Notes this report.
- 2. Stages the Adelaide Symphony Orchestra (ASO) at Warriparinga on a date to be fixed in 2019 consistent with the run sheet at Appendix 1.
- 3. Refers the \$135,520 cost to stage the ASO at Warriparinga to the 2019/20 annual budget process for further consideration.

#### **GENERAL ANALYSIS**

Council on 12 June 2018 resolved (GC120618R06) to explore staging a performance of the ASO at Warriparinga as an iconic event for the city in 2019.

At the time, Council requested a full budget and run sheet be presented to the 11 September 2018 meeting. Changes at the ASO meant this has only now been finalised. Administration has met with ASO representatives to scope the concept and production requirements.

**Valuing Nature:** A concert at Warriparinga would enhance the community's connection to

nature.

**Engaged:** ASO at Warriparinga will bring the community together.



**Risk Management:** A full risk plan will be developed once approval is received.

**Current Budget Allocation** There is currently no budget allocation. See the attached draft budget.

Other Funding Sources: Additional funding will be attempted to be sourced from sponsorship and

State Government grants.

#### **DISCUSSION**

ASO at Warriparinga will be a free, family-friendly, twilight concert proposed for November or December this year.

The 47-piece ASO will perform at Warriparinga, showcasing the site's rich Aboriginal and environmental heritage to between 5000 and 7000 concert goers. South Australian indigenous band Electric Fields – which was shorted-listed to perform at Eurovision in May – would also perform.

Administration is in discussion with two local businesses about the possibility of obtaining a total of \$20,000 in sponsorship. State Government grants are also being sought in an attempt to reduce the cost to Council. Council is consulting with the Kaurna community over the concert. The event will run from 5pm-9pm. Key components of the proposed program are:

#### Music

The ASO will be engaged for a three-hour call, which includes two 50-minute sets. Electric Fields would include a 30-minute set and a one-off, unique collaboration piece with the ASO. Marion City Band and local schools will be invited to perform a warm-up set. A full run sheet is included as Appendix 1.

#### Cultural and environmental program

The concert will include a traditional Kaurna welcome, smoking ceremony and indigenous dancers. Activities will include come and try indigenous craft (weaving and painting), and guided cultural tours of Warriparinga. An exhibition featuring works by local Aboriginal artists will be in the LKCC building. Council is seeking grants for some of these initiatives.

#### Community engagement program

An outreach program to engage the community will be conducted via a series of workshops leading up to the event. Council and the ASO will facilitate the sessions at local schools and neighbourhood centres. The concert will include come and try musical instruments.

#### Catering and alcohol

Concert goers will be encouraged to bring a rug and food hamper to create a picnic atmosphere. In addition, food trucks will serve multicultural cuisines alongside a community barbecue while catering opportunities will be sought with local Aboriginal youth.

Professional caterers will be offered the LKCC café area and Fairford House kitchen as opportunities to provide unique pop-up eateries. Warriparinga is not a dry zone but permission will be required from the Kaurna community to consume alcohol onsite. A bar is planned to be established to serve soft drinks and beer while negotiations are underway to sell wine through an exclusive sponsorship with Pattriti.

The concert would be a green, 'no single use plastics' event to comply with Council's previous resolutions.

#### **Corporate Areas**

Council is exploring selling a small number of corporate areas to reduce the cost of the event. Sites will include a tent, furniture, catering and refreshments. These sites will be offered to local business via a sponsorship package.



#### **Ticketing**

The event will be free to attend. An online booking system will be used to manage guest numbers for the main event space (where the stage is set) and the corporate areas.

#### **Promotion**

A joint marketing and publicity plan is being developed with the ASO to promote the unique collaboration between Council and the orchestra.

#### **Parking**

Parking will be managed to minimise disruption in and around Warriparinga. A full parking plan will be developed, including use of buses to ferry concert goers between the site and car parks.

#### **FINANCIALS**

#### **Budget**

The total cost of staging the ASO at Warriparinga is \$135,520 (excluding GST). A full budget is included as Appendix 2. Administration is seeking to subsidise some of these costs through corporate sponsorships and State Government grants.

In particular, Administration is pursuing about \$13,040 in alternative sources to fund indigenous cultural programs, including the Electric Fields band.

Opportunities to fund cultural/artistic programs are available from Arts South Australia with a round opening in April for activities in the next financial year. Funding for the Electric Fields performance and collaboration with the ASO is eligible for grants opening in April, via the SA Government's Music Development office.

Sponsorship packages will be developed and offered to local businesses. Initial discussions with two local businesses have indicated they were interested in possibly sponsoring the event to the value of \$10,000 each.

#### OTHER CONSIDERATIONS

Council needs to be aware of a number of other issues associated with the event:

- Council has written to the traditional owners of Warriparinga seeking their in-principle support for the event. At the time of publication, Council is awaiting a formal response.
- There is limited access and egress at the site, which is divided into two areas by the Sturt River. The
  two sites are connected by single foot bridge, which will require staff to direct pedestrians. A second,
  temporary bridge has been ruled out due to the cost involved and environmental damage it would
  cause.
- Electricity will need to be supplied on site while light towers will be needed to assist people leaving the event after dark.
- Event abandonment and cancellation insurance will be obtained.

#### **Attachment**



#	Attachment	Туре
1	Appendix 1 - Draft ASO at Warriparinga run sheet	PDF File
2	Appendix 2 - Draft ASO at Warriparinga budget	PDF File
3	Appendix 3 - ASO at Warriparinga site map	PDF File

### **EVENT RUNNING SHEET**

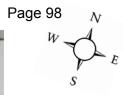
Event ASO at Warriparinga
Event date November / December 2019

Venue Warriparinga

Venue	warriparinga		•	
Time	Schedule			
	Main Stage	LKCC steps	Food area	come and try activities
5pm	<b>Event commences</b>			
	Welcome and		Marion City	
	house keeping		Band	All cultural activities
5pm	(MC)	School band (20mins)	(20mins)	scheduled for 2 hours
			school	
	Out reach program		band	
5.30pm	(20mins)	School band (20mins)	(20mins)	Art exhibition until 9pm
			Marion City	
	ASO sound check		Band	
6pm	start	School band (20mins)	(20mins)	
	ASO sound check			
6.40pm	ends			
	Official opening -			
6.45pm	Mayor			
	Kaurna welcome,			
	dancers, dig,			
	smoking ceremony			
	ASO first set			
7pm (50m	commences			
	ASO first set			
7.50pm	concludes			
	Guest performer			
	Electric Fields			
	ASO collaboration			
	with Electric Fields			
8.10pm(5	performance			
9pm	Event concludes			

Adelaide Symphony Orchestra @ Warriparinga				
Expenses	Description	Budget	Subtotals	Note
Entertainment				
ASO performance		\$57,545		
Electric Fields		\$5,000		seeking fundir
Marion City Band		\$0		_
School bands		\$0		
Master of ceremonies		\$909		
	SUB TOTAL		\$63,454.09	
Cultural activities				
Kaurna Welcome dancers		\$1,000		
Kaurna Welcome to Country		\$400		
Weaving come and try		\$560		seeking fundin
ndigenous painting come and try		\$480		seeking fundir
Cultural tours at the site		\$0		
Bush tucker demonstrations		\$273		
riends of the Warriparinga		\$181		
ace painters and children's craft		\$545		
Come and try instruments		\$0		
Roving entertainers - large stilt workers, fire twirler		\$1,818		
Arts and cultural activity TBC		\$7,000		seeking fundin
	SUB TOTAL		\$12,258	
Operations				
icences	APRA	\$75		
nsurance	Event cancellation	\$2,273		
marquees and equipment	Marquees, chairs, tables	\$9,182		
Electrical	Power provision	\$4,545		
Lighting	10x light towers	\$1,545		
Lighting	Uplighting trees	\$1,818		
Fraffic Management	Road closures and public notice	\$3,091		
Vaste	Onsite waste management	\$0		
Cleaning	Onsite clean	\$909		
Bike racks	Bike racks	\$400		
Toilets	20 unisex portable & mobility	\$3,182		
Toilets	2x toilet blocks (6 units in each)	\$3,181		
Toilets	Stock - paper, hand soap	\$182		
Fransport	Community Bus petrol	\$91		
ransport	Hire 2 x shuttles (20 seats)	\$945		
First Aid	Onsite first aid	\$305		
Onsite signage	Directional signage onsite	\$909		
Event program	3000 copies	\$2,273		
Catering - onsite cafe	Donation to youth group	\$455		
Catering - pizza oven on grounds	Donation to community group	\$455		
Minor equipment	Stationary and cleaning equipment	\$182		
	SUB TOTAL		\$35,998	
Publicity				
City Limits	In-house	\$0		
What's happening	In-house	\$0		
Social Media	In-house	\$0		
Online advertising	Facebook and selected sites	\$818		
Event flyer	15k printed doublesided DL	\$1,000		
Postage	Flyer and poster distribution local	\$455		
Poster and Flyer distribution	Metro Adelaide	\$455		
Signage -banners vinyl	6 banners 3mx1m	\$1,620		
Banner application fee	Application fee	\$554		
Messenger / Advertiser	Advertising campaign	\$3,636		
	SUB TOTAL		\$8,537	
Resourcing people				
Site set-up and pack down	Onsite labour	\$4,545		
Community volunteers	Amenities - water	\$455		
Security	Friday - Sunday	\$2,273		
	SUB TOTAL	. ,	\$7,273	
Other			, , , ,	
Extra unexpected items		\$8,000	\$8,000	
EVENT EXPENSES ex GST		\$ 135,520	\$ 135,520	

<sup>\*\* (1)</sup> Final figure less any sponsorship or grants Administration secures





#### 2nd Budget Review 2018/19

Originating Officer Unit Manager - Finance Partnering & Rates - Heath Harding

Corporate Manager Manager Finance - Ray Barnwell

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190226R05

#### REPORT OBJECTIVE

The purpose of this report is to provide the financial results for the 2nd Budget Review for 2018/19. The budget review is a revised forecast of the original 2018/19 budget and as such any savings identified during the budget reviews will not be confirmed until the financial statements are prepared and audited at the end of the financial year.

#### **EXECUTIVE SUMMARY**

The completion of the 2nd Budget Review has identified a favourable cash adjustment of \$0.262m. After adjusting for expenditure allocated through Council Resolutions in 2018/19 of \$0.050m, the net movement is a favourable cash adjustment of \$0.212m.

After adding this to the 1st Budget Review surplus of \$0.583m the revised forecast full year cash surplus of \$0.795m. This budget review's adjustments are attributable to the following adjustments to the 2018/19 1st Budget Review budget:

#### **Cash Position**

1st Budget Review Cash Surplus	(582,633)
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#### 2nd Budget review Adjustments

Investment Interest income (283,000)

increase

Asset Management Consultancy (100,000)

re-timed

Legal Fees increase 55,292

Other various net increases <u>65,765</u> (261,943)

Revised 2018/19 Cash Surplus (844,576)

before Council Resolutions

Less Council Resolutions funded 50,000

from Rates - Marino Hall

Investigations

Revised 2018/19 Cash Surplus (794,576)

#### RECOMMENDATION

#### That Council:

1. Adopt the revised budgeted statements including the Income Statement, Balance Sheet, Statement of Changes in Equity and Statement of Cash Flows



#### **GENERAL ANALYSIS**

#### **BACKGROUND**

Council is required to reconsider the approved budget three times during the year in accordance with Section 123 (13) of the Local Government Act 1999 and Section 7 of the Local Government Regulations.

The original 2018/19 budget was developed within the context of a long term framework to achieve a balance between meeting the objectives of the Strategic Plan and attaining financial sustainability in the long term.

#### **FRAMEWORK**

This budget review continues the focus on achieving the framework set by Council when developing the 2018/19 budget, this being:

- Support the achievement of the City of Marion's Strategic Directions;
- Address issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments:
- Maintain, on average, a break-even or positive funding (cash) position over the Long Term Financial Plan;
- Continue to improve the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance before renewal, and renewal before new where it is cost effective to do so;
- Review existing services and assets to ensure they meet prioritised community needs;
- Council only approves new Major Projects where it has identified funding capacity to do so;
- Maintain Council's position for an average residential rate which remains among the lower rating metropolitan councils

#### DISCUSSION

Appendix 1 contains the 2nd Budget Review analysis including the detailed adjustments made during the 2nd Budget Review.

Appendix 2 contains the financial statements following the 2nd Budget Review including comparatives to the 1st Budget Review for 2018/19 as well as comparatives to the actual results from 2017/18.

#### **Attachment**

#	Attachment	Туре
1	GC190226R - 2nd Budget Review 2018-19 - Appendix 1	PDF File
2	GC190226R - 2nd Budget Review 2018-19 Appendix 2	PDF File

#### 2<sup>nd</sup> Budget Review 2018/19

#### **Cash Position**

The completion of the 2<sup>nd</sup> Budget Review has identified a favourable Cash adjustment of **\$0.262m** (refer Appendix 2 Budgeted Funding Statement – "Movement in levels of Cash/ Accruals"). After adjusting for expenditure allocated through Council Resolutions in 2018/19 of \$0.050m, the net movement is a favourable cash adjustment of \$0.212m. Adding this to the 1<sup>st</sup> Budget Review Surplus of \$0.583m leaves a revised full year cash surplus forecast of \$0.795m.

This budget review's favourable adjustment is attributable to the following adjustments to 1<sup>st</sup> Budget Review from 2018/19:

Cash Statement Reconciliation		\$
1st Budget Review Cash (Surplus)/Deficit		(582,633)
2nd Budget Review Adjustments		
Interest Income (favourable)	(283,000)	
Asset Management Consultancy (favourable)	(100,000)	
Legal Fees (unfavourable)	55,292	
Other various net adjustments (unfavourable)	65,765	(261,943)
Revised 2018/19 Cash (Surplus)/Deficit before Council Resolutions		(844,576)
Less Council Resolutions funded through Rates - Marino Hall Developme	ent Options	50,000
Revised 2018/19 Cash (Surplus)/Deficit		(794,576)

#### The cash result:

- Identifies the cash difference between total revenues and expenditures of Council after allowing for funding from loans, investments, cash draw-downs and reserves.
- Includes capital expenditures, which are excluded from the operating result.
- Provides information of changes in uncommitted financial resources available to Council.
- Returns a cash surplus where savings arise from the original budget, representing an increase
  in uncommitted financial resources or returns a cash deficit when costs are greater than the
  original budget, representing a decrease in available financial resources.

The 2<sup>nd</sup> Budget review is based upon actual results to the end of December 2018 and forecast to June 2019. In accordance with the Local Government (Financial Management) Regulations 1999 a revised budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows are provided in the Attachments to Appendix 2.

Report Reference: GC180226R

1

#### **Operating Position**

The 2<sup>nd</sup> Budget Review forecasts a full year operating budget surplus for 2018/19 of \$2.889m, an increase of \$0.022m from the 1<sup>st</sup> Budget Review budget surplus of \$2.867m. This increase is mainly attributed to an increase in the forecast investment interest income (\$0.283m), contributions received towards capital projects (\$0.250m) and other minor variances. This is offset by the reclassification from Capital to Operating expenditure of capital projects (\$0.533m).

Operating Statement Reconciliation		\$			
1st Review Operating Budget (Surplus)/Deficit		(2,867,467)			
2nd Budget Review Adjustments					
Contributions received for Capital Works Projects (favourable)	(250,000)				
Interest Income (favourable)	(283,000)				
Asset Management Consultants (favourable)	(100,000)				
Reclassification from Capital to Operating (unfavourable)	533,153				
Legal Fees increase (unfavourable)	55,292				
Other various net adjustments (favourable)	(27,309)	(71,864)			
Revised 2018/19 Operating (Surplus)/Deficit before Council Resolutions		(2,939,331)			
Less Council Resolutions funded through Rates - Marino Hall Development Options					
Revised 2018/19 Cash (Surplus)/Deficit		(2,889,331)			

The  $2^{nd}$  Budget Review operating budget surplus of \$2.889m (3.1%) currently meets the target set in the Annual Business Plan of \$0 - \$4.630m (0 - 5%).

#### **Council Resolutions**

The following Council Resolutions have been included in the 2<sup>nd</sup> Budget Review for 2018/19:

Council Resolutions included in 2nd Budget Review								
Funded from Rates:								
GC181211R08	Marino Hall Preliminary Development Options	50,000						
		50,000						
Funded from Re	eserves:							
GC180626F01	Purchase of 2 Bakewell Crescent Marino	465,000						
GC181211R12	Cove Sports Oval Lighting	171,800						
GC171024R14	Remnant Vegetation Plan	37,791						
GC180410R09	Marion Sports Soccer Pitch Lighting	25,000						
		699,591						
<b>Total Council Re</b>	esolutions included in 2nd Budget Review	749,591						

Report Reference: GC180226R

#### **Capital Budget**

The 2<sup>nd</sup> Budget Review forecasts expenditure on capital assets increasing by \$0.589m from \$39.938m to \$40.527m (Renewal \$23.352m, New \$17.175m).

The net increase in forecast capital expenditure includes the following:

<ul> <li>Purchase of 2 Bakewell Crescent Marino (GC180626F01)</li> </ul>	\$0.465m
<ul> <li>Warradale Tennis Courts &amp; Floodlight Upgrades (Grant Funded)</li> </ul>	\$0.256m
Cove Sports Club Oval Lights (GC181211R12)	\$0.179m
Marion Sports Soccer Pitch Lighting (GC180410R09)	\$0.025m
Other minor capital adjustments	\$0.197m
Reclassification of Capital Expenditure to Operating	(\$0.533m)

The Capital Budget is linked to one of Council's key financial indicators, the Asset Sustainability Ratio, which indicates that Council is on track to exceed its performance indicator target of 95 – 100% in 2018/19.

#### **Borrowings**

Council's Treasury Management Policy indicates that in the management of its finances, any funds that are not required to meet approved expenditure can be used to reduce the level of borrowings that would otherwise be required.

The current Long Term Financial Plan incorporates a modest borrowing program and it is considered good Treasury Management to offset some future borrowing requirements where possible.

The 2<sup>nd</sup> Budget Review forecasts no change to the original budget level of required loan funding or loan principal repayments.

Council also currently has substantial cash backed reserves and further consideration of the timing of taking out future borrowings will be reviewed as part of the 2019/20 Annual Business Planning process. Interest charged on borrowings is generally higher than that earned through investments. Therefore, it is not prudent to borrow money when Council has cash reserves available to meet immediate and foreseeable funding needs. In everyday terms this could be compared to paying a minimum credit card payment, and incurring large interest charges, while sitting on money in the bank for a rainy day.

#### Reserves

The 2<sup>nd</sup> Budget Review reports an increase in the use of Reserves of \$0.069m.

The balances currently held in the Reserves and available for future projects, excluding Grants & Carryovers Reserve, are as follows:

Asset Sustainability Reserve								Open	Total	
Council Reserves	Major		Oaklands Wetlands -			Major		Total ASR	Space	Reserves
	Infrastructure		Water Supply	Walk &	Energy	New		Reserve	Reserve	
	Failure	General	Opportunities	Cycling	Efficiency	Projects	CFPP	Balance		
Forecast Reserve Balance 30.06.2019	2,000,000	5,734,516	370,105	600,000	-	25,136	4,340,169	13,119,926	1,343,371	14,463,297
Transfers to Reserves 2019-20	-	•	80,000	200,000	40,000	1	292,048	612,048	19,050	631,098
Transfers From Reserves 2019-20	-	(2,929,554)	-	1	ı	1	(2,930,000)	(5,859,554)	1	(5,859,554)
Forecast Available Reserve Balance	2,000,000	2,804,962	450,105	800,000	40,000	25,136	1,702,217	7,872,420	1,362,421	9,234,841

Report Reference: GC180226R

#### **Employee Costs**

No adjustment is forecast for employee costs, remaining constant at \$34.896m.

#### **Capital Carryovers**

The current unspent balance of capital works budgets carried over from 2017/18 (\$3.054m) as at the 31st January 2019 is \$0.991m. A breakdown of these budgets is provided below:

	Budget					
	Budget	Completed Rem			Remaining	
Infrastructure	\$	503,439	\$	440,789	\$	62,650
Land & Property	\$	1,398,723	\$	666,286	\$	732,437
Open Space Planning	\$	56,730	\$	1,500	\$	55,230
Other	\$	1,095,856	\$	955,133	\$	140,723
Total	\$	3,054,748	\$2	2,063,708	\$	991,040

These works are expected to be completed by the 30<sup>th</sup> June 2019.

**Budgeted Funding Statement**The following report details the proposed budget changes for the 2<sup>nd</sup> Budget Review.

following report details the proposed budget changes for the 2 <sup>nd</sup> Budget Review.  CITY OF MARION								
	Budgeted Funding Staten	nent						
		2018/19 1st Review \$000's	2018/19 2nd Review \$000's	Variance \$000's				
	OPERATING REVENUE							
	Rates	75.000	75.040	(47)				
	General	75,230	75,213	(17)				
	Other - NRM	1,942	1,931	(11)				
	Statutory Charges	2,223	2,224	1				
	User Charges	2,194	2,265	71				
	Operating Grants and Subsidies	7,096	7,695	599				
	Investment Income	708	991	283				
	Reimbursements	545	624	79				
	Other Revenues	1,262	1,216	(46)				
	Share of Profit - Equity Accounted Investments	344	344	-				
	OREDATING EVERNOES	91,544	92,503	959				
	OPERATING EXPENSES	24.006	24 006					
	Employee Costs	34,896	34,896	-				
	Contractual Services	22,686	23,552	866				
	Materials	4,710	4,810	100				
	Finance Charges	467	467	-				
	Depreciation	15,057	15,074	17				
	Other	10,862	10,815	(47)				
	Operating Supplies//Deficit) before Conitel rolls	88,678	89,614	936				
	Operating Surplus/(Deficit) before Capital rev's	2,866	2,889	23				
Add								
(a)	Capital Revenue							
	Capital Grants and Contributions	917	1,010	93				
	Physical Resources received free of charge	-	-	-				
	Asset disposal and fair value adjustments	(1,052)	(452)	600				
Equals	Net Surplus/(Deficit) resulting from operations	2,731	3,447	716				
A	<b>.</b>	45.057	45.074	47				
Add	Depreciation	15,057	15,074	17				
	(Gain)/Loss on disposal of assets	1,052	1,052	-				
_ ,	Share of Profit SRWRA	(344)	(344)					
Equals	Funding available for Capital Investment exp	18,496	19,229	733				
	Capital							
Less	Capital Expenditure - Renewal	21,794	23,352	1,558				
Less	Capital Expenditure - New	18,144	17,175	(969)				
1 000	Capital - contributed assets	_	_	_				
Less	Capital - Collinbuted assets							

CITY OF MARION					
Budgeted Funding Statement					
	2018/19	2018/19			
	1st	2nd			
	Review	Review	Variance		
	\$000's	\$000's	\$000's		

Funding transactions associated with accomodating the above net overall funding deficit (or applying the net overall funding surplus) are as follows:

Equals	Funding Transactions	21,442	21,298	(144)
	Cash/Investments/Accruals Funding	(22,542)	(22,398)	144
Less	Reserves (Net)	(23,124)	(23,193)	(69)
(b)	Cash Surplus/(Deficit) funding requirements	582	795	213
	Movement in level of cash & accruals			
	Loan funding (Net)	(1,100)	(1,100)	-
Less	Loan Principal Payments	(1,100)	(1,100)	
	Loan Receipts from Sporting Clubs (Net)	-	-	-
	Loan Principal Receipts (Net)	-	-	-
	LOANS			

- (a) Capital Revenue excludes book gains/loss on sale of assets
- (b) Relates to use of cash to fund major projects

#### **Analysis of Budgeted Funding Statement**

This section of the 2<sup>nd</sup> Budget Review provides an analysis of the movements in the Budgeted Funding Statement (revenues, expenditures, capital, loans and reserves).

The 2<sup>nd</sup> Budget Review reports a funding (cash) surplus of \$2.889m.

#### **Financial Indicators**

To assist Council in meeting its objective of financial sustainability a series of financial indicators endorsed by the Local Government Association are provided. Where a Council target has not been adopted, the recommended Local Government Association (LGA) target has been provided. The following table provides a matrix of indicators of the 2<sup>nd</sup> Budget Review 2018/2019 and whether the target has been achieved.

Key Financial Indicator	Target	Forecast 2018/19
Operating Surplus/(Deficit)	\$0 - \$4.481m	\$2.889m
Operating Surplus Ratio	0 - 5%	3.12%
Net Financial Liabilities Ratio	0 - 50%	-9.92%
Debt Servicing Ratio	0 - 5%	1.71%
Asset Renewal Funding Ratio (formerly Asset Sustainability Ratio)	95 - 100%	155%
Asset Consumption Ratio	80 - 100%	79.80%

In most instances the 2<sup>nd</sup> Budget Review 2018/19 is meeting or exceeding the required targets or is within range of Council meeting its objective of financial sustainability.

Further detail is provided below which explains the basis of each indicator:

Operating surplus – being the operating surplus (deficit) before capital amounts

<u>Operating Surplus Ratio</u> – This ratio expresses the operating surplus (deficit) as a percentage of total operating revenue

<u>Net Financial Liabilities Ratio</u> – indicates the extent to which net financial liabilities of Council can be met by Council's total operating revenue

<u>Debt Servicing Ratio</u> – indicates the extent to which Council's borrowing expenses (principal and interest) are met by total operating revenues excluding investment income

<u>Asset Renewal Funding Ratio</u> – (formerly Asset Sustainability Ratio) indicates whether Council is renewing or replacing existing assets at the rate of consumption.

<u>Asset Consumption Ratio</u> – indicates the remaining useful life of Council's assets or the asset stock at a point in time.

#### Attachments to Appendix 2

Attachment 1 – Budgeted Income Statement

Attachment 2 – Budgeted Balance Sheet

Attachment 3 – Budgeted Statement of Changes in Equity Attachment 4 – Budgeted Statement of Cash Flows

Attachment 5 – Consultants

CITY OF MARION		
Budgeted Income Statement		
		2nd
	Actual	Review
	2018	2019
	\$000's	\$000's
OPERATING REVENUE		
Rates		
General	73,063	75,213
Other	1,801	1,931
Statutory Charges	2,305	2,224
User Charges	2,250	2,265
Operating Grants and Subsidies	9,954	7,695
Investment Income	1,112	991
Reimbursements	654	624
Other Revenue	894	1,216
Net Gain - Equity Accounted Council Businesses	533	344
TOTAL OPERATING REVENUE	92,566	92,503
OPERATING EXPENSES		
Employee Costs	33,274	34,896
Contractual Services	19,143	23,552
Materials	4,898	4,810
Finance Charges	541	467
Depreciation	16,991	15,074
Other Expenses	6,803	10,815
Net Loss - Equity Accounted Council Business	12	-
TOTAL OPERATING EXPENSES	81,662	89,614
Operating Surplus/(Deficit) before Capital Revenues	10,904	2,889
CAPITAL REVENUES		
Capital Grants, Subsidies and Monetary Contributions	1,522	1,010
Physical resources received free of charge	131	-
Asset disposal and fair value adjustments	(1,311)	(452)
Net Surplus/(Deficit) resulting from Operations	11,246	3,447

CITY OF MARION						
Budgeted Statement of Financial P	osition					
		2nd				
	Actual	Review				
	2018	2019				
	\$000's	\$000's				
CURRENT ASSETS	40.050	00 504				
Cash & Cash Equivalents	48,959	26,561				
Receivables	5,878	5,878				
Inventory	227	227				
TOTAL CURRENT ASSETS	55,064	32,666				
CURRENT LIABILITIES						
Creditors	10,339	10,339				
Provisions	5,422	5,422				
Borrowings	1,100	1,170				
TOTAL CURRENT LIABILITIES	16,861	16,931				
Net Current Assets/(Liabilities)	38,203	15,735				
NON-CURRENT ASSETS						
Investment in SRWRA & Council Solutions	5,815	6,159				
Infrastructure, Property, Plant & Equipment	1,132,532	1,156,933				
Other Non-Current Assets	6,826	6,826				
TOTAL NON-CURRENT ASSETS	1,145,173	1,169,918				
NON-CURRENT LIABILITIES						
Provisions	700	700				
Borrowings	6,805	5,635				
TOTAL NON-CURRENT LIABILITIES	7,505	6,335				
NET ASSETS	1,175,871	1,179,318				
EQUITY	, ,					
Accumulated surplus	380,504	407,144				
Asset Revaluation Reserves	760,237	760,237				
Other Reserves	35,130	11,937				
TOTAL EQUITY	1,175,871	1,179,318				

CITY OF MARION					
Budgeted Statement of Changes in Ec	quity				
		2nd			
	Actual	Review			
	2018	2019			
	\$000's	\$000's			
ACCUMULATED SURPLUS					
Balance at beginning of period	373,871	380,504			
Net Surplus/(Deficit)	11,246	3,447			
Transfers from Reserves	14,615	24,141			
Transfers to Reserves	(19,228)	(948)			
Balance at end of period	380,504	407,144			
ASSET REVALUATION RESERVE					
Balance at beginning of period	765,159	760,237			
Net change this year	(4,922)	-			
Balance at end of period	760,237	760,237			
OTHER RESERVES					
Balance at beginning of period	30,517	35,130			
Net change this year	4,613	•			
Balance at end of period	35,130	11,937			
Total Reserves	795,367	772,174			
TOTAL EQUITY	1,175,871	1,179,318			

CITY OF MARION		
Budgeted Statement of Cash Flows		
		2nd
	Actual	Review
	2018	2019
	\$000's	\$000's
CACH ELONO EDOM ODEDATINO ACTIVITIES		
CASH FLOWS FROM OPERATING ACTIVITIES	07.400	00.450
Receipts Payments	97,122	92,159
NET CASH PROVIDED BY OPERATING ACTIVITIES	(69,980) <b>27,142</b>	(74,540) <b>17,619</b>
NET CASH PROVIDED BY OPERATING ACTIVITIES	21,142	17,019
CASH FLOWS FROM FINANCING ACTIVITIES		
Receipts		
Loans Received	_	
Proceeds from Bonds & Deposits	_	_
Payments		
Principal	(1,197)	(1,100)
Repayment of Bonds & Deposits	(23)	-
NET CASH (USED IN) FINANCING ACTIVITIES	(1,220)	(1,100)
CASH FLOWS FROM INVESTING ACTIVITIES		
Receipts		
Capital Grants/Subsidies & Contributions/Investments	1,522	1,010
Sale of surplus assets	1,022	600
Sale of replaced assets	847	979
Distributions from Equity Accounted Investments	765	-
Payments		
Purchase of IPP&E	(21,910)	(41,506)
NET CASH (USED IN) INVESTING ACTIVITIES	(18,776)	(38,917)
. ,	• •	• • •
NET INCREASE/(DECREASE) IN CASH HELD	7,146	(22,398)
CASH AT BEGINNING OF REPORTING PERIOD	41,813	48,959
CASH AT END OF REPORTING PERIOD	48,959	26,561

# **CONSULTANTS**

Consultants are defined as an expert called on to provide professional or technical advice not currently available within the organisation. An analysis of Council's accounts reveals the following information of actual year to date (to 15<sup>th</sup> February 2019) expenditure versus full year actuals for 2017/18 relating to expenditure on Consultants of an operating nature:

Legal Consultants (As at 15th February 2019 2nd Budget Review)	Full Year Actual 2017/18	Actual YTD 2018/19
Human Resources (Employment advice)	81,805	145,304
Environmental Health	3,761	1,530
General Inspection (Dog/Cat & Parking Control)	3,975	7,459
Governance	15,024	13,237
Financial Services	566	-
City Activation	18,130	-
Asset & Property Management	15,960	20,106
Development Assessment	92,103	30,566
Infra Mgt (Engineering)	1,000	2,518
Civil Services	3,048	27
Open Space Services	5,477	882
Community Development	-	4,268
Communications & Public Relations	-	1,234
Information Mgt & Technology	-	624
Cultural Development	8,094	163
	248,943	227,918
5 11 / 5 1 /		265.262
Full Year Budget		265,268

Other Consultants		Full Year Actual		Actual YTD
(Not including legal)		2017/18		2018/19
(As at 15th February 2019 2nd Budget Review)				
Strategic Development		37,155		4,900
Human Resources		68,666		21,168
Community Facilities Development	(a)	127,215	(a)	31,876
Information Mgt & Technology	(b)	32,550	(b)	6,000
Governance		27,926		4,459
City Activation	(c)	51,790	(c)	7,136
Asset & Property Management		16,736		0
Strategy, Performance & Innovation		29,119		5,000
Development Assessment		108,761		49,163
Infrastructure Management (Engineering)	(d)	232,517	(d)	20,673
Civil Services		34,222		23,810
Open Space Services	(e)	198,343	(e)	50,560
Process Improvement	(f)	81,217	(f)	60,232
Recruitment		156,777		55,029
		1,202,994		340,006
Full Year Budget				1,823,187
DMAY Torolo Dovolovenost	(-)	104.007		20.045
BMX Track Development	(a)	104,997		20,945
Other expenditure		22,218		10,931
		127,215		31,876
On-Line Booking System Implementation	(b)	28,050		6,000
Other expenditure	(-,	4,500		0
'		32,550		6,000
				•
Flinders Tonsley Precinct Transport Study	(c)	14,998		0
Other expenditure	\-/	36,792		7,136
'		51,790		7,136
		•		,
Infrastructure Management	(d)	117,830		0
Road - Pavement Testing	, , ,	63,551		0
Other expenditure		51,136		20,673
		232,517		20,673
Heron Way Reserve Development (stage 4 & 5)	(e)	24,801		
Oakland's Estate Reserve		48,120		2,950
Open Space Reporting & Project Management		87,805		26,730
Other expenditure		37,617		20,880
		198,343		50,560
Ontinoisetica Desi	/m	65.655		24.407
Optimisation Review	(f)	65,655		34,107
Other expenditure		15,562		26,125
		81,217		60,232



# Community Bus - additional vehicle and activation of Council facilities

Originating Officer Manager Community Connections - Liz Byrne

General Manager City Services - Tony Lines

Report Reference GC190226R06

# REPORT OBJECTIVE

It was resolved at the 26 June 2018 General Council Meeting (GC260618M02) that Council:

- 1. Requests a report detailing the cost of adding another community bus to the existing fleet.
- 2. Details the services an additional community bus could provide to enable greater access to existing Council facilities, particularly access to Trott Park Neighbourhood Centre.
- 3. Explores partnership opportunities, including a partner that would lead to the purchase of an electric vehicle.

This report responds to the above resolution and provides information to enable Elected Members to decide whether to include an additional vehicle in the Community Bus Program.

# **EXECUTIVE SUMMARY**

The City of Marion Community Bus Program currently provides a door to door transport service for residents who are frail, aged and/or living with a disability. The last known major change to service provision was in 2012 when resident eligibility expanded to accommodate people who are transport disadvantaged due to lack of access to public transport.

The community bus service assists residents to remain living independently, attend to their daily activities, and to continue to be active members of the community. This improves their quality of life and enriches the community. The Community Bus Program supports on average 325 clients who attend 12,570 round trips (i.e. to a destination and home again) each year to the Neighbourhood and Community Centres, senior citizen clubs, libraries, shopping centres, social outings and community based activities.

Expanding the Community Bus Program will help the community's growing need, especially as the population ages. All community transport is consumer-directed and the transport schedule is reflective of an individual's needs and requirements.

### RECOMMENDATION

# **That Council:**

- 1. Notes the report.
- 2. Notes that Administration will seek to maximise the use of the existing two community buses (average current use is 5.5 days per week).
- 3. Notes that Administration is seeking to maximise Neighbourhood Centre usage, program attendance, and the involvement of volunteers.
- 4. Hires an additional community bus for two years 2019/20 and 2020/21, to further facilitate attendance at Neighbourhood Centre programs and other facilities and activities.



- 5. Notes the hire fee for an additional bus, like for like, is approximately \$30,000 per annum, and refers this to the 2019/20 annual budget process for further consideration.
- 6. Re-evaluates the need and possible purchase of a Community Bus to be introduced in July 2021, considering a hydrogen powered bus when this type of vehicle is readily available in the marketplace.

### **GENERAL ANALYSIS**

2016 ABS data indicates that 28% of Marion's population live in single person households and therefore are at risk of experiencing social isolation.

As people age and/or retire from jobs, they can lose friends and/or spouse and stimulation, which in turn has a direct impact on an individual's mental and physical health. Social interaction helps older adults to build and maintain interpersonal relationships. Such relationships are important to physical and mental health along with cognitive function and abilities.

The benefits to residents who are socially isolated, transport disadvantaged and are at risk of developing mental or physical health issues and premature entry to residential care is evident in residents who currently use the Community Bus Program. Residents have noticed the difference and regularly comment about the positive impact this service has made to the quality of their life.

An additional vehicle for the Community Bus Program would:

- enhance frail/vulnerable residents' independence and community participation, and enable these individuals to stay engaged with their community and to continue to make positive contributions.
- keep members of our community healthier and prevent their premature move into some other. less interactive environment, like a nursing home.

The City of Marion offers a number of transport options for those who are frail, elderly, living with a disability, socially isolated and those who are transport disadvantaged. Transport options include:

- the Community Bus Program.
- the Community Passenger Network (CPN) Inner Southern Metro CPN for those living in the Marion, Holdfast Bay and Mitcham local government areas and provides a coordinated approach to help people reach their destination. Funded by Commonwealth and State governments; currently we broker taxis for this program as it has been difficult to recruit volunteers.
- Neighbourhood Centre transport a subsidised taxi fare is provided to individuals who are over 65 years of age to travel to and from City of Marion programs held at our four neighbourhood centres. These individuals are unable to use the community bus either due to availability of the bus or personal health reasons. Funded by the Commonwealth Government.
- Social Support Individual provided for people who are over 65 years and need someone to stand beside them. This service is provided by a volunteer who will pick up, transport and remain with the person at appointments, activities, shopping, banking, lunch or coffee etc. Funded by the Commonwealth Government.

Liveable: We will make our services, facilities and open spaces more accessible.

> We will create more opportunities for residents to enjoy recreation and social interaction in our neighbourhood centres, libraries, sports facilities and other Council facilities.

We will harness the experience, skills and interests of older people.

**Engaged:** 



We will ensure our community is well informed about the services we

provide.

**Connected:** We will provide a variety of options for social interaction.

Additional Resource

**Impact** 

If an additional bus is allocated to the Community Bus Program new volunteers would need to be recruited to provide the service. If the

additional bus is larger than what is currently in the fleet then the licensing

requirements will be different.

**Proposed Future Budget** 

Allocation:

Hire of an appropriate bus, like-for-like, will cost approximately \$30,000

per annum. Note a hire bus is not wheelchair accessible.

Other Funding Sources: The Commonwealth Home Support Program (CHSP) funding will continue

to support the current Community Bus Program whilst this grant is still available until June 2020. We will continue to monitor the availability of

appropriate future grant funding.

# DISCUSSION

Marion currently has two community buses, each capable of carrying 10 residents and both provide wheelchair access. The buses are owned and maintained by Council (i.e. not covered by any grant funding).

The buses provide a door to door transport service for residents who are frail, aged and/or living with a disability. On average the buses support 325 people to attend 12,570 round trips each year and each travels approximately 45,000 kilometres per year.

One bus is used for five days Monday to Friday on routes around the city (including destinations of Cooinda, Westfield, Castle Plaza, Park Holme Shops, Active Elders, Mitchell Park Senior Citizens, Park Holme Library, Hallett Cove Shopping Centre and Cove Civic Centre, and the Marion Cultural Centre). The other bus is used for the same purposes on Monday, Wednesday and Thursday, and undertakes social outings on Tuesdays, Fridays and Sundays.

The exact routes for the bus destination services are fully community driven (i.e. a route is planned to pick up all those that request the service to the relevant destination).

The Hallett Cove Shopping Centre and Cove Civic Centre are visited on Tuesdays and Thursdays. The bus does not provide transport to the Trott Park Neighbourhood Centre as this location attracts very few requests. The current demand is met by using the Community Passenger Network program (taxis). Taxis can also be used to take residents in the southern suburbs to programs at say Glandore Neighbourhood Centre.

We are currently actively engaging with young people to determine what they would like to see at their local centres, e.g. #CometoTrott (Trott Park Neighbourhood Centre) on Friday 1 March, 5.30 pm to 8.00 pm. This engagement activity may provide valuable feedback about transport options for young people. So far 40 young people have registered for this on Eventbrite.

Demand for services to destinations are generally met by the existing two buses. There is always far more demand for social trips than the current two buses can supply. The wait lists can have on average 13-14 people for each social outing (or enough passengers for another bus), and more popular social destinations have attracted 25 plus people on the wait list.

Additional buses are already being hired for a few days per month. This can be a coach (20 plus seater) or a small bus for disability transport, that can provide transport for social outings. This hire and cost would not be necessary if a third bus was trialled.

The majority of people in the southern suburbs of Marion are still driving cars and use this means for travelling to the Trott Park Neighbourhood Centre. This may change in future years as this population



becomes more reliant on alternative transport options and will be reflected in the requests received for this particular destination. However, generally one needs a car to live in the southern suburbs of the city.

A third bus could be purchased / leased to:

- 1. Take residents on social trips to local destinations for say 3 days per week, and trial southern routes and visits to the Trott Park Neighbourhood Centre also for say 3 days per week.
- 2. Take residents on social trips to local destinations (demand is currently there).

### A third bus could be:

- 1. Diesel fuelled, like the two existing buses.
- 2. Electric, although this is not recommended by Council's independent expert on the Infrastructure and Strategy Committee, who sees this technology as short-sighted.
- 3. Hydrogen powered, which will be the dominant vehicle fuel in the future, but, while available in buses in places like Korea, will be commercially available in Australia in 2-3 years.

Marion's existing buses do not require a specific bus licence to drive them, and there should not be any problems finding volunteers to drive a third bus.

Trialling a third bus for one or two years would be good to ascertain demand for the southern suburbs, but would pose a risk if the demand wasn't there and the bus was discontinued, meaning that three days of 'expected' social outings and tours would also be discontinued.

There does not appear to be realistic opportunities to bus-share with other organisations.

As part of the preparation for this report a meeting was held with SAGE Automation to determine a possible partnership. SAGE Automation is currently trialling an autonomous bus in the Holdfast Bay council area. The autonomous vehicle option would offer opportunity for local destination and routes within the Marion area in the short to medium term however this type of vehicle could not replace the door to door service currently provided.

With regard to further activation of the Trott Park Neighbourhood Centre, statistics for 2017/18 show that the centre rooms were used for community programs 84% of the time for the Main Hall and 42% for the Play Room and Seminar Room. Staffing changes in the last year have seen programs reduce in number, but two critical staff appointments in the last six months have resulted in this being re-energised. The majority of the programs are not age specific. Programs are open to all community members of all ages. Refer to the attached document (Attachment 1) for a summary of activities currently being delivered at the Trott Park Neighbourhood Centre. People are not turned away from programs, all are welcomed and included.

With regard to program bookings, most programs run are near full or overflowing. For example, the 20 person Body Sculpt program has had most recent attendances of 30, 24, and 22; the 12 person French Conversation program has had 10, 16 and 8; the 35 person Low Impact Zumba has had 24, 26 and 23; the 12 person Strong Girls program has 13 and 11; and the 15 person Men's Shed program has consistently 10 attendees. Yesterday (20 February 2019) four people attended the Trott Park Neighbourhood Centre that had never been there before. The number of out of hours bookings (e.g. for birthday parties) is also growing.

Volunteers are used at the Trott Park Neighbourhood Centre, but the number is less than at other centres. Administration is currently working to increase volunteer participation at Trott Park.

A review of the number of buses used by other Councils has shown the following:

Council	Population	Residents over 65 years	Number of community buses	Residents over 65 per bus
Charles Sturt	112,000	21,224	4	5,306
Holdfast Bay	36,000	8,459	4	2,100
Marion	89,000	15,431	2	7,700



Mitcham	65,000	12,664	2	6,300
Onkaparinga	167,000	28,896	4	7,224
Playford	91,000	10,926	12	910
Tea Tree Gully	98,000	17,797	5	3,559
Unley	38,000	7,224	3	2,400
West Torrens	61,086	11,005	2	5,502

Refer to Attachment 2, Community Bus Survey for additional information.

# **Attachment**

#	Attachment	Туре
1	Attachment 1_TPNHC Programs_Term 1 2019	PDF File
2	Attachment 2_Community Bus Survey	PDF File

# TROTT PARK NEIGHBOURHOOD CENTRE PROGRAM

34 Hessing Crescent Trott Park CALL 8387 2074

WEB marion.sa.gov.au/tpnc

# Monday

### Zumba

9.15am - 9.55am Cost \$6 Free crèche



# Playgroup

9.30am - 11.30am Cost \$3

### Body Sculpt/Pilates

10.00am - 11.00am Cost \$6

Seniors Fitness 2pm - 3.00pm \$5 per class





# French Classes

From Beginners to Advanced classes available Only \$3.00 per 2 hour class Phone for class times.

### Karate

Kids 6pm - 7.30pm Adults 7.30pm - 9pm Norrie 0402 133 387 or 8381 4504

# **Tuesday**

# French Conversation

10.00am - 12.00noon Cost \$3

# Boxing

10.00am - 11.00am

\$6 casual

### Free crèche

### Men's Shed

10.00am - 12.00noon \$2

# Yoga

11.15am - 12.30pm \$7

# Wednesday

### Stretch & Core

9.15am - 10.00am

Cost \$6

# Hip Hop Funk

Children 3 - 4 years 10.15am - 10.45am Cost \$50 per term

# Machine Embroidery

10am - 3pm \$3

Mosaic Classes

12.15pm - 1.45pm

Sue 0421 915 591

4.00pm - 5..30pm

Cost \$50 per term

Cost \$10

Strong Girls

10.30 - 12.30pm Free

# Let's Do Lunch

1pm - 3.00pm 2nd Thursday of the month

**Aged Care** 

# Book Club 2nd Tuesday Meditation

# of the month

1.00pm - 2.00pm Free

# **Crochet & Knitting**

# Group

1pm - 3pm Gold coin donation

# Painting & Drawing Class

2pm - 4pm \$10

## Tai Chi Beginners

6.30pm - 7.15pm Intermediate 7.15pm - 8pm Rosemary 8381 7969

# Karate

Kids 6pm - 7.30pm Adults 7.30pm - 9pm Norrie 0402 133 387 or 8381 4504

# Thursday

### **Pilates**

9.15am - 10.00am Cost \$6

10.15am - 11.15am

Cost \$6

# Men's Shed

10.00am - 12.00noon Cost \$2

\$14 or \$10 if reg with My

# Italian Conversation

For fun & travel. A casual and friendly class. Thursdays commencing 7th Feb 1pm—2.30pm

\$6 or \$3 if reg with My Aged Care



# Hip Hop Funk Children 4-6 years

4pm - 4.45pm Cost \$50 per term

Can you speak French? We are looking for a fun and friendly volunteer to help out with our established groups! For more information contact us today!

# Friday

### Zumba - low Impact

9.15am - 10.00am

Cost \$6

10.15am—11.15am

\$7 per class

# Blokes' Brekky

\$4 Bookings essential (1st Friday of each month) 9am - 11am

# Distinguished Men's Group

From 11.30am \$7 or \$5 if reg with My Aged Care (inc lunch)



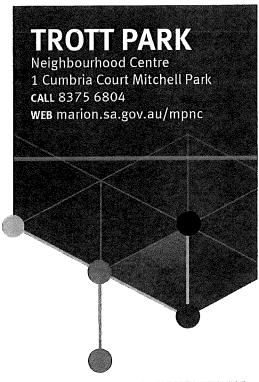
### **Community Garden**

Open to the public every Saturday between 10am and midday.

# **Bookings Essential?**

Please call to check if spaces are available in desired courses

Do you miss your home delivery of your local messenger? Drop by any of our 4 Centre's to pick up your copy!





# Italian Classes

Ever wanted to learn Italian? Our tutor Frank makes learning Italian fun! He will cover the basics for fun and travel in a casual and friendly environment. This informal class will ensure you feel comfortable practicing your skills while learning a little Italian history, geography and culture.

**Thursdays** (commencing Thursday 7 February 2019) 1.00pm-2.30pm



# \$10 Unlimited Exercise

Want to get fit in 2019? Why not try our \$10 unlimited fitness class pass. (valid for one week) With a wide variety of classes included in this offer, such as Zumba, Pilates, Boxing and Stretch and Core, you will be increasing your strength, flexibility and aerobic fitness in no time at all. Timetable available on request.



# #ComeToTrott

Looking at opportunities for your children "Beyond Pocket Money" #ComeToTrott and tell us what you or your teens would like offered for them to build their confidence, skills and employability.

Spend the evening with live music, giant outdoor games, pizza oven delights and an assortment of activities designed to create a wealth of suggestions for us to action in the future.

Share your ideas on the night and go in the draw to win a \$50 gift voucher.

Bookings via Eventbrite. Friday 1st March.

Cost FREE 5.30pm - 8pm

Bookings via Eventbrite.
\*http://marioncommunityhubs.eventbrite.com



# Playgroup

Give you children an opportunity to play, learn and interact. A hands-on playgroup, we encourage your active involvement in the planning and development of our program.

Mondays 9.30am - 11.30am

Cost: \$3.00 Bookings essential



# **Strong Girls**

Strong Girls is a 10 week program for ages 8 to 12 designed to support and strengthen the wellbeing of our girls in a fun and accepting environment. Each week we focus on a different topic to assist in: Finding passion and purpose;

Tools and strategies to face life's obstacles; Instilling an unshakeable belief in themselves; Building a community of friends.

Staring Wednesday 30th January. 4pm – 5.30pm **Cost:** \$50 per term. Bookings Essential



# Yoga

Yoga promotes balance and harmony helping the body to stay flexible, strong, balanced and healthy. The teacher will adapt the class to suit the varying levels, offering easier options. Tuesdays 11.15 am - 12.30pm Or Fridays 10.15am - 11.15am

Cost: \$7.00 per class.

Mats available .Bookings Essential



# Kids Hip-Hop

A fun, casual dance class. Learn some funky moves and meet new friends. Wednesdays (3 - 4 years old) 10.15am - 10.45am or Thursdays (5 - 8 years old) 4.00pm - 4.45pm Cost: \$50.00 per term.

# COMMONWEALTH HOME SUPPORT PROGRAMME



# Providing opportunities to stay active, socially connected and independent in your local community. (Term 1 2019)

# @ Cooinda The Good Life

A monthly lunch with informative guest speakers and activities relating to wellbeing, health and lifestyle.

# The Benefits of Chi Ball

Chi Ball is a mind-body exercise involving colour, music and flowing movement. This taster will give you an experience of Chi Ball while highlighting the benefits includng improved balance and wellbeing.

Tuesday 12 February 2019

12.30pm-3pm

\$14 or \$10 if reg with My Aged Care Cost

Bookings essential Ph: 8375 6703

# Solving the **Aged Care Puzzle**

After personal experience of navigating the aged care system, Gail Miller researched and wrote a book to assist people through this complex process. Bring along a family member or friend and learn some helpful tips to help you understand this process.

Tuesday 12 March 2019 Date: 12.30pm-2.30pm **Time** 

\$14 or \$10 if reg with My Aged Care Cost

Bookings essential Ph: 8375 6703

# Create a Recipe Book

Create your own heirloom recipe book to share with family and friends. Design your own cover and take it home to add your favourite recipes and share with those who have fond memories of your cooking.

Date:

Tuesday 9 April 2019

12.30pm-2.30pm **Time** 

\$14 or \$10 if reg with My Aged Care Cost

Bookings essential Ph: 8375 6703

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# @ Cooinda **Cultural Connections Harmony Day**

Learn, celebrate and experience the cultural diversity of our community.

People from all over the world migrate to Australia and bring with them some of their cultural traditions as well as taking on new ones. Celebrate the food and festivities of the people who have made Australia their



Tuesday 19 March 2019 Date

11am -2pm Time

\$14 or \$10 if registered with My Aged Care Bookings essential phone: 8375 6703

# @ Mitchell Park **Community Club** Blokes Time Out

Join us for a BBQ breakfast



Don't stay home on a Thursday morning. Come along and have a chat with other blokes in your local area while cooking up a storm on the BBQ.

Date Every Thursday

Time 9am—12noon Bookings Essential 8375-6804

# @ TPNC Let's Do Lunch

Come along to our monthly lunch group, bring a friend or make new ones. Topics and dates listed below.

Cost \$14 or \$10 if registered with My Aged Care

# **Kayaking Adventure**

Your hosts Carol and John will share tales of their kayaking adventure along the River Murray. You will be amazed by their courage and tenacity as the learned to kayak, planned and undertook this amazing adventure.

Date Thursday 14 February 2019

Time 1pm-3pm

Bookings Essential Ph: 8387 2074

# Marion 100 Years Ago

Step back in time and learn about the dayto-day life of people living in Marion over 100 years ago when the areas was a little like living in the country with farms, orchards and vineyards.

Date Thursday 14 March 2019

Time 1pm-3pm

Bookings Essential Ph: 8387 2074.

# The Benefits of Gratitude

Enhance your wellbeing by joining us for an uplifting afternoon where you can discover the benefits of cultivating gratitude. Everyone will receive a gratitude journal a great tool for reflecting on the good things and people in our lives.

Date Thursday 11 April 2019

Time 1pm-3pm

Bookings Essential Ph: 8387 2074.

# COOINDA

Neighbourhood Centre 245 Sturt Road Sturt CALL 8375 6703

WEB marion.sa.gov.au/cooinda WEB marion.sa.gov.au/glandore

# **GLANDORE**

Community Centre 25 Naldera Street Glandore CALL 8371 1139

# MITCHELL PARK

Neighbourhood Centre 1 Cumbria Court Mitchell Park CALL 8375 6804

WEB marion.sa.gov.au/mpnc

# TROTT PARK

Neighbourhood Centre 34 Hessing Crescent Trott Park CALL 8387 2074

WEB marion.sa.gov.au/tpnc

# COMMONWEALTH HOME SUPPORT PROGRAMME



# @ Cooinda **Caring Conversations**

Come along and share your unique grief journey in a safe and informal setting. Share your experiences and what has helped you. Our facilitator Trevor will provide an encouraging and supportive environment and you can enjoy a cuppa and afternoon tea.



Where Cooinda Neighbourhood Centre Date · Wednesdays (Commencing 6 February)

1.30pm-3pm

Please Note: This is a support group (not counselling) and is facilitated by Trevor Hayley. Funeral Civil Celebrant

(https://trevorhayley.com.au)

# @ Cooinda

# **Disability Rights Advocacy Service**

Free professional advocacy and representation for eligible members of the community.

Wed 16 Jan, 20 Feb, 20 Mar, 17 April Time: 10am-12noon

Matters may include: National Disability Insurance Scheme (NDIS) Plan Reviews, Appeals and Complaints

Centrelink - Benefits, Programs, Reviews and Appeals

Guardianship, Administration and Community Treatment Orders –SACAT

By appointment only. Please contact Chris on 8122 2714 or 8122 2717



# @ Cooinda **Lunch with Friends**

Come along to our monthly lunch and enjoy good company and guest speakers See topics and dates below.

# Local Hero **Colin Phelps**

lan and Judy from the Marion Heritage Research Centre will share the story of Colin Phelps, a former resident of the "Red House". Colin was in the RAAF as a Lancaster Bomber and had a mid-air collision while bombing Berlin. Learn about this local hero whose story has been compiled through a series of letters.

Tuesday 5 February 2019 Date

Time 12.30pm-3pm

\$14 or \$10 if reg with My Aged Care Bookings essential Ph: 8375 6703

# **Internet Banking** for the Curious

This session will provide an overview of internet banking-electronic transaction via the internet using your computer, tablet or smartphone. Learn how to pay bills, transfer money and check balances without having to visit your bank.

Date:

Tuesday 5 March 2019

Time

Cost

12.30pm—2.30pm \$14 or \$10 if reg with My Aged Care

Bookings essential Ph: 8375 6703

# Terracotta Pots

Join us for a fun hands-on activity with our friends from Bunnings at Marion. Paint a terracotta pot and plant something for your garden that you can take home and enjoy.

Date:

Tuesday 2 April 2019

Time

12.30pm-2.30pm

Cost

\$14 or \$10 if reg with My Aged Care

Bookings essential Ph: 8375 6703

# @ Trott Park & Cooinda

# **Italian Conversation** For fun, socializing and travel



Our tutor Frank makes learning Italian fun and will cover the basics for fun and travel. This informal class will ensure you feel comfortable practicing your skills while learning a little about Italian history, geography and culture. Improve your wellbeing through socializing and lifelong learning.

Where Trott Park Neighourhood Centre Date Thursdays (Commencing 7 February)

Time 1pm-2.30pm

Cost \$6 or \$3 if reg with My Aged Care

Bookings Essential Ph: 8387 2074

Where Cooinda Neighbourhood Centre Tuesdays (Commencing 5 February) Date

12.30pm-2pm Time

Cost \$6 or \$3 if reg with My Aged Care

**Bookings Essential Ph: 8375 6703** 

For information about My Aged Care or assistance to register please phone

# Anne on 8375 6703

Due to our funding requirements all participants are required to pay the non-subsidised fee (full fee) until they have registered with My Aged Care and the City of Marion has received the relevant referrals.

# COOINDA

Neighbourhood Centre 245 Sturt Road Sturt CALL 8375 6703

# **GLANDORE**

**Community Centre** 25 Naldera Street Glandore CALL 8371 1139

WEB marion.sa.gov.au/cooinda WEB marion.sa.gov.au/glandore

# MITCHELL PARK

Neighbourhood Centre 1 Cumbria Court Mitchell Park CALL 8375 6804

WEB marion.sa.gov.au/mpnc

# TROTT PARK

Neighbourhood Centre 34 Hessing Crescent Trott Park CALL 8387 2074

WEB marion.sa.gov.au/tpnc

							Communit	ty Bus Survey					
	Number of Community Buses	Make of Vehicle	Wheelchair Access	Funding	Vehicle Capacity - Passenger Seats	Special Licence Required	Are all Drivers Volunteers	Eligibility Criteria	Do you provide home pick up and drop at set destination	Which destinations are most popular	Do your residents contribute	Do you hire your vechicles to external agencies / organisations	How far from your boundaries do you travel
Marion	2	Mercedes Vans converted to buses	Yes	100% Council	10 Passenger seats	No	Yes	Transport disadvantaged - must be able to get on/off bus independently	Yes	Increasingly asked for more social outings as opposed to shopping and library visits	\$5 round trip	No	Social trips to Campbelltown, Port Adelaide, Adelaide Hills and McLaren Vale
Campbelltown	1	Mitsubishi ROSA	Yes	100% Council	22 Passenger seats or 20 passenger seats and 1 wheelchair	LR	Yes	Available to all residents. Must be independent at destination and be able to get on / off the bus independently	Yes	Target Newton, Kmart Firle and Newton Shopping Centre	Door to Door - No Charge Community Booking varies	Yes	Anywhere in SA Usual days trips are to Victor Harbour, McLaren Vale, Moonta and Tanunda
Holdfast	4	2 Toyota Coasters 2 Toyota HiAce	Toyota Coasters only	20 % Council 80% Commonwealth	Coasters -12 passengers Hi Ace 9 Passengers	LR/C	Yes	Any resident most are CHSP. Must be independent at destination and able to get on/off bus independently	Yes	Glenelg, Brighton and Marion Shops	\$4 round trip	Yes	Adelaide Hills, Victor Harbour and Virginia Nusery
Mitcham	2	Mitsubishi Fuso Buses	1 vehicle	75% Council 25% Funded	Vehicle 1- 16 Passengers Vehicle 2 - 20 Passengers or 16 passengers and 4 seats that can be removed for wheelchairs/walkers	LR	Yes	Transport disadvantaged - must be able to get on/off bus independently	Yes	Shopping Centres, Libraries and Bus Hire local attractions eg Dolphin Cruise Port Adelaide	\$4 for round trip for shopping and library	Yes only during regualr business hour and NOT weekends	All Bus hire restricted to no further than 1 hour away
Onkaparinga	4	1 Mercedes 3 Rosa	Yes	100% Council	Mercedes 12 Rosa's 17 - 20	LR Rosa	Yes	Transport disadvantaged - must be able to get on/off bus independently	Yes	Shopping centres, community centres	Gold Coin	Yes	No more than 100km roundtrip from Depot
Playford	12	6 Buses - 4 Renaults and 2 Toyotas 2 Imax People Movers 4 cars	2 Renaults	100% Grant	2 Renaults with wheelchair access are 10 seaters and the rest of buses are 12. People Movers are 7 seaters	No	Yes	HACC or CHSP eligibility	Yes	Majority of transport is centre based, shopping and medical. Medical appointments mostly done by cars.	\$5 round trip	No	Social trips as far as Waikerie to Victor Harbour. Northern Metro CPN provides medical transport outside council boundaries
Port Adelaide Enfield	5 Home Support vans	4 Toyota Commuters 1 Mercedes Sprinter	3 of vans	Purchase 100% Council State and Com Govt for running costs	Van A - 9 Passengers Van B, C and D - 8 Passengers and wheelchair lifter Van E - 7 Passengers	No	Yes	HACC or CHSP eligibility	Yes	Shopping and social outings	\$5 round trip		Note: PAE also has 4 large community buses which are run by the Community Development team which do fixed circuits and charters. These buses are fully funded by council and no charges apply to users. Vehicles are also available for hire.
Salisbury	2 Buses and 3 cars -operated as Home and Community Services Transport	Toyota 12 seater Mitsubishi Imax 8 seater 3 Holden Station Wagons	No	CHSP, SA HACC and council	Toyota 10 passengers Imax 7 passengers	No	Yes	HACC or CHSP eligibility	Yes	Medical appointments, shopping, local support groups and centres	\$3-\$15 depending on distance	No	Medical no further than RAH, TQEH, Modbury Social visits outside boundary Victor Harbour, Sedan, McLaren Vale and Barossa
TeaTreeGully	Services  3 Buses 1 Van 1  Minivan	1 Mercedes Sprinter 3 Mitsubishi buses 1 Hyundai Imax		Part Council and Part Grant funding	Buses have 19 Passengers Van has 10 passenger seats Minivan has 6 passengers	LR for buses	Yes	HACC or CHSP eligibility OR for community bus routes no eligibility but must be able to embark and disembark the vehicle independently.	Yes for HACC or CHSP clients. Community Buses do loop routes and passengers "hail" the bus.	Major shoping centres in the area and social programs	Community Bus \$1.50 per trip. CHSP Shopping \$6 return. CHSP Library \$4 return. CHSP social programs \$6	Yes	No more than 150km radius from Depot
Unley	3	2 Mercedes 1 Toyota	1 Mercedes and Toyota	100% Council	Normal runs 8 passengers and 4 walkers - can take more passengers at times but keep to a max of 4 walkers	LR for 2 of the buses	Yes	Service intended for those in the City of Unley who are transport disadvantaged, frail aged or with a disability. No age restricttion. Must be able to board and alight the bus independently and be able to carry their own shopping bags.	Yes	Library, banks local and bordering shopping centres and community centres. Also have Out and About tours	\$3 round trip Out & About \$5 round trip	Yes	Out and About tours go to McLaren Vale, Botanic Gardens, Mt Barker, Adelaide Hills etc
Charles Sturt	4	Toyota Coaster x2Mecedes Sprinter x2	Coaster x1	CHSP, SA HACC and council	Sprinter - 9, Coaster 1 - 17, coaster 2 - 13 +2 Wheelchair	Sprinter - Car, Coaster - LR	Yes	CHSP/SA HACC	Yes door to door	West lakes Shopping Centre	Shopping Transport and social groups Social Outings \$10 per trip	Yes	100 Kms of Adelaide city for Charters, Shopping and social groups are within Boundaries



# Treasury Management - Borrowings versus Cash Strategy

Originating Officer Manager Finance - Ray Barnwell

Corporate Manager Manager Finance - Ray Barnwell

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190226R07

# REPORT OBJECTIVE

The purpose of this report is to seek Council's endorsement on proposed amendments to the Treasury Management Policy (Appendix 1), specifically in regards to the strategy around Borrowings versus the use of Cash and in particular consideration of intergenerational equity and the equitable sharing of the debt burden between the current and future generations.

# **EXECUTIVE SUMMARY**

The following information is provided for Council in considering the proposed amendments to the Treasury Management Policy:

- 1. Copies of LGA and LGFA Information Papers on the use of borrowings in local government (Appendices 4, 5 and 6).
- 2. A comparison table summarising the 2017/18 Net Financial Liability, Debt Servicing and Interest Cover ratios of surrounding and like-sized councils.
- 3. A graph showing Council's Net Rate Revenue compared to our Total Accounting Reserves and Total Borrowings for the past 10 years (Appendix 7).

Council has a number of accounting policies that seek to provide sound corporate governance, guidance and direction in taking a holistic approach to managing not only debt, but also financial investments and Council's accounting reserves.

In particular, Council's Treasury Management Policy seeks to guide and direct Council in the way borrowings are raised and how its investments are managed, and its Reserve Funds Policy (Appendix 2) guides decision making with regard to recognition and allocation of funding for future purposes.

These policies seek to underpin Council's decision making in relation to financing its operations and managing its long term funding requirements in a financially sustainable manner.

Council delivers two core operations/services for its community:

- 1. 1. Operational Services (e.g. Libraries, Waste Collection, Community Services, etc.)
- 2. Capital Services (CAPEX) for the ongoing renewal of existing infrastructure (e.g. roads, footpaths, drains, etc.)

As at 30 June 2018 Council had total borrowings of \$7.905m and has no new borrowings included in the 2018/19 budget. Principal repayments of \$1.100m are required to be paid in 2018/19 meaning that the overall loan liability balance is forecast to decrease by \$1.100m to \$6.805m at 30 June 2019.

Council's adopted Long Term Financial Plan (LTFP) currently includes a future identified need for borrowings with forecast borrowings of \$12.96m. The forecast cash positions and financial ratios in Council's LTFP (Appendix 3) indicate capacity for further borrowings.



Council has significant Cash Reserves with forecast balances of \$14.463m at 30 June 2019, of which a net amount of \$5.229m has been quarantined for projects occurring in 2019/20. These reserves have in the main been derived from various savings, efficiencies and process improvements.

# RECOMMENDATION

### **That Council:**

1. Endorses the proposed amendments to the Treasury Management Policy as detailed in Appendix 1, specifically in regards to the strategy around Borrowings versus the use of Cash and in particular consideration of intergenerational equity.

### **GENERAL ANALYSIS**

# **DISCUSSION**

# **Finance and Audit Committee Feedback**

At its meeting on 11 December 2018 the Finance and Audit Committee (FAC) considered a report on "Treasury Management – Borrowings versus Cash Strategy" (FAC181211R11). The FAC provided the following feedback in regards to this report:

- A firm viewpoint that if you have cash available, it should always be used first instead of borrowing. The only exception to this is if you need to establish a credit rating, then you should borrow to do so.
- There are two types of debt good and bad. Bad debt is when money is borrowed for operational business (i.e. core operations).
- Borrowings should only be considered for major new projects.
- Council should determine what is the prudent amount required for Council reserves.

# **Key Debt Ratios**

The Net Financial Liabilities, Debt Servicing and Interest Cover ratios are key financial indicators used to monitor a Council's performance in relation to its current level of debt. A comparison of these ratios with neighbouring and similar sized councils from the 2017/18 audited accounts is provided in the table below:

1	Net Financial Liabilities Ratio		Interest Cover Ratio
Marion	-33.00%	1.89%	-0.62%
West Torrens -19.00%		0.00%	-0.97%
Salisbury	-4.80%	2.70%	0.14%
Port Adelaide Enfield	-1.00%	1.70%	-0.23%
Mitcham	11.00%	2.10%	0.40%
Tea Tree Gully	23.00%	9.99%	0.87%
Charles Sturt	36.00%	0.40%	0.26%
Holdfast Bay	49.00%	5.29%	0.45%
Onkaparinga	59.80%	3.56%	2.10%
Playford	135.00%	10.94%	4.72%

# NET FINANCIAL LIABILITIES RATIO = Net Financial Liabilities / Total Operating Revenue

This ratio indicates the extent to which net financial liabilities of the council can be met by the council's total operating revenue.



### Comment:

Where a Council's Financial Assets exceed its Financial Liabilities, predominantly as a result of cash holdings and other financial assets allocated for unexpended grants and funding for future or carried over capital projects, it results in this ratio being expressed as a negative %. The negative ratio also reflects the substantial reserve funding quarantined for Council's future major projects.

# INTEREST COVER RATIO = Net Interest Expense / Total Operating Revenue

Net interest costs are defined as total interest expenses less total interest revenues. This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues.

### Comment:

Negative ratios reflect that interest revenues are greater than interest expenses.

# **DEBT SERVICING RATIO = Principal + Interest / Total Rate Revenue**

This ratio indicates Council's ability to service its debt obligations from operating revenues, noting that the City of Marion's maximum target is set at 5%.

### Comment:

The ratio confirms that City of Marion has a low debt holding and is well positioned for future borrowings outlined in its Long Term Financial Plan. The 1.89% result noted in the table above is well below Council's maximum target of 5%.

# Net Rate Revenue compared to Total Reserves and Total Borrowings

The graph attached at Appendix 7 shows councils Net Rate Revenue in comparison to Total Reserves and Total Borrowings for the past 10 years. The graph demonstrates that over the past 3 years accounting reserves have exceeded borrowings, with the margin continuing to grow each year.

Council currently has substantial cash backed accounting reserves and further consideration of the timing of taking out future borrowings will be reviewed as part of the 2019/20 Annual Business Planning process.

## **Borrowings**

Council's Treasury Management Policy indicates that in the management of its finances, any funds that are not required to meet approved expenditure can be used to reduce the level of borrowings that would otherwise be required.

The current LTFP incorporates a modest borrowing program and it is considered good Treasury Management to offset some future borrowing requirements where possible. No new borrowings are included in the 2018/19 budget and with principal repayments of \$1.100m required the overall loan liability balance is therefore forecast to decrease by \$1.100m to \$6.805m at 30 June 2019.

Council also currently has substantial cash backed accounting reserves and further consideration of the timing of taking out future borrowings will be reviewed as part of the 2019/20 Annual Business Planning process.

Interest charged on borrowings is generally higher than that earned through investments. Therefore, it is not considered prudent to borrow money when Council has cash reserves available to meet immediate and foreseeable funding needs. In everyday terms this could be compared to paying a minimum credit card payment, and incurring large interest charges, while sitting on money in the bank for a rainy day.

# **Accounting Reserves**

Council has significant Cash Reserves with forecast balances of \$14.463m at 30 June 2019, of which a net \$5.229m has been quarantined for projects occurring in 2019/20. These reserves have in the main been derived from various savings, efficiencies and process improvements.



- Various projects in 2019/20 \$5.229m
- Walking and Cycling \$0.600m
- Water Supply Opportunities \$0.370m
- Major Infrastructure Failure \$2.000m

This leaves a further \$6.264m available for Council's consideration for other projects.

It's important to note that Council balances are fully cash backed.

# **LGA and LGFA Information Papers**

In 2015 the LGA issued two Financial Sustainability Information Papers 10 and 15 (Attached as Appendices 4 and 5 respectively) which provide information on the use of borrowings. Some key highlights from these papers are:

- Paper 10 (page 4) "There is no specific amount of debt that is right for a Council".
- Paper 10 (page 7) "Debt should be managed holistically and only sourced when funding is needed, and not for a single project. Cash and investments where available should be used in preference to acquiring additional debt".
- Paper 15 (page 5) "In general, it is nearly always more cost effective for a Council to meet current expenditure needs by first using any surplus cash and investments currently available (even if these details are surplus only for a short term) before undertaking a new borrowing (even if this simply defers the need to raise the borrowing for a short period of time)".

The LGFA's "A guide to the responsible use of debt" paper is attached as Appendix 6.

# The use of Borrowings versus Cash

There are a number of factors that should be considered in deciding whether borrowings should be utilised by Council, including:

- Intergenerational Equity refer commentary on page 2 of the attached LGFA "A guide to the
  responsible use of debt" (Appendix 6). Council's existing loans have 10 or 15 year terms which may
  not be considered intergenerational. Council's current position of utilising current cash reserves, that
  have been contributed by current and past ratepayers, and applying them in the short-term in
  providing service improvements and outcomes in the LTFP would be considered sound and
  reasonable.
- Long-term financial sustainability Council delivers 2 core operations/services for its community in
  the form of Operational Services (e.g. Libraries, Waste Collection, Community Services, etc.) and
  Capital Services for the ongoing renewal (i.e. effectively cyclical maintenance) of existing
  infrastructure (e.g. roads, footpaths, drains, etc.). It is considered sound and prudent business
  practice to not borrow for the delivery of core operations and there have been many cases where the
  non-adherence to this principal has resulted in a company's downfall (e.g. ABC Learning). Council's
  Treasury Management Policy supports borrowings for major new infrastructure projects only, where
  this is considered necessary.
- Capacity to Pay (Affordability) The forecast cash positions and financial ratios in Council's adopted LTFP indicate a capacity for further borrowings.
- Cash The key to the long-term financial sustainability of any organisations, whether they be public
  or private, is Cash and Cash Flow and not Operating Surplus or Deficit. As part of Council's LTFP
  Framework Council maintains, on average, a break-even or better funding (cash) position over the
  LTFP.
- Annual Rate Increases During the last term of Council the annual average rate increase
  progressively decreased from a long period of average 5% increases to only 1.8% for the current
  2018/19 year. During this time Council has been able to deliver significantly more for its community



- Interest Expense Deductibility As a public entity Council does not pay tax and therefore cannot
  access the tax benefits associated with interest expense deductibility that are available to the
  corporate sector.
- Prevailing interest rates the following table provides a basic interest rate sensitivity analysis per \$1m in borrowings on current indicative market rates for both 15 and 20 year loan terms:

	15yr	Int On \$1m borrowing	20yr	Int on \$1m borrowing
Current Indicative	4.50%	385,980	4.60%	540,248
Sensitivity Adj				
0.5%	5.00%	433,329	5.10%	606,896
-0.5%	4.00%	339,498	4.10%	475,082

Council's term deposits investment rates currently range from 1.9% to 2.37%, an interest rate differential against borrowing rates of at least 2.13%.

# **Attachment**

#	Attachment	Туре
1	Appendix 1 - Treasury Management Policy	PDF File
2	Appendix 2 - Reserve Funds Policy	PDF File
3	Appendix 3 - Annual Business Plan & LTFP - LTFP v2	PDF File
4	Appendix 4 - LGA Information Paper 10	PDF File
5	Appendix 5 - LGA Information Paper 15	PDF File
6	Appendix 6 - LGFA Debt	PDF File
7	Appendix 7 - Graph - Net Rate Revenue	PDF File

# Treasury Management Policy



# 1. RATIONALE

The Treasury Management Policy exists to ensure sound management of Council's financial transactions with regards to borrowings and investments, ensuring compliance with relevant legislation.

# 2. POLICY STATEMENT

This policy provides clear direction to the management, staff and Council in relation to the treasury function. It outlines how borrowings will be raised and how cash and investments will be managed. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget, long-term financial plan, projected and actual cash flow receipts and outlays.

Council is committed to adopting and maintaining a long-term financial plan and operating in a financially sustainable manner.

# 3. OBJECTIVES

The objective of this Treasury Management Policy is to establish a decision framework to ensure that:

- funds are available as required to support approved outlays;
- interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
- Council maximises the return on surplus funds;
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term

# 4. POLICY SCOPE AND IMPLEMENTATION

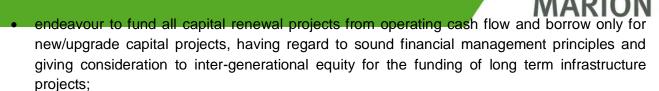
**Treasury Management Strategy** 

Council's operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery; and,
- affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Debt Servicing ratios)

Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for both its Net Financial Liabilities and Debt Servicing ratios;
  - Net Financial Liabilities ratio: Between 0 50%
  - Debt Servicing ratio: Between 0 5%
- borrow funds in accordance with the requirements set out in its Long-Term Financial Plan;
- not utilise borrowings to finance operating activities or recurrent expenditure;



- only retain and quarantine money for particular future purposes where required by legislation, contractual agreement with other parties, or for specific purposes as outlined in its Reserve Funds Policy;
- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

# **Borrowings**

All borrowings will be subject to Council approval on the recommendation of the General Manager Corporate Services. In doing so due consideration will be given to inter-generational equity for the funding of long term infrastructure projects and therefore the equitable sharing of the debt burden between the current and future generations.

To ensure an adequate mix of interest rate exposures, Council will structure its portfolio of borrowings to ensure an optimal Treasury Management position, taking into account all borrowing options including fixed and variable terms. In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

Council will establish, and make extensive use of, a *long-term variable interest rate borrowing facility* / *LGFA's Cash Advance Debenture facility* that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The re draw facility will provide Council with access to liquidity when needed.

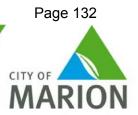
# Investments

Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments, the term should not exceed a point in time where the funds could otherwise be applied to cost-effectively defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

When investing funds Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Investments fixed for a period greater than 12 months are to be approved by Council.



To reduce the level of risk embodied in treasury operations, it is appropriate to limit investments made by Council to secure financial institutions. Therefore, without approval from Council, investments are limited to:

- deposits with the Local Government Finance Authority of South Australia (LGFA);
- State/Commonwealth Government Bonds.
- bank interest bearing deposits;
- bank accepted/endorsed bank bills;
- bank negotiable Certificate of Deposits;
- Australian Financial institutions

When considering which financial institutions surplus funds will be invested with, Council will only invest funds with those with a long term credit rating of at least AA and short term credit rating of A1.

All investments must be made exercising care and diligence and considering the following:

- the credit rating of the prospective institution.
- the likely yield and term of the investment;
- the period in which the investment is likely to be required;
- · the cost of making and maintaining the investment;
- an assessment of future interest rate movements;
- an assessment of future cash flow requirements;
- the Government guarantee on the investment;

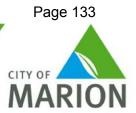
To ensure competitive rates for investments are achieved, quotations must be obtained from authorised institutions on investments of more than \$1,000,000 where the period of investment exceeds 30 days and market conditions are known to be fluctuating (for example, when the Reserve Bank of Australia changes the Cash Rate).

Investment of surplus funds outside of the above investment choices must be reported to Council for approval.

Examples of specific investment activities Council would not participate in include shares in private/public companies, listed or unlisted property trusts and derivatives.

# Reporting

In accordance with Section 140 of the Local Government Act, a report will be presented to Council annually which will summarise the performance of the investment portfolio. This report will review the investment performance against prior years and appropriate benchmarks including the RBA cash rate and the 90-Day Bank Bill Swap rate (90Day BBSW).



# 5. **DEFINITIONS**

**Financial Assets** include cash, investments, receivables and prepayments. Equity held in a Council business is normally regarded as a financial asset but is excluded for the purpose of calculating Local Government published financial indicators. Also, inventories and land held for resale are not regarded as financial assets.

**Financial Sustainability** is achieved where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

**Net Financial Liabilities** equals total liabilities less financial assets, where financial assets for this purpose include cash, investments, receivables and prepayments, but excludes equity held in a Council business, inventories and land held for resale.

**Debt Servicing Ratio** indicates the extent to which a Council's operating revenues are committed to its Debt Servicing costs (Principal and interest repayments).

**Net Financial Liabilities Ratio** indicates the extent to which net financial liabilities of a Council could be met by its operating revenue.

**Non-financial or Physical Assets** means infrastructure, land, buildings, plant, equipment, furniture, and fittings, library books and inventories.

**Operating Revenues** are "operating revenues" as shown in the Income Statement but exclude profit on disposal of non-financial assets, grants and contributions received specifically for new/upgraded infrastructure and other assets, e.g. from a developer.

**Rates Revenue** is general and other rates net of the impact of rate rebates and revenue from the NRM levy.

### 6. ROLES AND RESPONSIBILITIES

- Council is to approve all borrowings, as well as investments for a period of greater than 12 months.
- General Manager, Corporate Services is responsible for making recommendations with regards to borrowings.
- Manager Finance is responsible for ensuring all other tasks are conducted in accordance with the policy.



### 7. REFERENCES

### OTHER RELATED POLICIES

• Reserve Funds Policy

## **LEGISLATION**

# For Borrowings

- Local Government Act, 1999
  - Section 44/Section 122/Section 134
- Regulations 5 and 5B of the Financial Management Regulations under the Act

The main legislative provisions in the Local Government Act covering borrowings are:

- Section 44 a Council must approve all borrowings and the legislation clearly states that the power to borrow cannot be delegated (for simplicity many Councils appropriately just have all proposed borrowings for the year approved at the time the annual budget is adopted)
- Section 22 a Council's strategic managements plans must include an assessment a Council's proposals with respect to debt levels
- Section 134 empowers a Council to borrow and requires a Council to consider expert advice before
  entering into financial arrangements for the purpose of managing, hedging or protecting against interest
  rate movements and other risks associated with borrowing money
- Regulations 5 and 7 of the Financial Managements Regulations under the Act require the preparation of Cash Flow Statements (including financing transactions) covering Councils' Long-term Financial Plans and Budgets

# For Investments

- Local Government Act, 1999
  - Section 47/Section 139/Section 140

The main Local Government Act provisions covering investments are;-

- Section 47 prohibits a Council from directly acquiring shares in a company
- Section 139 empowers a Council to invest and requires that the power of investment be exercised with the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons. Section 139 also requires Council to avoid investments that are speculative or hazardous in nature
- Section 140 requires that a Council review the performance of its investments at least annually

# 8. REVIEW AND EVALUATION

This policy will be reviewed annually as part of the Annual Budget process.

# Reserve Funds Policy



### 1. RATIONALE

Council will maintain Accounting Reserves as a means by which to separate monies for a particular purpose.

### 2. POLICY STATEMENT

Council's Reserve Funds Policy aims to provide a means for recognising and allocating funding for future purposes.

### 3. OBJECTIVES

Council has established a number of Accounting Reserves for different purposes. Some of these are required by Accounting Standards or law, andothers are discretionary reserves that Council has chosen to establish.

Where discretionary reserves are established, these need to be appropriately funded by Council. The preferred method is to have these reserves cash-backed to a minimum of 75%, however if current or future borrowings can be reduced or deferred then this should be given consideration. When funds are required in relation to reserves that are not cash backed Council is to utilise surplus cash in the first instance and then draw down on borrowings as the need arises, and only to the extent that it has already reduced or deferred previously.

# 4. POLICY SCOPE AND IMPLEMENTATION

Council currently has the following reserves:

# **Asset Revaluation Reserve**

Purpose - this is a stat utory reserve fund required under Australian Accounting Standard AASB 1041. The balance of this reserve represents net increments associated with the revaluation of non-current assets.

# Open Space Reserve

Purpose - this reserve has been established to account for the following:

- I. set aside open space contributions provided by developers in a ccordance with the Development Act 1993 (conditions may apply)
- II. separate net proceeds associated with Road Closures.
- III. net proceeds associated with disposal of minor land holdings
- IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the devel opment of Open Space facilities as approved by Council and in accordance with the Open Space Policy. Interest revenues earned on contributions provided by developers are transferred to the reserve.



# Grants/Carry Forward Projects Reserve

Purpose - this reserve was created to account for:

- Grants received in advance occasionally a funding body provides Grant funds relating to the following financial year in advance. When this has occurred it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.
- Unexpended Grants when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following financial year.

Carryovers - typically represent unspent capital and service improvement budgets carried forward to the following financial year.

Use of Fund - monies are utilised in accordance with the initial transfer of funds.

# Asset Sustainability Reserve

Purpose - this is a reserve fund established to:

- I. Primary Purpose Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure f ailure or fund an infrastructure gap identified in periodic asset audits. A mini mum balance of \$2 million will be retained in the Asset Susta inability Reserve for this purpose.
- II. Assist Council fund its Long Term Asset Management objectives.
- III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowings.
- IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.
- V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.

The Asset Sustainability Reserve is underpinned by savings identified as part of the budgeting process (refer to Council's Budget Policy) Identified savings are allocate d by Council providing a balance between funding new prioritised service improvements identified in the Strategic Plan and addressing Council's financial position.

- I. Savings identified during a financial year are fo recasts only and therefore will be held for consideration by Council in the 1st Budget Review in the following year.
- II. Savings will be separated between recurrent (ongoing) and once off savings. This process is designed to develop a high level of trust in the organisation in the budget review process.
- III. Savings of a:
  - a. recurrent nature may be allocated to service improvements identified in the Strategic Plan that are of a recurrent nature.



- b. one-off nature may be applied to capital items, new or renewal, or a non-recurrent service improvement (once off).
- IV. Council must ensure that it continues the improvement in its f inancial performance. It is essential that the Annual Savings Initiative focuses on achieving that objective. In relation to the long term financial plan the Annual Savings Initiative will focus on four areas:
  - a. Increase expenditure on Infrastructure/Asset replacement/renewal sustainability
  - b. Reduce proposed borrowing program debt servicing ratio improves
  - c. Retain savings to improve liquidity (cash) working capital improves
  - d. Reduce reliance on rate revenue to achieve community objectives

The Asset Sustainability Reserve will also be funded from planned cash surpluses identified in the Long Term Financial Plan (LTFP) and from funds specifically set aside for the CFPP in the LTFP. Funds will only be set aside for this where Council maintains a breakeven funding (cash) position or better as per its Budget Policy.

The Asset Sustainability Reserve will benefit Council by enabling the allo cation of funds for future capital expenditure relating to major infrastru cture failures, replacing, renewing and procuring significant assets, as well as utilising funds in accordance with the CFPP eligibility criteria. This will assist in minimising the negative financial impact on rates.

Projects funded out of this Reserve will be as sessed against Council's strategic framework to determine the priority and the amount of funds to be utilised.

Where a Partnership Project exists, Council will contribute up to 50% of the funds, with the remainder required to come from grants or co-contributions from the partnership organisation.

Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified æ part of the approved annual Strategic Plan and Budget.

### 5. **DEFINITIONS**

Reserve - any part of the accumulated surplus of Council or controlling authority set aside for a particular purpose.

# 6. ROLES AND RESPONSIBITIES

The Senior Leadership Team is responsible for reviewing carryovers.

The Executive Leadership Team is responsible for approving carryovers.

Reserve Transfers required by legislation or Account Standards will be reviewed for appropriateness by the Manager Finance.

Other reserve transfers require Council resolution



# 7. REFERENCES

- Development Act 1993 Section 50 (10)
- Australian Accounting Standards Board [AASB] 1041: Revaluation of Non-Current Assets
- Open Space Policy
- Budget Policy
- Treasury Management Policy

# 8. REVIEW AND EVALUATION

This policy will be reviewed annually as part of the Annual Budget process.

# **Budgeted Funding Statement**

Appendix 3

City of Marion 10 Year Financial Plan for the Years ending 30 June 2028 BUDGET SUMMARY - GENERAL FUND					Projected Years	ears				
Scenario: LTFP 2018/19 - 2027/28	2018/19	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	\$1000	2023/24 \$'000	2024/25 \$'000	2025/26 \$'000	2026/27 \$'000	\$1/28
Income										
Rates	77,173	79,328	81,543	83,820	86,161	88,567	91,040	93,582	96,196	98,882
Statutory Charges	2,121	2,174	2,229	2,284	2,342	2,400	2,460	2,522	2,585	2,649
User Charges	2,175	2,227	2,282	2,339	2,398	2,458	2,519	2,582	2,647	2,713
Grants, Subsidies and Contributions	8,658	6,035	6,186	6,340	6,499	6,661	6,828	6,999	7,174	7,353
Investment Income	704	887	886	915	947	993	1,120	1,311	1,532	704
Reimbursements	540	554	568	582	597	611	627	642	629	675
Other Income Net gain - equity accounted Council businesses	878 344	354 354	365	894 376	900 387	906 388	912 410	918 423	924 435	930 448
Total Income	92,592	92,441	94,946	97,551	100,229	102,994	105,916	108,979	112,151	114,355
Expenses										
Employee Costs	34,896	35,315	36,127	37,081	38,067	39,084	40,136	41,223	42,171	43,141
Materials, Contracts & Other Expenses	35,731	31,437	32,370	32,908	34,035	33,522	34,193	34,876	36,096	36,285
Depreciation, Amortisation & Impairment تامیمی کرمیدی	17,105	17,789	18,501	19,241	20,010	20,811	21,643	22,509	23,409	24,346
Total Expenses	88.199	84.941	87.920	90.032	92.812	94.010	96.461	99.018	102.003	104.011
		,		,				,	,	
Operating Surplus	4,394	7,500	7,027	7,519	7,417	8,984	9,455	096'6	10,148	10,344
Amounts Received Specifically for New or Upgraded Assets	•	10,000						•		•
Net Surplus / (Deficit) for the Year	4,394	17,500	7,027	7,519	7,417	8,984	9,455	9,960	10,148	10,344
Capital (Balance Sheet) and Reserve Movements										
Capital Expenditure	(31,088)	(46,874)	(21,925)	(22,391)	(23,581)	(23,770)	(22,185)	(22,648)	(22,994)	(23,448)
Loan Repayments (External)	(1,100)	(1,170)	(2,287)	(1,918)	(2,020)	(2,127)	(1,565)	(1,644)	(1,727)	(1,815)
New Loan Borrowings (External) Net Transfers (to)/from Besenses	- 11 702	12,960	(340)	- (8/0)	- (812)	- (0/8)	- (0/8)	- (0/8/	- (0/8)	- (0/8/
Total Capital (Balance Sheet) and Reserve Movements	(20,487)	(32,995)	(24,552)	(25,149)	(26,413)	(26,737)	(24,590)	(25,132)	(25,562)	(26,103)
Net Result (including Depreciation & Other non-cash items)	(16,093)	(15,495)	(17,525)	(17,630)	(18,996)	(17,752)	(15,135)	(15,171)	(15,414)	(15,759)
Add back Depreciation Expense (non-cash)	17,105	17,789	18,501	19,241	20,010	20,811	21,643	22,509	23,409	24,346
Add back Other Expenses (non-cash) Less Other Income (non-cash)	(344)	(354)	(365)	(376)	(387)	(368)	(410)	(423)	(435)	(448)
\$ 1 - 5 - 5 - 1 - 5 - 5 - 5 - 5 - 5 - 5 -	out.	4		100	100	000	000	1700	1	070
Cash Budget Surplus	899	1,940	611	1,235	627	2,660	6,098	6,915	7,560	8,139





# Financial Sustainability Information Paper 10

# **Debt**

Revised February 2015



### Introduction

This Information Paper is one of a series of Information Papers about Financial Sustainability and Financial Governance in Local Government.

The series of Information Papers was originally published in 2006 to 2011 as a part of the Financial Sustainability Program. The history of that program and a complete list of Information Papers and other resources, including a glossary of terms and abbreviations, is provided on the LGA's "Financial Sustainability" web page: <a href="https://www.lga.sa.gov.au/FSP">www.lga.sa.gov.au/FSP</a>.

The entire series of Papers was revised in early 2012, and again in early 2015 to take account of legislative changes and other developments. These Papers are addressed to, and written primarily for the benefit of Council Members and staff, but they are also available as a resource for the general public, and students of Local Government.

# **Background**

Local Government financial statements, like those of other spheres of government and the corporate sector, include a good many items of considerable financial value. The item that gets the most disproportionate and non-objective attention relative to its magnitude is debt.

The reasons are historical. We are all aware of business people, farmers, householders and even governments that have over-committed in the amount of debt they have incurred relative to their income and other commitments and then suffered financial hardship. The nature of Councils' activities and the way they are managed are, in the main, relatively low-risk. Similarly, their revenue streams are less volatile than other spheres of government and much less so than most businesses. Nevertheless Councils have traditionally preferred to be very conservative in their use of debt.

Audited financial statements for the South Australian Local Government sector for 2012-13 show that the aggregate gross debt of all Councils was equivalent to only 2.6% of the value of the land, buildings, infrastructure and other assets for which Councils were responsible. Net debt (gross debt less cash and investments) was only 1.1%. (This is comparable to a family living in a \$500,000 house having a mortgage of only \$5,300 and no other debts.) Net interest expenses of Councils in 2012-13 represented only 1.1% of operating revenue. This is evidence of a cautious approach to debt within the Local Government Sector.

Regardless of the fact that debt levels and interest costs for the sector are very modest, individual Councils still need to control and manage these levels and costs. It is likely that many Councils could generate considerable savings and reductions in risk from a more holistic approach to managing their borrowings and investments.

A separate Information Paper in this series provides guidance to Councils on this topic.<sup>1</sup>

# What is debt?

Borrowings are not a form of revenue and do not replace the need to generate adequate revenue. Undertaking a borrowing creates both an asset (the funds that are provided) and a liability (the obligation to repay the money borrowed). Borrowing money does not therefore change the value of a Council's equity (i.e. the difference between assets and liabilities shown on a Council's balance sheet).

<sup>&</sup>lt;sup>1</sup> See Local Government Financial Sustainability Information Paper No. 15: *Treasury Management* at www.lga.sa.gov.au/FSP.

There are two important implications for a Council's financial sustainability arising from borrowing money. Firstly, interest expenses will be incurred which will have an unfavourable impact on the annual operating result, all things being equal. Secondly, the Council incurs a liability to repay the money borrowed.

It is the consequences of the way borrowings are deployed that will ultimately determine their impact on a Council's financial sustainability.

# What does legislation require?

Councils in South Australia are virtually unconstrained in relation to the source, quantum, term and type of their borrowings. Section 134 of the *Local Government Act 1999* ("the Act") requires a Council to consider independent expert advice before entering into particularly complex and sophisticated types of financing arrangements<sup>2</sup> but Councils' interest in such arrangements traditionally has been negligible. The <u>Local Government Finance Authority</u> (LGFA) and other financial institutions ensure Councils have considerable choice of borrowing products.

Section 48 of <u>the Act</u> requires a Council to develop and maintain prudential management policies, practices and procedures<sup>3</sup> for the assessment of all "projects". If a project requires financing arrangements, then the project must be considered within the context of the Council's prudential management policy. However <u>the Act</u> does not impose limits on financing options.

Under section 122 of the Act, a Council must have a long-term financial plan (LTFP) as part of its suite of strategic management plans (SMPs).<sup>4</sup> These documents must address:

- the sustainability of a Council's financial performance and position;
- the maintenance, replacement or development needs for infrastructure within its area;
- proposals with respect to debt levels; and,
- the identification of any anticipated or predicted changes that will have a significant effect upon the costs of the Council's activities/operations.

# Why have debt?

A well managed Council operating in a financially sustainable manner (i.e. its operating revenue is sufficient to meet the cost of providing services) is likely to be justified in having a considerable level of debt, and virtually all Councils need access to some debt from time to time. Even if a Council's annual operating revenue matches or exceeds annual operating expenses for a period, this does not mean that the amount or timing of cash receipts will be sufficient to meet cash outlays. Employees and suppliers need to be paid, for example, even if the first quarterly instalment of annual rates has not yet been received. More significantly though, borrowings are usually needed to allow Councils to finance the acquisition of additional assets.

Additional debt does not allow a Council to acquire things it otherwise cannot afford. It merely allows access to funds. If a Council has always operated in a financially sustainable manner then it would have little need for additional net borrowings. Apart from borrowings for normal short-term cash flow needs, or to cater for the premature failure of existing assets, such a Council is likely to borrow only if it has decided to add to its stock of assets. A decision to do so would be based on

<sup>&</sup>lt;sup>2</sup> (a) interest rate swaps;

<sup>(</sup>b) forward interest rate agreements;

<sup>(</sup>c) interest rate options.

<sup>&</sup>lt;sup>3</sup> See Local Government Financial Sustainability Information Paper No. 27: *Prudential Management* at www.lga.sa.gov.au/FSP. This paper contains as an attachment, a model Prudential Management Policy.

<sup>&</sup>lt;sup>4</sup> See LGA Financial Sustainability Information Paper 8: *Long-term Financial Plans* at www.lga.sa.gov.au/FSP.

the Council being satisfied that it could better serve its community by acquiring additional assets (and incurring and accommodating the associated additional operating costs).

Governments traditionally have borrowed money to generate sufficient funds to enable them to create infrastructure to serve their communities. Borrowing allows a Council to acquire assets earlier than would have otherwise been the case, but borrowing does, of course, entail a cost.

Some Councils not only utilise debt to acquire additional assets but also to replace and rehabilitate those assets that they already own. In many instances it may be more cost-effective to do this than to incur the excessive maintenance costs that result from keeping older assets operational. Where a Council commits to operating in a financially sustainable manner it will, over time, reduce the need for additional debt as the revenue raised will be available to support asset replacement needs.

### How much debt?

For asset-intensive organisations like Councils, borrowings are a valid and appropriate option to help finance ongoing infrastructure requirements, particularly when acquiring new assets or enhancing existing assets to provide a higher, affordable level of services. The 2005 <u>Independent Inquiry into the Financial Sustainability of Local Government</u> ("the Inquiry") revealed that aversion to debt by Councils often was resulting in failure to cost-effectively renew or replace assets when warranted. The Inquiry noted that the deferral of infrastructure renewal/replacement in most cases would be a 'worse sin' than borrowing to finance such renewal/replacement spending.

In highlighting the low level of debt of South Australian Councils, the Inquiry suggested that where Councils were otherwise unable to fund needed asset rehabilitation and replacement works they could in many cases improve their financial sustainability by borrowing, to enable such activities to be undertaken.

There is no specific amount of debt that is right for a Council. Whether a Council has too much debt, or can afford more, depends on:

- · its community's needs for services, and
- the Council's existing level of operating costs relative to revenue; and
- the Council's willingness and capacity to raise additional revenue if required.

Taking these factors into account, a Council with high debt levels may be more or less financially sustainable than one with low levels of debt.

Generally, a Council with an operating deficit has a correspondingly reduced capacity to raise additional debt (since interest costs will add to its operating deficit and therefore further jeopardise financial sustainability). However, additional debt may be warranted where the Council is committed to reducing other expenses (e.g. the debt enables the replacement of old assets with new ones that have lower operating costs) or is willing to increase its revenues in future.

The preparation of a LTFP enables a Council to assess its future debt raising needs and capacity to service associated interest costs and other expenses, relative to projected revenue, while preserving or where necessary improving, its financial sustainability.

# Measuring debt levels

Debt is just one type of financial liability. It is unwise to focus just on this one type of liability. Other examples of financial liabilities include accounts payable (e.g. goods or services received but

<sup>&</sup>lt;sup>5</sup> See: 'Debt is Not a Dirty Word: The Role and Use of Debt in Local Government' published by the Australian Centre of Excellence for Local Government at www.acelg.org.au/news/use-debt-australian-local-councils

not yet paid for) and employee benefits owing (e.g. the value of annual and long service leave entitlements).

If two Councils are equal in all respects except:

- one has significant debt and no other liabilities; and,
- the other has an equivalent level of accounts payable and employee benefits owing but no debt;

then the financial positions of the two Councils are effectively identical.

Rather than narrowly focusing on a Council's level of debt, a far more meaningful measure is its net financial liabilities. This measure is calculated as the difference between its liabilities and the value of any financial assets it has (cash, investments, receivables etc.)<sup>6</sup>

The following table, incorporating data for the Local Government sector at 30 June 2012 and 30 June 2013, may assist with a better understanding:

Net financial liabilities at 30 June	2012 \$ million	2013 \$ million
Gross borrowings	565	569
Less: Cash, cash equivalents and other financial assets	352	338
Equals: Net Debt	213	231
Add: Trade and other payables	326	330
Add: Employee entitlements and other provisions	118	130
Less: Trade and other receivables	150	155
Equals: Net financial liabilities	507	536

# Liquidity

Governments, unlike private sector firms, have the power to tax citizens to raise revenue. Their revenue raising capacity is therefore much more certain than organisations that must convince potential customers to buy their products or services in order to generate revenue. The uncertainty associated with revenue projections in the business world means that lenders, shareholders and boards of management place considerable emphasis on the financial liquidity (available cash) of private firms. A commonly utilised financial indicator in the private sector is the 'current ratio' (the ratio of current assets to current liabilities). Such concepts and ratios are not relevant assessment measures for South Australian Councils because current legislation does not constrain their revenue raising or borrowing. Furthermore SA Councils have ready access to a competitive and wide range of borrowings. Councils (unless they have no asset management backlogs) should be optimising their treasury management practices and financial sustainability by having negligible cash and investments at most times and raising additional funds, through borrowings, only when cash flow needs necessitate.

<sup>&</sup>lt;sup>6</sup> For a further discussion of net financial liabilities and the setting of target ranges for the net financial liabilities ratio (being net financial liabilities as a proportion of operating revenue) see LGA Financial Sustainability Information Paper No. 9: *Financial Indicators* at <a href="www.lga.sa.gov.au/FSP">www.lga.sa.gov.au/FSP</a>

#### When to borrow?

Councils have operated in an accrual accounting<sup>7</sup> environment since the 1990's but some Councils still manage debt (and other financial liabilities) no differently than from the days of cash accounting<sup>8</sup>.

Many Councils traditionally have borrowed money with a single-purpose loan, to finance a particular project or activity. However, it is better to take a holistic approach to managing debt and financial investments and borrow money only when (and to the extent that) there is insufficient cash and liquid investments to carry out planned and budgeted activities and services at the time that they are scheduled. Decisions about what to do (including how much revenue to raise) should be based on maintaining or improving financial sustainability (including having regard to interest costs from any necessary borrowings). Councils need to budget on an accrual basis to ensure sustainability but they still need to undertake cash flow projections to determine if, when, and how much (and in some instances for how long) they need to borrow to meet cash flow needs.

It makes no sense for Councils to borrow money when they already have sufficient cash and liquid investments available to meet immediate and foreseeable funding needs. A rational person would pay off credit card debt in full if possible (and avoid high interest charges) rather than make a minimum monthly payment and keep money in the bank (either for a rainy day or some future specific purpose). Councils should operate in the same rational manner.

Usually (and certainly on average) the interest rate charged on borrowings is higher than that earned on cash and liquid investments. If the average difference was say, 1.5%, then any Council which was planning to borrow, but had cash and investments of at least equivalent value, would be better off (by 1.5% of its outstanding loan balances) if it used this money to remove the need for such borrowings.

The SA Local Government sector has in recent years held cash and investments (at the end of each reporting period) on average of over \$300 million per annum with borrowings of well in excess of that.<sup>9</sup> If, during 2012-13, Councils instead had applied their cash and investments to obviate the need to borrow, the sector is likely to have benefited by reduced interest costs of \$3.5 million.<sup>10</sup>

In the past, some Councils used their cash and investments to avoid the need to raise additional debt through a mechanism known as 'internal borrowings'. While the over-arching concept is sound, it can encourage a misleading 'silo' approach to managing borrowings and financial assets. It is fading from use in today's environment where Councils are increasingly managing their budgets on an accrual basis and managing all their financial assets and liabilities holistically.

#### What sort of debt? - Interest rate risk exposures

A Council is exposed to risk whenever it takes out a borrowing, regardless of whether it involves fixed or variable interest rates. Minimising exposure to interest rate risk requires a balance of both fixed and variable interest rate borrowings. Accrual accounting enables Councils to consider all types of borrowings based on what is most cost-effective for their financing needs. This flexibility enables Councils to manage their interest rate exposures in a deliberate fashion. Regardless of the level of its debt, it is desirable that each Council seeks to minimise interest costs in a risk-averse manner over the medium to longer term.

<sup>&</sup>lt;sup>7</sup> Accrual accounting recognises revenues when they are earned and expenses as they are incurred.

<sup>&</sup>lt;sup>8</sup> Cash accounting recognises events as having occurred only when payments are made or received.

<sup>&</sup>lt;sup>9</sup> At 30 June 2013, South Australian Local Governments held a total of \$338 million in cash and investments and \$569 million of borrowings.

<sup>&</sup>lt;sup>10</sup> This figure is calculated on the assumption of an average interest rate "gap" of 1.5% between the rate received on investments, and the rate paid on borrowings.

Financial Sustainability Information Paper No. 15: *Treasury Management*<sup>11</sup> provides comprehensive guidance for Councils on this topic.

#### What about credit agency ratings?

Major corporations often pay to have a respected independent agency rate their credit worthiness ('Triple A' rating being highest). A higher rating usually allows them to access more and cheaper borrowings (because they are a better credit risk). State governments also commission such assessments, not only because a sound rating enables them to access cheaper borrowings but also to demonstrate to potential investors and the community at large the strength of their financial policies and the local economy.

Most people perceive that a rating is driven by the amount of debt on the entity's balance sheet. This is only one factor. More critical is whether revenue is more or less than current and future projected expenses. Governments which enjoy a "Triple A" rating invariably have demonstrated a commitment to, and achievement of, budgeted operating surpluses – i.e. operating sustainably.

While it is crucial that Councils take action to ensure long-term financial sustainability there is no need or value for a Council to seek a credit agency ranking. The <u>LGFA</u> enjoys a State Government guarantee of its borrowings on behalf of Councils (for which it pays a fee). This provides the <u>LGFA</u> with the same credit rating as the State Government and ensures that interest rates paid by Councils on their borrowings from the <u>LGFA</u> are based on the credit rating of the State. It is extremely unlikely that an individual Council could obtain a better credit rating than the <u>LGFA</u> to enable it to borrow more cheaply.

#### What are the issues for Councils?

Provided that a Council is committed to strategies that ensure financial sustainability and has good long-term financial planning, a Council can better serve its community by making appropriate use of debt, in order to help finance, as required, outlays for new, additional assets, and asset rehabilitation and replacement.

Debt should be managed holistically and only sourced when funding is needed, and not for a single specific project. Cash and investments where available should be used in preference to acquiring additional debt.

Any Council that has debt and/or investments is exposed to risk of financial loss as a result of movements in interest rates. To spread risk Councils should consider the range of different borrowing arrangements set out in Financial Sustainability Information Paper No. 15: *Treasury Management*. 12

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Available at: <a href="https://www.lga.sa.gov.au/FSP">www.lga.sa.gov.au/FSP</a>
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# Financial Sustainability Information Paper 15

# **Treasury Management**

Revised February 2015



#### Introduction

This Information Paper is one of a series of Information Papers about Financial Sustainability and Financial Governance in Local Government.

The series of Information Papers was originally published in 2006 to 2011 as part of the Financial Sustainability Program. The history of that program and a complete list of Information Papers and other resources, including a glossary of terms and abbreviations, is provided on the LGA's "Financial Sustainability" web page: <a href="www.lga.sa.gov.au/FSP">www.lga.sa.gov.au/FSP</a>.

The entire series of Papers was revised in early 2012, and again in early 2015 to take account of legislative changes and other developments. These Papers are addressed to, and written primarily for the benefit of Council Members and staff, but they are also available as a resource for the general public and students of Local Government.

#### **Background**

Most Councils have capacity to better serve communities by making greater use of debt and achieving financial savings and reductions in risk from a more holistic approach to managing their borrowings and investments. These benefits often can be achieved through some relatively simple improvements in financial governance.

In the past it was commonly accepted practice for Councils to raise borrowings for specific purposes and at the same time set aside funds for specific future expenditures. The <u>Local Government Act 1999</u> now requires a longer-term financial planning focus. This, and a requirement to use accrual accounting, have been catalysts for changes in recommended treasury management practices.

This information paper discusses the key elements of treasury management and includes, at Attachment 1, a Model Treasury Management Policy that enables Councils to embrace the recommended treasury management practices. It also includes, at Attachment 2, some examples that illustrate the application of the treasury management principles set out in the model policy.

This information paper should be read in conjunction with the <u>Local Government Act 1999</u> and other LGA Financial Sustainability information papers, including:

- No. 9 Financial Indicators
- No. 10 Debt

available at www.lga.sa.gov.au/FSP.

This information paper provides support to Councils as they formulate their own policy framework for treasury management decisions. It provides a structure within which Councils can consider and record their treasury management decisions. Councils should consider the content of the paper and adapt the Model Treasury Management Policy at Attachment 1 to suit their individual circumstances. In particular some text is italicised and included in square brackets. In these areas Councils should insert specific detail relevant to their own circumstances. Once adopted, Councils should review their treasury management policies on a regular basis (say annually).

#### What is treasury management?

Treasury management refers to the way in which borrowings are raised and cash and investments are managed. In addition to changes in the level of borrowings and changes in

interest rates, a Council's treasury management practices also can have a significant effect on its interest costs.

Councils have flexibility with respect to the maturity of their borrowings (i.e. when borrowings are scheduled for repayment) and, more importantly, how frequently the interest rate on an individual borrowing is re-set. This flexibility enables Councils to manage their interest rate exposures in a deliberate fashion.

Regardless of the level of a Council's borrowings, it is desirable that each Council undertakes treasury management to minimise interest costs, in a risk averse manner, over the medium to longer term.

#### What does legislation require?

#### **Borrowings**

Councils in South Australia are virtually unconstrained in relation to the source, quantum, term and type of their borrowings. Section 134 of the <u>Local Government Act 1999</u> ("the Act") requires a Council to consider independent expert advice before entering into particularly complex and sophisticated types of borrowing arrangements<sup>1</sup> but Councils' interest in such arrangements traditionally has been negligible. The <u>Local Government Financing Authority</u> (LGFA) and other financial institutions ensure Councils have considerable choice of borrowing products.

Section 48 of the Act requires a Council to develop and maintain prudential management policies, practices and procedures for the assessment of all "projects". If a project requires financing arrangements, then the project must be considered within the context of the Council's prudential management policy. However the Act does not impose limits on financing options.

Under section 122 of the Act, a Council must have a long-term financial plan (LTFP) as part of its suite of strategic management plans (SMPs).<sup>3</sup> These documents must include:

- the sustainability of a Council's financial performance and position;
- the maintenance, replacement or development needs for infrastructure within its area;
- proposals with respect to debt levels; and,
- the identification of any anticipated or predicted changes that will have a significant effect upon the costs of the Council's activities/operations.

Section 44 of the Act provides that a Council cannot delegate the power "to borrow money or to obtain other forms of financial accommodation". Many Councils therefore, ensure that all proposed borrowings for a year are approved at the time the annual budget is adopted.

#### **Investments**

Under Section 47 of the Act a Council is prohibited from directly acquiring shares in a company.

(b) forward interest rate agreements;

<sup>&</sup>lt;sup>1</sup> (a) interest rate swaps;

<sup>(</sup>c) interest rate options;

<sup>&</sup>lt;sup>2</sup> See Local Government Financial Sustainability Information Paper No. 27: *Prudential Management Requirements* at <a href="www.lga.sa.gov.au/FSP">www.lga.sa.gov.au/FSP</a>. This paper contains as an attachment, a model Prudential Management Policy.

<sup>&</sup>lt;sup>3</sup> See LGA Financial Sustainability Information Paper 8: *Long-term Financial Plans* at www.lga.sa.gov.au/FSP.

Section 139 of the Act empowers a Council to invest and requires that the power of investment be exercised with the care, diligence and skill that a prudent person of business would exercise in managing the affairs of other persons. Section 139 also requires a Council to avoid investments that are speculative or hazardous in nature. Section 140 requires that a Council review the performance of its investments at least annually.

#### Treasury management and financial sustainability

A Council should be committed to operating in a financially sustainable manner. It should make expenditure decisions in line with the directions set out in its SMPs and the scheduled works in its Infrastructure and Asset Management Plan (I&AMP) while setting out its financing requirements in its LTFP.

Whether a borrowing needs to be raised, and if so the nature of it, is a separate decision to the expenditure one and it is made in accordance with the criteria specified in Councils' Treasury Management policy.

A Council should not make an operating or capital expenditure decision that would generate (or increase) an ongoing operating deficit without concurrently committing to other strategies that negate this impact (e.g. by increasing other revenue and/or decreasing other expenses). If a Council has an operating deficit it cannot normally afford more borrowings. If nothing else changes the financing costs alone exacerbate the existing operating deficit. If a Council has a projected long-run operating deficit it does not have the capacity to provide additional services and should not embark on such a course until it has developed a strategy to address the deficit and reflected this in its LTFP.

If a Council has a projected long-term operating surplus then it may be able to afford additional services without increased revenue but it would need to compare the proposal with the benefits and net costs of other alternatives, because there are always more demands and opportunities than available resources.

Even when operating in a financially sustainable manner, it will often be necessary for a Council to borrow money. This could occur for example in a year where the Council makes a decision, in accordance with its I&AMP, to increase its stock of assets or to replace/update existing assets. It also may be necessary for a Council to borrow for short periods during any year when operating outlays occur ahead of revenue inflows.<sup>4</sup>

Furthermore, a new borrowing may be affordable if the funds are required to help reduce a Council's operating deficit (e.g. the borrowing has resulted from the need for abnormally high levels of expenditure on maintaining/replacing assets which will lead to a reduction in future operating expenses).

#### Financing decisions

The traditional approach to determining expenditure affordability (based for example on cash costs of a project) and associated debt financing strategies has risks. These are often 'hidden' or under-recognised.

If a Council undertakes a borrowing while at the same time holding surplus financial assets there is an opportunity cost arising from the difference between the borrowing and investment interest rates achieved on each. If interest rates then fall (or increase), after

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<sup>&</sup>lt;sup>4</sup> See: 'Debt is Not a Dirty Word: The Role and Use of Debt in Local Government' published by the Australian Centre of Excellence for Local Government at www.acelg.org.au/news/use-debt-australian-local-councils

locking into a long-term fixed interest rate borrowing, there is a further effective (but unrecorded) opportunity cost (or gain).

In general, it is nearly always more cost effective for a Council to meet current expenditure needs by first using any surplus cash and investments currently available (even if these are surplus only for a short term) before undertaking a new borrowing (even if this simply defers the need to raise the borrowing for a short period of time).

#### **Capital outlays**

There is a 'cost of capital' (interest paid on a borrowing or investment income forgone) associated with all capital outlays. Where a Council wishes to track all costs associated with a capital project (for example for reporting purposes or pricing decisions) its costing information should recognise the 'cost of capital' utilised in the venture regardless of whether specific borrowings were raised for such purposes or not.

In determining the impact of a capital outlay on Council's finances in the future it is best to ignore financing arrangements. An expenditure evaluation decision must come first and is always separate from the financing decision. A simple and appropriate approach is to assess the affordability of capital projects in terms of their annual long-run impact on the Council's operating result. This would involve estimating the annualised long-run costs (e.g. depreciation, cost of capital, operating and maintenance costs etc) and comparing this with the increase in rate or other operating revenue required to leave the Council's operating result unaffected on average over time.

#### **Financial indicators**

LGA Financial Sustainability Information Paper 9: 'Financial Indicators' provides information on the financial sustainability indicators recommended for use by South Australian Councils in monitoring their financial performance and position. Councils may adopt a more or less conservative target for the Net Financial Liabilities ratio than suggested in that paper, depending on their financial governance capabilities, current and projected needs and financial capacity (and the soundness of their LTFPs and I&AMPs). The target ratio chosen by a Council needs to be managed in the context of the other financial targets, and in particular the Operating Surplus ratio target.

Adoption of the traditionally used 'debt servicing ratio' (interest or interest and principal repayments expressed as a percentage of either rate revenue or total operating revenue) as a financial indicator or target) is strongly discouraged. It is far less meaningful in the context of Councils' operating environment than the Net Financial Liabilities ratio. Furthermore its calculated result (when the numerator is based on both interest and principal repayments) is highly dependent on the term of duration and required pattern of repayment of borrowings raised.

#### Reserves

Councils should manage their finances holistically and in a strategically optimum way rather than practicing 'shoebox accounting' whereby monies are earmarked for particular needs and therefore are not available for others. All unrestricted revenues and investments should be applied to meet planned expenditure outlays and extinguish borrowings where possible.

Councils may, however, choose to use 'reserve accounting' as a useful means of recognising and planning for future proposals. A Council may therefore establish various equity accounts (or 'reserves') within its balance sheet to identify an allocation for future purposes. However,

it should not have separate bank/investment accounts for these 'reserves' unless required to do so under law, or as a condition of funding provided by an external funding body.

There are very few circumstances where a Council is legally required to quarantine funds. A typical case might involve some type of trust fund e.g. developer contributions for car parks. Councils can and should use funds traditionally earmarked, by way of example, for Community Wastewater Management Systems, Plant Replacement, Open Space Reserves, Long Service Leave and other typically cash backed balance sheet liability or equity accounts as part of their overall financing strategies. Nothing prevents Councils from using these funds to "finance" other activities and thereby achieving savings (because of the margin between borrowing and investment rates) until they are required for the original purpose. At this time a new borrowing could be raised if required.

#### Interest rate risk exposures

A Council is exposed to risk whenever it takes out a borrowing, regardless of whether it involves fixed or variable interest rates. Minimising exposure to interest rate risk requires a balance of both fixed and variable interest rate borrowings. Councils should set range limits for both fixed and variable interest rate borrowings having regard to cost effectiveness, risk management criteria and flexibility.

Future interest rate movements (particularly over the medium and longer-term) are always uncertain.

Locking into a long-term fixed interest rate borrowing, for example, effectively means that a Council is taking a view (effectively, a type of gamble) that variable rates over the period of the borrowing will be higher than the fixed rate negotiated. If a Council took out a fixed interest loan and interest rates on average fell over the duration of the loan, then the Council would become worse off compared to the position it would have been in, if it had taken out a variable interest rate loan over the same period (and vice-versa). Such a Council might not have been intending to gamble on interest rate movements, or appreciate that it was doing so, but choosing a fixed-interest rate borrowing does not remove risk. It removes only one risk; the risk of higher average rates for the term of the loan.

It is not possible for Councils to structure their overall portfolio of borrowings and investments in a way which is 'neutral' to interest rate changes. That is to say, Councils' interest rate risks cannot be eliminated. Councils must therefore structure their portfolio of borrowings and investments to achieve a balance between interest costs and the risk of interest rate changes. This means having a mix of interest rate exposures.

#### Fixed Interest Rate Borrowings

On average over time, fixed interest rate borrowings normally are slightly more expensive than variable rate ones because of the certainty they offer.

Fixed interest rate borrowings most commonly come in two forms:- 'credit foncier' and 'interest only'. Some lenders such as the <u>LGFA</u> also will structure fixed interest borrowings to suit the particular needs of a Council.

#### Credit Foncier Borrowings

In the public sector prior to the implementation of accrual accounting, credit foncier borrowings were widely considered to be the most appropriate form of borrowing on grounds of inter-generational equity. They were often used to finance the acquisition of long-term assets. The regular repayment of principal on such borrowings was effectively treated as a surrogate for depreciation notwithstanding that the principal

repayments on borrowings may not have borne any close relationship with actual depreciation (e.g. the life of asset may have been much longer than the borrowing period).

Under accrual accounting, principal repayments are not treated as an expense. Intergenerational equity is achieved by accurately recognising all operating expenses (including depreciation) and pricing/taxing to match them with operating revenue. Where an accrual break-even operating result is being achieved, the cost of consumption of assets is being met by ratepayers who benefit from their availability and use.

While the use of credit foncier borrowings does ensure the repayment of an individual borrowing it does not necessarily ensure a reduction in a Council's overall indebtedness. Where existing borrowings are being repaid, while at the same time new borrowings are raised, the overall value of outstanding borrowings may not vary significantly from year to year. In this case, in effect, the new borrowings would be largely offsetting regular principal repayments on the existing borrowings (although they would not have been explicitly intended for this purpose) because of the structure of the portfolio of borrowings.

Councils should be mindful of the above issues in determining the extent of any credit foncier borrowings in their overall portfolio of fixed interest rate borrowings.

#### Interest Only Borrowings

Interest only borrowings avoid regular principal repayments i.e. instead, the total principal would be repayable at maturity, at which time the borrowing can be repaid or rolled over, depending on a Council's projected cash flow needs.

Interest-only borrowings are a simpler and more appropriate form of debt for a Council that manages its finances on an accrual accounting basis. Such an approach avoids the need to continually arrange new borrowings to effectively provide finance to meet regular principal repayments on existing borrowings. It also results in significantly fewer borrowings, making the treasury management task easier.

#### Variable Interest Rate Borrowings

A Council's treasury management strategy should aim to keep debt levels both during a year and over periods of years as low as its budget and Long-term Financial Plan allow (and its budget and Long-term Financial Plan should be based on best meeting community needs in an equitable and financially sustainable manner).

There is usually a margin between borrowing and investment rates and Councils can generate savings by structuring their portfolios of borrowings so that cash inflows that are surplus to short or medium term needs can be applied in the first instance to reduce the level of borrowings that would otherwise be necessary. This means repaying borrowings wherever, and as soon as, surplus (even short-term) cash flow allows. This is more readily and effectively achievable with variable interest rate borrowings.

#### Long-term Interest Only Borrowings

Councils will have periods during a year when they have significant funds available for investment and may have significant amounts that are available on an ongoing basis.

If a Council includes in its debt structure, a long-term interest only borrowing where interest rates are re-set every three or six months, a proportion of principal will be able to be repaid if any surplus funds are available at the time rates are reset.

An even more flexible product is the <u>LGFA</u> Cash Advance Debenture. (Other financial institutions offer similar products.) Such a borrowing facility will typically have a long-term maturity date, the interest rate will vary from time to time (e.g. when there is a movement in official short term interest rates) and the amount of principal outstanding at any time would not be repayable until maturity. The outstanding balance on the facility may vary significantly during a year and between years with the timing and extent of cash inflows and outflows. A Council may repay or redraw funds up to the maximum value of the borrowing facility at any time. It effectively enables the Council to earn an implicit rate of interest on its surplus funds equal to the borrowing rate (typically more than 1.5% higher than rates earned on investing surplus funds) and draw additional funds whenever required.

The savings that are able to be generated from utilising variable interest rate borrowings in this way are likely over time to far more than offset interest rate risks from having a large proportion of Councils' debt portfolios at variable interest rates.

#### Proportion of Fixed Interest Rate and Variable Interest Rate Borrowings

Councils may choose, from time to time, to vary the proportions of their debt taken up by fixed or variable interest rate borrowings. In so doing they should have a clear understanding of the likely impact on net interest costs and their exposure to interest rate risks. For example a Council may prefer to increase its proportion of variable interest rate borrowings because this should, on average over the longer term, reduce its overall net interest costs and the Council is comfortable (having regard to its financial capacity and position) with the additional cost volatility from interest rate movements that this will bring.

If a Council has variable interest rate borrowings, a rise in interest rates will have a negative budget impact (and vice versa). However when compared with total operating costs, the impact normally will be small.

If a Council aims to achieve, say, a 50:50 split on average between the value of fixed and variable interest rate borrowings, it is inevitable that there will be specific short periods of time where the weighting will be heavily in favour of either fixed or variable rate borrowings (e.g. particularly where a large receipt is received earlier than expected or a large payment is delayed). In some instances this will be unavoidable (and may be to Council's financial advantage).

Councils should therefore establish a target range within which the proportions of their fixed and variable rate borrowings will lie. Good cash flow planning and good treasury management will minimise the duration of periods where the weighting of borrowings is outside of this target range.

A policy of having at least 30% of borrowings (say on average over a year) with a fixed interest rate and at least 30% with a variable interest rate can be represented diagrammatically as follows:

# OPTIMUM fixed fixed or variable variable 0% 30% 70% 100% PROPORTION OF TOTAL BORROWINGS

#### Investments

As there usually is a margin between borrowing and investment rates, a Council should seek to avoid holding investments (and particularly considerable investments over extended periods of time) if the Council has outstanding borrowings. The Council should instead apply the funds to retire some of its outstanding borrowings. A Council's ability to achieve this will depend on the nature of both its borrowings and its investments.

Interest rates offered on medium/longer term investments are often slightly higher than for short-term investments, but the difference is not usually significant enough to offset the difference between borrowing and investment rates. For this reason it is important that a Council ensures that funds are invested only for a short-term period, so that the funds can be applied, whenever possible, to cost-effectively defer the need to raise a new borrowing or reduce the level of a Council's variable interest-rate borrowing facility. Unless there is considerable understanding and certainty about the timing and value of future cash inflows and outflows, the most practical and cost-effective strategy is likely to be to invest any funds 'at call'.

#### What are the issues for Councils?

Every Council should consider developing and adopting a policy about treasury and debt management. Such a policy should have regard to issues raised in this paper, balanced against the needs and preferences identified in the Council's strategic management plans.<sup>5</sup>

#### Reporting

Councils may choose to report on their treasury management performance more frequently than annually e.g. biannually or quarterly in line with budget reviews. More frequent reporting than this is unlikely to prove worthwhile. The report on a Council's treasury management performance should be submitted through its Audit Committee.

#### Qualification

This paper is intended to provide a general overview of the principles of sound treasury and debt management in the context of the typical current operating environment of the South Australian Local Government sector. Some described concepts and situations have been simplified to meet the needs of a general audience and in order to keep the paper brief. Councils should not rely on the proposals suggested in this paper when making treasury management decisions without comprehensive consideration of their specific circumstances and needs.

#### **Acknowledgements**

Development of this paper has benefited from contributions by:

- Mr John Comrie of JAC Comrie Pty Ltd;
- Mr John Wright
- supported by a reference group from the <u>SA Local Government Financial</u> <u>Management Group</u>

and funding from the Local Government Research and Development Scheme.

<sup>&</sup>lt;sup>5</sup> A model draft Treasury Management Policy is provided as Attachment 1 to this Information Paper.

#### Attachment 1: Model Treasury Management Policy

#### [Council Name]

POLICY NAME: Treasury Management

APPROVED BY: [Council]
DATE: [Date]

**SUBSEQUENT AMENDMENTS** 

DATE: [Date]

**AUTHORISATION:** [Authorisation]

**SECTIONS AMENDED:** [Reference to aspects amended]

**REVIEW DATE:** [Date of next review]

**DOCUMENT OWNER:** [Position responsible for maintenance of the

document]

#### 1. INTRODUCTION

This policy provides clear direction to management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.

Council is committed to to operating in a financially sustainable manner and maintains a Long-term Financial Plan (updated at least annually) to assist it to determine affordable service levels and revenue raising needs. This Plan also provides projections of future cashflow availability and needs.

#### 2. POLICY OBJECTIVES

This Treasury Management Policy establishes a decision framework to ensure that:

- funds are available as required to support approved outlays;
- interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
- the net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.

#### 3. POLICY STATEMENTS

#### 3.1 Treasury Management Strategy

Council's operating and capital expenditure decisions are made on the basis of:

- identified community need and benefit relative to other expenditure options;
- cost effectiveness of the proposed means of service delivery; and

Attachment 1: Model Treasury Management Policy

 affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities ratio<sup>6</sup>).

Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:

- maintain target ranges for its Net Financial Liabilities ratio;
- not retain and quarantine money for particular future purposes unless required by legislation or agreement with other parties;
- borrow funds in accordance with the requirements set out in its Long-term Financial Plan;
- apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.

#### 3.2 Interest Rate Risk Exposures

Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

#### 3.2.1 Fixed Interest Rate Borrowings

To ensure an adequate mix of interest rate exposures, Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve and thereafter maintain on average in any year, not less than [x% - Council to determine percentage but may wish to consider a value of the order of 30%] of its gross debt in the form of fixed interest rate borrowings.

#### Decision Required:

Council will need to determine the <u>minimum</u> proportion of its gross debt that it wishes to hold, at any time, in the form of fixed interest rate borrowings. In determining this minimum proportion, Council will need to take account of, and achieve its preferred balance between:

- interest costs:
- the risk of interest rate changes;
- flexibility.

In order to spread its exposure to interest rate movements, Council will aim to have a variety of maturity dates on its fixed interest rate borrowings over the available maturity spectrum.

In circumstances where Council needs to raise new fixed interest rate borrowings it will consider using medium to long-term borrowings (3 years or more duration) that:

- have a fixed interest rate;
- · require interest payments only; and
- allow the full amount of principal to be repaid (or rolled over) at maturity.

<sup>&</sup>lt;sup>6</sup> The LGA's Financial Sustainability Information Paper No 9 *Financial Indicators* at <a href="www.lga.sa.gov.au/FSP">www.lga.sa.gov.au/FSP</a> provides further information on this (and other) financial sustainability indicators and associated targets.

Attachment 1: Model Treasury Management Policy

Council also will ensure that no more than [x% - Council to determine percentage but may wish to consider a value of the order of 25%] of its fixed interest rate borrowings mature in any year.

#### Decision Required:

Council will need to determine the <u>maximum</u> proportion of its fixed interest rate borrowings that it wishes to have maturing in any year in order to spread its exposure to interest rate movements.

#### 3.2.2 Variable Interest Rate Borrowings

Council will restructure its portfolio of borrowings, as old borrowings mature and new ones are raised, to progressively achieve, and then maintain, not less than [x% - Council to determine percentage but may wish to consider a value of the order of 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

#### Decision Required:

Council will need to determine the <u>minimum</u> proportion of its gross debt that it wishes to hold, at any time, in the form of variable interest rate borrowings. In determining this minimum proportion, Council will need to take account of, and achieve its preferred balance between:

- interest costs:
- the risk of interest rate changes;
- flexibility.

Council will establish, and make extensive use of, a [long-term variable interest rate borrowing facility / LGFA's Cash Advance Debenture facility] that requires interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

#### 3.3 Investments

Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.

When investing funds Council will select the investment type that delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.

Council management may from time to time invest surplus funds in:

- deposits with the Local Government Financing Authority; and/or
- bank interest bearing deposits.

Any other investment requires the specific approval of Council. Where Council authorises any investments of a type outside of those specified above, the amount so invested will be cumulatively limited to no more than [x% - Council to determine percentage but may wish to consider a value of the order of 20%] of the average level of funds expected to be available for investment by Council over the duration of the specific authorised investments.

#### Decision Required:

Council will need to determine the proportion of its investment funds that will be placed in various investment types. In determining this proportion Council will need to take account of:

- investment risk;
- likely return;
- relevant legislative requirements.

#### 3.4 Reporting

At least once a year Council's Audit Committee shall receive a specific report regarding treasury management performance relative to this policy document. The report shall highlight:

- for each Council borrowing and investment the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and.
- the proportion of fixed interest rate and variable interest rate borrowings at the
  end date of the reporting period and an estimate of the average of these
  proportions across this period along with key reasons for significant variances
  compared with the targets specified in this policy.

#### Attachment 2

# Illustrative Questions and Answers on the Application of the Model Treasury Management Policy

#### **QUESTION 1**

Some Councils have outstanding a lot of small value fixed interest rate borrowings (typically taken out for 5 to 15 year periods). They also hold various (often numerous) investments that are 'ear-marked' for specific purposes. What sort of structure of borrowings should such a Council aim to progressively achieve?

#### Answer:

Ideally the Council would, over time, move to a reduced number of fixed interest rate borrowings. These borrowings could, for example, be of similar value with maturity dates spread over a period of, say, ten years. Only one variable interest rate borrowing facility would be necessary and with a suggested maturity date of at least ten years. The amount of the facility could be set at, say, 70 per cent or more of the maximum level of the Council's estimated net financial liabilities as shown in its Long-term Financial Plan.

#### **QUESTION 2**

How should a Council go about phasing in changes in practices consistent with the model treasury management policy?

#### Answer:

If the value of a Council's borrowings exceeds the value of its investments it is likely to be better off by applying surplus funds to reduce the level of outstanding principal under its variable interest rate borrowing facility (such facilities, e.g. the LGFA's Cash Advance Debenture, typically allow part or full repayment of the outstanding principal at any time without penalty). Accordingly, many Councils may find it unnecessary to hold any investments.

If the value of a Council's investments exceeds its variable interest borrowings it should use the investment funds to pay down its variable interest borrowings to zero and retain the balance as an investment until these funds can be applied to avoid new borrowings that would otherwise be necessary. There is no value in seeking to 'cash out' outstanding fixed interest rate borrowings. This will not generate savings as any lender that agrees to do so would seek to be financially compensated and be left no worse off.

Councils that have utilised their investments and still require additional borrowings should look first to ensure that their level of variable interest rate borrowings is in line with the suggested target (between, say, 30% and 70% of total borrowings on average over a 12 month period) rather than raise additional fixed interest rate borrowings.

Where a Council's existing level of variable interest rate borrowings is already within the target range and/or proposed new borrowings are relatively large the Council should look to raise a combination of fixed and variable interest rate borrowings to ensure that the proportions of both are expected to remain within its target ranges in future. Nevertheless in so doing it may find it simpler to raise all of the new borrowing as a variable interest rate one in the first instance and then convert a proportion to a fixed interest rate by adding it to an existing fixed interest rate borrowing when it matures and needs to be rolled over. This would help the Council to avoid building up a large portfolio of small value fixed interest rate borrowings.

Councils are required to prepare Long-term Financial Plans which will show the extent of expected movements in their forecast stock of borrowings for the budget year and for each year of the Long-term Financial Plan. Councils should use this information to help plan the timing, duration, magnitude and mix of new fixed and variable interest rate borrowings (including any necessary as a result of the maturing of existing borrowings).

In addition to managing borrowing needs between years, Councils also need to optimise treasury management within a budget year. Each year they will have periods where they have high levels of net cash inflows (e.g. at times when rates or Grants Commission payments are due) and other times where they have net cash outflows. Their portfolio of borrowings should be structured to enable surplus funds received during periods of net cash inflows to be used to repay borrowings (even if for only a short periods) rather than to be invested if borrowings also exist. This can best be achieved by repaying variable interest rate borrowings during periods of net cash inflow and drawing additional such borrowings during periods of net cash outflow. As a result a Council that averages a 50:50 split between fixed and variable interest rate borrowings over a year may experience periods where there is a heavy weighting of fixed or variable interest rate borrowings in its total portfolio and periods where its portfolio of borrowings is considerably higher or lower than its budgeted end of year position.

# A guide to the responsible use of debt

### Introduction

Councils that found themselves with the requirement for significant levels of debt in the 1980s and early 1990's when interest rates were at historic highs, felt under pressure to minimise borrowings. The legacy of those times has been a factor in councils being averse to borrowing, even when interest rates are at historic lows. Yet the effective use of debt has meant that communities have been able to enjoy a wide range of services, from improved transport networks to CWMS schemes to recreational facilities, which have been paid for over time through structured borrowings, prudent rate increases and reasonable user charges.

The South Australian Local Government sector as a whole has very low levels of debt relative to their income and assets they are responsible for. If the sector's debt was represented by an individual's debt on their home loan, it would equate to something like \$15,000 worth of debt on a \$500,000 property. The LGFA applies stringent credit criteria to assess the ability of a council to meet its repayment requirements for any borrowings. Recently, applying those criteria on a state-wide basis, the LGFA calculated that the sector could comfortably borrow an extra 2 or 3 times current debt levels to provide further benefits for local communities.

This paper has been written by the LGFA to give a better understanding about the responsible use of debt by the South Australian Local Government sector.

The paper has been prepared for mayors, chairs, councillors and council management teams and sets out to answer some of the questions commonly asked by councils during our visitation program.

Debt is a renewable resource and is an effective financial tool that can be utilised by councils, when required.

Councils should not be afraid of debt, they should embrace its' responsible use.

## **Use of Debt**

Councils are infrastructure intensive organisations. For some councils the issues are largely the renewal of existing infrastructure; for some councils the issues are largely the provision of infrastructure to meet the demands of a growing population and for other councils the issues are largely the need to improve and upgrade infrastructure that does not meet the needs of a modern community. South Australian councils prepare long-term financial and asset management plans. These plans indicate to councils their need for funds to acquire, upgrade and renew their infrastructure. The prudent use of debt can allow councils to bring forward their plans to acquire, upgrade and renew their infrastructure and provide their communities with the services in an equitable manner.

Debt should be a key element in a council's long-term financial plan as its correct use helps with the acquisition of planned infrastructure and the renewal of existing infrastructure as it supports intergenerational rating equity. This ensures that ratepayers in the future, who will benefit from a council's infrastructure, effectively contribute to its provision or replacement rather than this burden falling just on ratepayers at the time of acquisition or replacement. To 'save' for infrastructure means that ratepayers who receive no benefit from the infrastructure are effectively 'paying' for it. One of the benefits of using debt financing is that interest costs and any principal repayments on borrowings are spread, to some extent, over the life of the asset and paid for by ratepayers who benefit from the services provided by the infrastructure.

#### **Intergenerational Equity:**

The term 'intergenerational equity' often arises in a discussion about local government financial performance and financial sustainability. It is important to bear in mind in such discussions that local government service provision is very asset intensive. Many local government services involve the provision of assets (e.g. roads) that provide benefits to communities over a long period of time.

Intergenerational equity in a local government context is often considered in the context of whether payment for the cost of services is recovered over time broadly in accordance with the benefits enjoyed by service recipients. In the case of the road example above it wouldn't be intergenerationally equitable if it was paid for by ratepayers over a short-term (e.g. by funds from ratepayers in one year) yet benefitted ratepayers over many years (the ratepayers over time will change and are not the same as the ratepayers when the road was built – even if they don't change it may be difficult or unfair to expect a person to pay 'up front' for services they will benefit from over many years).

Of course, an assessment of whether council rating and service provision policies are intergenerationally equitable can't be determined by looking at a single asset. Councils have many assets built at different points in time. The best assessment of whether a council's rating and charging decisions are intergenerationally equitable relative to service provision is by comparing underlying ongoing operating revenue with underlying ongoing operating expenses. Operating expenses include depreciation which simplistically results in the capital cost of an asset being recognised progressively over its useful life. If an organisation maintains a breakeven/small surplus operating result it is likely to be operating on an intergenerationally equitable basis. Large operating surpluses or deficits over several ongoing years imply a council is not operating on an intergenerationally equitable basis.

#### **Council Debt versus Individuals Debt:**

Councils have a significant advantage over individuals and private corporations in both access to debt and in servicing the debt. Councils taxing powers to raise rates provide them with a high level of certainty in their incomes. The fact that the LGFA secures loans over the general revenue of councils indicates the importance of that power to tax. Another important advantage is that a council is considered to have an unlimited life as an organisation; it will remain an 'on-going' entity.

Interestingly, there are very few business corporations in existence that have no or low debt policies. Well managed corporations will be continually scanning the environment in which they operate and their growth or expansion plans will include the use of profits, debt and equity as funding mechanisms. Although councils are corporations in their own right, with many in the state actually being very large corporations, they do not have the same flexibility in the way they finance their operations. Instead they must finance their infrastructure plans and requirements from rate income, government grants, their own cash resources and via the prudent use of debt. Just like corporations sometimes need to borrow to undertake investments so do councils. Borrowing for either cashflow or specific infrastructure projects is a normal operating activity and the local government sector should develop the same attitude.

#### **Long-Term Infrastructure and Long-Term Debt:**

Councils are encouraged to have treasury management policies and to consider borrowings as an organisational response to the need for funds for capital projects or cashflow, without specifically borrowing for a particular project. The term of any borrowings, whether fixed interest or whether floating interest rate borrowings are sought should be determined under the Councils' Treasury Management policy.

(LGA Financial Sustainability Information Paper No. 15 includes an illustrative model treasury management policy.)

#### **Interest Rate Risk:**

Interest rate risk is the potential loss in an investment or borrowing decision resulting from movements in interest rates. For example, investing surplus funds at a fixed interest rate when the next movement in interest rates is up or borrowing at a fixed interest rate when the next movement in interest rates is down.

It is not possible to avoid interest rate risk. Trying to anticipate interest rate movements is purely speculative and should not be practised by councils. The best that can be done is to pursue an investment or borrowing policy that attempts to minimise the adverse effect of movements in interest rates. If looking primarily at the interest rate risk associated with a council borrowing funds, interest rate risk can be managed by having a balanced portfolio of fixed and variable interest rate debt so that the adverse impact of movements in interest rates are minimised and that in the medium to long-term a Council's interest rate expense risk exposure is optimised.

Over the past 50 years, the Reserve Banks of Australia has only moved interest rates higher in periods of high inflation. Because increases to council rate revenue are usually linked to inflation, rate revenue should increase during times of high interest rates, which should offset the higher interest costs associated with floating rate debt. Despite this inherent risk mitigation councils would be adversely affected by large unexpected interest rate rises that occur within a year.

#### Financial viability of a Council:

Elected bodies around the state are usually concerned about fostering strong communities and maintaining/providing the appropriate infrastructure in a financially responsible way. However, what constitutes a strong viable council can often be misunderstood.

Debt levels and net financial liabilities ratio:

As described in this document there are many reasons why a Council will use debt, so looking at a Council's level of debt in isolation is a poor way to judge its overall financial performance and long-term viability.

Newly elected members often grapple with the large dollar figures of debt that a council may have but they should remember that even though an average sized Council may have around \$10 million dollars of debt they also have total assets of around \$360 million.

When people in the sector talk about debt they usual consider a council's net debt as a percentage of a year's operating income. The resulting ratio is the net financial liabilities ratio which equals total liabilities (including debt & other commitments) less financial assets (deposits and investments) divided by the operating income for the year.

The LGA recommends that net financial liabilities ratio is between zero and 100% of total operating income, but possibly higher in some circumstances.

There is no right or wrong target range for the net financial liabilities ratio. Different councils (or the same council at different points of time in its long-term financial plan) could appropriately have very different target ranges and each could be equally responsible and financially sustainable, depending upon their circumstances.

#### Operating result:

An operating surplus (or deficit) arises when operating income exceeds (or is less than) operating expenses for a period (usually a year). Just like any household or other organisation, a council's long-term financial sustainability is dependent upon ensuring that, on average over time, its expenses are less than associated income. In essence, this means that current day citizens fully meet the cost of services provided for them by their council in most circumstances.

If a council was operating with a significant deficit over several years and its strategic management and long-term financial plans did not provide clear proposals for this to be turned around then it would be inevitable that the council would face major financial shocks in the future. The council effectively would be in the same position as an individual or family living beyond their means. Sooner or later they would be caught by the consequences. For a council, the problem would likely come to a head when existing major assets failed. The council would then need to choose between large rate rises or not replacing assets thereby effectively lowering its standards of service to its community.

Focusing on a council's underlying operating result, over a number of years, is the best way to judge its financial performance as the operating result reflects the council's cost of service provision including the cost of maintaining existing assets, as the result allows for asset depreciation.

## Resources

Comrie, J., (2014), Debt is Not a Dirty Word: Role and Use of Debt In Local Government, UTS Sydney

Hope, D., (2002), Debt - A Renewable Resource, Unpublished

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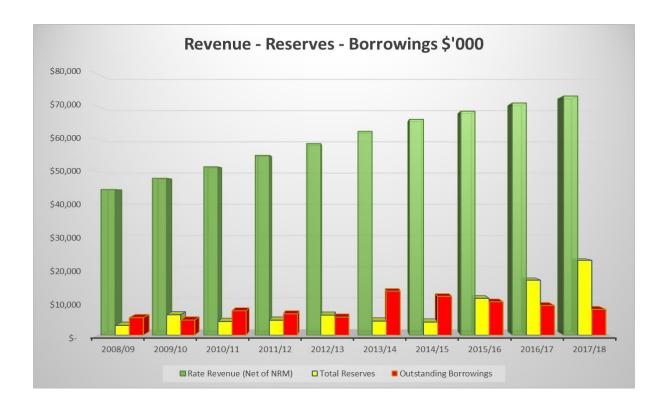
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"A guide to the responsible use of debt"
prepared by
Local Government Finance Authority of SA
Suite 1205, 147 Pirie Street Adelaide SA 5000
Ph: 08 8223 1550

Website: www.lgfa.com.au Email: admin@lgfa.com.au

October 2018

## **APPENDIX 7**





#### ALGA 2019 National General Assembly of Local Government - Call for Notices of Motions

Originating Officer Governance Officer - Victoria Moritz

Corporate Manager Corporate Governance - Kate McKenzie

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190212R08

#### REPORT OBJECTIVE

To provide an opportunity for Council to develop motions for submission to the 2019 National General Assembly of Local Government (NGA) that complement or build upon the policy objectives of state and territory associations for the benefit of local government nationally. The purpose of the report is to also determine if there is interest from members to attend the NGA and nominate a Council Member as delegate.

#### **EXECUTIVE SUMMARY**

The NGA will be held at the National Convention Centre in Canberra between 16 - 19 June 2019 and provides an opportunity for Council to contribute to the development of national local government policy by forwarding 'Notices of Motions' for consideration.

Proposed 'Notices of Motions' must meet certain criteria and be submitted to the Australian Local Government Association (ALGA) and received no later than 11.59pm on Friday 29 March 2019.

This report identifies the process that will be undertaken and the criteria to be met for submitting 'Notices of Motions' for consideration and inclusion in the NGA papers. It also includes information on attending the NGA to assist council in nominating a delegate if they choose to do so.

#### RECOMMENDATION

#### **That Council:**

- 1. Notes the report 'ALGA 2019 National General Assembly of Local Government call for Notices of Motions'
- 2. Submits the following motions for consideration at the ALGA 2019 National General Assembly of Local Government to be held on 16 19 June 2019:

3. On submitting the Notices of Motions to the Australian Local Government Association, the Chief Executive Officer be authorised to amend the wording (without changing the meaning or purpose of the motion) if required.

4. Nominates Councillor XX as the City of Marion delegate to attend the Australian Local Government National General Assembly 2019.



#### **DISCUSSION**

#### **Background**

The 2019 NGA is a major event on the annual local government calendar which will be held at the National Convention Centre in Canberra between 16 - 19 June 2019.

The NGA typically attracts more than 700 Mayors, Councillors and senior officers from councils across Australia. This event provides an opportunity for Council to contribute to the development of local government, receive updates and influence top policy issues facing local government at a national level by way of submitting one or several 'Notice/s of Motions'.

The theme for this year's event is 'Future Focussed' which acknowledges that the assembly will be held after a federal election and that we need to come together as a sector to ensure collaboration with the incoming government to deliver for our communities.

#### **Proposed Motion/s**

For a Motion to be eligible for inclusion in the NGA Business Papers, and subsequent debate on the floor of the NGA, motions must align to the discussion paper (Appendix 1) and meet the following criteria:

- 1. Be relevant to the work of local government nationally;
- 2. Be consistent with the themes of the NGA;
- 3. Complement or build on the policy objectives of your state and territory local government association:
- 4. Be from a council which is a financial member of their state or territory local government association;
- 5. Propose a clear action and outcome:
- 6. Not be advances on behalf of external third parties that may seek to use the NGA to apply pressure to Board members or to gain national political exposure for positions that are not directly relevant to the work of, or in the national interests of, local government.

Elected Members were asked to forward any proposed 'Notices of Motions' to Administration by Wednesday 6 February 2019 for inclusion in this report and consideration at the General Council Meeting on 26 February 2019. Currently there have been no 'Notices of Motions' received.

Following endorsement of any 'Notices of Motions' by Council, Administration will provide these on the required form to the ALGA by 11.59pm on Friday 29 March 2019. An assessment will be made by ALGA and state/territory governments prior to inclusion in the NGA Papers.

#### Delegate and Attendance at the NGA

On Occasions City of Marion has sent a delegate to the NGA. In 2018 Councillor Byram attended as Deputy Mayor.

In 2018, the total cost for registration fees, accommodation and airfares was \$2,397.28. Further details and information regarding this years registration and accommodation cost is included as Appendix 2.

Attendance at the NGA is in accordance with the Elected Members Professional Development Policy and will follow the Elected Members Professional Development Procedure.

Following attendance at a professional development activity, individual Elected Members are to prepare a report outlining the nature of the activity, the knowledge gained through attendance and any opportunities for application within the City of Marion. The reports prepared by individual Elected Members will be placed on the Agenda as soon as practicable after the completion of the training.



#### Conclusion

The NGA provides an opportunity for Council to participate and contribute to the future of local government at a national leve by developing and submitting Notices of Motions and attending the conference.

#### **Attachment**

#	Attachment	Туре
1	Appendix 1 - ALGA NGA Discussion Paper 'Future Focussed'	PDF File
2	Appendix 2 - General Assembly Registration Fees	PDF File





Call for Motions
Discussion Paper 2019

National General Assembly of Local Government **2019** 

16—19 June 2019

#### **KEY DATES**

**End of November 2018** Opening of Call for Motions

29 March 2019 Acceptance of motions close

16 - 19 June 2019 National General Assembly

# **SUBMITTING MOTIONS**

The National General Assembly of Local Government (NGA) is an important opportunity for you and your council to influence the national policy agenda.

To assist you to identify motions that address the theme of the NGA, the Australian Local Government Association (ALGA) Secretariat has prepared this short discussion paper. You are encouraged to read all of the sections of the paper, but are not expected to respond to every question. Your motion/s can address one or all of the issues identified in the discussion paper.

To be eligible for inclusion in the NGA Business Papers, and subsequent debate on the floor of the NGA, motions must meet the following criteria:

- 1. be relevant to the work of local government nationally
- 2. be consistent with the themes of the NGA
- 3. complement or build on the policy objectives of your state and territory local government association
- 4. be submitted by a council which is a financial member of their state or territory local government association
- 5. propose a clear action and outcome
- 6. not be advanced on behalf of external third parties that may seek to use the NGA to apply pressure to Board members or to gain national political exposure for positions that are not directly relevant to the work of, or in the national interests of, local government.

Motions should generally be in a form that seeks the NGA's support for a particular action or policy change at the Federal level which will assist local governments to meet local community needs. For example: That this National General Assembly call on the Federal Government to restore funding for local government financial assistance grants to a level equal to at least 1% of Commonwealth taxation revenue.

Motions should be lodged electronically using the online form available on the NGA website at: <a href="www.alga.asn.au">www.alga.asn.au</a>. All motions require, among other things, a contact officer, a clear national objective, a summary of the key arguments in support of the motion, and endorsement of your council. Motions should be received no later than 11:59pm on Friday 29 March 2019.

Please note that for every motion it is important to complete the background section on the form. Submitters of motions should not assume knowledge. The background section helps all delegates, including those with no previous knowledge of the issue, in their consideration of the motion.

All motions submitted will be reviewed by the ALGA Board's NGA Sub-Committee as well as by state and territory local government associations to determine their eligibility for inclusion in the NGA Business Papers. When reviewing motions, the Sub-Committee considers the importance and relevance of the issue to local government. Please note that motions should not be prescriptive in directing how the matter should be pursued. With the agreement of the relevant council, motions may be edited before inclusion in the NGA Business Papers to ensure consistency. If there are any questions about the substance or intent of a motion, ALGA will raise these with the nominated contact officer. Any motion deemed to be primarily concerned with local or state issues will be referred to the relevant state or territory local government association, and will not be included in the NGA Business Papers.

# INTRODUCTION

The purpose of this discussion paper is to provide guidance to councils developing Motions for Debate at the 2019 National General Assembly. This will be the 25th National General Assembly and will focus on the future of local government and local communities. It will consider what Councils can do today to get ready for the challenges, opportunities and changes that lie ahead.

Local governments across Australia already face a host of challenges including financial constraints, adapting to rapidly evolving technologies and community expectations of access to 24/7 services via websites, mobiles and call centres, changes in demographics and population size and preferred means of community engagement. It is unlikely that these challenges will disappear. In some cases, they will be compounded by climate change, the ageing population and further advances in disruptive technologies including artificial intelligences.

The challenges may also be exacerbated by increasing community expectations about the level and types of services and infrastructure provided by councils and the community's willingness to pay. The community, as council's customers, are increasingly growing accustomed to steadily falling prices for better products and services such as cars, computers, overseas travels. Exceptions to this are housing and in many cases government services such as health care and tertiary education. Another exception is council rates. While a number of states have capped rates, rates across the nation typically continue to rise.

In the case of rates, local communities can perceive that they are being asked to pay more money for the same product. The community may feel that they are paying enough and are therefore unlikely to be supportive of rate rises or swing behind the call for increased federal funding for local government ( $\geq 1\%$  FAGs).

## **KEY QUESTIONS**

# This therefore raises the questions of:

- 1. What can local governments do differently now, and in the future, to deliver more for less?
  - o Are there new business models and new partnerships, new technologies and the willingness to reduce, phase out or change existing practices, opportunities for more sophisticated service planning and more efficient procurement?
- 2. How can local governments collaborate, be entrepreneurial and embrace disruption and innovation?
- 3. How can the Commonwealth Government help local governments prepare for the future and why should they care?
  - o What are the opportunities for leveraging regional, state and national partnerships?

# THE PRESENT

## **Demographics**

In 2018 the Australian population reached the 25 million mark.

73% of the population lives in stand-alone houses, while 27% of the population live in homes such as flats, apartments, semi-detached, row houses and town houses. 38% of occupied apartments are in high rise blocks with four or more storeys. That's up from 18% in 2006.

67% of Austalians live in capital cities, 23% in other urban areas and 10% live in rural Australia. In total more than 90% of our population lives within 100km of the coast making us one of the world's most urbanised coastal dwelling populations. 86% of all Aussie households have internet access at home.

Australia has an aging population and we're also living longer with almost 4,000 people over the age of 100. In 2017, 308,000 babies were born. As a population, we're made up of more than six million families and they come in all shapes and sizes<sup>1</sup>.

## Diversity and culture

Australia has one of the most multicultural populations in the world with more than 300 different ancestries and 28% of our resident population born overseas — nearly 7 million people. Across the country more than 300 languages are spoken.

At the 2016 Census 50.7% of the population was female. However, gender equality advances have stalled across the local government sector. The rates of women in senior positions are far lower than any other tier of government. At the last round of local government elections, women accounted for just 32 per cent of all candidates and were elected to 30 per cent of positions. Even fewer (24 per cent) mayoral candidates were women but almost all were elected. Women account for 46 per cent of staff positions but this falls as the management level rises. Only 11 per cent of council chief executives are women<sup>2</sup>.

At the 2016 Census Aboriginal and Torres Strait Islander people made up 2.8 per cent of the Australian population (approximately 649,000 out of 23.4 million people). Only eight politicians who identify as Indigenous have served in the Federal Parliament with six of those having been elected since 2010<sup>3</sup>. With the exception of a small number of local governments it is expected that there are very few Aboriginal and Torres Strait Islanders holding elected or senior executive positions in local government (data is not available for this issue).

According to the 2016 Census, almost 50 per cent of Australians were born overseas or had a parent born overseas. Census data also indicates that almost one quarter of Australians speak languages other than English in their homes. State and federal parliaments and local governments should reflect contemporary Australia but fail to do so.

A 2016 report by the Australian Human Rights Commission revealed that 1.61 per cent of federal and state public service heads of department, and 0 per cent of federal Ministers and Assistant Ministers come from a non-European background. In the federal parliament 79 per cent of the 226 elected members in the Australian Parliament have an Anglo-Celtic background, 16 per cent have a European background and those from a non-European background make up less than four per cent of the total<sup>4</sup>. There are no statistics available about cultural diversity in local government.

Fair Work Australia statistics indicate that workers compensation claims involving alleged bullying in local government were among the second highest of all sectors in 2017, with 42.2 claims per 100 million hours worked in 2017, up from being the third highest in 2016<sup>5</sup>.

## Roles and funding

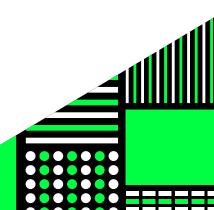
The scale and functional scope of local government spending has been subject to significant change over the last two decades. According to a report by the McKell Institute there has been a fourfold increase in spending by local governments in nominal terms (7.3% p.a. compound growth rate) from total outlays of A\$8.2 billion in 1994-95 to A\$33.6 billion in 2014-15 and \$35.9 billion in 2016-17 despite the fact that in some jurisdictions significant public service responsibilities (such as water and sewerage) have been stripped out from local government.

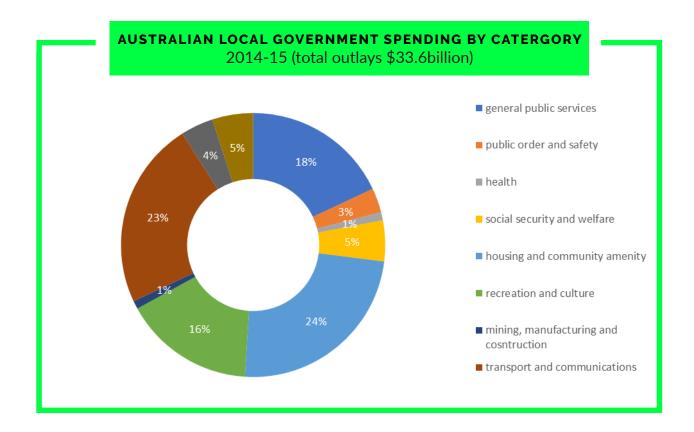
Causes for the increase in functions undertaken by local government<sup>6</sup> include cost shifting, the need to address market failure (particularly in rural areas where it is commonly not financially viable for the private sector to provide essential goods and services such as aged care or childcare) and increasing community demand which has been rising steeply over the past two decades.

A gap has emerged between the community's propensity to pay for various amenities and the cost to council in providing those services. This has resulted in local governments under-charging and failing to effectively demonstrate the cost to consumers.

#### **KEY QUESTION**

What can local governments do differently?



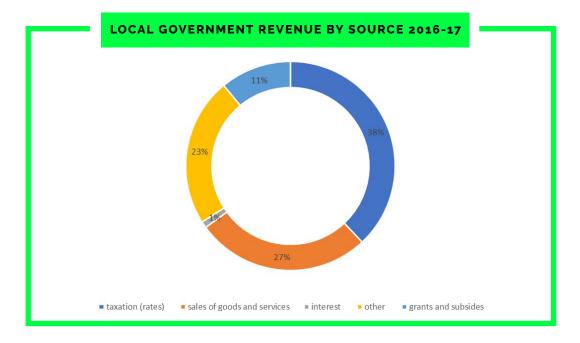


The following table demonstrates some of the key changes in local government expenditure between 2011-12 to 2016-17

	Proportion of total expenditure		
Expense by purpose	2011-12	2016-17	
Transport and communications	23.7%	21.5%	
Housing and community services	22.3%	24.2%	
General public service	18.3%	17.6%	
Recreation and culture	15%	16.6%	
Social security and welfare	5.3%	4.8%	
Other purpose	3.9%	4.2%	
Other economic affairs	3.6%	3.6%	
Public order and safety	2.6%	2.5%	
Public debt transaction	2.1%	1.8%	
Health	1.3%	1.2%	
Mining, manufacturing and construction	1.2%	1.0%	
Education	0.5%	0.6%	
Fuel and energy	0.1%	0%	
Agriculture, forestry and fishing	0.1%	0.1%	
Total in \$\$	\$30.6b	\$35.9b	

Pa 17

Between 2011-12 and 2016-17 local government revenue increased from \$36 billion to \$45.5 billion. Of this 88% (in 2011-12) and 89% (in 2016-17) was own source revenue<sup>7</sup>. Funding from the Commonwealth Government in the form of Financial Assistance Grants (FAGs) was \$2.14 billion in 2011-12 and \$2.29 billion (following the end on the freeze to indexation).



#### **KEY QUESTIONS**

How can the Commonwealth Government help local governments?

Why should they care?

Total assets increased from \$350 billion in 2011-12 to \$467 billion in 2017-18. It has been estimated that the gross replacement value of local government infrastructure for all Australian councils was \$438 billion in 2014. 11% or \$47 billion of assets are in poor or very poor condition and require renewal or upgrade. Seven per cent or \$31 billion of the asset stock has poor function requiring upgrading to meet current or emerging local and regional service level targets for safety, compliance, social, environmental and economic performance. A further seven per cent or \$31 billion of assets have poor capacity and require augmenting to support growth and meet service needs8.

# THE FUTURE

# **Demographics**

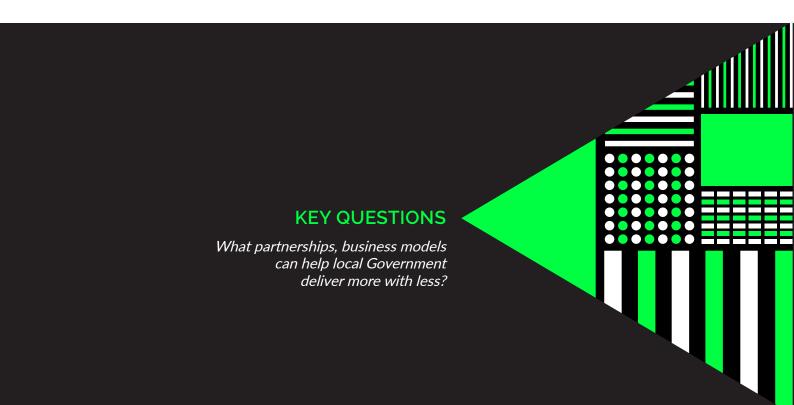
Population projections by the Australian Bureau of Statistics illustrate the growth and change in population which would occur if certain assumptions about the future level of fertility, mortality, internal and overseas migration were to prevail over a projection period. Based on an estimated resident population of 22.7 million people at 30 June 2012 the population has been projected to increase to between 36.8 and 48.3 million people by 2061 and to between 42.4 and 70.1 million by 2101.

The median age of Australia's population (37.3 years at 30 June 2012) is projected to increase to between 38.6 years and 40.5 years in 2031 (high growth and low growth respectively) and to between 41.0 years and 44.5 years in 2061.



Source: ABS Population projections, Australia 2012 3222.0

Assuming the current (2012) trends continuing, the population will grow in all states and territories except Tasmania. All capital cities except Darwin are projected to experience higher percentage growth than their respective state or territory balances, resulting in a further concentration of Australia's population within the capital cities. In 2012, 66% of Australians lived in a capital city. By 2061 this proportion is projected to increase to 74%.



		2061		
State	2012	Low growth scenarios (C)	Current trend (B)	High growth scenario
NSW total	7.3 million	10.8 million	11.5 million	12.6 million
Sydney	4.7 million	8.0 million	8.5 million	8.9 million
Balance	2.6 million	2.9 million	3 million	3.7 million
Victoria Total	5.6 million	9.0 million	10.3 million	12.1 million
Melbourne	4.2 million	7.6 million	8.6 million	9.8 million
Balance	1.4 Million	1.4 million	1.7 million	2.3 million
Queensland total	4.6 million	7.9 million	9.3 million	11.1 million
Brisbane	2.2 million	3.8 million	4.8 million	5.6 million
Balance	2.4 million	4.1 million	4.5 million	5.5 million
Western Australia total	2.4 million	5.4 million	6.4 million	7.7 million
Perth	1.9 million	4.4 million	5.4 million	6.6 million
Balance	500,000	975,000	950,800	1.1 million
South Australia total	1.7 million	2.1 million	2.3 million	2.6 million
Adelaide	1.3 million	1.7 million	1.9 million	2.2 million
Balance	377,900	373,700 *	387,400	451,200
Tasmania Total	512,200	460,900 #	565,700 #	714,000
Hobart	217,000	228,700	270,600	339,300
Balance	295,400	232,200	295,100	374,700
Northern Territory total	235,200	455,700	453,000	457,800
Darwin	131,900	254,800	225,900	182,000
Balance	103,200	203,000	227,100	273,700
ACT Total	375,100	612,400	740,900	904,100

<sup>\*</sup> In the low growth scenario, the population for the balance of South Australia is projected to increase marginally over the next twenty years, peaking at 398,100 in 2033, before declining to 373,700 in 2061.

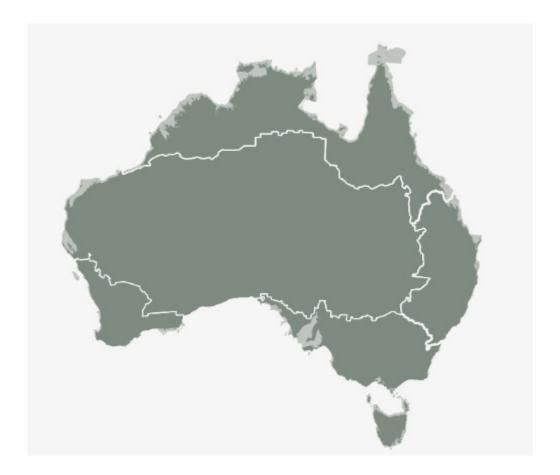
# In the current trend scenario (2012) Tasmania's population increases slowly before levelling out by around 2046 and then decreasing marginally from 2047 onwards. In the low growth scenario Tasmania's population increases only slightly over the first 15 years and begins to decline from 2028 onwards<sup>9</sup>.

In the high growth scenario, Australia's growth rate initially increases to 1.9% per year and remains above the 20-year average (1.3%) until the middle of the century. Over the second half of the century, growth rates gradually decline, reaching 1.0% in 2071 and 0.8% in 2101. In the current (2012) trend scenario Australia's annual growth rate decreases from 1.7% in 2012 to 1.0% in 2045, and to 0.5% in 2101. In the low growth scenario Australia's annual growth rate decreases at a faster rate, reaching 1.0% in 2031 and 0.2% in 2101.

## **Climate Change**

The CSIRO and Bureau of Meteorology have compiled different models for predicting the outcome of climate change in Australia. According to this work, droughts are predicted to increase in a large portion of southern Australia, ("medium" level of confidence). It is predicted that in the main the southern half of Australia will experience less rainfall in winter, spring or both (high or medium confidence). Every part of Australia will continue to experience increases in average temperature, and will have a higher frequency of hot days. This will also result in higher evaporation across Australia, which will continue to make drought conditions worse in the future.

People living in large cities can be more susceptible than non-urban dwellers to the effects of heatwaves as a result of the urban heat island effect. This is caused by the prevalence in cities of heat absorbing materials such as dark coloured pavements and roofs, concrete, urban canyons trapping hot air, and a lack of shade and green space in dense urban environments. It can result in substantially higher temperatures (particularly overnight) than surrounding non-urban areas.



https://www.climatechangeinaustralia.gov.au/en/climate-projections/future-climate/regional-climate-change-explorer/super-clusters/

#### Northern Australia

- Average temperatures will continue to increase in all seasons (very high confidence).
- More hot days and warm spells are projected with very high confidence.
- Changes to rainfall are possible but unclear.
- Increased intensity of extreme rainfall events is projected, with high confidence.
- Mean sea level will continue to rise and height of extreme sea-level events will also increase (very high confidence).
- With medium confidence, fewer but more intense tropical cyclones are projected.

# The Rangelands

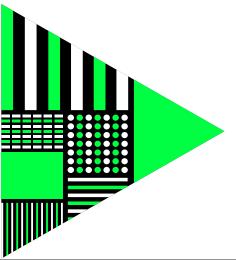
- Average temperatures will continue to increase in all seasons (very high confidence).
- More hot days and warm spells are projected with very high confidence. Fewer frosts are projected with high confidence.
- Changes to summer rainfall are possible but unclear. Winter rainfall is projected to decrease in the south with high confidence.
- Increased intensity of extreme rainfall events is projected, with high confidence.
- Mean sea levels will continue to rise and height of extreme sea-level events will also increase (very high confidence).

#### **Eastern Australia**

- Average temperatures will continue to increase in all seasons (very high confidence).
- More hot days and warm spells are projected with very high confidence. Fewer frosts are projected with high confidence.
- Average winter and spring rainfall is projected to decrease with medium confidence. Changes in summer and autumn are possible but unclear.
- Increased intensity of extreme rainfall events is projected, with high confidence.
- Mean sea level will continue to rise and height of extreme sea-level events will also increase (very high confidence).
- A harsher fire-weather climate in the future (high confidence).

#### **Southern Australia**

- Average temperatures will continue to increase in all seasons (very high confidence).
- More hot days and warm spells are projected with very high confidence. Fewer frosts are projected with high confidence.
- A continuation of the trend of decreasing winter rainfall is projected with high confidence. Spring rainfall decreases are also projected with high confidence. Changes to summer and autumn rainfall are possible but less clear.
- Increased intensity of extreme rainfall events is projected, with high confidence.
- Mean sea level will continue to rise and height of extreme sea-level events will also increase (very high confidence).
- A harsher fire-weather climate in the future (high confidence).



#### **KEY QUESTIONS**

How can local governments collaborate, build partnerships to address climate change?

Variable	2030 (intermediate emission scenario)	2090 (intermediate emission scenario)	2090 (high emission scenario)	
Adelaide				
Temperate	0.7	1.5	2.9	
Rainfall (%)	-4	-7	-9	
Days over 35°C (currently 20)	26	32	47	
Alice Springs				
Temperate	1	2.1	4.4	
Rainfall (%)	-2	-5	-4	
Days over 35°C (currently 94)	113	133	168	
Brisbane				
Temperate	0.9	1.8	3.7	
Rainfall (%)	-4	-9	-16	
Days over 35°C (currently 12)	18	27	55	
Cairns				
Temperate	0.7	1.4	2.9	
Rainfall (%)	0	-2	-2	
Days over 35°C (currently 3)	5.5	11	48	
Canberra	I	-1		
Temperate	0.8	1.8	3.8	
Rainfall (%)	-2	-6	-5	
Days over 35°C (currently 20)	7.1	12	29	
Darwin				
Temperate	0.9	1.8	3.7	
Rainfall (%)	0	-1	+4	
Days over 35°C (currently 11)	43	111	265	
Dubbo				
Temperate	1	2.1	4.2	
Rainfall (%)	-2	-4	-6	
Days over 35°C (currently 22)	31	44	65	
Hobart				
Temperate	0.6	1.4	2.9	
Rainfall (%)	1	-1	-2	
Days over 35°C (currently 1.6)	2	2.6	4.2	
Melbourne				
Temperate	0.6	1.5	3	
Rainfall (%)	-2	-7	-9	
Days over 35°C (currently 11)	13	16	24	
Perth				
Temperate	0.8	1.7	3.5	
Rainfall (%)	-6	-12	-18	
Days over 35°C (currently 28)	36	43	63	
Sydney				
Temperate	0.9	1.8	3.7	
Rainfall (%)	-3	-2	-3	
Days over 35°C (currently 3.1)	4.3	6	11	
Days over 33 C (currently 3.1)	4.0	Io	1 + +	

Source: Webb, L.B. and Hennessy, K. 2015, Projections for selected Australian cities, CSIRO and Bureau of Meteorology, Australia.

# **Employment**

Into the future, some of the most significant factors influencing employment will include change in industry structure, technological advances and globalisation. The trend towards employment requiring skills and training is also set to continue. The CSIRO estimates that while 44 per cent of Australian jobs are potentially at high risk of automation, this technology will also be responsible for the creation of new jobs. A projected growth area for regional economies is in the human services-related industries, particularly health care and social assistance for an ageing population. This will have significant implications for regional populations as service industries are more likely to cluster in regional centres than in smaller towns and rural areas. Tourism and related industries such as accommodation, food services and retail trade are also expected to continue to deliver economic growth in regional areas with help from the low Australian dollar. The knowledge economy, science, technology and finance will drive employment growth in urban areas.

# **Technology**

The pace of technological change at present is increasing and almost daily we hear of new technologies that will disrupt existing markets and change the way our communities live, work, play and travel. It is difficult to predict which of these new technologies will come to fruition, let alone the full impact that they will have. It is also difficult to predict what is likely to occur in the future in terms of the type of technological changes and the speed of change. Forward planning is therefore problematic but it is reasonably safe to assume that drones and electric vehicles and semi-or fully autonomous vehicles (self-driving cars) will be part of our future. These will have dramatic impact on the look and feel of our communities and the services and infrastructure needed to support them.

Local government services that utilise Artificial Intelligence (AI) are already emerging. AI has the ability to tap into social media to learn about problems in real time. When people post or tweet about issues in the local area AI powered systems can improve council response times and reduce costs. Predictive elements in AI help councils analyse infrastructure issues and fix small problems before they grow larger. Modern systems can track water pressure and alert workers to fix pipes before they burst. The application of blockchain should allow local councils to reduce a great amount of transaction costs in the delivery of local services, while also providing greater transparency and participation for citizens.

Contact centre chat bots (virtual customer service assistants) can help the public to pay parking fines and rates, or apply for a permit at any time Customer service Al can help community members find the information they need. Website Al can help individuals navigate online services. Some Al can even help residents with applications, guiding them through the process and suggesting additional services.

#### **KEY QUESTIONS**

How can local government embrace disruption and innovation?

Al technology is an opportunity to reimagine how future services can be delivered as well as gain value in:

- Reducing demand on services
- Improving efficiencies
- Enhancing the customer experience
- Driving better decision making from data insights

Al technology will not displace a team or service but complement it to truly be user-centric. It can reduce the burden of administrative tasks enabling staff to put their skills to more strategic and creative tasks and gain faster access to valuable insights. In doing so, the council is empowered to make better decisions for citizens.

Al has benefits for the workplace and citizens alike helping solve a problem and improving the lives of citizens. Al can have an enabling role in achieving this for local government today and for the 'council of the future.'

#### **REFERENCES**

PAGE FIVE - THE PRESENT:

- <sup>1</sup> Interesting Facts about Australia's 25,000,000 population http://www.abs.gov.au/websitedbs/D3310114.nsf/home/Interesting+Facts+about+Australia%E2%80%99s+population
- <sup>2</sup> Evans, M and Haussegger, V (2017) why are women so poorly represented in local government administrative leadership and what can be done about it? http://www.5050foundation.edu.au/assets/reports/documents/online-gender-diversity-co-design-workshop-1-.pdf
- <sup>3</sup> Joint select committee on constitutional recognition relating to the Aboriginal and Torres Strait Islander Peoples (2018) Interim report. The Parliament of the Commonwealth of Australia.
- <sup>4</sup> Australian Human Rights Commission (2016) The 'Leading for Change' blueprint
- <sup>5</sup> Clark, G (2018) Bullying endemic in councils, Fair Work turns staff away. Government News https://www.governmentnews.com.au/bullying-endemic-in-councils-fair-work-turns-staff-away/?utm\_medium=email&utm\_campaign=Newsletter%20-%2011th%20September%202018&utm\_content=Newsletter%20-%2011th%20September%202018+Version+B+CID\_250d36654e64011424c76af2e32234e8&utm\_source=Campaign%20Monitor&utm\_term=Bullying%20endemic%20in%20councils%20Fair%20Work%20turns%20staff%20away

# PAGE SEVEN - THE FURTURE:

- <sup>6</sup> The McKell Institute (2016) Giving local governments the reboot: improving the financial sustainability of local governments.
- <sup>7</sup> Australian Bureau of Staistics (2018) Government Finance Statistics, Australia, 2016-17 Catalogue No: 55120 http://www.abs.gov.au/ausstats/abs@.nsf/mf/5512.0
- <sup>8</sup> Australian Local Government Association (2015) National State of the Assets Report

PAGE SEVEN - POPULATION

<sup>9</sup> Source: ABS Catalogue 3222.0 - Population Projections, Australia, 2012 (base) to 2101 (LATEST ISSUE Released at 11:30 AM (CANBERRA TIME) 26/11/2013 ) http://www.abs.gov.au/ausstats/abs@.nsf/Products/3222.0Main%20 Features52012%20(base)%20to%202101?opendocument&tabname=Summary&prodno=3222.0&issue=2012%20 (base)%20to%202101&num=&view= (downloaded 4 September 2018)





AUSTRALIAN LOCAL GOVERNMENT ASSOCIATION
8 Geils Court Deakin ACT 2600 PHONE (02) 6122 9400
EMAIL alga@alga.asn.au WEB www.alga.asn.au

#### **REGISTRATION DETAILS**

#### **GENERAL ASSEMBLY REGISTRATION FEES**

Registration Fees –Early bird (payment received by Friday 10 May 2019)	\$989.00
Registration Fees – Standard (payment received on or before Friday 3 June 2019)	\$1099.00
Registration Fees – Late (payment received on or after Friday 3 June 2019)	\$1199.00

#### **General Assembly Registration Includes**

- Attendance at all General Assembly sessions
- Morning tea, lunch and afternoon tea as per the General Assembly program
- One ticket to the Welcome Drinks, Sunday
- General Assembly satchel and materials

#### **DAY REGISTRATION FEES**

Monday 17 June 2019	\$529.00
Tuesday 18 June 2019	\$529.00
Wednesday 19 June 2019	\$280.00

### **Day Registration Includes**

- Attendance at all General Assembly sessions on the day of registration
- Morning tea, lunch and afternoon tea as per the General Assembly program on that day
- General Assembly satchel and materials

# SUNDAY REGIONAL DEVELOPMENT FORUM REGISTRATION FEES (SUNDAY 16 JUNE 2019)

Forum Only	\$445.00
NGA Delegate (Delegates attending the	
Regional Form and the NGA are entitled to this	\$245.00
discount)	

## **ACCOMPANYING PARTNERS REGISTRATION FEES**

Accompanying Partners	\$280.00
Registration Fee	φ200.00

#### **Accompanying Partners Registration Includes**

- 1 ticket to the Welcome Reception, Sunday 16 June
- Day tour Monday 17 June
- Day tour Tuesday 18 June
- Lunch with General Assembly Delegates on Wednesday 19 June

# ACCOMMODATION DETAILS (as provided on the ALGA website)

Crowne Plaza		
	Superior Room	\$325 per night
	Deluxe Room	\$375 per night
Avenue Hotel		
	Superior King Room	\$280 per night
	1 Bedroom Apartment	\$330 per night
Waldorf Apartments		
	Studio Apartment	\$210 per night
	1 Bedroom Apartment	\$230 per night
Medina Apartment Hotel		
	1 Bedroom Apartment	\$225 per night
	2 Bedroom Apartment	\$299 per night
Qt Canberra		
	Standard Room	\$249 per night
Novotel		
	Standard Room	\$290 per night
	Executive Room	\$325 per night
Mantra on Northbourne		. 1 5
	Hotel Room	\$240 per night
	1 Bedroom Apartment	\$280 per night



#### CORPORATE REPORTS FOR INFORMATION/NOTING

# **Capital Works Review**

Originating Officer Unit Manager Statutory Finance and Payroll - David Harman

Corporate Manager Engineering and Field Services - Mathew Allen

General Manager City Services - Tony Lines

Report Reference GC190226R09

#### REPORT OBJECTIVE

To provide Council with a review of capital works costs.

#### RECOMMENDATION

#### **That Council:**

1. Notes this report.

#### **GENERAL ANALYSIS**

At its meeting on 7 August 2018 the Infrastructure & Strategy Committee (ISC) requested "a review of cost per unit, incorporating overheads and comparing internal versus external be undertaken". Overhead costs relate to both design and delivery, where delivery is particularly related to project management.

To determine the value of overheads to be included for design and delivery, works area managers have reviewed the programs by job and estimated the hours spent by their teams. Staff time was then costed up based on these time estimates and allocated to the relevant programs.

#### **DISCUSSION**

Overheads totalling \$598k in staff time spent on design (\$300k) and delivery (\$298k) was not included in the 2017/18 program cost. The addition of these overheads brought the total expenditure on the asset programs up to \$15.818M (making these overheads 3.8% of the total program cost).

A summary by program can be seen in appendix 1. In 2017/18 a total of \$2.2M of projects were constructed by internal staff, and a total of \$13.6M (86%) by external contractors.

Council has a number of methods for asset delivery listed below:

Road Reseals	Constructed by external contractors
Kerb & Water Table	Constructed by both internal staff and external contractors
New Footpath Construction	Constructed by external contractors
Renewal Footpath Construction	Constructed by both internal staff and external contractors
Bridges	Constructed by external contractors
Transport	Predominantly constructed by external contractors



Drainage	Constructed by both internal staff and external contractors
Wetlands	Constructed by external contractors
Bores	Constructed by external contractors
Streetscapes	Constructed by external contractors
Irrigation	Constructed by external contractors
Open Space Developments	Constructed by external contractors
Playgrounds	Constructed by external contractors
Public Toilets	Constructed by external contractors
Sports Facilities and Courts	Constructed by external contractors
Building Upgrades	Constructed by external contractors

Where staff physically deliver the assets (e.g. constructing drains) these costs are capitalised and included in the program budget reported (this figure was \$902k for the 2017/18 year as reported in Council's Annual Financial Statements).

Where programs have jobs that are delivered both internally and externally, because of the nature and scope of the work which can vary considerably from job to job, it makes it virtually impossible to compare unit rates. For example, drainage jobs vary in pipe diameter, depth, hazardous materials and alignment and this all impacts the unit rate for delivery. During 2017/18, five (\$1,032k) drainage projects were delivered by external contractors, and only three (\$768k) projects by internal resources.

In regards to a comparison of unit rates for works delivered internally versus externally the majority of programs are not split. There have been a number of programs where comparisons have been tested as part of Council's Service Review program, with further reviews being undertaken over the coming term of Council. Reviews have been conducted of internal rates for Kerb & Water Table, Renewal Footpath Construction and Drainage and internal costs were found to be higher. These have since been reduced and work is continuing on further cost reductions in these areas. At the Infrastructure and Strategy Committee meeting held on 5 February 2019, the committee suggested that a quote be obtained to compare internal drainage project costs with a contractor. This comparison will be undertaken before the end of June 2019.

Where works are delivered externally, to ensure Council is getting best value for money, projects are awarded through a competitive tender process, or suppliers selected from a pre-defined panel.

#### **Attachment**

#	Attachment	Туре
1	Capital Works Appendix 1	PDF File

	Program			(\$000s)		
	Pro S		De sign Employe e Cost not included	Delivery Employee Cost not include d	Total Program Cost	
	Road Reseals	4,478	-	34	4,512	
8 S	New Footpath Construction	212	1	5	218	
<u> </u>	Renewal Footpath Construction	744	-	16	760	
₹ %	Transport - includes walking trails, traffic calming devices, bus stops	500	30	9	539	
ENGINEERING & FIELD SERVICES	Drainage	1,267	69	32	1,368	
€ 5	Wetlands	382	4	6	392	
否 罡	Streetscapes	1,534	41	32	1,606	
	Irigation	792	3	3	797	
	TOTAL	9,909	148	136	10,193	
W	Open Space Developments	1,382	75	64	1,522	
SPAC	Playgrounds	928	60	66	1,055	
OPEN SPACE PLANNING	Public Toilets	232	1	2	235	
0	TOTAL	2,542	137	133	2,811	
Y SRTY	Sports Facilities & Courts	1,178	5	8	1,191	
CITY PROPERTY	Building Upgrades	1,592	11	21	1,623	
	TOTAL	2,769	15	29	2,814	
CITY OF	MARIONTOTAL	15,220	300	298	15,818	



# **Seaview High School Community Facilities**

Originating Officer Community Facilities Planner - Sean O'Brien

Corporate Manager Manager City Property - Megan Hayward

General Manager City Development - Abby Dickson

Report Reference GC190226R10

#### REPORT OBJECTIVE

To provide Council with a progress update on the development of a costed concept design for redeveloped community recreational facilities at Seaview High School.

#### **EXECUTIVE SUMMARY**

At the 18 August 2018 General Council meeting Council considered report on developing sporting facilities at Seaview High in partnership with the school and passed the following resolutions:

- 1. Endorses Option 1 for the proposed redevelopment of the courts at Seaview High and to build a multi-purpose clubroom to support community use of the courts and playing fields. That consideration be given to undertaking this option in two stages. Stage 1 including the tennis and netball courts, lighting and associated retaining. Stage 2 being the clubrooms.
- 2. Endorses an allocation of up to \$37,000 for the development a concept design and cost estimates for the preferred option, to be funded in 2018/19 through the budget review process.
- 3. Notes Seaview High School's contribution of \$37,000 towards the development of a concept design and cost estimates to redevelop the courts and a clubroom.
- 4. Request a report will be provided to Council in February 2019 on the concept design, cost estimates, funding options and School Access Agreement.

The endorsed option include the following scope of works:

- New large clubroom compliant for use by football, soccer, cricket and tennis
- 4 new compliant tennis courts
- 2 new multi-purpose courts
- New LED court lighting
- Additional car parking
- Landscaping
- New fencing and retaining walls
- Removal of existing courts

The new facilities will enable community and club use of the school courts and playing fields.

Seaview High School have indicated they will contribute up to \$500,000 if the project is on school property and Council contributes matched funds.

There is also grant funding opportunities for this project. The Office for Recreation, Sport and Racing *Community Recreation and Sport Facilities Program* helps eligible organisations to establish or improve sport and active recreation facilities. Organisations can apply for major facility developments up to \$1,000,000 with applications closing 17 April 2019.



Work is still progressing on developing the concept designs andfully costing the project in partnership with Seaview High School, Department of Education (DECD) and Department of Planning, Transport and Infrastructure (DPTI).

A report for the costed concept design will be brought to the Council meeting 26 March 2019 in time for a funding application to the Office for Recreation, Sport and Racing due 17 April 2017.

#### **RECOMMENDATION**

#### **That Council:**

1. Notes this progress report and that a full report will be brought to the 26 March 2019 General Council meeting detailing a costed concept design for Seaview High School to redevelop new tennis and netball courts with lighting, car parking, landscaping and a clubroom to support community use of the schools open space playing fields and courts.



# Work Health & Safety - Monthly Performance Report - January 2019

Originating Officer Unit Manager Risk - Sherie Walczak

Corporate Manager Corporate Governance - Kate McKenzie

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190226R11

#### REPORT OBJECTIVE

The objective of this monthly report is to provide Council with assurance that the City of Marion has effective strategies in place to meet its legal obligations as outlined in the Work Health and Safety Act (SA) 2012 and to monitor Council's core target of a 10% reduction of the Lost Time Injury Frequency Rate (LTIFR) from the previous year.

#### RECOMMENDATION

#### That Council:

1. Notes the report and statistical data contained therein.

#### DISCUSSION

Targets and performance indicators have been established in order to measure the continual improvement of the program. Performance against these targets are measured in two ways:

- positive performance indicators (PPI's); and
- lag performance indicators (LPI's) both of which are outlined in Appendix 1.

The current LTIFR is 5.4 with two lost time injury being recorded this financial year (as outlined in the attachment, it should be noted that one of these is yet to be determined). The LTIFR has reduced by 32% when compared to last years result of 7.9 at the same time and is 25% below the industry comparison LTIFR rate of 7.2.

Key initiatives implemented which have contributed to the reduction in LTIFR include:

- The ongoing implementation of SkyTrust WHS Management System.
- Safety Observation program where front-line staff are visited and observed by people leaders.
- Regular monitoring of the close-out of Corrective and Preventative Actions.
- Ongoing review of SWMS, SWPs and SOPs.
- Piloting of an internal WHS Audit and Contractor Surveillance program.

#### CONCLUSION

The ongoing significant reduction in Lost Time Injuries being 78% over the 2016/17 and 2017-18 reporting periods has been a commendable achievement for the City of Marion as it continues in its commitment to place the community and safety at the forefront of everything we do in line with our corporate values. In the 2018-19 reporting period, we will consolidate and further build on the good work that has been implemented and aim to achieve Council's KPI of 10% or greater reduction in LTIFR compared to the end of 2017-18 reporting period.



# **Attachment**

#	Attachment	Туре
1	GC260219R - WHS Monthly Performance Report – Jan 2019	PDF File

#### APPENDIX 1 – WHS Monthly Performance Report – January 2019

The Think Safe Live Well program's vision is 'through our thoughts words and actions, we can all make a difference and reduce harm'. It specifically focuses on further developing our leadership styles, organisational culture and WHS systems by:

- Developing our people to lead the change across the City of Marion
- Embedding a culture of safety and wellbeing as a part of normal business practice
- Continually improving our WHS Management System (WHSMS) to achieve best practice

#### POSITIVE PERFORMANCE INDICATORS

#### **Hazard and Near Miss Reports**

Historical statistics inform us that when there is a healthy culture of Hazard/Near Miss Reporting, there is a consequential reduction in injuries to Workers. Hazards and Near Misses are reported to date for this financial year and are outlined in Table 1 and can be compared against those reported last financial year which are outlined in Table 2.

Table 1: Hazard and Near Miss Reports - Financial Year 2018-19

Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total	Ave
17	9	13	12	3	10	6						70	10

Table 2: Hazard and Near Miss Reports - Financial Year 2017-18

Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total	Ave
21	14	11	9	8	3	5	11	10	16	10	14	132	11

#### **Lost Time Injuries Reported**

Lost Time Injuries (LTI's) are those injuries where a whole work day or more has been lost due to a workplace injury. LTI's reported to date for this financial year are outlined in Table 4 and can be compared against those reported last financial year which are outlined in Table 5.

Table 4: Number of LTI's per month - Financial Year 2018-19

Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
1	0	0	0	0	0	0						1

Table 5: Number of LTIs per month - Financial Year 2017-18

I	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Total
	0	1	0	0	1	0	1	0	1	0	0	0	4

Individual LTI's reported for 2018/19 are outlined in Table 6 below :

Table 6: Outline of LTI's reported - Financial Year 2018-19

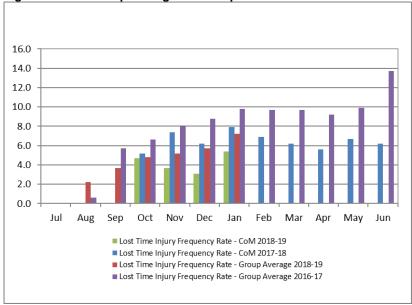
No.	Description of Incident	Mechanism of Injury	Injury Description
1	Trip and fall down internal stair well	Fall on differing level	Bilateral shoulder sprain and left knee sprain injuries.

Report Reference: GC260219R

#### **Lost Time Injury Frequency Rate**

Lost Time Injury Frequency Rate (LTIFR), is an industry standard tool for measuring LTI's within a given reporting period which enables comparison to other organisations. Council's LTIFR is outlined in Figure 1, from the LGA's Member Portal data once claims have been determined and can be measured and monitored against our industry counterparts being the Group A Councils (¹GaC).

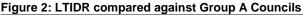
Figure 1: LTIFR compared against Group A Councils

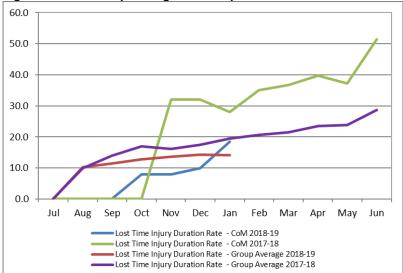


The current LTIFR for the City of Marion (represented in green) is **5.4** with two lost time injuries being claimed. It should be noted that although one workplace injury has been 'reported' there is another LTI which has been 'claimed'. The claim is yet to be determined/accepted and wasn't reported as a specific incident didn't occur in the workplace however it is for a degenerative condition associated with duties undertaken over a sustained period of time. The LTIR has reduced by **32**% when compared to last years result of **7.9** at the same time and is **25**% below the industry comparison LTIFR rate of **7.2**.

#### **Lost Time Injury Duration Rate**

The Lost Time Injury Duration Rate (LTIDR), is an industry standard tool for measuring the average days lost from LTI's within a reporting period to enable comparison to other organisations. Council's LTIDR is outlined in Figure 2, data is sourced from the LGA's Member Portal once claims have been determined and can be measured and monitored against our industry counterparts being the GaC.



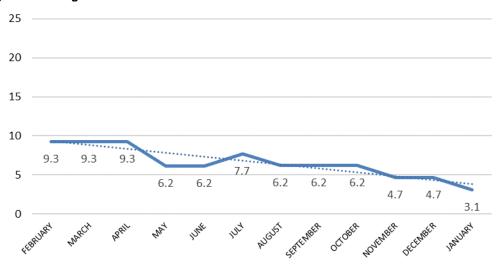


The current LTIDR for the City of Marion (represented in blue) is **18.5** which is **40%** less than the **28.0** recorded at the same time last year howver it is **23%** above the industry comparison LTIDR rate of **18.5**.

#### **Rolling Lost Time Injury Frequency Rate**

Rolling LTIFR, outlined with a solid blue line in Figure 3 from internal incident report data, provides analysis of the average LTIFR over the last 12 months. The dotted blue 'median' line tracks the downward trend.

Figure 3: Rolling LTIFR

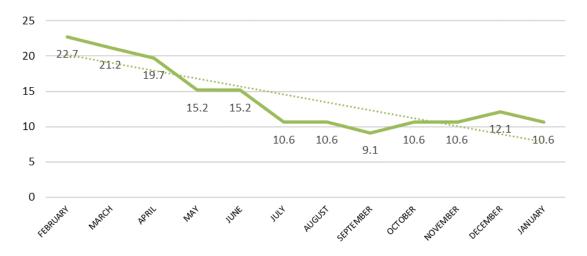


The current rolling LTIFR for the City of Marion is **3.1**, which represents a **66.67%** reduction over the previous 12 months.

# **Rolling Total Recordable Incident Frequency Rate**

Total Recordable Incidents include fatalities, LTI's and incidents resulting in the employee receiving medical treatment and/or is certified as only fit to undertake suitable duties. The Rolling Total Recordable Incident Frequency Rate (TRIFR), outlined with a solid green line in Figure 4 from internal incident report data, provides analysis of the average TRIFR over the last 12 months. The dotted green 'median' line tracks the downward trend.

Figure 4: Rolling TRIFR



The current rolling TRIFR for the City of Marion is **10.6** which represents a **53.3%** reduction over the previous 12 months.

Report Reference: GC260219R



# **Questions Taken on Notice Register**

Originating Officer Governance Officer - Victoria Moritz

Corporate Manager Corporate Governance - Kate McKenzie

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190226R12

#### REPORT OBJECTIVE

To receive and note the information contained within the *Questions Taken on Notice Register* provided in Appendix 1.

#### **EXECUTIVE SUMMARY**

The 'Code of Practice – Procedures At Council Meetings 2017/18' states that:

4.7 Questions without Notice that were not answered at the same meeting will be entered into a register. This register will be tabled as an information report at the following meeting.

Under Regulation 9 of the Local Government (Procedures at Meetings) Regulations 2013 (the regulations):

- (3) A member may ask a question without notice at a meeting.
- (4) The presiding member may allow the reply to a question without notice to be given at the next meeting.
- (5) A question without notice and the reply will not be entered in the minutes of the relevant meeting unless the members present at the meeting resolve that an entry should be made.

#### **RECOMMENDATION**

#### **That Council:**

1. Notes the report "Questions Taken on Notice Register".

#### **Attachment**

#	ŧ	Attachment	Туре
1		Questions Taken on Notice Register - Appendix 1	PDF File

# **Questions Taken on Notice Register**



# Appendix 1

Report Reference	Meeting Date	Councillor	Responsible Officer	Question taken on notice during the meeting	Response
GC190212M04	12 February 2019	Jason Veliskou	Victoria Mastermann	What is the cost of the planter boxes in Hendrie Street?	The cost of an additional planter box, which includes the supply and installation of the planter box, soil, citrus tree, irrigation and new timber plaque is \$1,400.00. In this instance, a review of the site would be required to find an appropriate location.  The cost to supply and install a new timber plaque on one of the existing planter boxes is \$400.00.



### **Finance Report - January 2019**

Originating Officer Junior Accountant - Melissa Virgin

Corporate Manager Manager Finance - Ray Barnwell

General Manager Corporate Services - Vincent Mifsud

Report Reference GC190226R13

#### REPORT OBJECTIVE

This report provides Council with information relating to the management of financial resources under its control as at January 2019. This report is one of a series of reports designed to assist Council in achieving and maintaining a financially sustainable position. Other reports assisting in this process include the Quarterly Budget Reviews and the LongTerm Financial Plan.

It is considered appropriate that financial information regarding Major Projects be presented on a monthly basis in this report. The principles used for assessment of reportable projects are according to the following criteria:

- Council has agreed to proceed with the project and approved a Section 48 Prudential Report.
- The Whole-of-LifeCost is greater than \$4 million dollars (including grant assisted projects).
- Has a project life of more than 12 months.

#### RECOMMENDATION

#### **That Council:**

1. Receives the report "Finance Report – January 2019"

#### **GENERAL ANALYSIS**

#### **BACKGROUND**

This report is presented on a monthly basis to provide Elected Members with key financial information to assist in monitoring Council's financial performance against budget.

# **DISCUSSION:**

Appendix 1 contains a financial report to identify Council's performance against budget utilising a "Funding Statement". It provides a review against all of the elements contained within the Statement of Comprehensive Income and Statement of Financial Position that are adopted as part of the Annual Budgeting process. The detailed Capital Works graphs provide a weighting of the projects against budget. As an example, a graph with a total budget of \$100k spread over two projects, where Project A has a budget of \$90k it now accounts for 90% of the works when complete and project B with its budget of \$10k now accounts for 10% of the works when complete.

#### **APPENDICES**

Appendix 1: Monthly Financial Reporting

Appendix 2: Capital Works Reporting including Major Projects Appendix 3: Debtors Reports for Sundry Debtors & Rates Debtors

#### **Attachment**



#	Attachment	Туре
1	Finance Report_January Appendix 1 Pt 1, 2, 3, 4	PDF File
2	Finance Report_January Appendix 2 Pt 1, 2	PDF File
3	Finance Report_January Appendix 3 Pt 1, 2	PDF File

#### Funding Statement - Actual versus Budget

The Funding Statement provides a view of Council's financial performance against the approved budget and is consistent with the information provided at budget reviews. It provides a review against all of the elements contained within the Statement of Comprehensive Income and the Statement of Financial Position that are adopted as part of the Annual Budget Report. It details Council's:

Statement of Comprehensive Income -

The operating result is recognised as one of Council's key financial indicators. The budget framework includes a commitment to its ongoing Financial Sustainability maintaining an Operating Surplus Ratio of between 0% and 5%, on average over each five-year period, which for 2018/19 means a targeted operating surplus of between \$0 and \$4.577m.

**Comment:** Council currently has a net operating surplus result of \$8.880m before capital revenues, against a year to date forecast budget of \$6.018m surplus. This position is detailed in the attached Funding Statement and variation notes.

Capital Budget -

The Capital Budget is linked to Council's key financial indicator – "Asset Sustainability Ratio" and an actual to budget comparison reflects Council's progress in achieving its Capital program.

**Comment:** The actual to budget position reveals that 84.70% of the year to date Capital Renewal Budget has been spent.

The actual progress to date of Council's full Capital New and Renewal Expenditure program is detailed by asset class in the attached graphs (appendix 2).

Loans -

The loans component of the Funding Statement identifies any new proposed loan receipts or principal payments. Council's borrowings are included in Council's key financial indicator – "Net Financial Liabilities" which reflects Council's total indebtedness.

**Comment:** No new borrowings are included in the 2018/19 budget and principal repayments of \$1.100m mean that the overall loan liability balance is forecast to decrease by \$1.100m to \$6.805m at 30 June 2019.

Reserves & Cash -

Various fund movements such as surplus budget review results, unspent grants and carryover projects at year end are reflected as transfers to reserves, whilst utilisation of reserve funds are recognised as transfers from reserves.

Cash may be utilised to fund expenditure within the context of Treasury Management to ensure loans are not drawn down where temporary cash holdings are available.

**Comment:** Councils Reserves are detailed in the below table. Transfer to Reserves of \$0.359m and Transfers from Reserves of \$23.483m are forecast to occur in 2018/19, and after accounting for amounts quarantined for specific projects or works, there is \$5.564m available.

		Ass	set Sustainal	oility Reserve			Onen	Grants &		
Reserves (\$000s)	Major Infrastructure Failure	General	Other Major New Projects		CFPP TOTAL ASR		Open Space Reserve	Carryover Reserve	TOTAL ALL RESERVES	
Opening Balance	2,000	7,178	647	5,160	6,672	21,657	1,218	12,256	35,132	
Savings from 2017/18 audited accounts	0	2,764	209	0	0	2,973	0	0	2,973	
Budgeted transfers to reserve	0	0	320	0	19	339	20	0	359	
Budgeted transfers from reserve	0	(4,525)	(40)	(5,135)	(1,590)	(11,290)	0	(12,193)	(23,483)	
Current Budgeted Closing Balance	2,000	5,417	1,136	25	5,101	13,679	1,238	63	14,980	
Quarantined Funds	(2,000)	(2,993)	(165)	0	(3,690)	(8,848)	(505)	(63)	(9,416)	
Projected Available Balance	0	2,424	971	25	1,411	4,831	733	0	5,564	

The 2018/19 1st budget review forecasts a net cash surplus of \$0.582m.

<sup>\*</sup>CFPP: Community Facilities Partnership Program

<sup>\*</sup>Other includes Walking & Cycling, Energy Efficiency and Oaklands Wetlands- Water Supply Opportunities

# Funding Statement as at 31 January 2019

Original		Budget		YTD	YTD	YTD		Annual	
Adopted	Carryovers	Review		Actual	Budget	Variance		Budget	
Budget \$'000	\$'000	Adjustments \$'000		\$'000	\$'000	\$'000		\$'000	Note
	7	<del>- + + + + + + + + + + + + + + + + + + +</del>	Operating Revenue	7 000	<b>+ + + + +</b>			<b>***</b>	
77,172	-	-	Rates	45,060	45,070	(10)	U	77,172	
2,121	-	102	Statutory Charges	1,414	1,441	(27)	U	2,223	
2,175	-		User Charges	1,402	1,275	127	F	2,194	Α
8,658	(1,522)	(40)	Operating Grants & Subsidies	5,427	5,358	69	F	7,096	
704	-	4	Investment Income	583	499	84	F	708	
540	-	5	Reimbursements	392	283	109	F	545	В
878	-	384	Other Revenues	665	692	(27)	U	1,262	
344	-	-	Net gain - Equity Accounted Investments	-	-	-	-	344	
92,592	(1,522)	474	-	54,943	54,618	325	F	91,544	
			Operating Expenses						
34,896	-	-	Employee Costs	18,937	20,242	1,305	F	34,896	С
20,518	1,643	525	Contractual Services	10,646	11,614	968	F	22,686	D
4,533	-	177	Materials	2,655	2,522	(133)	U	4,710	E
467	-	-	Finance Charges	225	225	-	-	467	
17,106	-	(2,049)	Depreciation	8,706	8,783	77	F	15,057	
10,680	-	182	Other Expenses	4,894	5,214	320	F	10,862	F
88,200	1,643	(1,165)		46,063	48,600	2,537	F	88,678	
4,392	(3,165)	1,639	Operating Surplus/(Deficit) before Capital Revenues	8,880	6,018	2,862	F	2,866	
			Capital Revenue						
-	-	917	Capital Grants & Subsidies	985	917	68	F	917	
-	-	-	Contributed Assets	20	-	20	F	-	
-	-	(1,052)	Gain/(Loss) on Asset Disposal	(928)	(1,052)	122	F	(1,052)	
-	-	(135)		77	(135)	210	F	(135)	
4,392	(3,165)	1,504	Net Surplus/(Deficit) resulting from operations	8,957	5,883	3,072	F	2,731	
17,106	-	(2,049)	add Depreciation	8,706	8,783	(77)		15,057	
-	-	1,052	add (Gain)/Loss on Asset Disposal	928	1,052	(122)		1,052	
(344)	-	-	less Share of Profit Equity Accounted Investments		-	-		(344)	
21,154	(3,165)	507	Funding available for Capital Investment	18,591	15,718	2,873	F	18,496	
			Capital						
18,394	3,095	281	less Capital Expenditure - Renewal	11,202	13,225	2,023	F	21,637	G
12,694	4,509	965	less Capital Expenditure - New	4,145	9,549	5,404	F	18,301	Н
•	,		less Capital - contributed assets	20	-	(20)	U	-	
			add Proceeds from Sale of Surplus Assets	-	-	-	-	-	
(9,933)	(10,769)	(740)	Net funding increase/(decrease)	3,224	(7,056)	10,280	F	(21,442)	
								<del></del>	

Original Adopted Budget	Carryovers	Budget Review Adjustments		YTD Actual	YTD Budget	YTD Variance	Annual Budget	
\$'000	\$'000	-	_	\$'000	\$'000	\$'000	\$'000	Note
			Funded by					
			Loans					
-	-	-	Loan Principal Receipts (Net)	-	-	-	-	
-	-	-	Loan Receipts/(Payments) from Sporting Clubs (Net)	-	-	-	-	
(1,100)	-	-	Loan Principal Repayments	(542)	(542)	-	(1,100)	
(1,100)	-	-	Loan Funding (Net)	(542)	(542)	-	- (1,100)	
			Movement in level of cash, investments and accruals					
668	-	(86)	Cash Surplus/(Deficit) funding requirements	25,236	15,546	9,690	582	
(11,701)	(10,769)	(654)	Reserves Net - Transfer to/(Transfer from)	(22,554)	(23,144)	(590)	(23,124)	
(11,033)	(10,769)	(740)	Cash/Investments/Accruals Funding	2,682	(7,598)	9,100	(22,542)	
9,933	10,769	740	Funding Transactions	(3,224)	7,056	(10,280)	F 21,442	ı

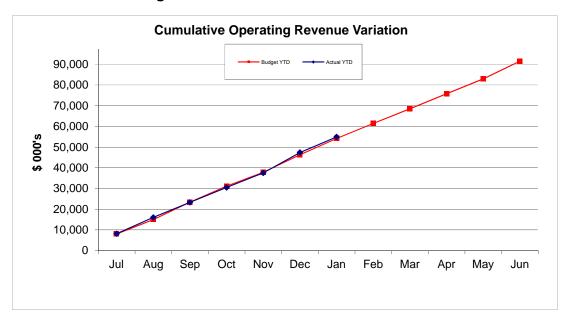
#### **Variation Notes**

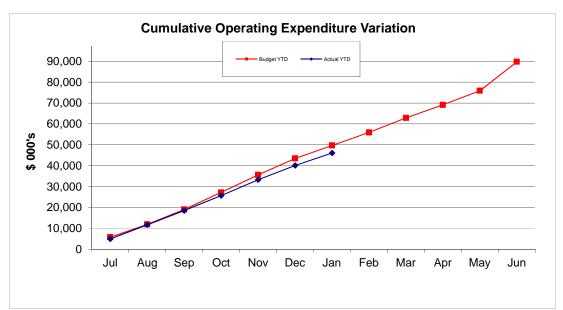
Α	User Charges	Favourable \$127k	Predominately reflects budget-timing variances with regard to sales, tuition income and admission charges for the Marion Outdoor Pool.
В	Reimbursements	Favourable \$109k	Reflects variances with regards to the unbudgeted receipt of Local Government Asset Mutual Fund and Mutual Liability Scheme Special Distributions (\$58k) and a number of other variances which are individually insignificant.
С	Employee Costs	Favourable \$1,305k	Predominantly reflects budget-timing variances in addition to savings from temporarily vacant positions.
D	Contractors	Favourable \$968k	Reflects budget-timing variances with regards to Streetscape Tree Planting (\$139k), Cleaning Agreements (\$135k), Urban Activation (\$134k), Waste Agreements (\$116k), SA Business Advisory Service (\$109k), Southern Adelaide Economic Development Board (\$104k), Heron Way Reserve Stage 4 (\$75k), and a number of other variances that are individually insignificant.
E	Materials	Unfavourable \$133k	Predominately reflects budget-timing variances with regards to SA Water (\$45k), Concrete (\$37k), Electricity (\$30k) and Fuel/Oil (\$29k).
F	Other Expenses	Favourable \$320k	Reflects budget-timing variances with regards to council's contribution to the Edwardstown Oval Soldiers Memorial Redevelopment (\$108k), Edwardstown Club furniture and equipment (\$70k), Club Facility Management (\$51k) and a number of other variances which are individually insignificant.
G	Capital Expenditure (Renewal)	Favourable \$2,023k	Reflects budget-timing variations with regards to Footpath Construction (\$455k), Information management capital purchases (\$364k), Reserve Development Projects (\$350k), Admin Foyer Redevelopment (\$330k), Road Reseals (\$281k) and a number of other variances which are individually insignificant.
Н	Capital Expenditure (New)	Favourable \$5,404k	Reflects budget-timing variations with regards to the Sam Willoughby International BMX track (\$2,731k), LED Lighting Transition (\$1,327k), Streetscape Development (\$759k) and Reserve Development Projects (\$733k)
I	Funding Transactions	Favourable \$10,280k	This variance is the sum total of all variances and reflects an increase against council's expected YTD cash position.

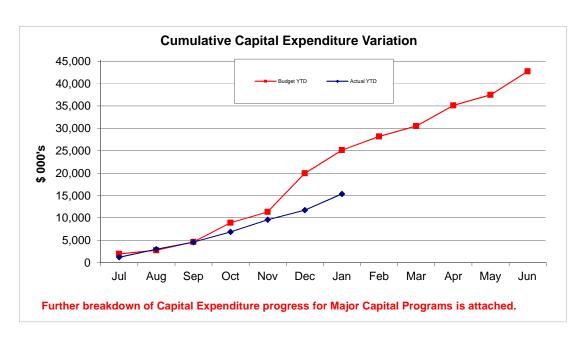
The above comments referring to budget timing variations are where some monthly budget estimates are not reflective of the actual expenditure patterns as at the reporting date.

Note: The progress to date of Capital Expenditure programs (New and Renewal) is detailed in the attached graphs, noting that where no budget exists in the initial months this is primarily due to certain types of capital works that cannot be carried out during periods of inclement weather.

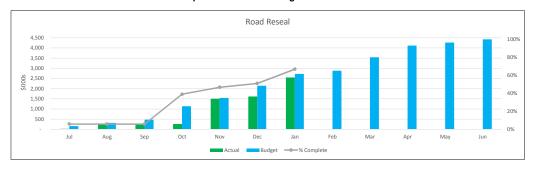
# **Funding Statement Cumulative Position - 2018/19**



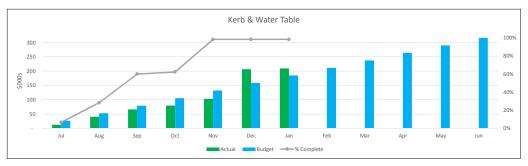




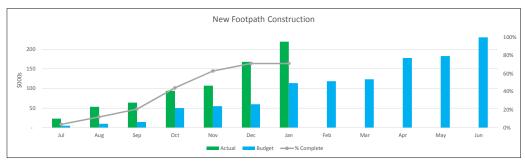
#### Capital Construction Progress - 2018/19



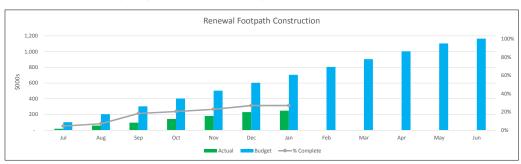
- Program in progress and on track - 67% complete



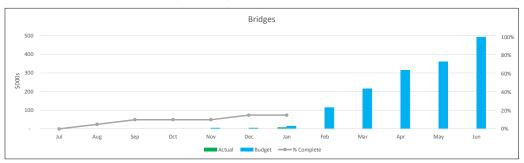
- Program in progress 98% complete Menzies Court full reconstruction is complete, Moreland Avenue is in progress. Budget timing to be adjusted as part of the budget review process.



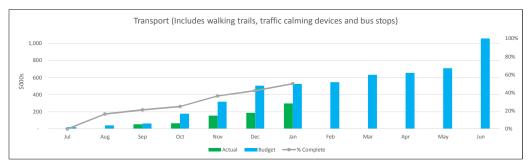
- Program in progress 71% complete
- Works are being scheduled for Bathbank Crescent, Lonsdale Road, Currie Court, Brayden Court, Main South Road, Emma Street & Ruth Court and Thermopylae Crescent. Budget timings to be adjusted as part of the budget review process.



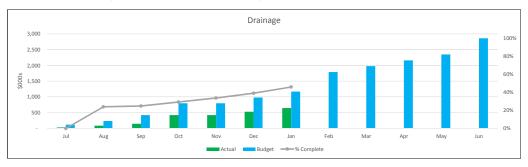
- Program in progress 27% complete
   A Contractor has been identified to increase the progress of the program.



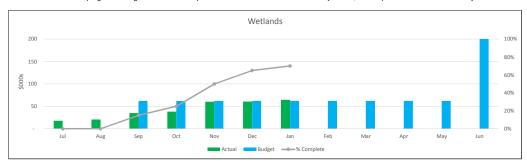
- Tender for both bridges has been awarded, completion is expected in May 2019.



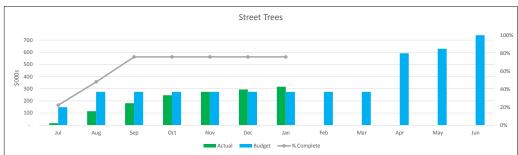
- Program in progress 50% complete
- Designs have been completed for Sturt River Linear Path, Grand Central Shamrock Hallett Cove, Kangaroo Thorn Parking Bay and Calm Grove Crossing. Cove Road Carpark (Carryover (C/O)), Livingston Filmed Roundabout and 16 bus stops are complete.



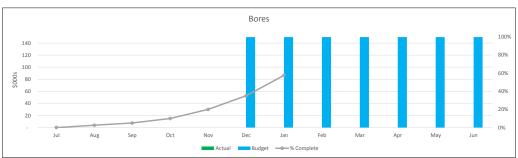
- Mitchell Street, Barramundi Drive and Glamis Avenue/ Wilga Street Drains completed (C/O).
   John Street Drain is in progress. Designs have been completed for Forrest Avenue and Heron Way Drains, both expected to commence in early 2019.



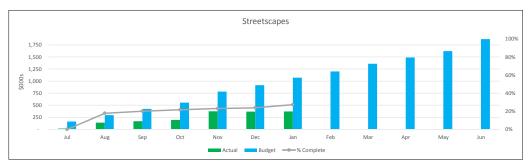
- Landscaping and weed control has commenced at Glade Crescent Reserve.

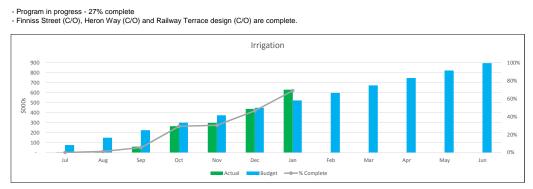


- Program in progress with 1,365 street trees planted. Planting to recommence in May.

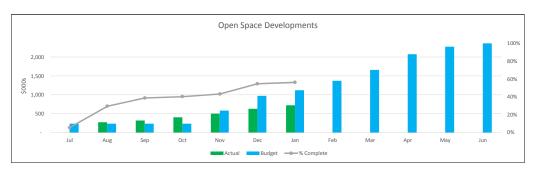


- Edwardstown Bore is complete.
- Warriparinga Reserve bore pump is being refitted. Hazelmere Bore pump replacement is anticipated to be complete by end of February.
   Budget timing to be adjusted as part of the budget review process.

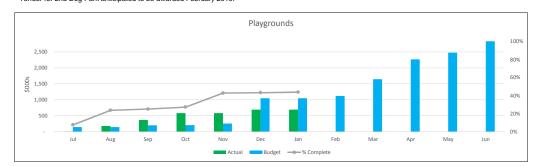




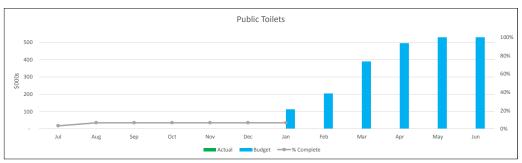
- Program in progress with Mitchell Park Reserve, Parsons Trees, Heron Way Reserve, Edwardstown, Plympton, Cosgrove Hall and South Park Holme complete



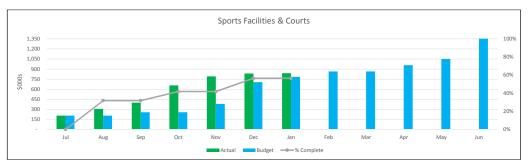
- Program in progress 56% complete
   Youth Plaza Oaklands Wetlands stage 2 (C/O) is complete.
   Stage 1 of Oaklands Estate Reserve is complete, stage 2 to commence in February. Shade Solutions and Shade Sails for Reserves are in progress.
   Tender for 2nd Dog Park anticipated to be awarded February 2019.



- Program in progress 44% complete Construction on Heron Way Stage 4 Portion A is complete with minor defects to be resolved. Hendrie Street Inclusive Playground is complete.



- Program in progress - 7% complete



- Program in progress 56% complete Southbank Tennis Club lighting is in progress. Tender for concept design has been awarded for Seaview High School and Marion Basketball Floorboards Replacement.

  - Woodforde Reserve Courts Development (C/O), Warradale Tennis Club, Marion Sports Club Solar Installation and Southern Carpark (C/O) are complete.



- Program in progress - 46% complete

- Completed
   Trott Park External Signage & Kitchen Upgrade
   Public Toilet Trott Park- Asbestos Removal
   Glengowrie YMCA Kitchen
   Cosgrove Hall Air Conditioner

- Cosgrove Hall Air Conditioner
   Warradale Kindy Asbestos Removal
   Vietnam Veterans Marion RSL Sheds
   Vietnam Veterans Marion RSL Clubhouse
   Electric BBQ LKCC (C/O)
   Marion Outdoor Pool Masterplan (C/O)
   Cover over Material Bays (C/O)
   Glandore Community Centre Rugby Kitchen

- In Progress
   Fitzjames Building DDA works
   Park Holme Windows
   Park Holme Library Toilets DDA works
   Marion Outdoor Pool Renewal Works
   Woodforde Reserve DDA works
   Community Club Sheds
   Carpark Marion Outdoor Pool
   Oaklands Solar Install City Services
   Solar Options for Marion (CiC)

- Solar Options for Marion (C/O)
   Coastal Walking Trail Renewal (C/O)
   Admin Foyer Refurbishment (C/O)
   Glandore Community Centre Clark Kitchen

# **Major Projects**

#### **Edwardstown Oval Soldiers Memorial Recreation Ground**

	2018/19 Actual YTD 31/01/2019	2018/19 Budget	Project Cost At Completion
Income			
Federal Budget Grant Contribution	2,000,000	2,400,000	4,000,000
Total Income	2,000,000	2,400,000	4,000,000
Expenditure			
Operating	-	-	-
Capital Construction	(4,045,310)	(6,035,357)	(8,965,300)
Total Expenditure	(4,045,310)	(6,035,357)	(8,965,300)
Project Result Surplus/(Deficit)	(2,045,310)	(3,635,357)	(4,965,300)

The net deficit forecast will be funded in the following manner:

Funded By : (Over Project Life)	\$
Reserve Transfer - Asset Sustainability Reserve	4,965,300

4,965,300

The Edwardstown Oval Soldiers Memorial Recreation Ground project commenced construction in 2017/18 following the signing of a \$4m funding agreement with the Federal Government. This project is forecast to be completed in the first quarter of 2019.

Debtor	Total Balance	Current 3	30 Days 60	0 Days	90 Days	90+ Days	Percentage of total 90+ day balance	Comments for 90+ Day balances
General Total	104,961.60	14,655.75	90,140.85	.00	.0	0 165.00	0%	Made up of 1 out of 6 debtors.
Neighbourhood Centres Total	7,167.50	.00	1,937.50	540.00	.0	0 4,690.00	7%	Made up of 2 out of 6 debtors. One account totalling \$3,965.00 is with the debt collector, a payment plan has been agreed upon.
Regulatory Services Land Clearing Total	5,086.21	1,235.53	.00	.00	.0	0 3,850.68	6%	Made up of 6 out of 10 debtors, with one account totalling \$1,725.35. One account totalling \$304.07 has subsequently been settled in February.
City Property Facilities Total	34,116.39	687.52	15,541.42	8,834.29	) 112.4	0 8,940.76	14%	Made up of 4 out of 12 debtors, with one account totalling \$4,916.88. A payment plan is being negotiated for another account totalling \$2,794.79.
Civil Services Private Works Total	73,708.46	42,379.20	2,840.00	6,734.26	.0	0 21,755.00	33%	Made up of 17 out of 31 debtors in this category, with nine of these totalling \$13,940.00 relating to works not commenced, awaiting payment. Of these, three accounts totalling \$4,085.00 have subsequently been settled in February. one of the remaining accounts totals \$3,190.00. Four accounts totalling \$1,745.00 are on payment plans, \$175.00 has subsequently been received in February.
Swim Centre Debtors Total	32,306.60	2,210.90	29,904.10	.00	.0	0 191.60	0%	Made up of 1 out of 19 debtors.
Grants & Subsidies Total	15,000.00	.00	.00	.00	.0	0 15,000.00	23%	Made up of 1 debtor. This amount relates to a contribution which will be paid upon the completion of the project estimated for February.
Environmental Health Inspections Total	14,601.25	4,034.00	3,501.25	30.00	.0	0 7,036.00	11%	Made up of 52 out of 96 debtors, with none individually significant. One account totalling \$118.00 has subsequently been settled in February.
Regulatory Services Other Total	10,736.00	3,815.00	2,060.00	1,815.00	.0	0 3,046.00	5%	Made up of 19 out of 57 debtors in this category, with none individually significant. One account totalling \$165.00 has subsequently been settled in February.
Living Kaurna Cultural Centre Total	5,069.30	1,311.00	2,277.70	253.00	.0	0 1,227.60	2%	Made up of 5 out of 13 debtors, with none individually significant. One account totalling \$360.60 is with the debt collector .
Local Government Total	8,750.70	.00	8,750.70	.00	.0	0 .00	0%	
Marion Cultural Centre Total	3,302.20	3,133.20	.00	169.00	.0	0 .00	0%	
Total	314,806.21	73,462.10	156,953.52	18,375.55	5 112.4	0 65,902.64		

Category	Description
Employees	Anything that relates to CoM employees.
General	Anything that does not fit into one of the below categories.
Neighbourhood Centres	For hire of rooms in Neighbourhood Centres, etc usually charged out at an hourly rate. Also includes cultural workshops and tours.
Regulatory Services Land Clearing	When council has had to clear land due to non-compliance of owner.
Sporting Clubs & Other Leases	Rent, electricity, water, maintenance, etc. charged out to lessees.
Civil Services Private Works	Repairs or modifications to infrastructure (footpaths, kerbs, driveway inverts). Can be at resident request.
Swim Centre Debtors	Outdoor Swimming Centre - used for lane hire, school visits, etc.
Grants & Subsidies	Government grants and subsidies.
Environmental Health Inspections	Food Inspection fees.
Regulatory Services Other	Vehicle Impoundment fees and other regulatory services.
Supplier Refunds	Where a supplier owes the City of Marion funds. This category is used to keep track to ensure we have received payment for credits.
Development Services	Includes contribution from residents and/or developers for the removal and/or replacement of Council Street Trees and significant trees.
Living Kaurna Cultural Centre	Relates to programs run through the LKCC.
Environmental Health Testing	Environmental testing fees.
Local Government	Transactions with other Local Government corporations.
Communications	Anything related to communications.
Economic Development	Events, etc. relating to economic development within the City of Marion.
Marion Cultural Centre	Hiring of the Marion Cultural Centre.

21%

23%

50%

**Total Aging Profile** 

<sup>\*</sup>any category that does not have any outstanding invoices will not be displayed.

# Rates Report - Collection of Rates to 31 January 2019

#### **ANALYSIS OF OUTSTANDING RATES AS AT 31 JANUARY 2019**

	<u>Note</u>		% of Total Annual Rates
CURRENT	1	\$ 30,856,613	40.0%
OVERDUE	2	\$ 1,174,154	1.5%
ARREARS	3	\$ 1,413,447	1.8%
INTEREST	4	\$ 87,197	0.1%
POSTPONED	5	\$ 194,859	0.3%
LEGALS	6	\$ 36,540	0.0%
		\$ 33,762,810	43.7%
TOTAL ANNUAL RATES FOR 2018/19		\$ 77,172,549	

Current rates represent the total amount of rates levied in the current financial year that are not yet due for payment. For example at 1st January this represents Quarter 3 & Quarter 4 rates unpaid.

#### Note 2: Overdue

Note 1: Current

Overdue rates represent rates levied in the current financial year that remain unpaid past their due payment date. For example on 1st January, this represents rates from Quarter 1 and Quarter 2 that remain unpaid.

#### Note 3: Arrears

Rates in arrears represent rates and charges levied in previous financial years that remain unpaid .

#### Note 4: Interest

Interest represent the fines and interest applied to overdue rates and rates in arrears.

#### **Note 5: Postponed**

Postponed rates represent any rates amount due by seniors that have been granted a deferral, until the eventual sale of their property, as allowable under the Local Government Act. Interest is charged on these deferred rates and is recoverable when the property is sold.

#### Note 6: Legals

Legals represent any legal fees, court costs that have been incurred by Council in the collection of rates in the current financial year. These amounts represent costs that have been on-charged to the defaulting ratepayers and are currently outstanding.



#### **WORKSHOP / PRESENTATION ITEMS**

#### MOTIONS WITH NOTICE

### **Boundary Realignment**

Elected Member Mayor Kris Hanna

Report Reference: GC190226M01

#### **Motion:**

That the Mayor write to the Boundaries Commission to seek advice / guidance regarding the intent to alter the southern boundary of the City of Marion such that the boundary is:

'the land north of Sigma Road, Lonsdale, is incorporated into the City of Marion and the boundary then runs from the southern end of Freebairn Road to the railway line, the railway line north to the Field River, the centre of the Field River between the railway line to the point where the current boundary runs from the Field River to the Southern Expressway.

# **Supporting Information:**

Nil

Response Received From: Manager Corporate Governance - Kate McKenzie

#### **Staff Comments:**

If the Council so determines, a letter can be written to the Boundary Commissioner seeking guidance to amend the Southern Boundary of the City of Marion.

Council should note that the process for a boundary alignment can progress in two ways:

- 1. Administrative proposals are those that are made to correct historical anomalies in council boundaries, to allow for developments that are approved elsewhere, or for other, largely administrative reasons. These are managed pursuant to section 30 of the *Local Government Act* 1999 (the Act).
- 2. General proposals are more significant and require further independent analysis of a more significant boundary change or amalgamation. These are managed pursuant to section 31 *the Act.*

In regards to the proposed re-alignment, the site identified on Simga Road is owned by the one land owner, however the land currently spans across two Council areas (**see Map - Appendix 1**) and is two separate allotments. One is located within the City of Marion and the other is within the City of Onkaparinga. The allotment within the City of Marion is currently zoned landscape buffer whilst the Onkaparinga allotment is zoned industrial. These zoning were applied as part of the former Port Stanvac oil refinery.

Council did receive a report at its meeting of 13 October 2015 (GC131015R04) that indicated that the land owner was progressing with a privately funded DPA to rezone the area to residential. It is estimated that between 70 to 130 residential properties could be established at this site. Council has received correspondence from Stephan Knoll, Minister for Planning, in November 2018 indicating that he has initiated investigations for the residential DPA.

After informal enquires with the Office of Local Government, they have indicated that the proposal would be considered a general proposal as the Act is very specific regarding what constitutes an Administrative



proposal. For the Administrative proposal to occur, it would be to facilitate a development that has been granted development authorisation which is not the case in this instance. Additionally, they have indicated that the Commissioner would need to determine a proposal based on the current zoning and not pre-empt the outcome of the DPA.

# **ATTACHMENTS:**

#	Attachment	Туре
1	GC190226 - Boundary alignment - Appendix 1	PDF File



# **Community Celebrations**

Elected Member Mayor Kris Hanna

Report Reference: GC190226M02

**Motion:** 

That:

1. A low-cost, local celebration be held by Council whenever we complete a project which delivers a moderate, noticeable degree of service improvement.

# **Supporting Information:**

Why do we not celebrate every new facility we provide? We do this well when there is partnership funding eg Appleby Reserve playground, Hendrie St and Jervois St; but not when we do a great job at a local reserve as part of our "business as usual" improvements.

We did not celebrate the improvements installed as a result of the Urban Activation project, and many people think the additions are simply installed by the businesses themselves. Could we not have some sort of marker to indicate Council contribution to the public good?

The same applies to new or even upgraded neighbourhood playgrounds. At the expense of a sausage sizzle and 500 flyers, we could give the community a very clear message about the good we are doing when installing a new playground. Maybe even upgraded playgrounds.

Oaklands Rec Plaza and Rotunda, another case in point.

A public event would have been appropriate as well at each of these locations. It is not just about the image of the Council: it would mean "closing the loop" after having consulted local communities about these improvements, and the event may well serve to give the local community a sense of ownership of the public space and the facilities.

Council approved a marketing strategy but it had a lot of 'big ticket' items and not this inexpensive stuff which means a lot to people.

Response Received From: Unit Manager Communications - Craig Clarke

#### **Staff Comments:**

Marion Council adopted a three-year Marketing and Communications Plan in October 2016 (GC251016R06).

While the plan created new major events, it did not formally include opportunities to celebrate small, local initiatives e.g. park openings. The Communications Unit has moved to rectify this. It is working with Business Units throughout the organisation to identify potential opportunities across the city over the coming months and beyond.

The aim is to bring the community together to celebrate the noticeable service improvements. The community celebration would include a local flyer drop to notify residents and a small barbecue. The Mayor would host the event and Elected Members would be invited to attend.

The cost of staging a small event for 50 residents is \$600 (including a barbecue and flyer drop) and up to \$850 for an event for 200 people. The typical format would be a welcome message delivered by the Mayor, a history of the development and a celebratory barbecue. About 17 localised, potential opportunities have so



far been identified over the coming months.

The approach is being trialled at the opening of the Oaklands Education Centre and rotunda on 13 March 2019.



# **QUESTIONS WITH NOTICE**

# **MOTIONS WITHOUT NOTICE**

# **QUESTIONS WITHOUT NOTICE**

#### **OTHER BUSINESS**

# **MEETING CLOSURE**

Council shall conclude on or before 9.30pm unless there is a specific motion adopted at the meeting to continue beyond that time.