NOTICE OF ORDINARY COUNCIL MEETING

Notice is hereby given that the next ORDINARY COUNCIL MEETING will be held in the Council Office Boardroom, 6-8 Richardson Place, Roxby Downs on WEDNESDAY 20 DECEMBER 2017 commencing at 4.00pm.

A copy of the Agenda for the above meeting is attached to this notice.

The meeting is open to the public and members of the community are welcome to attend.

Roy Blight
Chief Executive

15 December 2017
MUNICIPAL COUNCIL OF ROXBY DOWNS

AGENDA

Meeting
Ordinary Council Meeting

Meeting Date & Time
Wednesday 20 December 2017 at 4.00pm

Location
Council Office Boardroom, 6-8 Richardson Place, Roxby Downs

1. Opening Statement

I wish to acknowledge the Kokatha peoples, the traditional owners of the land on which we meet today and pay my respect to their Elders past and present and extend that respect to other Aboriginal and Torres Strait Islander people who may be present today.

2. In Attendance

3. Confirmation of Minutes of the Previous Meeting

That the Minutes of the Council Meeting held on 29 November 2017 be confirmed as a true and accurate record of proceedings.

4. Adoption of Council Resolutions

4.1 First Quarter Budget Review
Page 5

4.2 Roxby Water 2018 Pricing Policy Statement
Page 16

4.3 Financial Delegations
Page 23

4.4 Treasury Policy
Page 26

4.5 Funding Policy
Page 32

4.6 Community Board Annual Grant 2017/2018
Page 38

4.7 Draft Audit Committee Minutes – 24 November 2017
Page 40

5. Reports for Information

Nil

6. Community Presentations, Petitions and Deputations

Nil

7. Next Meeting

The next Ordinary Council Meeting is scheduled for 31 January 2018 at 4.00pm - Council Office Boardroom, 6-8 Richardson Place, Roxby Downs, unless advised otherwise, by notice on the Council’s website.

8. Closure
MINUTES

Meeting
Ordinary Council Meeting

Meeting Date & Time
Wednesday 29 November 2017 at 4:00pm

Location
Council Office Boardroom, 6-8 Richardson Place, Roxby Downs

Present
Geoff Whitbread (Administrator)
Roy Blight (Chief Executive), Michelle Hales (Manager Corporate Services and Community Board), Tony Weir (Roxbylink General Manager), Kerrie Thomas (Administration)

Staff Present

Apologies
Nil

1. Council Opening

The meeting commenced at 4:00pm.

Mr Whitbread provided an acknowledgment to the Kokatha peoples, the traditional owners of the land on which we meet today and paid respect to their Elders past and present and extend that respect to other Aboriginal and Torres Strait Islander people who may be present today.

2. In Attendance

As Above.

3. Confirmation of Minutes of the Previous Meeting

RESOLVED: The Minutes of the Council Meeting held on 25 October 2017 are confirmed as a true and accurate record of proceedings.

4. Council Business

4.1 Annual Report 2016/2017

RESOLVED: That the Draft Annual Report 2016/2017 be received and adopted and the Chief Executive be requested to circulate the Annual Report as required and appropriate and be posted on the Council website.

4.2 Electricity, Water and Sewerage Tariffs, Fees and Charges 2018

RESOLVED:

1. That Council adopt the tariffs, fees and charges as set out in the attached Schedules effective from the 1 January 2018.

2. That Council endorse implementation of electricity, water and sewerage tariffs, fees and charges on the 1 July each year in-line with other fees and charges adopted by the Council.
4.3 Cultural Calendar

RESOLVED: That the Council delegate to the Administrator and/or the Chief Executive authority to make the necessary budget variation and provide the necessary approval to support an Arts and Cultural Program as outlined in the report, but not before further and better particulars are provided particularly about budgets and appropriate consultation.

4.4 Development Application Decisions

RESOLVED: That the report be received.

5. Report for Information

Nil

6. Community Presentations, Petitions and Deputations

Nil

7. Next Meeting

The next Ordinary Council Meeting for the Municipal Council of Roxby Downs is scheduled for 20 December 2017 at 4:00 pm - Council Office Boardroom, 6-8 Richardson Place, Roxby Downs, unless advised otherwise, by notice on the Council’s website.

8. Closure

The meeting closed at 4:10pm.

Geoff Whitbread
Administrator
20 December 2017
1. **Purpose**

   To consider a review of Council’s 2017/18 budget

2. **Recommendation**

   That Council adopts the amended budget, Review 1, as recommended by the Audit Committee at the meeting on 24 November 2017.

3. **Background**

   Council is required to review its budget on four occasions, the first after 30 September and prior to its mid-year review.

   This review makes recommendations for changes to the budget, most of which come from changes to depreciation expense resulting from the recent asset revaluation and changes emanating from the implementation of the new Business Units Reporting Policy.

4. **Discussion**

   A review of the budget against 30 September actuals was undertaken. The financial statements attached to this report show the adopted budget, the budget inclusive of the recommended changes (Review 1) and the actuals as at 30 September 2017. Generally, the actuals were found to be tracking well against the adopted budget.

   As a result of the review the following adjustments are recommended to be made to the 2017/18 annual budget.

<table>
<thead>
<tr>
<th>Account Type</th>
<th>Account</th>
<th>Reason for adjustment</th>
<th>Impact on Operating Surplus $1000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bar Trading Operating</td>
<td>I</td>
<td>Original budget too high</td>
<td>3</td>
</tr>
<tr>
<td>VIC Income</td>
<td>I</td>
<td>No Calendar to be produced this year</td>
<td>(8)</td>
</tr>
<tr>
<td>Pool Operating</td>
<td>E</td>
<td>Original budget too low</td>
<td>(14)</td>
</tr>
<tr>
<td>Cattleman &amp; Ret. Maintenance</td>
<td>E</td>
<td>Original budget too low</td>
<td>(21)</td>
</tr>
<tr>
<td>Sewer Recycling Golf Club Irrigation</td>
<td>E</td>
<td>Original budget too low</td>
<td>(6)</td>
</tr>
<tr>
<td>Other Community Services Income</td>
<td>I</td>
<td>Comm. Grants - should be 50</td>
<td>(25)</td>
</tr>
<tr>
<td>Environment Support</td>
<td>E</td>
<td></td>
<td>(5)</td>
</tr>
<tr>
<td>General Management Advice</td>
<td>E</td>
<td>Additional resources required for Community &amp; Strategic Plans</td>
<td>(50)</td>
</tr>
<tr>
<td>Overheads</td>
<td>E</td>
<td>Reallocations of overhead costs within budget</td>
<td>0</td>
</tr>
<tr>
<td>Depreciation</td>
<td>E</td>
<td>New expense the result of asset revaluation</td>
<td>(363)</td>
</tr>
<tr>
<td>Grants Commission Grant</td>
<td>I</td>
<td>Advice received from Grant Commission</td>
<td>3</td>
</tr>
<tr>
<td>Various Balance Sheet accounts</td>
<td></td>
<td>To reflect financial 2015/16 financial statement balances</td>
<td></td>
</tr>
</tbody>
</table>
These changes will reduce the Operating Surplus by $516k. This will move the $412k budget surplus to a deficit of $102k, and increase the expected end of year cash balance from $1,902k to $3,541k. Most of the change in the operating deficit / surplus is attributable to the additional depreciation expense. The improved cash position is largely the result of the better than expected cash position in 2015/16, and is not impacted by the increase in depreciation expense which is a non cash item.

The expected budget deficit is not large and it is hoped this can be recovered during the remainder of the financial year.

The introduction of the new overhead allocation system as described in the updated Business Units Accounting Policy has resulted in the following changes to the allocation of allocations between Business Units.

<table>
<thead>
<tr>
<th>Business Unit</th>
<th>$'000</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal</td>
<td>424</td>
<td>decrease</td>
</tr>
<tr>
<td>Roxby Links</td>
<td>510</td>
<td>increase</td>
</tr>
<tr>
<td>Roxby Power</td>
<td>4</td>
<td>increase</td>
</tr>
<tr>
<td>Roxby Water</td>
<td>84</td>
<td>decrease</td>
</tr>
</tbody>
</table>

5. Policy Implications

5.1 Financial/Budget

The budget review shows a deterioration in Council’s Operating Surplus which is largely the result of an increase in depreciation expense. Council’s cash position has improved.

5.2 Resources

Nil

5.3 Legal and Risk Management

Nil

6. Report Consultation

Senior Management Team
Finance Manager

7. Attachments

Budget Financial Statements Consolidated

8. Report Authorisers

Alan Rushbrook
Financial Advisor
## Statement of Comprehensive Income

### Income

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rates</td>
<td>5,472</td>
<td>5,472</td>
<td>5,444</td>
</tr>
<tr>
<td>Statutory charges</td>
<td>44</td>
<td>44</td>
<td>6</td>
</tr>
<tr>
<td>User charges</td>
<td>10,804</td>
<td>10,796</td>
<td>615</td>
</tr>
<tr>
<td>Grants subsidies and contributions</td>
<td>331</td>
<td>334</td>
<td>130</td>
</tr>
<tr>
<td>Municipal deficit funding</td>
<td>600</td>
<td>600</td>
<td>0</td>
</tr>
<tr>
<td>Investment income</td>
<td>5</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>Other income</td>
<td>190</td>
<td>165</td>
<td>65</td>
</tr>
<tr>
<td><strong>Total Income</strong></td>
<td><strong>17,446</strong></td>
<td><strong>17,416</strong></td>
<td><strong>6,265</strong></td>
</tr>
</tbody>
</table>

### Expenses

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee costs</td>
<td>5,029</td>
<td>5,165</td>
<td>985</td>
</tr>
<tr>
<td>Materials contracts &amp; other expenses</td>
<td>9,337</td>
<td>9,324</td>
<td>1,739</td>
</tr>
<tr>
<td>Finance Costs</td>
<td>48</td>
<td>19</td>
<td>7</td>
</tr>
<tr>
<td>Depreciation amortisation &amp; impairment</td>
<td>2,620</td>
<td>3,014</td>
<td>753</td>
</tr>
<tr>
<td><strong>Total Expenses</strong></td>
<td><strong>17,034</strong></td>
<td><strong>17,521</strong></td>
<td><strong>3,485</strong></td>
</tr>
</tbody>
</table>

**OPERATING SURPLUS / (DEFICIT)**

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>412</td>
<td>(105)</td>
<td>2,781</td>
</tr>
</tbody>
</table>

**NET SURPLUS / (DEFICIT)**

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>412</td>
<td>(105)</td>
<td>2,781</td>
</tr>
</tbody>
</table>

Transferred to Equity Statement

### Other Comprehensive Income

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transfer Between Reserves</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>TOTAL COMPREHENSIVE INCOME</strong></td>
<td><strong>412</strong></td>
<td><strong>(105)</strong></td>
<td><strong>2,781</strong></td>
</tr>
</tbody>
</table>
### Statement of Financial Position

#### ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash &amp; cash equivalents</td>
<td>1,902 $'000</td>
<td>3,538 $'000</td>
<td>4,256 $'000</td>
</tr>
<tr>
<td>Trade &amp; other receivables</td>
<td>2,827 $'000</td>
<td>3,336 $'000</td>
<td>4,540 $'000</td>
</tr>
<tr>
<td>Inventories</td>
<td>27 $'000</td>
<td>21 $'000</td>
<td>24 $'000</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>4,756 $'000</td>
<td>6,895 $'000</td>
<td>8,820 $'000</td>
</tr>
<tr>
<td><strong>Non-Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Infrastructure, property, plant &amp; equipment</td>
<td>128,429 $'000</td>
<td>119,228 $'000</td>
<td>119,715 $'000</td>
</tr>
<tr>
<td><strong>Total Non-Current Assets</strong></td>
<td>128,429 $'000</td>
<td>119,228 $'000</td>
<td>119,715 $'000</td>
</tr>
<tr>
<td><strong>Total Assets</strong></td>
<td>133,185 $'000</td>
<td>126,124 $'000</td>
<td>128,535 $'000</td>
</tr>
</tbody>
</table>

#### LIABILITIES

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trades &amp; other payables</td>
<td>1,834 $'000</td>
<td>1,326 $'000</td>
<td>888 $'000</td>
</tr>
<tr>
<td>Provisions</td>
<td>330 $'000</td>
<td>259 $'000</td>
<td>274 $'000</td>
</tr>
<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>2,164 $'000</td>
<td>1,585 $'000</td>
<td>1,162 $'000</td>
</tr>
<tr>
<td><strong>Non-Current Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade &amp; Other Payables</td>
<td>0 $'000</td>
<td>0 $'000</td>
<td>0 $'000</td>
</tr>
<tr>
<td>Long term borrowings</td>
<td>0 $'000</td>
<td>0 $'000</td>
<td>0 $'000</td>
</tr>
<tr>
<td>Long term provisions</td>
<td>0 $'000</td>
<td>0 $'000</td>
<td>1,178 $'000</td>
</tr>
<tr>
<td>Other non-current liabilities</td>
<td>1,230 $'000</td>
<td>1,230 $'000</td>
<td>0 $'000</td>
</tr>
<tr>
<td><strong>Total Non-Current Liabilities</strong></td>
<td>1,230 $'000</td>
<td>1,230 $'000</td>
<td>1,178 $'000</td>
</tr>
<tr>
<td><strong>Total Liabilities</strong></td>
<td>3,394 $'000</td>
<td>2,815 $'000</td>
<td>2,340 $'000</td>
</tr>
</tbody>
</table>

#### NET ASSETS

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>129,791</td>
<td>123,309</td>
<td>126,195</td>
</tr>
</tbody>
</table>

#### EQUITY

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Accumulated Surplus</td>
<td>28,912</td>
<td>23,860</td>
<td>26,746</td>
</tr>
<tr>
<td>Asset Revaluation Reserve</td>
<td>100,879</td>
<td>99,449</td>
<td>99,449</td>
</tr>
<tr>
<td><strong>TOTAL EQUITY</strong></td>
<td>129,791</td>
<td>123,309</td>
<td>126,195</td>
</tr>
</tbody>
</table>
## Statement of Changes in Equity

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCUMULATED SURPLUS</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Balance at end of previous reporting period - AS</td>
<td>28,500</td>
<td>23,965</td>
<td>23,965</td>
</tr>
<tr>
<td>Net result for year</td>
<td>412</td>
<td>(105)</td>
<td>2,781</td>
</tr>
<tr>
<td>Balance at end of period</td>
<td>28,912</td>
<td>23,860</td>
<td>26,746</td>
</tr>
</tbody>
</table>

| ASSET REVALUATION RESERVE      |                                 |                                 |                                 |
| Balance at end of previous reporting period - ARR | 100,879                         | 99,449                          | 99,449                          |
| Gain on revaluation of infrastructure, property plant & equipment | 0                               | 0                               | 0                               |
| Balance at end of period       | 100,879                         | 99,449                          | 99,449                          |

| TOTAL EQUITY AT END OF REPORTING PERIOD | 129,791 | 123,309 | 126,195 |
## Statement of Cash Flows

### CASH FLOWS FROM OPERATING ACTIVITIES

**Receipts**

- Rates - general and other: 5,472, 5,472, 5,444
- Fees and other charges: 44, 44, 6
- User charges receipts: 10,804, 10,796, 615
- Grants utilised for operating purposes: 331, 334, 130
- Municipal deficit funding receipts: 600, 600, 0
- Investment receipts: 5, 5, 6
- Other revenues receipts: 190, 165, 65
- Municipal distribution receipts: 0, 0, 0
- Changes in Net Assets: 128

**Payments**

- Employee costs payments: (5,029), (5,165), (985)
- Materials, contracts & other payments: (9,285), (9,324), (1,739)
- Finance payments: (48), (19), (7)

**Net Cash provided by (or used in) Operating Activities**: 3,085, 2,909, 3,662

### CASH FLOWS FROM INVESTING ACTIVITIES

**Receipts**

- Amounts specifically for new or upgraded assets: 0, 0, 0
- Sale of replaced assets: 48, 48, 0
- Sale of surplus assets: 0, 0, 0

**Payments**

- Expenditure on renewal/replacement of assets: (1,264), (1,264), (178)
- Expenditure on new/upgraded assets: (776), (776), (39)

**Net Cash provided (or used in) Investing Activities**: (1,992), (1,992), (217)

### CASH FLOWS FROM FINANCING ACTIVITIES

**Receipts**

- Proceeds from borrowings: 0, 0, 0

**Payments**

- Repayments of borrowings: 0, 0, 0

**Net Cash provided by (or used in ) Financing Activities**: 0, 0, 0

**Net Increase / (Decrease) in cash**: 1,092, 916, 3,446

**Cash & equivalents at beginning of period**: 810, 2,622, 810

**Cash & equivalents at end of period**: 1,902, 3,538, 4,256
### Uniform Presentation of Finances

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>17,446 $'000</td>
<td>17,416 $'000</td>
<td>6,265 $'000</td>
</tr>
<tr>
<td>less Expenses</td>
<td>(17,034) $'000</td>
<td>(17,521) $'000</td>
<td>(3,485) $'000</td>
</tr>
<tr>
<td>Operating Surplus / (Deficit)</td>
<td>412 $'000</td>
<td>(105) $'000</td>
<td>2,781 $'000</td>
</tr>
</tbody>
</table>

### less Net Outlays on Existing Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018</th>
<th>2017/2018</th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure on renewal &amp; replacement of existing assets</td>
<td>1,264 $'000</td>
<td>1,264 $'000</td>
<td>178 $'000</td>
</tr>
<tr>
<td>less Depreciation amortisation &amp; impairment</td>
<td>(2,620) $'000</td>
<td>(3,014) $'000</td>
<td>(753) $'000</td>
</tr>
<tr>
<td>less Proceeds from sale of replaced assets</td>
<td>(48) $'000</td>
<td>(48) $'000</td>
<td>0 $'000</td>
</tr>
<tr>
<td></td>
<td>(1,404) $'000</td>
<td>(1,798) $'000</td>
<td>(576) $'000</td>
</tr>
</tbody>
</table>

### less Net Outlays on New and Upgraded Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018</th>
<th>2017/2018</th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure on new or upgraded assets</td>
<td>776 $'000</td>
<td>776 $'000</td>
<td>39 $'000</td>
</tr>
<tr>
<td>less Amounts received specifically for new &amp; upgraded assets</td>
<td>0 $'000</td>
<td>0 $'000</td>
<td>0 $'000</td>
</tr>
<tr>
<td>less Proceeds from sale of surplus assets</td>
<td>0 $'000</td>
<td>0 $'000</td>
<td>0 $'000</td>
</tr>
<tr>
<td></td>
<td>776 $'000</td>
<td>776 $'000</td>
<td>39 $'000</td>
</tr>
</tbody>
</table>

### Net Lending / (Borrowing) for Financial Year

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018</th>
<th>2017/2018</th>
<th>2017/2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,040 $'000</td>
<td>916 $'000</td>
<td>3,318 $'000</td>
</tr>
</tbody>
</table>

### Statutory Financial Indicators

- **Operating Surplus Ratio**: 2.4% -0.6% 44.4%
  - Being the operating surplus (deficit) as a percentage of revenue

- **Net Financial Liabilities Ratio**: -8% -23% -103%
  - Being the net financial liabilities / total operating revenue

- **Asset Sustainability Ratio**
  - Capital expenses on renewal/ replacement assets less sale of replaced assets divided by Infrastructure Asset Management Plan required expenditure
  - 48% 42% 24%

- **Asset Sustainability Ratio**
  - Capital expenses on renewal/ replacement assets less sale of replaced assets divided by depreciation
  - 111% 111% 16%
## Uniform Presentation of Finances

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>8,360</td>
<td>6,594</td>
<td>5,653</td>
</tr>
<tr>
<td><strong>plus</strong> Municipal Distribution</td>
<td>1,050</td>
<td>1,050</td>
<td>0</td>
</tr>
<tr>
<td><strong>less</strong> Expenses</td>
<td>(10,933)</td>
<td>(6,223)</td>
<td>(1,393)</td>
</tr>
<tr>
<td>Operating Surplus / (Deficit)</td>
<td>(1,523)</td>
<td>1,421</td>
<td>4,260</td>
</tr>
</tbody>
</table>

### Less Net Outlays on Existing Assets

- Capital Expenditure on renewal & replacement of existing assets: 1,354, 955, 80
- Depreciation amortisation & impairment: (1,628), (1,270), (318)
- Proceeds from sale of replaced assets: (48), (48), 0

#### Less Net outlays on New and Upgraded Assets

- Capital Expenditure on new or upgraded assets: 439, 481, 18
- Amounts received specifically for new & upgraded assets: 0, 0, 0
- Proceeds from sale of surplus assets: 0, 0, 0

#### Net Lending / (Borrowing) for Financial Year

(1,640), 1,303, 4,479
Roxby Council  
Budget Financial Statements  
Link

<table>
<thead>
<tr>
<th></th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Income</td>
<td>less Expenses</td>
<td>Operating Surplus / (Deficit)</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>1,736</td>
<td>(4,872)</td>
<td>(3,135)</td>
</tr>
<tr>
<td></td>
<td>398</td>
<td>(934)</td>
<td>(537)</td>
</tr>
<tr>
<td></td>
<td>Less Net Outlays on Existing Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital Expenditure on renewal &amp; replacement of existing assets</td>
<td>0</td>
<td>297</td>
</tr>
<tr>
<td></td>
<td>less Depreciation amortisation &amp; impairment</td>
<td>0</td>
<td>(368)</td>
</tr>
<tr>
<td></td>
<td>less Proceeds from sale of replaced assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>(70)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td></td>
<td>Less Net outlays on New and Upgraded Assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Capital Expenditure on new or upgraded assets</td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td>less Amounts received specifically for new &amp; upgraded assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>less Proceeds from sale of surplus assets</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>60</td>
</tr>
<tr>
<td></td>
<td></td>
<td>0</td>
<td>21</td>
</tr>
<tr>
<td></td>
<td>Net Lending / (Borrowing) for Financial Year</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>(3,125)</td>
<td>(563)</td>
</tr>
</tbody>
</table>
## Uniform Presentation of Finances

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Income</strong></td>
<td>4,429</td>
<td>4,429</td>
<td>166</td>
</tr>
<tr>
<td><strong>plus Municipal Distribution</strong></td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>less Expenses</strong></td>
<td>(3,543)</td>
<td>(3,701)</td>
<td>(641)</td>
</tr>
<tr>
<td><strong>Operating Surplus / (Deficit)</strong></td>
<td>886</td>
<td>728</td>
<td>-475</td>
</tr>
</tbody>
</table>

### Less Net Outlays on Existing Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Actuated Budget $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure on renewal &amp; replacement of existing assets</td>
<td>78</td>
</tr>
<tr>
<td><strong>less Depreciation amortisation &amp; impairment</strong></td>
<td>(622)</td>
</tr>
<tr>
<td><strong>less Proceeds from sale of replaced assets</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>Net outlays on Existing Assets</strong></td>
<td>(544)</td>
</tr>
</tbody>
</table>

### Less Net Outlays on New and Upgraded Assets

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Actuated Budget $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Expenditure on new or upgraded assets</td>
<td>0</td>
</tr>
<tr>
<td><strong>less Amounts received specifically for new &amp; upgraded assets</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>less Proceeds from sale of surplus assets</strong></td>
<td>0</td>
</tr>
<tr>
<td><strong>Net outlays on New and Upgraded Assets</strong></td>
<td>0</td>
</tr>
</tbody>
</table>

### Net Lending / (Borrowing) for Financial Year

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Actuated Budget $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Lending / (Borrowing) for Financial Year</strong></td>
<td>1,430</td>
</tr>
<tr>
<td><strong>Net Lending / (Borrowing) for Financial Year</strong></td>
<td>1,426</td>
</tr>
<tr>
<td><strong>Net Lending / (Borrowing) for Financial Year</strong></td>
<td>(281)</td>
</tr>
</tbody>
</table>
## Uniform Presentation of Finances

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income</td>
<td>4,657</td>
<td>4,657</td>
<td>49</td>
</tr>
<tr>
<td><strong>plus</strong> Municipal Distribution</td>
<td>(1,050)</td>
<td>(1,050)</td>
<td>0</td>
</tr>
<tr>
<td><strong>less</strong> Expenses</td>
<td>(2,558)</td>
<td>(2,726)</td>
<td>(517)</td>
</tr>
<tr>
<td>Operating Surplus / (Deficit)</td>
<td>1,049</td>
<td>881</td>
<td>(467)</td>
</tr>
</tbody>
</table>

**Net Surplus / (Deficit)**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net Outlays on Existing Assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>less</strong> Depreciation amortisation &amp; impairment</td>
<td>(370)</td>
<td>(600)</td>
<td>(150)</td>
</tr>
<tr>
<td><strong>less</strong> Proceeds from sale of replaced assets</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td><strong>Net Outlays on New and Upgraded Assets</strong></td>
<td>(370)</td>
<td>(600)</td>
<td>(150)</td>
</tr>
</tbody>
</table>

**Net Lending / (Borrowing) for Financial Year**

<table>
<thead>
<tr>
<th>Description</th>
<th>2017/2018 Adopted Budget $'000</th>
<th>2017/2018 Review 1 Budget $'000</th>
<th>2017/2018 Actuals Sep 2017 $'000</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net Lending / (Borrowing)</strong></td>
<td>1,250</td>
<td>1,312</td>
<td>(318)</td>
</tr>
</tbody>
</table>
REPORT FOR ORDINARY COUNCIL MEETING

Meeting Date 20 December 2017
Title of Report Roxby Water 2018 Pricing Policy Statement

1. Purpose
To consider the Roxby Water 2018 Pricing Policy Statement.

2. Recommendation

3. Background
Roxby Water provides water and sewerage services to the township of Roxby Downs pursuant to clause 13 of the schedule to the Roxby Downs (Indenture Ratification) Act 1982 (Indenture) and section 188 of the Local Government Act 1999. Additionally Roxby Water also holds a Water Retail Licence issued by the Essential Services Commission of South Australia (ESCOSA) pursuant to the Water Industry Act 2012.

The Pricing Policy Statement sets out the basis for determination of the water supply and sewerage services.

4. Discussion
The Water Industry Act requires water retailers licenced by ESCOSA to adopt and apply National Water Initiative (NWI) pricing principles when determining the price of their services. The Pricing Policy Statement is issued in accordance with NWI guidelines to demonstrate that Roxby Water has applied relevant principles in determination of its regulated water and sewerage services.

5. Policy Implications
5.1. Financial/Budget
Nil

5.2. Resources
No additional resources are required to implement the recommended charges.

5.3. Legal and Risk Management
Council is required to comply with NWI pricing principles, subject to those principles being consistent with the provisions of the Indenture Act.

6. Report Consultation
None (revision only).

7. Attachments
Roxby Water Pricing Policy 2018

8. Report Authoriser(s)
Warwick Moyse
Group Manager Essential Services and Infrastructure (Acting)
Roxby Council’s ‘Roxby Water’ business unit provides water and sewerage services within the Roxby Downs Township pursuant to Clause 13 of the Schedule to the Roxby Downs (Indenture Ratification) Act 1982 (the Indenture) and Section 188 of the Local Government Act 1999.

Roxby Water also holds a Water Industry Retail Licence – Intermediate issued by the Essential Services Commission of South Australia (ESCOSA) pursuant to the Water Industry Act 2012.

This Pricing Policy Statement sets out the basis for determining the price of water supply and sewerage services provided by Roxby Water.

Background

Unlike other water retailers in South Australia, Roxby Water must firstly comply with the requirements of the Indenture – where there is an inconsistency between the provisions of other State laws and of the Indenture, the provisions of the Indenture prevail.

The Water Industry Act requires water retailers licenced by (ESCOSA) to adopt and apply the National Water Initiative (NWI) pricing principles when determining the price of their services. The NWI principles apply specifically to water retail services, however ESCOSA has adopted the same principles for sewerage services.

Roxby Water recognises the importance of these principles and makes every effort to be fully compliant with them. This Pricing Policy Statement is issued in accordance with NWI guidelines to demonstrate that Roxby Water has applied the relevant principles in determining the prices for its regulated water and sewerage services.

Drinking Water Services

There are approximately 1,700 metered water services in Roxby Downs, the majority (over 87%) being connections servicing residential homes; these account for more than 68% of water consumption. Water is also supplied to local businesses and used for sporting fields and parks, providing improved amenities for the broader community.

Water is purchased from BHP. The water is extracted from underground aquifers near Lake Eyre and piped to the Olympic Dam mine site where it is treated for human consumption. BHP owns and operates the water extraction, transport and treatment infrastructure.

Potable (drinking quality) water for Roxby Downs is piped from the BHP treatment plant to a storage dam adjacent to the town. Roxby Water operates a pumping station alongside the storage facility that sends water through an underground pipe network to where it’s required.

Sewerage Services

Roxby Water operates a network of underground pipes and pumping stations that transport household and commercial sewerage to settling ponds near the township. Water transitions through several large ponds by gravity over a 58 day period and is then chlorinated and pumped to a final retention pond.

The resulting treated waste water is used by the nearby golf course for irrigation. A pipeline and pumping station deliver the water to the golf course and an automated sprinkler system distributes the water as required.

This waste water disposal method is treated as a cost of providing the sewerage service; the Golf Club is not currently charged for the waste water it uses.
Roxby Water
2018 Pricing Policy Statement

Indenture Act Compliance

Roxby Water has determined that prices for the retail water and sewerage services it delivers comply with the obligations placed upon it by the Indenture.

While the Indenture remains the primary source of legislative control, it is recognised that significant changes in the principles and methods of water infrastructure management and pricing have occurred since it was drafted.

Roxby Council will maintain a dialogue with BHP and the South Australian Government to resolve any points of contention between the Indenture and operation of the contemporary retail water market.

NWI Pricing Principles

Roxby Water has determined that prices for the retail water and sewerage services it delivers comply with the National Water Initiative (NWI) Pricing Principles.

Following is an explanation of how Roxby Water charges comply with the relevant pricing principles.

Recovery of Capital Expenditure

The first step in setting urban water and sewerage prices is to determine an ‘annual revenue requirement’. This is determined by a complex set of accounting principles, including the concepts of ‘lower bound’ and ‘upper bound’ pricing.

There are 3 basic elements to the ‘revenue requirement’ formula as follows –

<table>
<thead>
<tr>
<th>Operating Expenditure</th>
<th>actual costs of water purchase, administration, maintenance, etc</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital Recovery</td>
<td>depreciation of the regulated asset base</td>
</tr>
<tr>
<td>Return on Capital</td>
<td>a discounted asset base value X a ‘weighted average cost of capital’ (WACC)</td>
</tr>
</tbody>
</table>

Roxby Water maintains a comprehensive asset register and accurately allocates costs associated with the delivery of water and sewerage services. This includes allocating the cost of work done by Council staff on behalf of Roxby Water.

Costs incurred by Council on behalf of Roxby Water are allocated wherever possible on the basis of actual amounts. Some management and general overheads are allocated on a proportional basis. The overriding principle is to allocate costs to reflect the true costs of a standalone business unit.

*Roxby Water has analysed the annual revenue it receives from retail water and sewerage services and determined that it complies with the NWI Recovery of Capital principles.*

---

1 The NWI Pricing Principles relate specifically to retail water services, however ESCOSA have adopted the same principles for sewerage services.

2 Lower bound pricing seeks to recover the operational, maintenance and administrative costs, externalities, taxes or TERs (not including income tax), the interest cost on debt, dividends (if any) and to make provision for asset replacement.

3 Upper bound pricing is defined as the level at which, to avoid monopoly rents, a water business should not recover more than the lower bound price plus a cost of capital, the latter being calculated using a weighted average cost of capital (WACC).
Setting Urban Water Tariffs

There are 10 NWI principles relating to the setting of urban water tariffs as follows -

1: **Cost Allocation**

The Council accounting system records all capital expenditure related to water and sewerage assets. The accounting system also captures all operational and maintenance costs. Council uses this cost information, and additional information from Asset Management Plans on future asset renewal requirements, to determine the level of charges to fully recover costs in the long term.

2: **Tariff Structures**

Roxby Water has implemented a 2 step / 3 tier pricing structure per access unit for water to encourage “responsible” consumer behaviour, with the top tier rate at a higher level to provide further incentive to conserve water.

Charges for other services (eg connections and additional meter readings) are based on cost recovery principles.

3: **Cost Reflective Tariffs**

Water usage tariffs are required to reflect the long-run marginal cost of supplying additional water. Currently water usage income is marginally higher than the target level. Future tariff changes will seek to reduce the proportion of income derived from usage fees.

4: **Service Availability Charge**

Revenue recovered through the Service Availability Charge is calculated as the difference between the ‘total revenue requirement’ (see ‘Recovery of Capital Expenditure’ above) and the revenue recovered through water usage charges and developer charges.

The service availability charge varies for different types of customers depending on service demands and equity considerations – see ‘Differential Water Charges’ below.

5: **Pricing transparency**

Roxby Water consults with the community on its proposed water and sewerage price changes as part of its annual business planning process each year. This Pricing Policy Statement and a ‘Water & Sewerage Services’ brochure are available to customers in hard-copy and on the Council website.

6: **Over Recovery of Revenue**

Should revenue exceed upper bound pricing Council will address the issue immediately and ensure that the over recovery is returned to customers through a refund, in the case of substantial amounts, or adjustment of future tariffs for small amounts.

7: **Differential Water Charges**

Fixed charges and water allowances are determined using a 5-tier ‘access unit’ scale based on water meter size and a 3-step consumption-based rates structure. Larger meters incur a higher service availability charge but receive a higher water allowance at each rates step.

Other water and sewerage charges are consistent for all customers.

8-9-10: **Developer Charges**

Where applicable, developer charges are set on the basis of cost-recovery.

---

4 Rates charged for watering of the oval and recreation grounds are capped at rate level 2.
There was no increase in any of the rates, fees and charges applicable to Water and Sewerage services.

Council reviews ALL rates, fees and charges on a financial year basis – the revised charges apply from the 1st of July each year. However changes to water and sewerage fees and charges have to date been implemented on a calendar year basis – ie from the 1st of January following the review. To improve efficiency and eliminate potential confusion, Council plans to synchronise the implementation of ALL fees and charges changes – including Water and Sewerage - from the 1st of July each year.

The current review of water and sewerage rates will therefore only apply until 30th of June 2018.
A copy of the pricing schedule from the 1st of January until the 30th of June 2018, including a comparison with 2017 prices, is provided in Appendix 1.
## APPENDIX 1

### Roxby Water 2018 Pricing Schedule

<table>
<thead>
<tr>
<th>Drinking Water Retail Services</th>
<th>Unit of Measure</th>
<th>Current Year $/unit</th>
<th>Previous Year $/unit</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>All Properties</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supply Charge</td>
<td>Per access unit per qtr</td>
<td>$72.00</td>
<td>$72.00</td>
<td>0%</td>
</tr>
<tr>
<td>First 34 kl</td>
<td>Kl per access unit</td>
<td>$2.00</td>
<td>$2.00</td>
<td>0%</td>
</tr>
<tr>
<td>34-120 kl</td>
<td>Kl per access unit</td>
<td>$3.90</td>
<td>$3.90</td>
<td>0%</td>
</tr>
<tr>
<td>Over 120 kl</td>
<td>Kl per access unit</td>
<td>$5.90</td>
<td>$5.90</td>
<td>0%</td>
</tr>
</tbody>
</table>

### Connection Size

<table>
<thead>
<tr>
<th>Connection Size</th>
<th>Access Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>20mm service connection</td>
<td>1</td>
</tr>
<tr>
<td>25mm service connection</td>
<td>1.5625</td>
</tr>
<tr>
<td>32 service connection</td>
<td>2.56</td>
</tr>
<tr>
<td>40mm service connection</td>
<td>4</td>
</tr>
<tr>
<td>50mm service connection</td>
<td>6.25</td>
</tr>
<tr>
<td>80mm service connection</td>
<td>16</td>
</tr>
<tr>
<td>150mm service connection</td>
<td>56.25</td>
</tr>
<tr>
<td>Freehold land abutting a water main with no service connection</td>
<td>1</td>
</tr>
</tbody>
</table>
## Roxby Water 2018 Pricing Policy Statement

### Roxby Water 2018 Pricing Schedule

<table>
<thead>
<tr>
<th>Sewerage Services</th>
<th>Unit of Measure</th>
<th>Current Year $/unit</th>
<th>Previous Year $/unit</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>All Properties</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Service Availability Charge</td>
<td>Per property unit per qtr</td>
<td>$241.00</td>
<td>$241.00</td>
<td>0.0%</td>
</tr>
<tr>
<td>Sewerage charges for all properties are based on establishing property units for each type of property according to use, as per guidelines established by the South Australian Local Government Association.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Miscellaneous Fees &amp; Charges</th>
<th>Unit of Measure</th>
<th>Current Year $/unit</th>
<th>Previous Year $/unit</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Special Meter Reading Fee up to 4pm during business hours</td>
<td>each</td>
<td>$40.00</td>
<td>$40.00</td>
<td>0%</td>
</tr>
<tr>
<td>Special Meter Reading Fee after hours</td>
<td>each</td>
<td>$90.00</td>
<td>$90.00</td>
<td>0%</td>
</tr>
<tr>
<td>General Account / Administration Fee (Excludes Special Meter Reading Fee)</td>
<td>each</td>
<td>$40.00</td>
<td>$40.00</td>
<td>0%</td>
</tr>
<tr>
<td>Late Payment Fee (Sent with reminder notices)</td>
<td>each</td>
<td>$16.00</td>
<td>$16.00</td>
<td>0%</td>
</tr>
<tr>
<td>Other Fees</td>
<td>each</td>
<td>Details available from Council</td>
<td>Details available from Council</td>
<td>0%</td>
</tr>
</tbody>
</table>
REPORT FOR ORDINARY COUNCIL MEETING

Meeting Date: 20 December 2017
Title of Report: Financial Delegations

1. Purpose

To revise and update the expenditure limits of officers who have been approved to hold and exercise financial delegations.

2. Recommendation

That the amended Financial Delegations, as presented, be adopted by Council.

3. Background

Pursuant to the provisions of Section 12 of the Roxby Downs (Indenture Ratification) Act 1982 and Section 44 of the Local Government Act 1999, a council may delegate a power or function to an employee of the council. This delegation may include the expenditure of funds as per Section 137 of the Local Government Act.

4. Discussion

A financial delegation prescribes the dollar amount up to which an officer is authorised to commit and/or make expenditure in respect of an individual transaction.

Financial delegations are regularly reviewed and updated to reflect Council's operational requirements including when there has been a change in the position of an employee or when there is an appointment or termination of an employee.

If adopted, these changes to the financial delegations relate specifically to the recently appointed Operations Manager Roxbylink (a newly created role), as well as reflecting new job titles following the recent management restructure.

5. Policy Implications

5.1 Financial/Budget

Expenditure occurs within approved limits and within budget allocations.

5.2 Resources

Nil

5.3 Legal and Risk Management

Compliance with Procurement Policy

6. Report Consultation

Chief Executive
Group Manager Lifestyle & Sport

7. Attachments

Financial Delegations
8. **Report Authorisers**

Drew Ellis  
Group Manager Corporate Services
# Financial Delegations

**Municipal Council of Roxby Downs**  
**As at 20 December 2017**

<table>
<thead>
<tr>
<th>Position Title</th>
<th>Delegation (within Budget Allocation) Per transaction ex-GST</th>
<th>Criteria for Delegation</th>
<th>Credit Card Limit Per month Inc GST</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrator</td>
<td></td>
<td></td>
<td>$4,000</td>
</tr>
<tr>
<td>Chief Executive</td>
<td>$250,000</td>
<td>Within approved budget parameters.</td>
<td></td>
</tr>
<tr>
<td>Group Manager Corporate Services</td>
<td>$40,000</td>
<td></td>
<td>$3,000</td>
</tr>
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<td>Group Manager Governance &amp; Community</td>
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<td>Monthly purchase of electricity</td>
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<tr>
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1. Purpose

To consider a replacement policy for the Loans and Investment Policies.

2. Recommendation

The Audit Committee recommends to Council that the Treasury Policy be adopted and both the Loans Policy and Investment Policy be abolished.

3. Background

As part of the Audit Committee’s work plan it reviewed the Loans Policy at the meeting held 24 November 2017. During the review of the Loans Policy it was noticed that the linkage to the Investment Policy was not very strong and did not support good treasury management practices. As a result a new policy was developed, the Treasury Policy, to take the place of the existing Investment and Loans Policies. After consideration of the new policy the Audit Committee passed the following resolution:

“The Committee recommends to Council that the Treasury Policy be adopted and both the Loans Policy and Investment Policy be abolished.”

4. Discussion

The good management of cash is vital to ensure that there are sufficient financial resources available when required and that financial resources are properly managed. The new policy provides the necessary guidance to ensure that Council’s finances are managed holistically, thereby maximising their effectiveness. It also provides guidelines to ensure the risks associated with both lending and investing are properly managed.

Using the relevant parts of the Investment Policy and Loans Policy and the template provided in Local Government Association Financial Sustainability Program Information Paper 15 – Treasury Management a draft policy was developed. This was reviewed by the Finance Manager.

An important inclusion in the Treasury Policy is the link to Council’s target Net Financial Liabilities and guidance on managing funds not required for operational purposes.

Limits are established on the types of short and long term borrowings to ensure interest rate risks are properly managed.

Significant thought was given to appropriate investment guidelines and the investment polices of more than six councils were reviewed. The final wording provides simple and unambiguous guidance to officers that avoids the complications inherent in the previous policy which made reference to credit ratings. Beyond State and Commonwealth securities and Local Government Financial Authority deposits the range of authorised investments was limited to Australian Banks. Whilst it reduces the number of institutions in which officers can use without Council.

5. Policy Implications

5.1 Financial/Budget

Nil
5.2 **Resources**

Nil

5.3 **Legal and Risk Management**

This policy provides guidance on the management of interest rate risks, for both loans and investments

6. **Report Consultation**

Group Manager Corporate Services
Audit Committee

7. **Attachments**

Treasury Policy

8. **Report Authorisers**

Alan Rushbrook
Financial Advisor
<table>
<thead>
<tr>
<th>TITLE</th>
<th>POLICY – TREASURY</th>
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<td>Replaces Loans Policy and Investment Policy</td>
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<td>Previous Audit Committee Reviews</td>
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</table>

Applicable Legislation:

- Local Government Act 1999

Related Policies (alphabetical list):

- Budget Management Policy

Related Procedures:

Reference Documents:

- Local Government Association Financial Sustainability Program
  - Information Paper 15 – Treasury Management
  - Information Paper No 9 – Financial Indicators
  - Information Paper No 10 - Debt
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 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
- 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 ratios).

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 Borrowing

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 aim to maintain on average in any year, not less than 30% of its gross debt in the form of fixed interest rate borrowings.
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.

Council also will ensure that no more than 25% of its fixed interest rate borrowings mature in any year.

Where short term borrowings are required for liquidity purposes these are exempt from the requirement to maintain a minimum percentage of fixed interest borrowings.

3.2.2 Variable Interest Rate Borrowings

Council will aim not to have less than 30% of its gross debt on average in any year in the form of variable interest rate borrowings.

Council will maintain overdraft or other similar facilities which provide Council ready access to urgent funds should the need for them arise.

3.2.1 Minimising costs

At least two quotations are to be obtained from authorised institutions whenever a borrowing is proposed. After taking into account all relevant factors, including the exposure limits set above, the quote, which delivers the best value to Council, shall be successful. During periods of stable interest rates, new borrowings may be made based upon the results of previous quotes providing the borrowing term and amount being invested are comparable to the previous borrowing(s).

Where short term funds are required for liquidity purposes Councils existing facilities can be utilised without seeking quotations.

3.3 Investments

3.3.1 Maximising Returns

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.

At least two quotations are to be obtained from authorised institutions whenever an investment is proposed. After taking into account all relevant factors, including the exposure limits set above, the quote, which delivers the best value to Council, shall be successful. During periods of stable interest rates, new investments may be made based upon the results of previous quotes providing the investment term and amount being invested are comparable to the previous investment(s).

3.3.1 Allowable Investments
Council management may from time to time invest surplus funds in
- State/Commonwealth Government Bonds;
- deposits with the Local Government Financing Authority; and/or
- interest bearing deposits with any Australian owned bank registered as an authorised deposit-taking institution (as defined in the Banking Act 1959)

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 50% of the average level of funds expected to be available for investment by Council over the duration of the specific authorised investments

Pursuant to Section 47 of the Act, the Council is prohibited from acquiring shares in a company. However, the Council is not prohibited from investing in managed funds which invest in shares.

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

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 - the quantum of funds, its interest rate and maturity date, and changes in the quantum since the previous report; and,
- the performance of each investment and the performance of the investment portfolio as whole; and
- adherence to the borrowing and investment guidelines in this policy.

9. REVIEW OF THE POLICY

To ensure that the principles of open Government are being applied in a proper manner it is anticipated that a review will be conducted every two years. However, Council has the right to review this policy at any time.

10. ACCESSIBILITY

This policy is available to be downloaded free of charge from Council’s website www.roxbydowns.sa.gov.au

Hard copies, for a fee, can be provided in accordance with Council’s Fees and Charges, at the Council office at 6 Richardson Place, Roxby Downs, SA 5725.
REPORT FOR COUNCIL MEETING

Meeting Date 20 December 2017
Title of Report Funding Policy

1. **Purpose**

To review a new policy, the Funding Policy, which will replace the current Fees and Charges Policy.

2. **Recommendation**

That the Funding policy be adopted and the Fees & Charges Policy be abolished.

3. **Background**

As part of its work plan the Audit Committee recently reviewed the Fees and Charges Policy and passed the following resolution.

“*That the Audit Committee recommend to Council that the Funding policy be adopted and the Fees & Charges Policy be abolished.*”

4. **Discussion**

The current Fees and Charges Guidelines Policy is a long policy which provides rationale and guidelines for the setting of fees.

The policy has been restructured to make it consistent with the approach recommended by the Local Government Association and their recommended Funding Policy. The Policy considerations have been removed and a linkage to the Strategic Planning framework has been added. In addition, the descriptions for each of the major services have been reviewed and updated where necessary.

5. **Policy Implications**

5.1 **Financial/Budget**

Nil

5.2 **Resources**

Nil

5.3 **Legal and Risk Management**

Nil

6. **Report Consultation**

Group Manager Corporate Services
Group Manager (Acting) – Essential Services & Assets
Group Manager Lifestyle & Sport
Audit Committee

7. **Attachments**

Funding Policy
8. **Report Authorisers**

   Alan Rushbrook  
   Financial Advisor
<table>
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<tr>
<th>TITLE</th>
<th>FUNDING</th>
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<td>This policy replaces the Fees and Charges Guidelines Policy</td>
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<td>24 November 2017</td>
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**Applicable Legislation:**

- Local Government Act 1999,
  - Section 133
  - Sections 146 – 166
  - Sections 182 and 182A

- Local Government (Financial Management) Regulations 2011
  - Regulations 5, 6 and 7

- Roxby Downs (Indenture Ratification) Act, 1982

**Related Policies (alphabetical list):**

- Budget Management Policy
- Municipal Rating Policy
- Leases and Licences to Sporting and Community Organisations
- Treasury Policy

**Related Procedures:**

**Reference Documents:**

1 INTRODUCTION

This policy sets out Council’s approach to the funding of services.

The policy is based on an assessment of the beneficiaries of all of Council’s services and how these should be funded. It provides the framework within which Council will raise the revenue necessary to fund expenses of programs set out in its long-term financial plan.

2 POLICY OBJECTIVES

The Funding Policy reflects Council’s determined balance between the principles of:

i. user-pays or beneficiary pays;
ii. capacity to pay of different sections of the community;
iii. costs of provision of services;
iv. where relevant, prices charged by others for provision of similar services;
v. maximising sourcing of external funding;
vi. accommodating individual circumstances of financial hardship; and
vii. achieving and preserving reasonable inter-generational equity.

3 POLICY STATEMENTS

3.1 Long-term Financial Plan

Council will adopt a 10 year Long-term Financial Plan (LTFP) that sets out the funding (revenue raising) requirements to equitably fund the identified community needs and preferences in its Strategic Management Plan’s.

The LTFP has also been based on achievement of the targets set by Council for each of its financial sustainability indicators as set out in its Budget Management Policy.

3.2 Budget Planning and Management

Council’s annual budget will be based on the relevant year of its LTFP and in particular the financial strategy that will ensure attainment of specified financial indicator targets for the year, as outline in its Budget Management Policy. Decisions regarding the range and level of services and infrastructure provided will take into account the need to maintain long-term financial sustainability without future unplanned increases in rates or disruptive cuts to services.

3.3 Financial Assistance and Other Discretionary Grants

Council receives ongoing Commonwealth Financial Assistance Grants through the SA Local Government Grants Commission (LGGC). Similarly Roads to Recovery Grants from the Commonwealth are an important funding source.

Historically, Council has also received funding from the State Government and BHP in accordance with the provisions of the Roxby Downs (Indenture Ratification) Act 1982 which has been used to fund Council activities.

3.4 Specific Purpose Grants

Council recognises that opportunities arise from time to time to secure grants or funding for specific projects or purposes.

Council will pursue such opportunities where the funding objectives support the directions of its Strategic Management Plan and its financial sustainability objectives.

When considering a specific purpose grant or funding opportunity Council will assess the whole-of-life costs of a project (including maintenance and other
operating costs over the life of the project) and will consider the impact of these costs on Council’s financial sustainability indicators over the life of the project.

3.5 General and Other Rates

Council will raise general and other rates from its community in accordance with its Municipal Rating Policy.

Council’s Municipal Rating Policy sets out its application of the following rating provisions contained in the Local Government Act 1999:

- Basis of valuation for rating purposes
- minimum rates or fixed charges;
- separate rates;
- service rates and charges;
- differential rates;
- rate rebates;
- postponement of rates.

Council keeps its Municipal Rating Policy under review to ensure it has appropriate regard for Council’s Funding Policy objectives (outlined in 2. above) and in particular any material changes in:

- capacity to pay within sections of the community;
- the extent of opportunity of access to, use of, and benefit from, Council services by various groupings of service users and ratepayers.

Revenue from general rates helps meet a substantial part of the cost of Council services and activities that are widely available to ratepayers.

3.6 User Charges

To reduce dependence on rate revenue Council applies user charges to meet the cost of its services where this is equitable, efficient and practical. Charges set have regard to Council’s costs, the benefits to direct users and others from the provision of the services and prices charged elsewhere for similar services.

Council’s user charges are set out in Council’s Fees and Charges Register.

The following principles are applied in the setting of fees and charges in each of Council Business Units.

**Municipal Activities**

Fees set by regulation will be charged at the regulated rates.

Fees and charges for miscellaneous items such as printing and photocopying are set mainly on a commercial basis.

**Roxby Link**

Fees for the use of facilities by community organisations are determined in accordance to the provisions of the Leases and Licences to Sporting and Community Organisations Policy.

Fees for commercial activities will be set at competitive rates which seeks to cover costs.

Participants in sporting and recreational activities will be expected to contribute towards the cost of providing the facilities and / or staff for their activity and fees will
be set at a rate which both encourages the use of the facilities and participation in the events. Generally, fees for children will set at a lower rate than adults.

Roxby Power

Electricity tariffs are set after consideration of contemporary principles of pricing setting for monopoly electricity retailers. Council also has to comply with the requirements of the Roxby Downs (Indenture Ratification) Act 1982, with respect to electricity tariffs.

Council will ensure that all costs, including the replacement of assets are taken into account when setting fees.

Roxby Water

Water tariffs are set after consideration of contemporary principles of pricing setting for monopoly water retailers, including the National Water Initiative guidelines.

Council will ensure that all costs, including the replacement of assets are taken into account when setting fees.

Each year a Water Pricing Policy Statement is considered by Council, which describes how the new water tariffs have been determined.

3.7 Borrowings

Loan funds can be a valuable source of funding for capital expenditure when Council does not have sufficient fund of its own for a particular project. Council takes a holistic view of its Treasury Management and may use short term borrowing to support its ongoing activities.

Council manages decisions about when to borrow and what type of borrowings to raise in through its Budget Management and Treasury Policies.

3.8 Private Sector Contributions/Partnerships

Council will seek private sector funding for projects e.g. through joint venture, grants or provision of infrastructure etc where this is considered beneficial to the community. In assessing the community benefit of such arrangements Council will take account of its financial exposure through an analysis of the whole-of-life costs of the project and ensure there is appropriate due diligence undertaken, and transparency, before entering into a significant private sector partnerships.

4. REVIEW OF THE POLICY

To ensure that the principles of open Government are being applied in a proper manner it is anticipated that a review will be conducted every two years. However, Council has the right to review this policy at any time.

5. ACCESSIBILITY

This policy is available to be downloaded free of charge from Council's website www.roxbydowns.sa.gov.au.

Hard copies, for a fee, can be provided in accordance with Council's Fees and Charges, at the Council office at 6 Richardson Place, Roxby Downs, SA 5725.
1. Purpose

To approve the annual operating grant for the Roxby Downs Community Board Inc. for 2017/2018.

2. Recommendation

That the annual operating grant of $2,542.81 for the Roxby Downs Community Board Inc. be approved for 2017/2018.

3. Background

The Roxby Downs Community Board was established by the Council in 2005 and separately incorporated as a not for profit association in December 2006. The Community Board and associated Forums source funding from a variety of grant funding bodies for specific projects and programs but does not have any recurrent sources of income to cover operational expenses. Since 2006 Council has provided the Community Board with annual grant to support its operations.

4. Discussion

Each year the Community Board submits an application to Council for operational expenses relevant to each particular financial year. For the 2017/2018 the projected expenses to be covered are:

Insurance  
Public Liability $1,201.90  
Volunteers Insurance $415.25  
Association Officials Insurance $671.66

Administration  
Post Office Box $124.00  
Market Day stall $80.00  
RoxFM Membership $50.00

$2,542.81

5. Policy Implications

5.1 Financial/Budget

This expense falls within Council’s budget allocation for the Community Board for 2017/2018.

It links the Community Leadership Objective (L2.1) in Council’s Strategic Management Plan 2012-2017 which is to support a robust and inclusive Community Board.

5.2 Resources

Council provides a variety of in-kind resources to the Community Board throughout the year including executive administrative support from Council staff and access to venues.

5.3 Legal and Risk Management

Nil
6. **Report Consultation**
   
   Sandy Sumson – Chair of the Community Board

7. **Attachments**
   
   Nil

8. **Report Authorisers**
   
   Michelle Hales
   Group Manager Governance and Community
1. Purpose

To receive the draft minutes from the Audit Committee held 24 November 2017.

2. Recommendation

That the draft minutes of the Audit Committee held on 24 November 2017 be noted and recommendations contained therein be adopted by Council.

3. Background

By operation of the Roxby Downs (Indenture Ratification) Act 1982, the provisions of the Local Government Act 1999 (‘the Act’) which relate to the establishment and meetings of a Council Committee do not apply to the Council. However, pursuant to Sections 36(1)(c) and 126 of the Act, the Council has established a committee known as the Roxby Council Audit Committee to ensure compliance with section 126 of the Act and accountability in decision-making.

The Audit Committee meets a minimum of four times per year.

The attachments to the Audit Committee Minutes are available on Council’s website.

The consolidated Budget Financial Statement and the Funding Policy referred to therein are covered under separate reports contained within the agenda for this meeting.

4. Discussion

Nil

5. Policy Implications

5.1 Financial/Budget

Nil

5.2 Resources

Nil

5.3 Legal and Risk Management

Nil

6. Report Consultation

7. Attachments

Minutes of the Audit Committee Meeting held 24 November 2017.

8. Report Authorisers

Roy Blight
Chief Executive
MINUTES

Meeting Audit Committee Meeting
Meeting Date & Time Friday 24 November 2017 at 10:02 am.
Location Boardroom, Local Government Finance Authority, Suite 1205, 147 Pirie Street, Adelaide, SA, 5000.
Present David Powell (Chair), Warwick Koster, Trevor Starr.
Staff Present Geoff Whitbread (Administrator), Roy Blight (CE) by telephone, Drew Ellis (Finance Manager), Alan Rushbrook (Financial Advisor).
Apologies Nil.

1. Opening Statement

2. Conflict of Interest

No member declared a conflict of interest.

3. In Attendance

Nil.

4. Confirmation of Minutes of the Previous Meeting

Moved: Trevor Starr

The Minutes of the Audit Committee Meeting held on 22 September 2017, with the change from “Council” to the “Audit Committee” in item 4, be confirmed as a true and accurate record of proceedings.

Seconded: Warwick Koster CARRIED

5. Administrator’s Report

CE First Quarter Review
Review undertaken. Transition has been satisfactory and new governance processes are working well.

Waste Management Contract
New arrangements commenced on 1 October 2017.
Updated documentation is being prepared and is expected to be executed in the next few weeks.
Expect savings of approximately $250k per year for the remaining eight years of the contract. Further savings may be achievable.

Golf Club
In negotiation with the Golf Club about the irrigation and grounds maintenance arrangements. Working towards clear and transparent arrangements. Good progress is being made towards a resolution.
Community Land Management Plans
Nine plans are currently out for consultation. Leases have been drafted, and once the consultation is completed they will be finalised with the relevant bodies and executed. The leases fully document the mutual obligations of all parties.

Insurance
Currently negotiating insurance premiums with Local Government Risk Services.

Strategic Plan
Talking to BHP about sharing the provision of their future plans to assist in the development of the Strategic Plan.

Restructure of Administration
The new structure has been announced and is being consulted on. It incorporates a reduction in the number of management by one position and the consolidation of departments. The key change is the consolidation of Water, Power and Works into one position. Second level management will have the title of Group Manager.

About to go to market for a Group Manager for Essential Services and Assets.
Iain Boehm has recently left the organisation. He developed and implemented a comprehensive transition plan prior to his departure.

Roxbylink
Restructure is commencing. An Operations Manager has been appointed.

Water, Sewerage and Electricity Tariffs
Considering aligning tariff reviews to financial year not calendar year.

Annual Report
Annual Report is nearly complete and will be ready for adoption at the next Council meeting.

BHP
BHP has announced that it intends to increase its staff by 120 in 2018. There has been a noticeable increase in town activity recently. BHP has started to mine the rich southern section of their mine.

Richardson Place
Resealing and line marking and shade sails are completed. New street furniture to be installed.

Other
Reviewing the horticultural effort in the town.

Moved: Trevor Starr

That the verbal report by the Administrator be noted.

Seconded: Warwick Koster

6. Written Reports

6.1 Review of Audit Committee Performance

Moved: Warwick Koster

That the report on the Review of Audit Committee Performance be received.

Seconded: Trevor Starr

6.2 Audit Completion and Adoption by Council of 2017 General Purpose Financial Statements
Moved: Trevor Starr

That the Audit Committee notes the adoption by Council of the 2017 FY Audited General Purpose Financial Statements.

Seconded: Warwick Koster CARRIED

6.3 First Quarter Budget Review

Moved: Trevor Starr

That the Audit Committee recommends to Council that the amended budget, Review 1, as presented in Attachment 1, be adopted.

Seconded: Warwick Koster CARRIED

Following questions from the Chair an updated Financial Report has been prepared and is attached to the minutes

6.4 Electricity, Water & Rates Payments Policy

Moved: Trevor Starr

That the report on the Electricity, Water & Rates Payments Policy be noted.

Seconded: Warwick Koster CARRIED

6.5 Funding Policy

Moved: Warwick Koster

That the Audit Committee recommend to Council that the Funding policy, as amended, be adopted and the Fees & Charges Policy be abolished.

Seconded: Trevor Starr CARRIED

The Funding Policy with the amended wording is attached to the end of these minutes.

6.6 Treasury Policy

Moved: Trevor Starr

The Committee recommends to Council that the Treasury Policy be adopted and both the Loans Policy and Investment Policy be abolished.

Seconded: Warwick Koster CARRIED

7. Chief Executive’s Report

Reform of the Community Board
Considering a restructure of the Community Board, consistent with the recommendations of the Governance Review.
Suggesting a more strategic focus, with a reduced number of groups, called shared interest groups, with bi-monthly meetings.
Currently consulting on the changes and planning to implement in the New Year.

Multi-Purpose Pump Track
The current BMX track is in need of an upgrade. There is a lot of interest being shown by the private sector and the school is supportive of the project.

BHP
BHP is a sponsor of the Crows women’s AFL team and it is hoped that some close ties can be made to support and encourage the participation of local women and children in sport.
Female Friendly Change Facilities
The current change facilities are in need of an update. They were designed and constructed when standards were different. Planning to submit applications for funding to upgrade the current facilities to the SA Department of Sports & Recreation, BHP and the Federal Government.

8. **Next Meeting**

To be advised.

9. **Closure**

The Administrator gave a note of thanks to all members of the Committee for their contribution over the past 2½ years. He has appreciated the support, counsel and input.

Warwick Koster indicated he will not be reapplying for membership of the Committee.

The Administrator thanked Warwick Koster for his eight years of service to the Committee and to Council.

The meeting closed at 11:33am.

............................................................
David Powell
Chair
20 December 2017