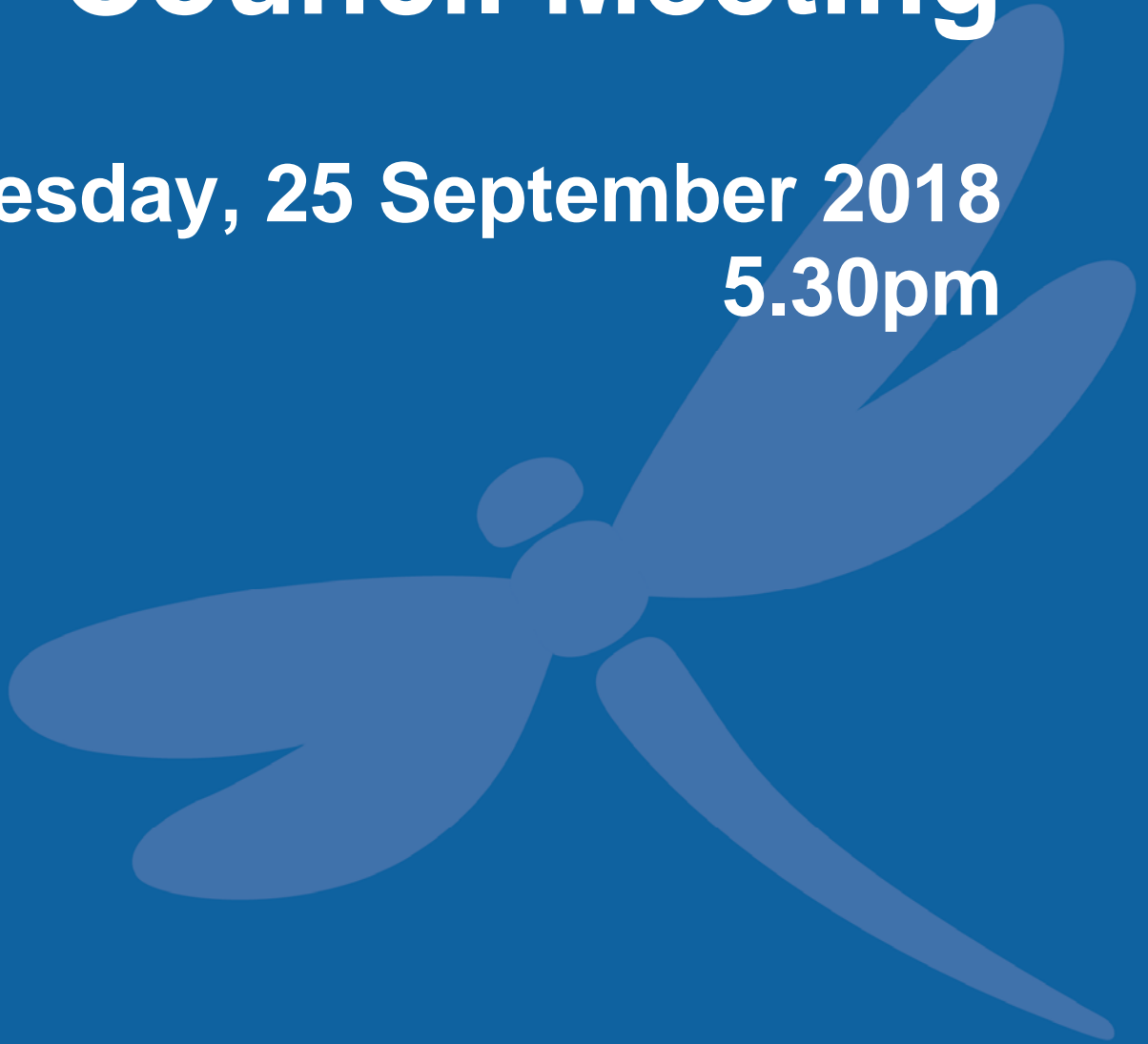


Business Papers

Ordinary Council Meeting

Tuesday, 25 September 2018
5.30pm



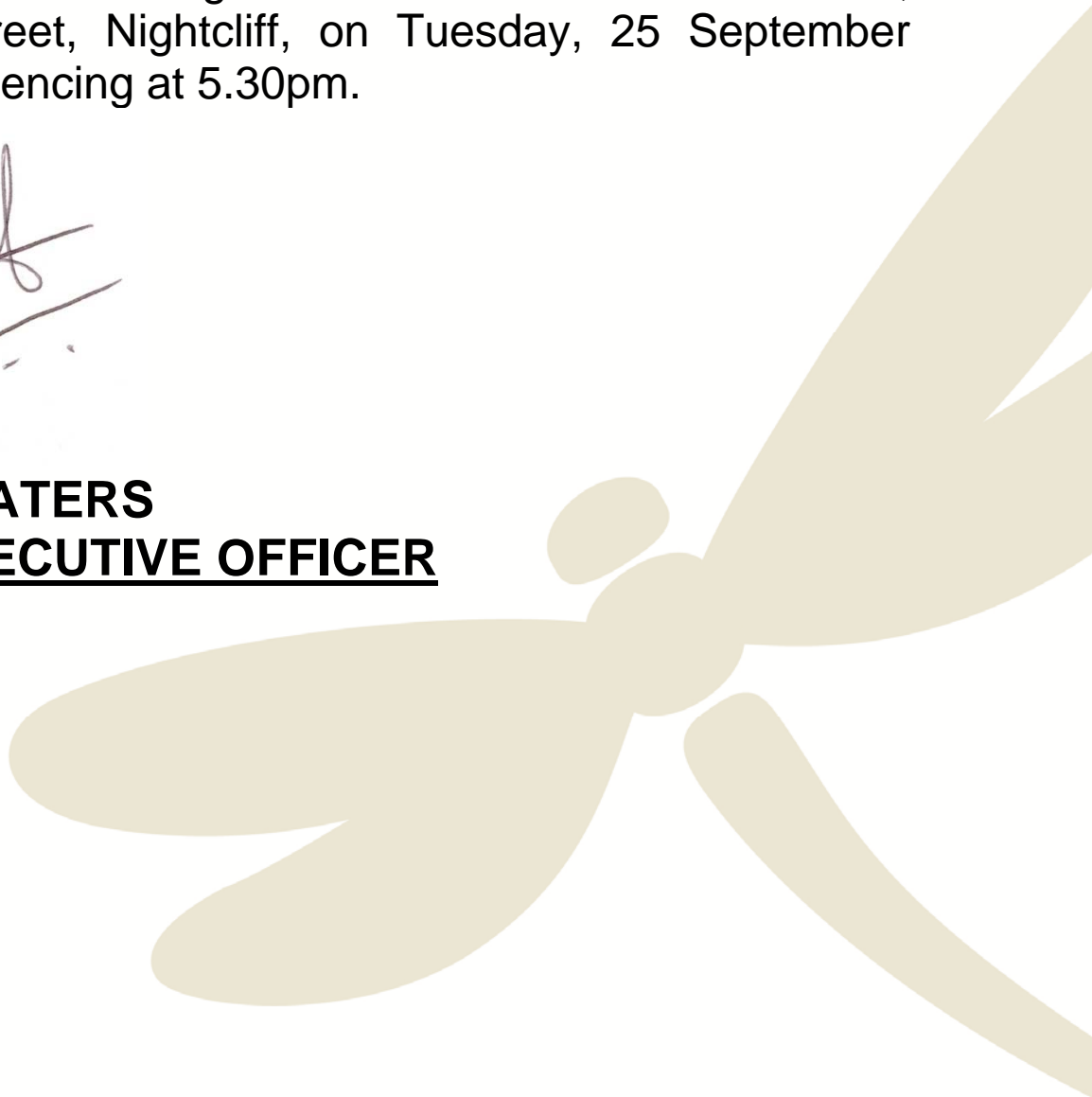


Notice of Meeting

To the Lord Mayor and Aldermen

You are invited to attend an Ordinary Council Meeting to be held at the Essington International School Darwin, Rossiter Street, Nightcliff, on Tuesday, 25 September 2018, commencing at 5.30pm.

SCOTT WATERS
CHIEF EXECUTIVE OFFICER



TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/3

CITY OF DARWIN

TWENTY-FOURTH ORDINARY MEETING OF THE TWENTY-SECOND COUNCIL

TUESDAY, 25 SEPTEMBER 2018

MEMBERS: The Right Worshipful, Lord Mayor, K Vatskalis, (Chair); Member A J Arthur; Member J Bouhoris; Member S Cullen; Member J A Glover; Member G J Haslett; Member R M Knox; Member G Lambrinidis; Member S J Niblock; Member M Palmer; Member P Pangquee; Member R Want de Rowe; Member E L Young.

OFFICERS: Chief Executive Officer, Mr S Waters; Chief of Staff, Ms M Reiter; Chief Operating Officer, Mr C Potter; Acting General Manager Engineering and City Services, Mr N Kleine; Acting General Manager Community and Regulatory Services, Ms S Gamble; Committee Administrator, Mrs P Hart.

Enquiries and/or Apologies: Penny Hart
E-mail: p.hart@darwin.nt.gov.au
PH: 8930 0670

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TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/4

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TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
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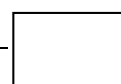
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20. DATE, TIME AND PLACE OF NEXT ORDINARY COUNCIL MEETING

21. CLOSURE OF MEETING TO THE PUBLIC

22. ADJOURNMENT OF MEETING AND MEDIA LIAISON



TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/6

1. ACKNOWLEDGEMENT OF COUNTRY

2. THE LORD’S PRAYER

3. MEETING DECLARED OPEN

4. APOLOGIES AND LEAVE OF ABSENCE
Common No. 2695036

4.1 Apologies

4.2 Leave of Absence Granted

- A. THAT it be noted Member G Lambrinidis is an apology due to a Leave of Absence previously granted on 17 July 2018 for the period 23 August to 2 October 2018.
- B. THAT it be noted Member S Cullen is an apology due to a Leave of Absence previously granted on 28 August 2018 for the period 23 September to 1 October 2018.
- C. THAT it be noted Member R M Knox is an apology due to a Leave of Absence previously granted on 28 August 2018 for the period 8 September to 1 October 2018.

4.3 Leave of Absence Requested

5. ELECTRONIC MEETING ATTENDANCE
Common No. 2221428

5.1 Electronic Meeting Attendance Granted

THAT Council note that pursuant to Section 61 (4) of the Local Government Act and Decision No. 21\0009 – 15/04/12, the following member(s) was granted permission for Electronic Meeting Attendance at this the Twenty-Fourth Ordinary Council Meeting held on Tuesday, 25 September 2018:

- Member S Cullen
- Member G Lambrinidis

5.2 Electronic Meeting Attendance Requested

TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/7

6. DECLARATION OF INTEREST OF MEMBERS AND STAFF
Common No. 2752228

6.1 Declaration of Interest by Members

6.2 Declaration of Interest by Staff

7. CONFIRMATION OF MINUTES OF PREVIOUS MEETING/S
Common No. 1955119

7.1 Confirmation of the Previous Ordinary Council Meeting

THAT the tabled minutes of the previous Ordinary Council Meeting held on Tuesday, 11 September 2018, be received and confirmed as a true and correct record of the proceedings of that meeting.

7.2 Business Arising

8. MATTERS OF PUBLIC IMPORTANCE

9. DEPUTATIONS AND BRIEFINGS

Nil

10. PUBLIC QUESTION TIME

TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/8

11. CONFIDENTIAL ITEMS
Common No. 1944604

11.1 Closure to the Public for Confidential Items

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the following Confidential Items:-

<u>Item</u>	<u>Regulation</u>	<u>Reason</u>
C24.1	8(c)(iv)	information that would, if publicly disclosed, be likely to prejudice the interests of the council or some other person
C25.1	8(e)	information provided to the council on condition that it be kept confidential
C27.1.1	8(c)(iv)	information that would, if publicly disclosed, be likely to prejudice the interests of the council or some other person
C27.1.2	8(c)(iv)	information that would, if publicly disclosed, be likely to prejudice the interests of the council or some other person

11.2 Moving Open Items Into Confidential

11.3 Moving Confidential Items Into Open

12. PETITIONS

TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/9

13. NOTICE(S) OF MOTION

13.1 Sister City Subcommittee Activities

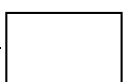
I give notice that at the 2nd Ordinary Council Meeting on 25 September 2018, I will be moving the following motion:-

That Council allocates \$6000 per annum to each Sister City Committee to undertake activities to strengthen relations with our Sister Cities.

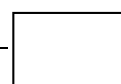
Background

Council has tasked community committees to actively engage with our Sister City counterparts in China, Indonesia, Timor Leste, Greece and USA. Community members donate their time free of charge to advance these programs. They need some funds to operate and \$6000 a year is a modest sum.

Alderman Gary Haslett
19 September 2018



14.1 OFFICERS REPORTS (ACTION REQUIRED)



ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 14.1.1
YES

4TH QUARTER BUDGET REVIEW AND CARRY FORWARDS 2017-2018

REPORT No.: 18CP0114 IF:ph COMMON No.: 2476534 DATE: 25/09/2018

Presenter: Management Accountant, Irene Frazis

Approved: Manager Finance, Russell Holden

PURPOSE

The purpose of this report is to

1. To present the 4th Quarter Budget Review and seek Council's endorsement for the recommended amendments.
2. To recommend the carry forward of unspent 2017/18 budgets to 2018/19.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.5 Responsible financial and asset management

Key Strategies

5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

KEY ISSUES

- The 2017/18 4th Quarter Budget Review includes the Municipal Budget Summary (overall fund/cash flow), Statement of Costs of Services (program details) and Statement of Cash, Investments (Reserves) and Carry Forwards.
- The review is unaudited and further adjustments will be made as/if necessary before presenting the audited financial statements to Council and officially lodging these with the Department of Housing and Community Development.
- Cyclone Marcus resulted in additional costs that have been funded from savings within programs and limiting Carry Forwards from 2017/18 into 2018/19.

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 REPORT NUMBER: 18CP0114 IF:ph
 SUBJECT: 4TH QUARTER BUDGET REVIEW AND CARRY FORWARDS 2017-2018

RECOMMENDATIONS

- A. THAT Report Number 18CP0114 IF:ph entitled 4th Quarter Budget Review and Carry Forwards 2017-2018, be received and noted.
- B. THAT Council, pursuant to Section 128 of the Local Government Act, amend the budget 2017/2018 as detailed in report 18CP0108 IF:je entitled 4th Quarter Budget Review and Carry Forwards 2017-2018 and contained in **(Attachments A-E)** with Municipal Budget Summary implications as per **(Attachment A)**:
- a) "Operating Result (Income Statement)", increase of \$45,909,000 (credit) less "non-cash items" \$42,056,000 (debit) leading to reduction in "Funds from operations" of \$3,823,000 (credit).
(Attachment A Notes 1 – 3)
 - b) "Sale of assets" decrease of \$220,000 (debit) **(Attachment A Note 4)** and "Purchases of assets", decrease of \$1,351,000 (debit). **(Attachment E Note 4 - 5)**. Loan repayments decrease of \$143,000 (credit) **(Note 6)**.
 - c) "Transfers from specific reserves" \$5,098,000 (debit).
(Attachment C Note 7)
 - d) The sum of the above (a -c) variations to the existing adopted budget result in nil effect to General Funds (balanced budget).
(Attachment A – Bottom Line)
- C. THAT Council, pursuant to Section 128 of the Local Government Act, resolves to vary the 2018/19 budget by adopting the carry forward budget variations and associated funding in **Attachment E** to Report Number 18CP0114 IF:ph entitled 4th Quarter Budget Review and Carry Forwards 2017-2018 totalling \$ 16,291,718.

BACKGROUND

Each quarter Council considers any variations required to the original budget.

At the end of each financial year Council considers the unexpended budgets to be carried forward each year to ensure the completion of required works and services.

Early carry forwards from 2017/18 into 2018/19 from Quarters 1-3 have been adopted in prior quarterly budget reviews and are not included in the Variations, these are already reflected in the Amended Budget.

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 REPORT NUMBER: 18CP0114 IF:ph
 SUBJECT: 4TH QUARTER BUDGET REVIEW AND CARRY FORWARDS 2017-2018

DISCUSSION

The objectives of the 4th quarter budget review include:

- Adjustment of any costing or accounting issues identified prior to finalisation of audit
- Accountability for notable variances (actual versus budget) in the 4th quarter

This 4th quarter budget review is prepared after the end of the financial year and therefore is backward looking. The preceding reviews are forward looking as far as practicable and request Responsible Officers to advise Council of developing issues and seek appropriate endorsement for budget amendments.

These unaudited results are subject to final adjustments and audit.

Variations proposed are presented in the attached financial reports with notes underneath.

The following are explanations of some headings in the attachments:

- **Full Original Budget** is the full year budget as per the adopted Municipal Plan.
- **Full Amended Budget** is the preceding "Full Original Budget" amended in the case of reports on Reserves balances for the audited 30 June 2017 Financial Statements. It is also amended for adopted carry overs of unspent budgets from 2016/17 and subsequent budget reviews.
- **Recommended Variations** – these are the 4th quarter variations for accountability of variances (budget vs actuals) in the year end result.
- **Carry Forward Variations** are incomplete/unspent items recommended to be carried forward for completion in 2018/19 as they are already commenced/committed and/or still considered to be a Council priority.
- **Projected Result** is the sum of the Full Amended Budget and Recommended Variations (including Carry Forward Variations). It projects the new year end result if the variations are adopted.
- **YTD Actual** is the actual spending for the year to date including any accrual adjustments able to be reliably calculated. It does not include commitments/orders as this has a tendency to overstate progress and may not present a true and fair view.
- **YTD v Projected Result %** is the YTD Actual divided by the Projected Amended Budget to derive a % of financial progress against projected budget,
- **Notes** provide numbered references which link the recommended variations to explanations below each report.

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 SUBJECT: 4TH QUARTER BUDGET REVIEW AND CARRY FORWARDS 2017-2018

CONSULTATION PROCESS

This report was considered by the Executive Leadership Team on 17 September 2018 and now referred to Council for consideration.

In preparing this report, the following City of Darwin officers were consulted:

- Responsible officers in relation to requests for budget variations and carry forwards.

POLICY IMPLICATIONS

This report is in accordance with existing policies and does not propose any policy changes.

BUDGET AND RESOURCE IMPLICATIONS

Overall the 4th quarter budget review provides a 'balanced budget' by way of utilising savings from within programs and transfers from reserves to offset increased costs resulting from Cyclone Marcus.

Cyclone Marcus Impact on Accounts

Clean up and recovery following Cyclone Marcus has been significant for the 2017/18 financial year with gross expenditure of \$13.3M. As at 30 June 2018, \$8.2M directly expended by Council, A further \$5.1M has been paid by insurer under Council's policy for clean-up works. This has now been recognised in the accounts. Insurance income recognised at 4th quarter is \$4.2M.

At the 3rd quarter review \$1M in insurance income was recognised as a prepayment for civil infrastructure repairs. As at 30 June 2018, expenses of \$318k can be directly attributed against this income in 2017/18. The balance of \$682k for civil infrastructure repairs has been transferred to liabilities (as income in advance) and will be utilised in the 2018/19 year for the final stages recovery works.

These adjustments result in a net operational impact recognised as at 30 June 2018 for Cyclone Marcus of \$8.8M.

Although it is anticipated that Natural Disaster Relief and Recovery Arrangements funding will be received in the 2018/19 financial year, the quantum is still unknown and cannot be recognised in the accounts at this stage.

Funding Shortfall

A number of operational and capital savings have been identified, reducing the operational expenditure impact of Cyclone Marcus. Some of these are a direct result of resource diversion for Cyclone Marcus response. In addition unspent capital programs, that were funded from general funds have not been carried forward into the 2018/19 budgets to fund the budget shortfall in 2017/18.

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Examples of identified operational savings of \$2.6M include: Civil Works \$1.1M, Building services \$300k, additional general fund interest income \$331k, rates penalty interest/fees \$203k (as detailed in **Attachment B**).

Capital savings and unspent capital programs not carried forward of \$5.9M include Lakeside Drv revenue component of project, Building refurbishments, playground refurbishment, road reseals & refurbishment, footpath and shared path programs (as detailed in **Attachment D**).

Other cash adjustments include a reduction in principal repayments required due to the timing of Darwin Entertainment Centre (DEC) loan repayments factored into the budget. These net adjustments provide \$8.6M of funds, leaving a residual general funds shortfall to \$235k. This shortfall has been funded by transfer of funds from the Asset Replacement & Refurbishment Reserve.

Other Variations

Details of the variations are provided in the Attachments, Items of note include:

- Early receipt 2018/19 FAA grant monies Q1 &2 – transferred to Carry Forward Reserve to offset the relevant 2018/19 income budgets as grant is not 'restricted'.
- Recognition of contributed assets (non-cash income) Public Lighting \$43.4M WDV and Muirhead Stage 3 \$6.2M.
- Receipt of capital grant income of \$10M – transferred to Unspent Grants Reserve to be expended in 2018/19. These are detailed in **Attachment B**.
- Increase in depreciation expense (non-cash expense); mainly from additional assets recognised including Shoal Bay Cell 5, Public Lighting, Parap Pool, DEC Air-conditioning and Waste remediation assets, and the impact of the infrastructure revaluation in 2016/17. In addition impairment of assets recognised related to Cyclone Marcus.
- Reduction in Regulatory Services income in particular parking enforcement income in CBD.
- In accordance with report 18CO0034 NT:dr entitled Leachate Treatment - Full Scale System the early 3rd Quarter carry forward of internal loan funds \$6.773M (\$5.5M from Off & On Street Reserve and \$1.273M from Asset Replacement & Refurbishment Reserve) will not be required for the Leachate treatment program.

The final outcomes will be subject to final adjustments and audit.

Carry Forwards

Recommended carry forwards (**Attachment E**) are for incomplete projects with remaining budget. The remaining budget is carried forward to 2018/19 to enable completion.

The proposed carry forward of budget programs from 2017/18 to 2018/19 totals \$16.3M consisting of \$14.3M of capital plus \$2M operational.

The majority of the \$2M operational carry forwards are due to the early receipt of Financial Assistance grant \$1.8M (\$948k roads component and \$884k general).

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The capital carry forwards include large projects funded from capital grants received during the year and funds identified for Bennett/Cavenagh St as this project is currently underway. Other capital programs not expended by year end 2017/18 have not been carried forward and either transferred back to reserve funding was sourced from or utilised to offset the funding shortfall for the year. It is intended that these projects will be referred to quarterly reviews in 2018/19 financial year for Council approval to progress and identify funding.

Full details of the carry forwards and associated funding are provided at **(Attachment E)**.

It should be noted that **Attachment E** excludes early carry forwards adopted as part of the 1st - 3rd quarter reviews and that these will be also automatically brought in to 2018/19. This will be with the exception of the Leachate Treatment program carry forward of \$6.773M, funded from internal loan borrowings from reserves, as external funds will be sought for this program subject to Ministerial Approval.

Reserves

Each reserves end of year result will transfer as the available opening balance into 2018/19. The results are closely in line with the anticipated opening balances as per the 2018/19 Municipal Plan, excluding carry forward balances and unspent identified projects, as the Municipal Plan assumes no carry forwards.

Details of the reserve variations are in **Attachment C** Notes.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

There is no formal NT legal requirement for quarterly budget reviews.

Adoption of the recommendations in this report will result in Council varying the budget in accordance with Section 128 of the *Local Government Act*.

Section 127 (3) of the Local Government Act prohibits Council from adopting a deficit budget.

ENVIRONMENTAL IMPLICATIONS

Nil

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COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

IRENE FRAZIS
MANAGEMENT ACCOUNTANT

RUSSELL HOLDEN
MANAGER FINANCE

For enquiries, please contact Irene Frazis on 89300654 or email:
 i.frazis@darwin.nt.gov.au.

Attachments:

- Attachment A:** Municipal Budget Summary
- Attachment B:** Statement of Costs Services
- Attachment C:** Statement of Cash and Investments (Reserves)
- Attachment D:** Statement of Capital Expenditure
- Attachment E:** Carry forwards (from 2017/18 into 2018/19)

Municipal Budget Summary		Full Original	Full Amended	Recommended	Carry Forward	Projected	YTD	YTD v	
for the period ended 30/06/2018		Budget	Budget	4th Qtr Variations	Variations	Result	Actual	Projected	
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	Result	Notes
								%	
% of year elapsed								100%	
Operational and Capital Income		104,619	110,199	61,635	1,832	173,666	173,698	100%	
Expenses		-106,070	-108,718	-15,726	98	-124,346	-124,363	100%	
Operating Result (Income Statement)		-1,451	1,481	45,909	1,930	49,321	49,335		1
Adjust non cash items:									
Add back depreciation		24,037	24,037	5,860		29,897	29,897	100%	2
Other non cash items		-	-	-47,946		-47,946	-47,946		3
Funds from operations		22,586	25,518	3,823	1,930	31,271	31,286		
Sale of assets		783	783	-220		564	564	100%	4
Purchases of assets		-21,633	-42,000	1,351	14,361	-26,288	-26,290	100%	5
Funds from investing		-20,850	-41,217	1,131	14,361	-25,725	-25,726		
Loans raised		2,100	2,000	-		2,000	2,000	100%	
Loans repaid		-384	-384	143		-241	-241	100%	6
Funds from financing		1,716	1,616	143	-	1,759	1,759		
Transfers from (-to) specific reserves		-3,452	13,467	-5,098	-16,291	-7,922	-7,922		7
Net increase (-decrease) in General Funds		-	-616	-		-616	-604		8
Notes on recommended variations:									
1. The increase in the Income Statement is as detailed in Attachment B, Cost of Services.									
2. Adjustment for non cash items add back depreciation & impairment increase \$5.9M.									
3. Adjustment for non cash items take off contributed assets \$49.6M offset by NPV unwinding on Waste provisions \$1.3M and loss on asset sales/disposals \$222k.									
4. Decrease proceeds as plant sales less than budgeted.									
5. The decrease in Purchases of assets is as detailed in Attachment D, Statement of Capital Expenditure in conjunction with Attachment E Carry Forwards Report.									
6. Adjust loan principal repayments budget to align correctly with actuals, as DEC loan repayments. not commencing until 2018/19									
7. Net increase in reserve transfers is as detailed in Attachment C, Statement of Reserves.									
8. This is the net sum of all fund flows after reserve transfers and displays a no change in General Funds (decrease of \$616K is from the 2016/17 surplus funds as per the 2nd Quarter Budget Review 2017/18).									

1. Notes do not include commentary on Carry Forward Variations - these are included in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
Office of the Chief Executive							Attachment B-1	
Income								
Governance	15	30	28		58	58	100%	1
Total income	15	30	28	-	58	58	100%	
Expense								
Communications & Marketing	811	811	-95		716	716	100%	2
Governance	2,587	2,415	21		2,436	2,433	100%	3
Total expense	3,399	3,227	-74	-	3,153	3,149	100%	
Net surplus (-cost)	-3,384	-3,196	102	-	-3,094	-3,092	100%	
Office of the Chief Executive Notes on recommended variations : 1. Electoral voter infringement income and expenses \$21k; and contribution from Dept Chief Minister for workshop & outcomes report Darwin City Deals \$7k. 2. Savings in communications and promotions program \$95k. 3. Savings from Municipal Elections (voter infringement income - original budget not required) transferred back to Elections Reserve.								

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Costs of Services

for the period ended 30/06/2018

	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
City Futures								
Income								
City Parking	5,122	4,791	-35		4,756	4,756	100%	1
Climate Change & Environment	50	50	3		53	53	100%	2
Economic Development & Tourism	1,622	1,522	-79		1,443	1,443	100%	3
Total income	6,794	6,363	-111	-	6,252	6,252	100%	
Expense								
Office of GM City Futures	358	458	-37		421	421	100%	4
City Parking	5,156	5,311	141		5,451	5,451	100%	5
City Planning	447	447	-30		417	417	100%	6
Climate Change & Environment	469	598	-79		519	519	100%	7
Economic Development & Tourism	669	844	-324		520	520	100%	8
Total expense	7,099	7,658	-329	-	7,328	7,328	100%	
Net surplus (-cost)	-305	-1,295	218	-	-1,076	-1,076	100%	

City Futures Notes on recommended variations:

1. Decrease in income due to combination of off and on street (Zones B & C) parking, however the overall decrease in income is slightly offset by an increase in Zone A as well as West Lane Carpark.
2. Science Week Grant from CDU- Climatewatch Trail Launch.
3. Decrease in income due to 100 Mitchell st lease reduction & deferred rent repayment agreement (\$85k) and vacancies and rent reductions in Westlane arcade (\$33k). Offset by slightly more income for alfresco dining (\$39k).
4. Savings in GM City Futures operational expenditure.
5. Transfer paystay project implementation expenses from capital, as expenses were operational in nature (\$100k). Additional net other expenses (mainly bank charges and utilities costs) \$41k.
6. Savings in salaries (\$15k), temporary labour and consultancy expenses (\$15k).
7. Underspend relates to operational component of Bike Plan and savings in consultancy expenses.
8. Savings in CBD Activation (\$80k) and CBD Activities program (\$54k) - transferred back to reserves projects were funded from. In addition, savings in International Relations program, (\$138k), mainly relating to salaries due to vacancy during the year. Minor savings in property management (\$8k) and Economic Development programs (\$19k). Transfer back to Markets reserve \$25k for Mindil Markets design for grease traps and bollards, project to be spent in 2018/19.

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
City Life								
Income								
Office of GM City Life	-	67	-3		64	64	100%	1
Arts & Cultural Development	-	11	-5		5	5	100%	2
Customer Experience	122	122	-2		120	120	100%	
Family & Children	173	218	8		226	229	101%	3
Leisure and Events	636	385	24		409	409	100%	4
Libraries	1,519	1,576	-21		1,555	1,554	100%	5
Regulatory Services	3,184	3,184	-1,263		1,921	1,921	100%	6
Youth Services	2	2	10		12	12	100%	7
Total income	5,637	5,564	-1,252	-	4,313	4,315	100%	
Expense								
Office of GM City Life	512	1,147	-65		1,082	1,082	100%	8
Arts & Cultural Development	85	85	-5		80	80	100%	9
Community Development	863	823	-46		777	774	100%	10
Community Engagement & Participation	124	183	17		200	200	100%	11
Customer Experience	628	628	-60		568	568	100%	12
Darwin Entertainment Centre	902	974	130		1,104	1,104	100%	13
Darwin Safer City	551	551	-139		413	414	100%	14
Family & Children	352	563	-		563	563	100%	
Leisure and Events	2,291	2,061	187		2,248	2,248	100%	15
Libraries	3,676	3,867	-65	-2	3,800	3,800	100%	16
Regulatory Services	4,430	4,470	-500		3,970	3,970	100%	17
Youth Services	492	492	-63		429	429	100%	18
Total expense	14,906	15,845	-609	-2	15,234	15,230	100%	
Net surplus (-cost)	-9,269	-10,281	-643	2	-10,922	-10,915	100%	

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
<p>City Life Notes on recommended variations:</p> <ol style="list-style-type: none"> Grant for Pet Friendly Park from Keep Australia Pet Friendly received in July 2018/19 - remove income and expense budgets to be reinstated at 1st Quarter. Project for Parap Pool public art entry commission correction of duplicate 3rd qtr budget variation, offset by reduction in capital program. Increase in Lyons community centre income \$8k. Increase income in recreation hire fees income from hire of ovals and Parap Recreational Facility \$15k. Additional pool income for Nightcliff and Casuarina pools \$9k. Reduce Libraries and grant income and offsetting expenditure as overestimated grant income. Decrease in Regulatory Services income \$1.263M: <ul style="list-style-type: none"> \$831k CBD infringement income due to several factor in economic downturn, adjusted regulation practice to support local business and reduction in staffing \$27K Permits income due to a reduction in Loading Zone permits and Permitted Parking permits being issued Offset by increase of \$24k in income for abandoned vehicles and increased Offstreet Parking fines \$231k Animal registration fees and fines due to lack of registration audit (reduction in fines) and revision of estimated forecast \$198k Public Places infringement income due to reduction in issue for illegal camping and other by-law related offences Midnight Basketball funding received from Midnight Basketball Australia \$10k. Savings in GM operational expenses - course workshop/ training budget \$11.5k and savings in operational projects budget \$54k. Savings in Arts Activities due to staff vacancy - materials and foods/ refreshments resources. Savings in Community Development - salaries & wages due to vacancies \$21k, non contracted services \$16k & advertising expenses \$9k. Community Engagement overspent in salaries & wages \$17k. Customer Experience savings in salaries & wages \$41k due change in flexible work arrangements, and Permits management operational costs \$19k as improvements for street food locations not delivered. Overspent in DEC operational costs due to expenses related to temporary chiller. Savings in Darwin Safer City program due to salaries & wages \$67k from vacancies and materials and services \$72k. Transfer capital Christmas program budget to operational as expenses were operational in nature (\$120k). Overspent in operational expenses, mainly relating to salaries & wages \$67k. Overall savings in Libraries materials expenses. Decrease in infringements write offs due to less infringements being issued \$281. Savings in salaries and overtime \$379k due to vacancies (partially offset by temporary labour costs \$250k). Additional savings in general operating expenses \$90k including advertising , materials & services, stationery and postage and internal plant hire . Savings in Youth Program due to staff vacancies - salary & wages \$16k, materials & services \$32k and internal plant hire \$15k. 								

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
City Operations								
Income								
Building Services	1	1	-		1	-	0%	
Civil Works	1,778	872	132	948	1,952	1,952	100%	1
Development	486	486	-184		302	302	100%	2
Fleet Management	73	73	-12		61	61	100%	3
Parks and Reserves	192	192	24		216	216	100%	4
Street Lighting	-	302	-		302	302	100%	
Waste Management	21,152	21,152	-600		20,552	20,552	100%	5
Total income	23,682	23,078	-640	948	23,386	23,385	100%	
Expense								
Office of GM City Operations	591	515	-50		465	465	100%	6
Asset Management	437	437	38		475	475	100%	7
Building Services	4,205	3,731	-294		3,436	3,436	100%	8
Capital Works & Project Management	524	524	48		572	572	100%	9
Civil Works	10,282	10,027	-1,023	-82	8,922	8,921	100%	10
Design	1,196	1,339	-57	-14	1,268	1,268	100%	11
Development	188	120	-30		90	90	100%	12
Fleet Management (net of internal charges/hire)	-1,624	-1,624	-625		-2,249	-2,249	100%	13
Operations Administration	1,175	2,119	12,319		14,438	14,438	100%	14
Parks and Reserves	16,100	16,125	-6		16,119	16,119	100%	
Street Lighting	1,894	2,196	22		2,218	2,218	100%	15
Waste Management	16,568	16,792	541		17,333	17,334	100%	16
Total expense	51,536	52,300	10,884	-96	63,087	63,087	100%	
Net surplus (-cost)	-27,855	-29,222	-11,523	1,044	-39,701	-39,702	100%	

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
City Operations Notes on recommended variations: <ol style="list-style-type: none"> 1. Recognise grant income received for Mosquito Control operational component \$82k (to be carried into Unspent Grants Reserve) and increase FAA Roads budget to reflect 2017/18 actuals \$50k. 2. Decrease in net overall income mainly related to permits & roads reserve income and recoverable works (partially offsets reduction in recoverable works expense). 3. Decrease in income from less than anticipated fuel tax credits received. 4. Higher income than budgeted achieved for Parks & Reserves, increased activity for hiring of parks. 5. Less income than budgeted received for Shoal Bay Waste Management Facility \$782k (offset by reduction in expenses), LMS gas credits \$40k; partially offset by increases kerbside and manual collection charges \$222k. 6. Savings in GM City Performance for course/workshops, accommodation, airfares and overtime operational expenses. 7. Increase in Asset Management expenses for overtime and internal plant hire. 8. Savings in Building Services program - salaries & wages \$167k and overall materials and services \$127k. Cyclone Marcus impacted delivery of program. 9. Capital Works and Project Management additional charge for internal plant hire. 10. Savings in Civil Works - Roads Maintenance \$492k, Cleaning Services \$382k, Stormwater Drainage \$138k and Pathways \$93k - Cyclone Marcus impacted delivery of program. Less Mosquito Control offsetting grant funds to transfer to Unspent Grants Reserve \$82k. 11. Savings in Design internal plant and consultancy costs and wayfinding strategy budget. 12. Savings in recoverable works salaries & wages budget (partially offset by reduction in income). 13. Additional income from internal plant recharges (offset by charges to other programs) \$147k. Net savings in Fleet Management operations \$478k - materials and services \$201k, fuel \$155k, small plant purchases \$95k and insurance \$27k. 14. Emergency Services expenditure - Cyclone Marcus expenditure \$12.3M (total expenditure is \$13.3M but budget adjustment is reduced for insurance variation already recognised at 3rd Qtr). Noting insurance income, partial offset is within Risk Section \$4.25M for 4th Qtr. Other adjustments are for Monsoon Trough \$62k and Operations Administration operational savings of \$-44k. 15. Streetlighting program overspent \$22k. 16. Additional expenditure for interest expense NPV end of year adjustment (non cash adjustment for the annual unwinding of remediation & rehabilitation liabilities) \$1.39M. Additional expenditure resulting from Leachate Treatment Pilot stage transferred from capital \$924k as majority of assets are pilot scale size with no remaining useful life. Additional costs are offset by overall savings in Waste management operations of \$1.78M. 								

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
City Performance								
Income								
Office of GM City Performance	6	6	7		13	13	100%	1
Employee Relations	105	105	-42		63	63	100%	2
Financial Management	490	490	157		647	647	100%	3
Information Technology	53	53	23		76	76	100%	4
Risk, Audit & Safety	-	1,000	3,506		4,506	4,506	100%	5
Total income	653	1,653	3,651	-	5,304	5,305	100%	
Expense								
Office of GM City Performance	679	699	-135		565	564	100%	6
Employee Overheads (net)	0	0	-58		-58	-58	100%	7
Employee Relations	1,548	1,697	155		1,852	1,852	100%	8
Financial Management	3,201	3,201	154		3,355	3,355	100%	9
Information Technology	2,751	2,788	-109		2,679	2,679	100%	10
Organisational Development	305	315	-90		225	224	100%	11
Records & Information Management	682	768	-25		743	743	100%	12
Risk, Audit & Safety	1,263	1,330	-73		1,258	1,258	100%	13
Strategy & Outcomes	269	474	-48		426	426	100%	14
Total expense	10,698	11,272	-228	-	11,044	11,044	100%	
Net surplus (-cost)	-10,045	-9,619	3,879	-	-5,740	-5,739	100%	

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
<u>City Performance Notes on recommended variations:</u> <ol style="list-style-type: none"> 1. Legal fees recovery income. 2. Workers compensation recovery below budget. 3. Additional income (and correlating expense) for revenue recovery & legal. 4. Increase in photocopier income. 5. Cyclone Marcus insurance recovery \$4.2M, offset by transfer to income in advance of insurance progress payment Q3 to be applied to civil infrastructure repairs \$682k. 6. Savings in GM City Performance salaries & wages and course/workshop/training resources. 7. Net recovery of Employee related overheads following annual revaluation of employee leave entitlements. 8. Employee Relations program overspent due to temporary labour hire costs. 9. Additional expense (and correlating income) for revenue recovery & legal. 10. IT program overspent mainly relating to software licensing, photocopier expenses and non contract services (transfer of capital clearing of WIP). 11. Organisational Development savings in salaries & wages (resulting from staff acting in other roles and costed to other program) and operational program costs \$90k. 12. Records & Information program savings in postage and contracted materials and Services. 13. Risk, Audit program savings in internal audit expenses and salaries & wages. 14. Strategy & Outcomes savings mainly relating to the timing of subscription fees & consultancy costs \$28k, and Strategic Plan & Community consultation ongoing into 2018/19. 								

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
General Income								Attachment B-6
General Revenues (rates, interest, Federal Asstce)	65,725	64,855	513	884	66,252	66,252	100%	1
Grants & Contributions and Other Income for Capital Purposes	2,113	8,670	59,445		68,114	68,117	100%	2
Total income	67,838	73,524	59,958	884	134,366	134,370	100%	
Expense								
Contribution To General Funds by Other Activities	-5,607	-5,607	-		-5,607	-5,607	100%	
Depreciation & Impairment	24,037	24,037	5,860		29,897	29,897	100%	3
Loss on sale assets	-	-	222		222	222	100%	4
Total expense	18,430	18,430	6,082	-	24,512	24,512	100%	
Net surplus (-cost)	49,408	55,094	53,876	884	109,854	109,857		
Net surplus (-cost) All Services	-1,451	1,481	45,909	1,930	49,321	49,335		

(NB This is the same result as the Income and expenses section of the Municipal Plan Summary Income Statement Section.)

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Costs of Services for the period ended 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	YTD v Projected Result %	Notes
% of year elapsed							100%	
<p><u>General Notes on recommended variations:</u></p> <ol style="list-style-type: none"> Additional interest income \$330k and additional late rate penalty income \$203k (due to non payment of installments by due dates, noting end of year outstanding rates is similar to previous year at year end; offset slightly by reduction in carparking shortfall income \$30k) <p>Additional capital grants & contributions received:</p> <ul style="list-style-type: none"> \$1M Department of Tourism and Culture for Velodrome \$2.5M Department of Chief Minister for Switching on Darwin \$3M Department of Infrastructure for Smith Street Greening \$2M Department of Infrastructure for Laneway Activation - Austin Lane Revitalisation \$1M Department of Infrastructure for Bennett & Cavenagh St Shading \$231k Department of Housing & Community for Chrisp St Oval \$185k Department of Tourism and Culture for Amphitheatre \$141k Department of Infrastructure for Improving Strategic Local Roads - LATM projects \$145k Developer contribution for Lee Point Rd (retention of bank guarantee) <p>Reductions in capital grants budgeted:</p> <ul style="list-style-type: none"> \$77k Australian Government Attorney General for Malak Lighting project - reduced as expenditure less than forecast and to reflect grant income component of project \$89k Budget not achieved for anticipated CBD Carparking Shortfall Developer Contributions \$75k Budget not achieved for anticipated Roadworks Developer contributions \$68k Budget not achieved for anticipated Stormwater Developer Contribution <p>Non Cash Capital Income Contributions:</p> <ul style="list-style-type: none"> \$43.4M Public Lighting assets transferred to COD (written down value). \$6.2M contributed assets for Muirhead stage 3. Depreciation adjustment in part from revaluation of Infrastructure assets, significant asset additions recognised, including Waste Cell 5, other Waste infrastructure. and remediation. In addition impairment of playground assets and pool shades damaged from Cyclone Marcus. Recognise final year end loss on sale/disposal of assets . 								

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Statement of Cash & Investments as at 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	Notes
Unrestricted	8,137	12,568	2,026	-0	14,594	14,575	
Legally restricted							
CBD Carparking Shortfall - Developer Cont.	12,736	12,726	-129		12,597	12,596	1
CBD Carparking Shortfall - Rate Levy	13,154	13,140	-74		13,066	13,066	2
DEC Air Conditioning Replacement	468	60	-		60	60	
Developer Contributions	1,464	1,829	-1		1,828	1,828	3
Highway/Commercial Carparking Shortfall	17	49	1		50	49	4
Market Site Development	389	364	25		389	390	
Other Carparking Shortfall	85	354	7		361	360	5
Unspent Grants	224	507	-3	13,805	14,309	14,309	6
Waste Management Reserve	3,806	2,336	1,640		3,976	3,976	7
Total legally restricted	32,343	31,365	1,465	13,805	46,635	46,634	
Internally restricted							
Asset Replacement & Refurbishment	1,122	3,871	103	98	4,072	4,071	8
Carry Forward	-	1,612	-	2,388	4,000	4,000	
Darwin General Cemetery	-	-	-		-	-	
DEC Asset Replacement/Refurbishment	133	133	-		133	133	
Disaster Contingency	1,035	1,035	-		1,035	1,035	
Election Expense	10	10	23		33	33	9
Environmental	100	107	217		324	324	10
IT Strategy	-	-	434		434	434	11
Nightcliff Community Hall	39	39	-		39	39	
Off & On Street Carparking Reserve	807	5,538	-618		4,920	4,920	12
Plant Replacement	945	987	3,037		4,024	4,024	13
Public Art	291	291	-		291	291	
Street Lighting Reserve	2,312	2,312	438		2,750	2,750	14
Tree Risk Management Reserve	181	181	-		181	181	
Total internally restricted	6,975	16,116	3,632	2,486	22,234	22,235	
Total Cash & Investments	47,455	60,049	7,124	16,291	83,464	83,444	

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Statement of Cash & Investments as at 30/06/2018	Full Original Budget \$'000	Full Amended Budget \$'000	Recommended 4th Qtr Variations \$'000	Carry Forward Variations \$'000	Projected Result \$'000	YTD Actual \$'000	Notes
<p>Notes on recommended variations:</p> <ol style="list-style-type: none"> CBD Carparking Shortfall Transfers out: Estimated income not achieved \$89k, interest adjustment year end balance \$40k. CBD Carparking Rate Levy Transfers out: Estimated income not achieved \$30k, interest adjustment year end balance \$44k. Developer Contributions Reserve Transfers in: Lee Point Rd retention of funds from contractor \$145k, interest adjustment on year end balance \$6k. Transfers Out: Estimated income not achieved (contributions for roads and stormwater infrastructure) \$140k, refund of funds as works paid directly by developer \$12k. Highway /Commercial Carparking Shortfall Reserve Transfer in: interest adjustment year end balance. Other Carparking Shortfall Reserve Transfer in: interest adjustment year end balance. Unspent Grants Reserve Transfers out: clear out prior years residual grant monies as project completed and acquitted. Waste Management Reserve Transfers in: net operational savings \$1.18M (expense savings \$1.78M less income reduction \$600k from less activity across weighbridge and savings in contractor expenses), unspent capital \$473k - Cell 6 design \$100k, unspent Weighbridge & Entrance \$46k and other unspent capital mainly resulting from expensed capital prior year WIP. Transfers out: interest adjustment year end balance \$13k Asset Replacement and Refurbishment Reserve Transfer in: savings identified/projects deferred Drs Gully slope stabilisation \$99k, CBD Activation project \$172k, Civic Centre airconditioning \$50k,. Records capital budget \$16k. Transfer out: Net funding shortfall \$235k. Election Expense Transfer in: Municipal election expense savings (voter infringement income reduced budget requirement). Environmental Reserve Transfers in: Civic Centre solar panel PV \$203k and Rapid creek corridor rehabilitation budget underspent. IT Strategy Reserve Transfers in: unspent Network and Systems upgrade capital budget unspent. Off & On Parking Reserve: Transfers in: reduction in infringement write off expense \$115k, net savings in regulatory operational expenses \$90k, savings in CBD Activities project \$54k, parking meter capital program unspent \$42k. Transfers out: decrease in infringement income \$834k, decrease in parking fee income \$35k, decrease in Westlane arcade lease income \$33k and interest adjustment \$18. Plant Reserve Transfers in: Net savings in fleet operations (fuel, materials, small plant purchases, salaries) \$477k, higher internal plant hire recovery \$147k. Unspent capital budget \$2.64M. Transfers out: sale proceeds on asset disposals \$220k and reduction in fuel tax credit income\$12k. Streetlighting Reserve Transfers in: Unspent capital budget \$437k 							

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Statement of Capital Expenditure	Full Original	Full Amended	Recommended	Carry Forward	Projected	YTD	YTD v Projected	
for the period ended 30/06/2018	Budget	Budget	4th Qtr Variations	Variations	Result	Actual	Result	Notes
Master Account	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	
City Futures								
05/453065 Off Street Parking Capital Projects	100	151	-151	-	-	-	1000%	1
05/520060 Smart Cities Capital Expenditure	-	909	2,500	-3,187	222	222	100%	2
City Futures Total	100	1,060	2,349	-3,187	222	222	100%	
City Life								
05/221060 Swimming Pools Capital Projects Expenditure	1,000	7,405	9	-	7,414	7,414	100%	
05/221061 Community Projects Capital Expenditure	157	408	-202	-	205	205	100%	3
05/223060 Recreation Capital Projects	150	165	-53	-	112	112	101%	4
05/223062 Leisure Capital Projects	100	370	-120	-149	101	101	100%	5
05/223065 Sports Facilities - Capital Projects	100	1,511	1,475	-2,811	175	175	100%	6
05/235060 Libraries Capital Expenditure	-	133	-	-34	98	98	100%	
05/242060 Regulatory Services Capital Projects	-	80	-80	-	-	-	0%	7
05/332089 Darwin Entertainment Centre Capital Projects	2,388	7,334	-511	-	6,823	6,823	100%	8
City Life Total	3,895	17,404	518	-2,995	14,927	14,928	100%	

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Statement of Capital Expenditure	Full Original	Full Amended	Recommended	Carry Forward	Projected	YTD	YTD v Projected	
for the period ended 30/06/2018	Budget	Budget	4th Qtr Variations	Variations	Result	Actual	Result	
Master Account	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
City Operations								
05/311060 Infrastructure Capital Projects	-	1,820	-69	-560	1,191	1,190	100%	9
05/322062 Minor Capital Works Program	142	98	-58	-	39	39	99%	10
05/322063 Streetscape Development & Upgrade	550	458	-16	-212	231	231	100%	11
05/322064 Road Works Capital Projects Expenditure	230	180	-164	-	16	16	100%	12
05/322066 Roads to Recovery Capital Projects Expenditure	1,780	2,119	-947	-1,150	22	22	100%	13
05/322067 LATM Capital Projects Expenditure	251	377	29	-141	265	266	100%	14
05/322068 Cyclepath Capital Projects	558	731	-251	-	480	480	100%	15
05/322069 Black Spot Program	-	44	-19	-10	15	15	100%	16
05/331061 Footpaths Capital Projects	840	860	-450	-	410	409	100%	17
05/331062 Disability Access Capital Projects (W/O ONLY)	54	66	-52	-	14	14	102%	18
05/331064 Driveway Capital Projects	235	155	-8	-	147	147	100%	
05/331065 Road Reseal & Rehabilitation Capital Projects	1,906	2,076	-485	-	1,591	1,590	100%	19
05/331066 Streetlighting Capital Projects	615	734	-671	-	62	62	100%	20
05/331067 Parks Lighting Capital Projects	150	362	-154	-	208	208	100%	21
05/331068 Kerbing Capital Projects	30	30	-30	-	0	-	0%	22
05/331069 Traffic Signals Capital Projects	149	147	-61	-	86	86	100%	23
05/332060 Building Maintenance Capital Projects	1,005	1,150	-614	-	536	537	100%	24
05/332062 Urban Infrastructure Capital Projects	-	-	6,000	-6,000	-	-	0%	25
05/332063 Signage & Memorial Capital Projects	22	39	-35	-	4	4	100%	26
05/332082 Investment Properties Capital Refurbish (W/O ONLY)	-	127	-127	-	-	-0	0%	27
05/332083 Toilet Block Capital Projects	-	97	-5	-	92	92	100%	
05/332086 Open Spaces Capital Refurbishment Costs (W/O ONLY)	610	143	-6	-	137	137	100%	
05/333062 Shoal Bay Upgrade Works	1,300	2,146	-1,400	-	746	746	100%	28
05/334060 Stormwater Drainage Capital Projects	1,400	1,726	-281	-	1,445	1,445	100%	29
05/334065 Walkway Capital Projects	162	187	-146	-	41	41	102%	30
05/334068 Mosquito Control Capital Projects	125	83	-	-83	-	-	100%	

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Statement of Capital Expenditure	Full Original	Full Amended	Recommended	Carry Forward	Projected	YTD	YTD v Projected	
for the period ended 30/06/2018	Budget	Budget	4th Qtr Variations	Variations	Result	Actual	Result	
Master Account	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
05/335060 Fleet Management Capital Projects	3,166	4,296	-2,645	-	1,651	1,651	100%	31
05/341061 Fencing Capital Projects	148	162	-	-	162	162	100%	
05/341062 Parks & Reserves Revitalisation Capital Projects	1,215	1,358	-594	-23	741	741	100%	32
05/341063 Parks Infrastructure Capital Projects	139	189	-91	-	99	99	100%	33
05/341064 Parks & Reserves General Capital Projects	150	-	-	-	-	-	100%	
05/341065 Parks Landscaping & Irrigation Capital Projects	407	447	-206	-	241	241	100%	34
City Operations Total	17,340	22,407	-3,555	-8,180	10,672	10,672	100%	
City Performance								
05/421061 Finance Capital Expenditure	-	35	-82	-	-47	-47	0%	35
05/431060 IT Capital Projects	299	1,078	-564	-	514	514	100%	36
05/432060 Records Capital Expenditure	-	16	-16	-	-	-	1000%	37
City Performance Total	299	1,130	-662	-	467	468	100%	
Total	21,633	42,000	-1,351	-14,361	26,288	26,290		

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Statement of Capital Expenditure	Full Original	Full Amended	Recommended	Carry Forward	Projected	YTD	YTD v Projected	
for the period ended 30/06/2018	Budget	Budget	4th Qtr Variations	Variations	Result	Actual	Result	
Master Account	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
Notes on recommended variations: <ol style="list-style-type: none"> 1. Transfer PayStay expenditure to operational budget as expenses were operational \$108k, transfer savings in Parking Machine replacement program back to Off & On Street Parking Reserve \$42k. 2. Switching on Darwin grant income and offsetting expenditure budget \$2.5M - transferred to Unspent Grants Reserve. 3. Unspent Community Projects capital art and Public Art Platform \$197k and offsetting revenue reduction \$5k for public art commission reimbursement. 4. Savings identified as unspent funds in Regional Playground Refurbishment budget \$53k. 5. Transfer from Leisure Capital to operational to Christmas Promotions Operational account, as expenditure was operational in nature \$120k. 6. \$1M from Department of Tourism and Culture for Velodrome Project. \$231k from Department of Housing & Community for Chrisp St Oval Re-development. \$185k from Department of Tourism and Culture for Amphitheatre. \$59k transferred from other programs ; minor capital works (\$29k) and Footpath Reconstruction (\$30k) for Parap tennis court renewal. 7. Dog Park unspent capital budget \$80k. 8. DEC airconditioning \$287k and DEC upgrades & refurbishment unspent capital . 9. Reallocate funds from Roads Resurfacing to Cavenagh/ Bennett St Upgrade (+\$101k). Unspent CBD Activation projects \$170k. 10. Transfer budget from Minor Capital Works to Parap tennis Court Renewal (\$29k), Holy Family Primary School Entrance Upgrades (\$20k), balance of unspent budget identified savings of \$9k. 11. Unspent capital budget (mainly Planter boxes) \$16k. 12. Savings identified as unspent funds for Boulter Rd Upgrade \$50k, and unspent capital Tambling Tc intersection project \$114k. 13. Lakeside Drv revenue funded component of program \$947k. Noting movements for R2R funding (nil impact on total budget) - Roads to Recovery repurpose of grant from Dinah Beach Rd to Lakeside Drive. Transfer of grant funded component of budget to roads projects expended Holtze St \$155k, Cavenagh/Bennett St \$196k and Trower Rd \$477k to Lakeside Drive project . 14. Grant funding expenditure for Improving Strategic Roads received (\$141k) to be carried forward. Transfer from Minor Capital Works to Holy Family Primary School Entrance Upgrades (+\$20k), unspent LATM revenue component of budget \$132k. 15. Unspent Shared paths projects \$251k. 16. Unspent Blackspot projects \$19k. 17. Footpath Reconstruction program - transfer \$30k to Parap tennis court renewal. Balance of \$420k unspent capital. 18. Disability Access program transfer unspent budget . 19. Roads reseals & refurbishment unspent capital budget \$383k, transfer to Bennett /Cavenagh St Upgrade \$101k. 20. Streetlighting unspent capital budget transfer \$437k back to Streetlighting Reserve (where funding was sourced) and revenue funded component unspent capital \$234k. 21. Bicentennial Park Lighting - transfer unspent capital budget to ARR Reserve \$77k. Grant funding reduced from Aust Govt Attorney for Malak Market Lighting Project (-\$77k) as project was less than anticipated. 22. Net savings in Kerb Replacement capital program \$30k. 23. Traffic signal upgrades unspent capital \$61k. 24. Net savings and unspent capital in Building Services program \$410k. Civic Centre Solar PV unspent capital transferred to Environmental Reserve to be drawn when project completed \$204k. 25. Offsetting expenditure for grants received from Department of Infrastructure (to be carried forward to 2018/19 from Unspent Grants Reserve) Laneway Activation- Austin Lane Revitalisation \$2M, Smith St Greening \$3M, Bennett & Cavenagh St Shading \$1M. 26. Signage & Memorial capital budget unspent \$35k. 27. Net savings in Investment Properties capital budget \$127k. 								

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

Statement of Capital Expenditure	Full Original	Full Amended	Recommended	Carry Forward	Projected	YTD	YTD v Projected	
for the period ended 30/06/2018	Budget	Budget	4th Qtr Variations	Variations	Result	Actual	Result	
Master Account	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	%	Notes
<p>28. Transfer to Waste operational account Leachate Treatment Pilot program expensed actuals \$924k. Transfer balance of unspent capital programs to Waste Management Reserve for future works \$476k.</p> <p>29. Unspent Stormwater capital projects \$281k.</p> <p>30. Unspent capital in Walkway program \$146k..</p> <p>31. Plant replacement program unspent at year end transfer to Plant Replacement Reserve.</p> <p>32. Playground replacement & refurbishments unspent capital \$540k, savings identified \$54k.</p> <p>33. Net savings in Parks Furniture refurbishment program - Lakeside Drv community garden fence \$40k and unspent capital Garden of Reflection project \$46k.</p> <p>34. Net savings in Parks Irrigation Infrastructure program \$35k. Transfer to unspent capital Water Efficiency program \$95k, irrigation and power supply projects \$76k to ARR Reserve.</p> <p>35. Transfer to operational budget expensed capital for Finance GL project.</p> <p>36. Net savings in IT capital account (majority from expensed WIP from prior years) .Transfer to IT Strategy Reserve unspent capital budget \$434k.</p> <p>37.Records capital project unspent capital \$16k.</p>								

1. Notes do not include commentary on Carry Forward Variations - these are listed in Attachment E

2. Numbers are prior to final end of year adjustments and may vary from final result

CARRY FORWARD SUMMARY 2017/18 TO 2018/19

Carry Forwards from Q4 EOY - 2017/18 to 2018/19				
	General Funds	Grant	Reserve	Total
Operational	1,832,278	98,344	0	1,930,622
Capital	556,016	13,707,140	97,940	14,361,096
Total 17/18	\$2,388,294	\$13,805,484	\$97,940	\$16,291,718

OPERATIONAL CARRY FORWARDS FROM 2017/18 TO 2018/19 - Q4 EOY

Ref	Section	Project Name	Description	Master	Carry Forward	Revenue	Grant	Reserve
3	Design	Wayfinding Signage Strategy		05/313001/300/305	14,150		14,150	
5	Civil Works	FAA Early Release income - Roads	Payment of the first and second quarter allocations of the 2018/19 FA Roads component received in 2017/18 financial year	05/331030/750/723	947,931	947,931		
6	Finance	FAA Early Release income - General	Payment of the first and second quarter allocations of the 2018/19 FA grant General Purpose component received in 2017/18 financial year	05/421030/750/721	884,347	884,347		
8	Libraries	Be Connected for seniors digital literacy	Carry forward unspent grant monies	05/235000/300/100	1,989		1,989	
10	Civil Works	Mosquito Control	Transfer Mosquito Control Program to Unspent Reserve for carry forward to 2018/19	05/334007/300/104	82,205		82,205	
TOTAL OPERATIONAL CARRY FORWARDS FROM 2017/18 TO 2018/19					1,930,622	1,832,278	98,344	0

CAPITAL CARRY FORWARDS FROM 2017/18 TO 2018/19 - Q4 EOY

Ref	Section	Project Name	Description	Master	Carry Forward	Revenue	Grant	Reserve
1	Recreation	Urban and Regional Oval Lights Program	NTG grant to engage consultants for the detailed design and documentation for proposals to light Gardens, Bagot and Nightcliff Ovals.	223062	149,081		149,081	
2	Recreation	Chrisp St Oval Redevelopment	Special Purpose Grant Received from Dept Housing & Community Development for Christ St Oval Re-Development. Funding received in June 2018. identified for project works financial year 18/19.	223065	231,164		231,164	
3	Recreation	Gardens Amphitheatre	Grant Received from Dept of Tourism & Culture - Amphitheatre study to prioritise and detail infrastructure upgrades for the facility	223065	185,000		185,000	
4	Recreation	Velodrome	Velodrome grant funded project.	223065	2,394,990		2,394,990	
5	Libraries	Casuarina Library - Silent Room	Grant funding, unspent to be carried forward, further works have been committed for this project	235060	34,367		34,367	
6	GM City Operations	Bennett/Cavenagh Intersection Upgrade	Works underway delayed due to numerous underground service clashes, funds required for project	311060	141,879	123,633	18,246	
7	GM City Operations	Cooling Weather Protection - Cavenagh/Bennett St Upgrade	Works underway delayed due to numerous underground service clashes, funds required for project	311060	318,530	220,590		97,940
8	GM City Operations	Daly/Smith St Urban Centre - Harriet Place Revitalisation	Grant funds - carry forward required	311060	100,000		100,000	
9	Capial Works & Projects	Bennett Street Landscaping	Works underway delayed due to numerous underground service clashes, funds required for project	322063	211,793	211,793		
10	Capial Works & Projects	Lakeside Drive Project	Project to be undertaken by end of December 2018 -consultation completed -project to commence October 2018. Carry forward	322066	1,150,271		1,150,271	
11	Capial Works & Projects	Improving Strategic Local Roads - Anula/ Wulagi and Nakara Tce	Grant funding for this project. Carry forward.	322067	141,250		141,250	
12	Capial Works & Projects	BSP - Lee point Road and Jabiru Street Intersection Upgrade	Grant funding to be reallocated to other Black Spot project (upon application to NTG)	322069	6,212		6,212	
13	Capial Works & Projects	BSP - Ryland Rd & Clarke Cres Intersection	Grant funding to be reallocated to other Black Spot project (upon application to NTG)	322069	4,200		4,200	
14	Civil Works	Stage 1 - Smith Street Greening	NTG Works. To be undertaken by NTG contractors. CoD to be invoiced 2018/19	332062	3,000,000		3,000,000	
15	Civil Works	Laneway Activation Stage 1 - Austin Lane Revitalisation	NTG Works. To be undertaken by NTG contractors. CoD to be invoiced 2018/19	332062	2,000,000		2,000,000	
16	Civil Works	Bennett & Cavenagh Street Shading	NTG Works. To be undertaken by NTG contractors. CoD to be invoiced 2018/19	332062	1,000,000		1,000,000	
17	Civil Works	Mosquito Control Programme	Grant funds - carry forward required	334068	82,795		82,795	
18	Parks & Reserve	Dwyer Park - NTG Infrastructure Contribution	Playground replacement program 2017/18 put on hold due to Cyclone Marcus, awaiting final assessments for program to recommence	341062	23,037		23,037	
19	Smart Cities Program	Smart Cities Program	Smart Cities & Suburbs (Switching on Darwin) grant funded project.	520060	3,186,527		3,186,527	
TOTAL CAPITAL CARRY FORWARDS FROM 2017/18 TO 2018/19					14,361,096	556,016	13,707,140	97,940

ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 14.1.2
NO

REVIEW OF COMMITTEE STRUCTURE - UPDATE SEPTEMBER 2018

REPORT No.: 18CE0034 MR:ph COMMON No.: 2221528 DATE: 25/09/2018

Presenter: Committee Administrator, Penny Hart

Approved: Chief of Staff, Melissa Reiter

PURPOSE

The purpose of this report is to provide an update to Council on the review of its committee structure and to recommend that the briefing session model continue.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.3 Good governance

Key Strategies

5.3.1 Demonstrate good corporate practice and ethical behaviour

KEY ISSUES

- Council's committee structure has traditionally been aligned to the organisation structure and its departments.
- Council moved to a briefing session model in lieu of executive committees in August 2018 following its decision to cease the current committee approach.
- Officers have commenced work to research various council committee models across Australia to determine what a suitable governance structure for City of Darwin could be.
- It is recommended that Council continue the briefing model trial until the end of 2018, to allow for a new committee model to be developed and presented.

RECOMMENDATIONS

- A. THAT Report Number 18CE0034 MR:ph entitled Review of Committee Structure - Update September 2018, be received and noted.
- B. THAT Council continue the briefing session model until December 2018.

PAGE: 2
 REPORT NUMBER: 18CE0034 MR:ph
 SUBJECT: REVIEW OF COMMITTEE STRUCTURE - UPDATE SEPTEMBER 2018

BACKGROUND

The Local Government Act provides Council with authority to create committees that can carry out functions delegated by the Council. City of Darwin has traditionally had a number of Executive Committees, supported by informal workshops. In August 2018, Council moved from its executive committee and workshop structure to trial informal briefing sessions prior to Ordinary Council Meetings with an aim to improve flow of information to Elected Members.

DISCUSSION

Briefing Sessions

Council's trial of informal briefing sessions in lieu of committees was intended to be for 2 months. That time has now passed, with three briefing sessions held in August and September. Officers see value in extending the length of the trial so that elected members can determine the practicality of the model. Extending the trial will also allow council's new senior officers (starting in September and October) to settle into the organisation. It is recommended that this model continue for the remainder of 2018.

Committee Review

The objectives of the review of Council's committee structure will include:

- To determine and review alignment of the committee structure with the new organisational structure.
- To consider the requirement for terms of reference and delegations, policy and procedure documents.
- To review the schedule of Council meetings and its contribution to effective decision making.
- To review the Advisory Committee structure.

Two Ordinary Council meetings each month provides opportunities for operational and legislative business (such as development applications, liquor licences, capital works) to be considered by Council, but the function of committees should enable Council to consider strategic or complex issues without the time constraints of Ordinary Council meetings. Aligning the committees to the department structure is also not necessarily fit for purpose. It is expected that the review will recommend the introduction of several strategic committees.

The review also looks at Council's advisory committees, which have existed in their current form for some time. Council is legislatively required to have a Risk Management & Audit Committee but has flexibility around its other advisory committees. With the increase in community participation in government and the role of community engagement and consultation, Council can look at comparative models such as working groups or expert panels to be arranged for consideration of particular issues, such as when the Public Art Panel is convened.

The review takes into account other models for election of members to committees as well. At interstate councils, such as Townsville, elected members can specialise or apply their specialist knowledge to particular committees, in a portfolio system that

PAGE: 3
 REPORT NUMBER: 18CE0034 MR:ph
 SUBJECT: REVIEW OF COMMITTEE STRUCTURE - UPDATE SEPTEMBER 2018

takes advantage of areas of expertise. This is not traditionally how City of Darwin has operated, but it bears consideration.

It is intended that options for a new committee model will be presented to Council by December 2018 for implementation in 2019.

CONSULTATION PROCESS

In preparing this report, the following City of Darwin officers were consulted:

- Chief Executive Officer
- Chief Operating Officer
- Chief of Staff

POLICY IMPLICATIONS

Committees and workshops are undertaken in accordance with City of Darwin Policy No. 043 – *Meetings, Meeting Procedures and Committees*.

BUDGET AND RESOURCE IMPLICATIONS

This review is being undertaken within existing resources.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

While Part 5.2 of the Local Government Act allows for Council to establish committees, it is not a requirement.

ENVIRONMENTAL IMPLICATIONS

Moving to the briefing model has meant a reduction in committee business papers being printed, which is a significant environmental and financial cost to the organisation in printing and paper.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

PENNY HART
COMMITTEE ADMINISTRATOR

MELISSA REITER
CHIEF OF STAFF

For enquiries, please contact Penny Hart on 89300670 or email:
 p.hart@darwin.nt.gov.au.

ENCL: YES	2ND ORDINARY COUNCIL MEETING/OPEN	AGENDA ITEM:	14.1.3
REVIEW OF POLICY NO. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY			
REPORT No.:	18CE0113 IF:ph	COMMON No.:	2078949
			DATE: 25/09/2018

Presenter: Management Accountant, Irene Frazis

Approved: Manager Finance, Russell Holden

PURPOSE

The purpose of this report is to present a review of Policy No. 022 - Statement of Significant Accounting Policy.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.5 Responsible financial and asset management

Key Strategies

5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

KEY ISSUES

- Council reviews its policies and procedures once each term of Council (i.e. once per four years).
- The Statement of Significant Accounting Policy is incorporated in Council's annual accounts each year.
- It is appropriate for Council to review this policy prior to the formal adoption of the Annual Report each year.
- There are no significant departures from last year's statement.

PAGE: 2
 REPORT NUMBER: 18CE0113 IF:ph
 SUBJECT: REVIEW OF POLICY NO. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

RECOMMENDATIONS

- A. THAT Report Number 18CE0113 IF:ph entitled Review of Policy No. 022 - Statement of Significant Accounting Policy, be received and noted.
- B. THAT Council rescind the current City of Darwin Policy No. 022 - Statement of Significant Accounting Policy.
- C. THAT Council adopt the amended Policy No. 022 - Statement of Significant Accounting Policy at **Attachment B** to Report Number 18CE0113 IF:ph entitled Review of Policy No. 022 - Statement of Significant Accounting Policy.

BACKGROUND

This policy was last reviewed in 2015.

DISCUSSION

Administrative amendments and removal of information duplication have been undertaken in this review. The policy is presented in the new template developed for all Council policies and procedures.

CONSULTATION PROCESS

This report was considered by the Risk Management & Audit Committee on 31 August 2018 and now referred to Council for consideration.

In preparing this report, the following City of Darwin officers were consulted:

- Finance Project Officer
- Committee Administrator

In preparing this report, the following External Parties were consulted:

- Terry Matthews CPA

POLICY IMPLICATIONS

Endorsement of the recommendations in this report will update Policy No. 022 - Statement of Significant Accounting Policy.

Council adopts policies and procedures to support the implementation of Council's *Evolving Darwin Towards 2020 Strategic Plan* and to meet legislative requirements.

Policy review is undertaken in accordance with City of Darwin Policy No. 032 - Policy Framework.

PAGE: 3
 REPORT NUMBER: 18CE0113 IF:ph
 SUBJECT: REVIEW OF POLICY NO. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

BUDGET AND RESOURCE IMPLICATIONS

Implementation of this policy is by way of preparation, and subsequent audit of the annual financial statements.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Correct disclosure of the Statement of Significant Accounting Policy will reduce the risk of a qualified audit report.

This policy is prepared in accordance with the Local Government Act and the Local Government (Accounting) Regulations.

Annual financial statements are prepared pursuant to the requirements of the Local Government Act and the relevant accounting standards.

ENVIRONMENTAL IMPLICATIONS

Nil

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

IRENE FRAZIS
MANAGEMENT ACCOUNTANT

RUSSELL HOLDEN
MANAGER FINANCE

For enquiries, please contact Irene Frazis on 89300654 or email: i.frazis@darwin.nt.gov.au.

Attachments:

Attachment A: Track changes version of policy

Attachment B: Amended policy

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

Policy No. 022

1 Purpose

This Policy explains the accounting policy process and refers to the locations of principal accounting policies adopted by Council.

2 Scope

- To provide a true and fair view of City of Darwin's financial position and the basis upon which that assessment has been made for the guidance of ratepayers, electors, creditors, regulators, government in general and other stakeholders.
- To achieve compliance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant Northern Territory legislation.
- To achieve an unqualified audit report on the Annual Financial Statements.

City of Darwin is incorporated under the Northern Territory *Local Government Act* and has its principal place of business at the Civic Centre, Harry Chan Avenue, Darwin, Northern Territory, Australia.

Annual financial statements are prepared pursuant to the requirements of the *Local Government Act* and the relevant accounting standards and include the consolidated fund and all entities through which Council controls resources to carry on its functions.

3 Policy Statement

- The principal accounting policies adopted by the Council at any time are as set out in the most recent audited annual financial statements included within the Council's Annual Report. ~~The Council's Annual Reports are available on request or down loadable from Council's internet site by following the link below:~~

~~Link to Council's Annual reports:~~

~~<http://www.darwin.nt.gov.au/council/publications-and-reports>~~

- Significant Accounting Policies will be reviewed annually in conjunction with preparation of the City of Darwin annual financial statements (where practicable

Council Policy No. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City Performance	Next Review Date
5	21\2658	30/09/2014	Chief Operating Officer	27/11/2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

Policy No. 022

proposals to change policies should be reported to the Risk Management & Audit and City Performance Committee's council's finance committee during the financial year that will be first impacted by the change if adopted).

4 Definitions

Significant and principal accounting policies: Those accounting policies that warrant inclusion in the Council's Annual Finance Statements.

5 Legislative References

Relevant legislative and other references include:

Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant Northern Territory legislation, specifically Part 7 of the *Local Government (Accounting) Regulations*.

6 Procedures / Related Documents

Annual Reports (including Financial Statements)

7 Responsibility / Application

Implementation of this policy is by way of preparation, ~~and~~ subsequent audit of the annual financial statements and laying the statements before Council pursuant to the Local Government Accounting Regulations.

The Manager of Finance is responsible for ensuring the preparation of the Council's annual financial statements.

~~This policy will be reviewed annually in conjunction with preparation of the City of Darwin annual financial statements.~~

~~Evaluation is by way of an unqualified audit report in respect to the annual statements.~~

8 Document Control

Council Policy			Responsible Officer: General Manager City Performance Chief Operating Officer	
Version	Decision Number	Adoption Date	History	Next Review Date
1	20\2501	23/02/2010	Adopted	
2	20\3483	30/11/2010	Revision Endorsed	
3	20\2646	29/11/2011	Revision Endorsed	
4	21\660	27/11/2012	Revision Endorsed	
5	21\2658	30/09/2014	Revision Endorsed	27/11/2018

Council Policy No. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City Performance Chief Operating Officer	Next Review Date
5	21\2658	30/09/2014		27/11/2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

Policy No. 022

1 Purpose

This Policy explains the accounting policy process and refers to the locations of principal accounting policies adopted by Council.

2 Scope

- To provide a true and fair view of City of Darwin's financial position and the basis upon which that assessment has been made for the guidance of ratepayers, electors, creditors, regulators, government in general and other stakeholders.
- To achieve compliance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant Northern Territory legislation.
- To achieve an unqualified audit report on the Annual Financial Statements.

City of Darwin is incorporated under the Northern Territory *Local Government Act* and has its principal place of business at the Civic Centre, Harry Chan Avenue, Darwin, Northern Territory, Australia.

Annual financial statements are prepared pursuant to the requirements of the *Local Government Act* and the relevant accounting standards and include the consolidated fund and all entities through which Council controls resources to carry on its functions.

3 Policy Statement

1. The principal accounting policies adopted by the Council at any time are as set out in the most recent audited annual financial statements included within the Council's Annual Report.
2. Significant Accounting Policies will be reviewed annually in conjunction with preparation of the City of Darwin annual financial statements (where practicable proposals to change policies should be reported to the Risk Management & Audit Committee and council's finance committee during the financial year that will be first impacted by the change if adopted).

4 Definitions

Significant and principal accounting policies: Those accounting policies that warrant inclusion in the Council's Annual Finance Statements.

Council Policy No. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
5	21\2658	30/09/2014		27/11/2018

STATEMENT OF SIGNIFICANT ACCOUNTING POLICY

Policy No. 022

5 Legislative References

Relevant legislative and other references include:

Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations (UIGs) and relevant Northern Territory legislation, specifically Part 7 of the *Local Government (Accounting) Regulations*.

6 Procedures / Related Documents

Annual Reports (including Financial Statements)

7 Responsibility / Application

Implementation of this policy is by way of preparation, subsequent audit of the annual financial statements and laying the statements before Council pursuant to the Local Government Accounting Regulations.

The Manager Finance is responsible for ensuring the preparation of the Councils annual financial statements.

8 Document Control

Council Policy			Responsible Officer: Chief Operating Officer	
Version	Decision Number	Adoption Date	History	Next Review Date
1	20\2501	23/02/2010	Adopted	
2	20\3483	30/11/2010	Revision Endorsed	
3	20\2646	29/11/2011	Revision Endorsed	
4	21\660	27/11/2012	Revision Endorsed	
5	21\2658	30/09/2014	Revision Endorsed	27/11/2018

Council Policy No. 022 - STATEMENT OF SIGNIFICANT ACCOUNTING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
5	21\2658	30/09/2014		27/11/2018

ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 14.1.4
YES

REVIEW OF POLICY NO. 023 – BORROWING POLICY

REPORT No.: 18CE0112 IF:ph COMMON No.: 2078949 DATE: 25/09/2018

Presenter: Management Accountant, Irene Frazis

Approved: Manager Finance, Russell Holden

PURPOSE

The purpose of this report is to present a review of Policy No.023 – Borrowing Policy.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.5 Responsible financial and asset management

Key Strategies

5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

KEY ISSUES

- Council reviews its policies and procedures once each term of Council (i.e. once per four years).
- Issues addressed in the amended Policy No. 023 at **Attachment A** include improved flexibility, streamlining of wording and other improvements such as clarity including internal borrowing arrangements.
- There are no significant changes to the policy.

PAGE: 2
 REPORT NUMBER: 18CE0112 IF:ph
 SUBJECT: REVIEW OF POLICY NO. 023 – BORROWING POLICY

RECOMMENDATIONS

- A. THAT Report Number 18CE0112 IF:ph entitled Review of Policy No. 023 – Borrowing Policy, be received and noted.
- B. THAT Council rescind the current City of Darwin Policy No.023 – Borrowing Policy.
- C. THAT Council adopt the amended Policy No.023 – Borrowing Policy, at **Attachment B** to Report Number 18CE0112 IF:ph entitled Review of Policy No. 023 – Borrowing Policy.

BACKGROUND

A review of City of Darwin Policy No. 023 - Borrowing Policy was considered and finalised by the Corporate & Economic Development Committee in 2015. It was adopted by Council following this.

DISCUSSION

The draft revised policy (**Attachment A**) includes the following changes (this is an executive summary only):

1. Rewording and streamlining.
2. Removes previous contradiction that it only applied to external debt when it had clauses relating to internal debt.
3. Requires legal compliance, but is more robust by removing references to individual sections et cetera.

CONSULTATION PROCESS

This report was considered by the Risk Management & Audit Committee on 31 August 2018 and now referred to Council for consideration.

In preparing this report, the following City of Darwin officers were consulted:

- Finance Project Officer
- Committee Administrator

In preparing this report, the following External Parties were consulted:

- Terry Matthews CPA

POLICY IMPLICATIONS

Endorsement of the recommendations in this report will update Policy No. 023 – Borrowing Policy.

PAGE: 3
 REPORT NUMBER: 18CE0112 IF:ph
 SUBJECT: REVIEW OF POLICY NO. 023 – BORROWING POLICY

Council adopts policies and procedures to support the implementation of Council's *Evolving Darwin Towards 2020 Strategic Plan* and to meet legislative requirements.

Policy review is undertaken in accordance with City of Darwin Policy No. 032 - Policy Framework.

BUDGET AND RESOURCE IMPLICATIONS

The adoption of this policy requires implementation by Council's Contracts Section to ensure competitive quotes are obtained.

Some Local Government critics may believe or suggest that all assets should be purchased by borrowing. Such an approach is considered high risk and likely to lead to a short term rates holiday and subsequent rates shocks in a readjustment period and is not recommended. Therefore neither the current nor revised policy (**Attachment A**) suggests this. They simply outline the general approach Council will take to borrowing when it decides it is consistent with a smooth pricing path and financially sustainable to do so. The revised policy also requires the Council to consider the availability of existing funds before it enters into borrowing arrangements.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

This policy is prepared in accordance with the Local Government Act and the Local Government (Accounting) Regulations.

The requirements of part 10.3 of the *Local Government Act* include:

- A wide definition of borrowing including overdraft and finance leases et cetera but excludes minor overdraft.
- Ministerial approval required.
- Borrowing may be secured over Council property and/or general revenues.

The reviewed policy is structured to comply with the legislation.

ENVIRONMENTAL IMPLICATIONS

Nil

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REPORT NUMBER: 18CE0112 IF:ph
SUBJECT: REVIEW OF POLICY NO. 023 – BORROWING POLICY

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

IRENE FRAZIS
MANAGEMENT ACCOUNTANT

RUSSELL HOLDEN
MANAGER FINANCE

For enquiries, please contact Irene Frazis on 89300654 or email:
i.frazis@darwin.nt.gov.au.

Attachments:

Attachment A: Track changes version of policy
Attachment B: Amended policy

BORROWING POLICY

Policy No. 023

1 Purpose

The policy sets forth the particular circumstances under which Council might use debt as a source of funds and principles to be applied in relation to borrowing.

2 Scope

Objectives:

- Ensure the sound management of Council's existing and future debt in the context of long term financial planning and financial sustainability.
- Minimise the cost of borrowing.
- Compliance with legislation including regulations and any Ministerial directions or guidelines.

Background:

Debt funding may be appropriate in the following circumstances:

- fund the acquisition, construction, expansion or refurbishment of a major capital asset or other expansion in capital works, or;
- to upgrade obsolete technology; or to intensify the capital base of Council so as to reduce the ongoing cost of operating programs
- There are no other available sources of funding
- The Council is satisfied it can manage the risk and meet the debt repayments in the context of long term financial planning and financial sustainability

Debt will not be used to cover recurrent operating expenses. Council generally prefers to minimise debt and financial risk. However debt funding is not precluded as a tool to assist management (within the context of financial prudence, long term planning and sustainability).

[Link to Strategic Plan](#)

[Goal 5: Effective and Responsible Governance](#)

3 Policy Statement

External borrowings will be limited to the funding of significant items of capital expenditure:

- the life of which is expected to exceed the term of any funds borrowed
- that cannot be funded from other sources [\(NTG guidelines require Council to consider the use of internal cash reserves\)](#).
- that are within the contexts of affordability, risk and financial sustainability

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

BORROWING POLICY

Policy No. 023

Items to be funded by new borrowings will normally be identified in the Municipal Plan and Budget for the year in which the funds are proposed to be borrowed, thus undergoing a period of public consultation when the draft Municipal Plan and Budget is released for public comment. (this condition may be waived in circumstances where an emergency or urgent situation requires the use of borrowings and there is ~~ese borrowings~~ compliance with all other policy and legal requirements such as Ministerial consent).

For external financial reporting purposes ~~borrowing debt~~ will be carried in the accounts in accordance ~~with generally accepted accounting practice~~ Australian Accounting Standards.

Council will decide whether the funding of capital expenditure should be by way of ~~loan borrowing~~, (external or internal) or simply a utilisation of available funds after considering long term financial planning and sustainability.

Borrowings are to be utilised for the purpose for which the loan was raised. Where due to circumstances it is no longer appropriate to use the loan for the original purpose the Council will ensure it complies with all legal requirements for changing that purpose and will advise the Department of Local Government of its intention to do so prior to any decision.

Unexpended loan funds will be placed in a reserve until such time as a suitable use of the funds is identified.

Where a loan was raised by Council to obtain an asset and the loan has not been repaid when the asset is sold, the Council will consider, on the basis of costs and benefits, first applying the proceeds of the sale to the repayment of the loan source.

Additional factors to be considered when Council is considering new borrowings include:

- Obtaining funds on a competitive basis such as in conjunction with the contracts section of Council to minimise costs associated with borrowing and consideration of the structure of any proposed loan (e.g. fixed or variable interest).
- Interest rate and other risks (e.g. liquidity risks and investment credit risks).
- Repayment of debt period to be no longer than the weighted average estimated useful lives of the related assets purchased or 20 years whichever is the lesser.
- Repayment of borrowings to occur at least bi-annually
- Internal borrowing: Where "internal" borrowing from an existing cash ~~backed reserve~~ revenue occurs in lieu of external financing, Council will consider the appropriateness of internal repayment back to the reserve at the opportunity cost to Council of the funds utilised (e.g. competitive investment interest rates) however this consideration will not preclude the use of higher rates (e.g. external debt rates) or lower rates or interest free internal borrowing and flexible repayment terms not exceeding the life of the assets funded

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

BORROWING POLICY

Policy No. 023

- Alternatives to debt
- Where the borrowings are for commercial or semi commercial purposes, consideration will be given as to whether the return on the investment can service the debt (after consideration of community service obligations and any other objectives).

Debt Servicing Ratio

The Debt Servicing Ratio at any time will be dependent on whether Council at that time is adopting:

- a strategy of growth with its supporting infrastructure, technological upgrade or capital intensification of services, or;
- alternatively, maintaining the status quo in the provision of services to the community.

An increasing Debt Servicing Ratio should be demonstrated to be financially sustainable (for example through the long term financial plan)

The Debt Servicing Ratio should not exceed 5% (principal plus interest repayments as percentage of total revenue)

~~Link to Strategic Plan~~

~~Goal 5: Effective and Responsible Governance~~

4 Definitions

5 Legislative References

Part 10.3 of the Local Government Act sets out the requirements for Council borrowing at the time of adopting this policy, with borrowing defined as obtaining 'any form of financial accommodation' (Section 122).

Other than for an overdraft of less than 2% of the Council's total revenue income for the preceding financial year obtained for a term of less than two months and transactions classified as of a 'minor nature' borrowing requires Ministerial approval (Section 123). Borrowings of up to \$200,000 **in total** do not require Ministerial approval.

The Minister has also issued mandatory Guidelines (29/06/2008) pursuant to S258 of the Local Government Act which require a Council to have a Borrowing Policy before any borrowing takes place.

6 Procedures / Related Documents

[NTG Guideline 5: borrowing \(current from 2011\)](#)

7 Responsibility / Application

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

BORROWING POLICY

Policy No. 023

- There are no significant implementation issues arising from this reviewed policy.

The Local Government Act S33 (3) (b) requires that if power to incur financial liabilities is delegated the Council must fix reasonable limits on the delegate's authority; prohibits the Council delegating powers to officers for borrowing money.

8 Document Control

Council/Administrative Policy			Responsible Officer: Chief Operating Officer	
Version	Decision Number	Adoption Date	History	Next Review Date
1	20\2772	11/5/2010	Adopted	
2	21\3560	28/7/2015	Adopted	

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

BORROWING POLICY

Policy No. 023

1 Purpose

The policy sets forth the particular circumstances under which Council might use debt as a source of funds and principles to be applied in relation to borrowing.

2 Scope

Objectives:

- Ensure the sound management of Council's existing and future debt in the context of long term financial planning and financial sustainability.
- Minimise the cost of borrowing.
- Compliance with legislation including regulations and any Ministerial directions or guidelines.

Background

Debt funding may be appropriate in the following circumstances:

- fund the acquisition, construction, expansion or refurbishment of a major capital asset or other expansion in capital works, or;
- to upgrade obsolete technology; or to intensify the capital base of Council so as to reduce the ongoing cost of operating programs
- There are no other available sources of funding
- The Council is satisfied it can manage the risk and meet the debt repayments in the context of long term financial planning and financial sustainability.

Debt will not be used to cover recurrent operating expenses. Council generally prefers to minimise debt and financial risk. However debt funding is not precluded as a tool to assist management (within the context of financial prudence, long term planning and sustainability).

Link to Strategic Plan:

Goal 5: Effective and Responsible Governance

3 Policy Statement

External borrowings will be limited to the funding of significant items of capital expenditure:

- the life of which is expected to exceed the term of any funds borrowed
- that cannot be funded from other sources (Northern Territory Government guidelines require Council to consider the use of internal cash reserves).
- that are within the contexts of affordability, risk and financial sustainability.

Items to be funded by new borrowings will normally be identified in the Municipal Plan and Budget for the year in which the funds are proposed to be borrowed, thus undergoing a

Council Policy No. 023 – BORROWING POLICY				
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BORROWING POLICY

Policy No. 023

period of public consultation when the draft Municipal Plan and Budget is released for public comment (this condition may be waived in circumstances where an emergency or urgent situation requires the use of borrowings and there is compliance with all other policy and legal requirements such as Ministerial consent).

For external financial reporting purposes borrowing will be carried in the accounts in accordance with Australian Accounting Standards.

Council will decide whether the funding of capital expenditure should be by way of borrowing, (external or internal) or simply a utilisation of available funds after considering long term financial planning and sustainability.

Borrowings are to be utilised for the purpose for which the loan was raised. Where due to circumstances it is no longer appropriate to use the loan for the original purpose the Council will ensure it complies with all legal requirements for changing that purpose and will advise the Department of Local Government of its intention to do so prior to any decision.

Unexpended loan funds will be placed in a reserve until such time as a suitable use of the funds is identified.

Where a loan was raised by Council to obtain an asset and the loan has not been repaid when the asset is sold, the Council will consider, on the basis of costs and benefits, first applying the proceeds of the sale to the repayment of the loan source.

Additional factors to be considered when Council is considering new borrowings include:

- Obtaining funds on a competitive basis such as in conjunction with the contracts section of Council to minimise costs associated with borrowing and consideration of the structure of any proposed loan (e.g. fixed or variable interest).
- Interest rate and other risks (e.g. liquidity risks and investment credit risks).
- Repayment of debt period to be no longer than the weighted average estimated useful lives of the related assets purchased or 20 years whichever is the lesser.
- Repayment of borrowings to occur at least bi-annually
- Internal borrowing: Where "internal" borrowing from an existing cash backed reserve occurs in lieu of external financing, Council will consider the appropriateness of internal repayment back to the reserve at the opportunity cost to Council of the funds utilised (e.g. competitive investment interest rates) however this consideration will not preclude the use of higher rates (e.g. external debt rates) or lower rates or interest free internal borrowing and flexible repayment terms not exceeding the life of the assets funded
- Alternatives to debt
- Where the borrowings are for commercial or semi commercial purposes, consideration will be given as to whether the return on the investment can service the debt (after consideration of community service obligations and any other objectives).

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

BORROWING POLICY

Policy No. 023

Debt Servicing Ratio

The Debt Servicing Ratio at any time will be dependent on whether Council at that time is adopting:

- a strategy of growth with its supporting infrastructure, technological upgrade or capital intensification of services, or;
- alternatively, maintaining the status quo in the provision of services to the community.

An increasing Debt Servicing Ratio should be demonstrated to be financially sustainable (for example through the long term financial plan).

The Debt Servicing Ratio should not exceed 5% (principal plus interest repayments as percentage of total revenue)

4 Definitions

Nil

5 Legislative References

Part 10.3 of the Local Government Act sets out the requirements for Council borrowing at the time of adopting this policy, with borrowing defined as obtaining 'any form of financial accommodation' (Section 122).

Other than for an overdraft of less than 2% of the Council's total revenue income for the preceding financial year obtained for a term of less than two months and transactions classified as of a 'minor nature' borrowing requires Ministerial approval (Section 123). Borrowings of up to \$200,000 **in total** do not require Ministerial approval.

The Minister has also issued mandatory Guidelines (29/06/2008) pursuant to S258 of the Local Government Act which require a Council to have a Borrowing Policy before any borrowing takes place.

6 Procedures / Related Documents

NTG Guideline 5: borrowing (current from 2011)

7 Responsibility / Application

There are no significant implementation issues arising from this reviewed policy.

The Local Government Act S33 (3) (b) requires that if power to incur financial liabilities is delegated the Council must fix reasonable limits on the delegate's authority.

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

BORROWING POLICY

Policy No. 023

8 Document Control

Council/Administrative Policy			Responsible Officer: Chief Operating Officer	
Version	Decision Number	Adoption Date	History	Next Review Date
1	20\2772	11/5/2010	Adopted	
2	21\3560	28/7/2015	Adopted	

Council Policy No. 023 – BORROWING POLICY				
Version	Decision Number	Adoption Date	Responsible Officer: Chief Operating Officer	Next Review Date
2	21\3560	28/7/2015		28/07/2017

ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 14.1.5
YES

REVIEW OF POLICY NO. 066 – ALLOCATION OF SURPLUS FUNDS

REPORT No.: 18CE0110 IF:ph COMMON No.: 2078949 DATE: 25/09/2018

Presenter: Management Accountant, Irene Frazis

Approved: Manager Finance, Russell Holden

PURPOSE

The purpose of this report is to present a review of City of Darwin Policy No. 066 - Allocation of Surplus Funds.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.5 Responsible financial and asset management

Key Strategies

5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

KEY ISSUES

- Council reviews its policies and procedures once each term of Council (i.e. once per four years).
- A number of administrative changes have been made to clarify some sections in the policy, remove duplication of statements or where they proposed conflict with Northern Territory Government positions.
- It was considered prudent to seek feedback from the Risk Management & Audit Committee regarding this policy review.

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 REPORT NUMBER: 18CE0110 IF:ph
 SUBJECT: REVIEW OF POLICY NO. 066 – ALLOCATION OF SURPLUS FUNDS

RECOMMENDATIONS

- A. THAT Report Number 18CE0110 IF:ph entitled Review of Policy No. 066 – Allocation of Surplus Funds, be received and noted.
- B. THAT Council rescind the current Policy No. 066 - Allocation of Surplus Funds.
- C. THAT Council adopt the amended Policy No. 066 - Allocation of Surplus Funds at **Attachment B** to Report Number 18CE0110 IF:ph entitled Review of Policy No. 066 - Allocation of Surplus Funds.

BACKGROUND

The Chief Officer's Group in 2012 requested that an Allocation of Surplus Funds Policy and methodology for calculating the available surplus funds at the end of the financial year be developed for consideration by Council.

DISCUSSION

The revised Allocation of Surplus Funds Policy is contained at **Attachment B**. The amended policy outlines what surplus funds are, the range of priorities that should be considered when allocating these funds and how to calculate available net working capital at the end of financial year.

While available working capital is also referred to as surplus funds under the Allocation of Surplus Funds Policy it is not a surplus in the same sense as a budget surplus. The available working capital as calculated under this Policy is the level of current assets readily convertible to cash in excess of what is required to cover current liabilities, non-current provisions and cash-backed reserves.

CONSULTATION PROCESS

This report was considered by the Risk Management & Audit Committee on 31 August 2018 and now referred to Council for consideration.

In preparing this report, the following City of Darwin officers were consulted:

- Finance Project Officer
- Committee Administrator

In preparing this report, the following External Parties were consulted:

- Terry Matthews CPA

PAGE: 3
 REPORT NUMBER: 18CE0110 IF:ph
 SUBJECT: REVIEW OF POLICY NO. 066 – ALLOCATION OF SURPLUS FUNDS

POLICY IMPLICATIONS

Endorsement of the recommendations in this report will update Policy No. 066 - Allocation of Surplus Funds.

Council adopts policies and procedures to support the implementation of Council's *Evolving Darwin Towards 2020 Strategic Plan* and to meet legislative requirements.

Policy review is undertaken in accordance with City of Darwin Policy No. 032 - Policy Framework.

BUDGET AND RESOURCE IMPLICATIONS

This policy on refers to surplus general funds, but similar principles should be applied to any other specific funds.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

This policy is prepared in accordance with Section 127 of the Local Government Act and Section 13 of the Local Government (Accounting) Regulations.

ENVIRONMENTAL IMPLICATIONS

Nil

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

IRENE FRAZIS
MANAGEMENT ACCOUNTANT

RUSSELL HOLDEN
MANAGER FINANCE

For enquiries, please contact Irene Frazis on 89300654 or email: i.frazis@darwin.nt.gov.au.

Attachments:

Attachment A: Track changes version of policy

Attachment B: Amended policy

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

1 Purpose

This Policy outlines the process that should be followed to identify and allocate surplus general funds .

2 Scope

This Policy aims to ensure that surplus general funds are allocated in a manner consistent with Council's view of long term financial sustainability and in line with best practice financial management.

While this policy focusses on the General Fund(s), similar principles should be applied to any other specific funds.

The concepts of surplus and deficits of general funds being used in this policy bear a close relationship to requirements of Section 127 of the Local Government Act and Section 13 of the Local Government (Accounting) Regulations. ~~to~~ Both state that "a council must not budget for a deficit". Section 13 of the Local Government (Accounting) Regulations define a deficit as:

A deficit occurs if overall expenditure for a financial year (disregarding depreciation) exceeds income. Transfers into, and out of, specific reserves are to be taken into account.

The above definition is also followed when compiling the annual budget and the resulting financial statement called the "Municipal Plan Summary" represents the reconciliation of Council's funding inflows, including transfers from reserves, matched with Council's funding outflows, including transfers to reserves. Provided the net funding result from the Municipal Plan Summary is zero or positive, Council has met the requirements of the Local Government Act and Local Government (Accounting) Regulations.

If the budget result on the above basis is zero or positive then the projected general funds available working capital at year end should also reflect that, and so too will the actual results if they closely follow the budget.

A working capital surplus occurs when funding inflows exceed funding outflows ie. there is an increase in net current assets (current assets less current liabilities). ~~and the net funding result is positive.~~ Such surplus funds can occur at any time including at the end of the financial year. Throughout the financial year, if surplus funds are identified then they are normally allocated through the quarterly budget review. At the end of the financial year it is necessary to wait until the annual financial statements have been verified through external audit to determine if surplus funds exist in the form of available ~~net~~ working capital. If available ~~net~~ working capital does exist at this time, and Council decides to utilise those funds as a surplus, then it should be dealt with under the process outlined in this Policy as should any significant surplus identified at any other time.

Council Policy No. 066 - ALLOCATION OF SURPLUS FUNDS				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City Performance Chief Operating Officer	Next Review Date
1	21\0663	27/11/12		27/11/2014

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

Therefore for the purposes of the policy an end of financial year “surplus” of free/available working capital is considered to have occurred when ~~net~~ working capital is positive (as measured by a review of working capital and the liquidity ratio in conjunction with any particular adjustments set out in the policy statement section).

Working capital is calculated by deducting current liabilities from current assets (net current assets). If the result is positive then the entity has sufficient assets readily convertible to cash, including cash at bank and investments, to cover its current debts owed. In practical terms, working capital is having enough money to pay the current obligation/bills as they fall due.

3 Policy Statement

Surplus funds should not be used to fund discretionary expenditure throughout the year unless the expenditure falls within one of the priority groups outlined in this Policy.

The following priorities should be considered when allocating surplus funds in the order listed. However, Council’s individual circumstances at the time the surplus funds are identified may impact on the order of priorities at that time.

Consider priorities in the Long Term Financial Plan

The first priority when allocating surplus funds should be to review Council’s Long Term Financial Plan and the priorities contained therein. Specifically, Council should consider:

- Whether there are any projects that are funded from loan borrowings that could instead could be fully or partly funded by the surplus;
- Whether there are any priority projects deferred due to lack of available funding (such as maintenance and renewals) that could now be brought forward and funded by the surplus;
- Whether there are any areas in the Long Term Financial Plan where the surplus could be applied to alleviate pressure on rate increases or other fee and charge increases.

If a priority is identified in the Long Term Financial Plan then the surplus should be transferred to a reserve clearly marked for that specific purpose until it is required.

Existing Borrowings

A review of existing borrowings should be undertaken if surplus funds are available as paying off existing debt will release funding equivalent to the annual loan repayment within the budget to redirect to other priorities.

Assess adequacy of Reserves

If surplus funds are available, a review should be undertaken to assess the adequacy of Council’s reserves to determine if current levels are sufficient to meet future commitments.

Council Policy No. 066 - ALLOCATION OF SURPLUS FUNDS				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City	Next Review Date
1	21\0663	27/11/12	Performance Chief Operating Officer	27/11/2014

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

Unfunded New Initiatives

Surplus funds could be considered to fund any priority new initiatives that were not funded in the current year's budget.

Future Year Budget Priorities

If the above priorities have been considered and surplus funds remain then any remaining funds should be transferred to a reserve to fund future year budget priorities.

Calculation of End of Financial Year Available ~~Net~~ Working Capital

To determine if available working capital at the end of financial year exists the following calculation should be undertaken, which is based on the working capital calculation adjusted for non-cash items. The required figures are available from the audited Statement of Financial Position as at 30 June:

Item	Reason Why Calculation Adjusted
Total Current Assets	
Less: Total Current Liabilities	
<u>= Working Capital</u>	
Less: Cash- B acked Reserves	<u>Working capital must be able to find cash backed reserves before declaring any surplus</u>
= Working Capital	
Less: Non Current Assets Held for Sale if disclosed as a current asset	While cash may be received from the sale of assets, these funds will be placed in a reserve at the time they are received <u>(for example, usually only fleet operations and is required in the budget to go towards replacements, therefore not free/available surplus funds).</u>
<u>Plus: Current Waste Fund Borrowings (principal only if fully funded in following financial year budget)</u>	<u>General Funds 30 June should not be required to support waste repayments that are covered by the following year budget.</u> <u>(However even though General Fund borrowings are also normally</u>

Council Policy No. 066 - ALLOCATION OF SURPLUS FUNDS				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City Performance Chief Operating Officer	Next Review Date
1	21\0663	27/11/12		27/11/2014

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

	<u>covered in following budget they are not adjusted, so as to create an element of prudence and conservatism in declaring the free/available working capital)</u>
<u>Plus: Current Borrowings (principle only)</u>	<u>Current loan repayments are already included in the budget</u>
Less: Non Current Employee Leave Entitlement Provisions	While not a current liability, all ELE provisions should be <u>provided for backed by realisable assets.</u> <u>Currently they are backed by working capital and therefore this amount is not considered to be free/available funds.</u>
<u>Plus: Current portion of Waste remediation liability (if fully funded in following financial year budget)</u>	<u>This adjustment eliminates the current portion of waste remediation liability if able to be fully funded in the budget year immediately following 30 June. If not able to be fully funded in the following year budget then some working capital 30 June should be reserved to cover it as it may be inappropriate to eliminate it and declare the funds "surplus".</u>
= <u>Free/Available</u> Net Working Capital	

If the result of the above calculation is positive then available working capital exists that can be allocated as per this Policy. Council may also elect to leave the available working capital balance as a buffer against budget shocks or unforeseen events.

~~While available working capital is also referred to as a surplus under this Policy it is not a surplus in the same sense as a budget surplus. The available working capital as calculated under this Policy is the level of current assets readily convertible to cash in excess of what is required to cover current liabilities, non-current provisions and cash-backed reserves.~~

Testing the above calculation against cash liquidity

To remain prudent and conservative a second test should be undertaken to check the possibility that there is insufficient cash liquidity at preceding financial year end to cover

Council Policy No. 066 - ALLOCATION OF SURPLUS FUNDS				
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1	21\0663	27/11/12	Performance Chief Operating Officer	27/11/2014

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

cash-backed reserves 30 June plus any proposed transfer to reserve or other utilising of the apparently free/available working capital the above calculation as if that transfer was being actioned at 30 June.

This test can be achieved by following the table below:

~~The calculation should be reviewed in line with the effect on the liquidity ratio. Council's liquidity ratio target is greater than 1.00:1. If the effect of utilising the available working capital reduced the liquidity ratio to below the target then it should not be used.~~

<u>Item</u>
<u>Cash & Cash Equivalents 30 June</u>
<u>Plus Other Financial Assets/Investments 30 June</u>
<u>= Total Financial Assets 30 June</u>
<u>Less Total Other Reserves 30 June (internally and externally restricted "cash-backed" reserves only)</u>
<u>= Unrestricted Financial Assets 30 June</u>
<u>Less proposed transfer of available working capital to cash-backed reserves (or other proposed utilisation)</u>
<u>= Remaining unrestricted financial assets (negative result means insufficient liquidity to action the transfer or other utilisation)</u>

~~This calculation is based on the 2011/12 financial statement format.~~ Should items within the Statement of Financial Position be reclassified or new items appear in the future then the above calculation would need to be reviewed in line with this.

Risk Considerations

Utilisation of available working capital as a surplus should be undertaken in the context of Council's overall approach to risk. Consideration should be given to the level of cash-backed internal reserves and the budgetary environment that Council is operating in at the time. In periods of uncertainty available working capital can provide a buffer against budget shocks or unforeseen events.

4 Definitions

Working capital: Net current assets. In other words net assets that are continually circulating (AASB 101).

Council Policy No. 066 - ALLOCATION OF SURPLUS FUNDS				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City Performance Chief Operating Officer	Next Review Date
1	21\0663	27/11/12		27/11/2014

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

Net current assets: Current assets less current liabilities

Current assets: Generally assets expected to be realised within 12 months after the reporting period (AASB 101). **Current liabilities:** Generally liabilities expected to be settled within 12 months after the reporting period (AASB 101).

5 Legislative References

- Section 127 of the Local Government Act
- Section 13 of the Local Government (Accounting) Regulations

6 Procedures / Related Documents

- Policy No. 032 - Policy Framework.

7 Responsibility / Application

Implementation of this policy is by way of identification of surplus funds ~~and application of this policy in review of allocation of surplus funds and consideration of allocation of surplus funds as defined within and by the policy.~~

This policy will be reviewed ~~bi-annually~~ once in every term of Council or as required ~~by changes in legislation.~~

8 Document Control

Council Policy			Responsible Officer: General Manager City Performance <u>Chief Operating Officer</u>	
Version	Decision Number	Adoption Date	History	Next Review Date
1	21\0663	27/11/12	Adopted	27/11/2014
2				
3				

Council Policy No. 066 - ALLOCATION OF SURPLUS FUNDS				
Version	Decision Number	Adoption Date	Responsible Officer: General Manager City Performance <u>Chief Operating Officer</u>	Next Review Date
1	21\0663	27/11/12		27/11/2014

ALLOCATION OF SURPLUS FUNDS

Policy No. 066

1 Purpose

This Policy outlines the process that should be followed to identify and allocate surplus general funds.

2 Scope

This Policy aims to ensure that surplus general funds are allocated in a manner consistent with Council's view of long term financial sustainability and in line with best practice financial management.

While this policy focusses on the General Fund(s), similar principles should be applied to any other specific funds.

The concepts of surplus and deficits of general funds being used in this policy bear a close relationship to requirements of Section 127 of the Local Government Act and Section 13 of the Local Government (Accounting) Regulations. Both state that "a council must not budget for a deficit". Section 13 of the Local Government (Accounting) Regulations define a deficit as:

A deficit occurs if overall expenditure for a financial year (disregarding depreciation) exceeds income. Transfers into, and out of, specific reserves are to be taken into account.

The above definition is also followed when compiling the annual budget and the resulting financial statement called the "Municipal Plan Summary" represents the reconciliation of Council's funding inflows, including transfers from reserves, matched with Council's funding outflows, including transfers to reserves. Provided the net funding result from the Municipal Plan Summary is zero or positive, Council has met the requirements of the Local Government Act and Local Government (Accounting) Regulations.

If the budget result on the above basis is zero or positive then the projected general funds available working capital at year end should also reflect that, and so too will the actual results if they closely follow the budget.

A working capital surplus occurs when funding inflows exceed funding outflows ie. there is an increase in net current assets (current assets less current liabilities). Such surplus funds can occur at any time including at the end of the financial year. Throughout the financial year, if surplus funds are identified then they are normally allocated through the quarterly budget review. At the end of the financial year it is necessary to wait until the annual financial statements have been verified through external audit to determine if surplus funds exist in the form of available working capital. If available working capital does exist at this time, and Council decides to utilise those funds as a surplus, then it should be dealt with under the process outlined in this Policy as should any significant surplus identified at any other time.

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ALLOCATION OF SURPLUS FUNDS

Policy No. 066

Therefore for the purposes of the policy an end of financial year “surplus” of free/available working capital is considered to have occurred when working capital is positive (as measured by a review of working capital and the liquidity ratio in conjunction with any particular adjustments set out in the policy statement section).

Working capital is calculated by deducting current liabilities from current assets (net current assets). If the result is positive then the entity has sufficient assets readily convertible to cash, including cash at bank and investments, to cover its current debts owed. In practical terms, working capital is having enough money to pay the current obligation/bills as they fall due.

3 Policy Statement

Surplus funds should not be used to fund discretionary expenditure throughout the year unless the expenditure falls within one of the priority groups outlined in this Policy.

The following priorities should be considered when allocating surplus funds in the order listed. However, Council’s individual circumstances at the time the surplus funds are identified may impact on the order of priorities at that time.

Consider priorities in the Long Term Financial Plan

The first priority when allocating surplus funds should be to review Council’s Long Term Financial Plan and the priorities contained therein. Specifically, Council should consider:

- Whether there are any projects that are funded from loan borrowings that could instead could be fully or partly funded by the surplus;
- Whether there are any priority projects deferred due to lack of available funding (such as maintenance and renewals) that could now be brought forward and funded by the surplus;
- Whether there are any areas in the Long Term Financial Plan where the surplus could be applied to alleviate pressure on rate increases or other fee and charge increases.

If a priority is identified in the Long Term Financial Plan then the surplus should be transferred to a reserve clearly marked for that specific purpose until it is required.

Existing Borrowings

A review of existing borrowings should be undertaken if surplus funds are available as paying off existing debt will release funding equivalent to the annual loan repayment within the budget to redirect to other priorities.

Assess adequacy of Reserves

If surplus funds are available, a review should be undertaken to assess the adequacy of Council’s reserves to determine if current levels are sufficient to meet future commitments.

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ALLOCATION OF SURPLUS FUNDS

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Unfunded New Initiatives

Surplus funds could be considered to fund any priority new initiatives that were not funded in the current year's budget.

Future Year Budget Priorities

If the above priorities have been considered and surplus funds remain then any remaining funds should be transferred to a reserve to fund future year budget priorities.

Calculation of End of Financial Year Available Working Capital

To determine if available working capital at the end of financial year exists the following calculation should be undertaken, which is based on the working capital calculation adjusted for non-cash items. The required figures are available from the audited Statement of Financial Position as at 30 June:

Item	Reason Why Calculation Adjusted
Total Current Assets	
Less: Total Current Liabilities	
= <i>Working Capital</i>	
Less: Cash-Backed Reserves	Working capital must be able to find cash backed reserves before declaring any surplus
= Working Capital	
Less: Non Current Assets Held for Sale if disclosed as a current asset	While cash may be received from the sale of assets, these funds will be placed in a reserve at the time they are received (for example, usually only fleet operations and is required in the budget to go towards replacements, therefore not free/available surplus funds).
Plus: Current Waste Fund Borrowings (principal only if fully funded in following financial year budget)	General Funds 30 June should not be required to support waste repayments that are covered by the following year budget. (However even though General Fund borrowings are also normally covered in following budget they are not adjusted, so as to create an element of prudence and

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ALLOCATION OF SURPLUS FUNDS

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	conservatism in declaring the free/available working capital)
<i>Less:</i> Non Current Employee Leave Entitlement Provisions	While not a current liability, all ELE provisions should be backed by realisable assets. Currently they are backed by working capital and therefore this amount is not considered to be free/available funds.
<i>Plus:</i> Current portion of Waste remediation liability (if fully funded in following financial year budget)	This adjustment eliminates the current portion of waste remediation liability if able to be fully funded in the budget year immediately following 30 June. If not able to be fully funded in the following year budget then some working capital 30 June should be reserved to cover it as it may be inappropriate to eliminate it and declare the funds "surplus".
= Free/Available Working Capital	

If the result of the above calculation is positive then available working capital exists that can be allocated as per this Policy. Council may also elect to leave the available working capital balance as a buffer against budget shocks or unforeseen events.

Testing the above calculation against cash liquidity

To remain prudent and conservative a second test should be undertaken to check the possibility that there is insufficient cash liquidity at preceding financial year end to cover cash-backed reserves 30 June plus any proposed transfer to reserve or other utilising of the apparently free/available working capital the above calculation as if that transfer was being actioned at 30 June.

This test can be achieved by following the table below:

Item
Cash & Cash Equivalents 30 June
Plus Other Financial Assets/Investments 30 June
= Total Financial Assets 30 June

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Less Total Other Reserves 30 June (internally and externally restricted “cash-backed” reserves only)
= Unrestricted Financial Assets 30 June
Less proposed transfer of available working capital to cash-backed reserves (or other proposed utilisation)
= Remaining unrestricted financial assets (negative result means insufficient liquidity to action the transfer or other utilisation)

Should items within the Statement of Financial Position be reclassified or new items appear in the future then the above calculation would need to be reviewed in line with this.

Risk Considerations

Utilisation of available working capital as a surplus should be undertaken in the context of Council’s overall approach to risk. Consideration should be given to the level of cash-backed internal reserves and the budgetary environment that Council is operating in at the time. In periods of uncertainty available working capital can provide a buffer against budget shocks or unforeseen events.

4 Definitions

Working capital: Net current assets. In other words net assets that are continually circulating (AASB 101).

Net current assets: Current assets less current liabilities

Current assets: Generally assets expected to be realised within 12 months after the reporting period (AASB 101).

Current liabilities: Generally liabilities expected to be settled within 12 months after the reporting period (AASB 101).

5 Legislative References

- Section 127 of the Local Government Act
- Section 13 of the Local Government (Accounting) Regulations

6 Procedures / Related Documents

- Policy No. 032 - Policy Framework.

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ALLOCATION OF SURPLUS FUNDS

Policy No. 066

7 Responsibility / Application

Implementation of this policy is by way of identification of surplus funds and consideration of allocation of surplus funds as defined within and by the policy.

This policy will be reviewed once in every term of Council or as required.

8 Document Control

Council Policy			Responsible Officer: Chief Operating Officer	
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**ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN
YES**

AGENDA ITEM: 14.1.6

**REVISION OF THE DECISION TO SELL PORTION OF LAND ADJACENT
13 LARRAKEYAH TERRACE, LARRAKEYAH**

REPORT No.:18CO0045 JW:dc

COMMON No.: 2853055

DATE: 25/09/2018

Presenter: Manager Design, Development and Projects, Drosso Lelekis

Approved: Acting General Manager City Operations, Nik Kleine

PURPOSE

The purpose of this report is to seek an amendment to a lot number referenced in a decision made by Council to sell a portion of land to the owner of Lot 3781 (13) Larrakeyah Terrace, Larrakeyah.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.3 Good governance

Key Strategies

5.3.1 Demonstrate good corporate practice and ethical behaviour

KEY ISSUES

- At the Ordinary Council Meeting of 29 May 2018 the sale of a portion of Lot 5146 and Lot 8107 to the owner of Lot 3781 (13) Larrakeyah Terrace, Larrakeyah was approved.
- It was later identified, after this decision was made, that a referenced lot number was incorrect.
- This report seeks to correct the lot number reference only in the form of a new recommendation. The remainder of the recommendation wording remains the same as that of the previous decision.

PAGE: 2
 REPORT NUMBER: 18CO0045 JW:dc
 SUBJECT: REVISION OF THE DECISION TO SELL PORTION OF ROAD RESERVE
 ADJACENT 13 LARRAKEYAH TERRACE, LARRAKEYAH

RECOMMENDATIONS

- A. THAT Report Number 18CO0045 JW:jg entitled Revision of the Decision to Sell Portion of Road Reserve Adjacent 13 Larrakeyah Terrace, Larrakeyah, be received and noted.

- B. THAT Council approve in principle the subdivision and consolidation of parts of Lots 5246 and 8107 and the sale of the land subject to compliance with the Local Government Regulations and the satisfactory resolution of all issues associated with that compliance and that the sale be subject to:
 - a. The parts of Lots 5246 and 8107 as depicted in Report Number 18CO0045 JW:jg entitled Revision of the Decision to Sell Portion of Road Reserve Adjacent 13 Larrakeyah Terrace, Larrakeyah.
 - b. The purchase price be set at \$120,000 as per the Independent Valuation obtained by Council.
 - c. The Purchaser preparing and lodging with any relevant Authority all necessary documents which are required to give effect to the Agreement.
 - d. The Purchaser is to identify any Power and Water Corporation and Telstra easements over the land and identify those easements on a Survey Plan to the satisfaction of the Surveyor General. It is the Purchaser's responsibility to provide final Survey Plan for the transfer of land to the satisfaction of the Surveyor General.
 - e. The land being consolidated into the purchaser's Lot after the sale of the land.
 - f. All costs associated with the sale of the land, including but not limited to, advertising, survey plans, Local Government road closure process, legal and other associated fees be borne by the proponent.

- C. THAT Council pursuant to Section 32 (2) of the Local Government Act hereby delegates to the Chief Executive Officer the power to finalise the terms and conditions of the contract of sale for the portion of land on, Lots 5246 and 8107, Town of Darwin.

- D. THAT pursuant to Section 26(2) Council approve the affixing of the common seal to all associated documentation for the closure and sale of land adjacent to lot 3781(13) Larrakeyah Terrace, Larrakeyah, Town of Darwin and that documentation be attested by the signatures of the Chief Executive Officer and the Lord Mayor.

PAGE: 3
 REPORT NUMBER: 18CO0045 JW:dc
 SUBJECT: REVISION OF THE DECISION TO SELL PORTION OF ROAD RESERVE
 ADJACENT 13 LARRAKEYAH TERRACE, LARRAKEYAH

BACKGROUND

Previous Report No. 18CO0014 (**Attachment A**) was put to the Ordinary Council Meeting of 29 May 2018 and the following resolution was made:

Request for Purchase of Land – 13 Larrakeyah Terrace, Larrakeyah

Report No. 18CO0014 (23/05/18) Common No. 2853055

- A. *THAT Report Number 18CO0014 JW:jg entitled Request For Purchase of Land - 13 Larrakeyah Terrace, Larrakeyah, be received and noted.*

- B. *THAT Council approve in principle the subdivision and consolidation of parts of Lots 5146 and 8107 and the sale of the land subject to compliance with the Local Government Regulations and the satisfactory resolution of all issues associated with that compliance and that the sale be subject to:*
 - a. *The parts of Lots 5146 and 8107 as depicted in Report Number 18CO0014 JW:jg entitled Request For Purchase of Land - 13 Larrakeyah Terrace.*
 - b. *The purchase price be set at \$120,000 as per the Independent Valuation obtained by Council.*
 - c. *The Purchaser preparing and lodging with any relevant Authority all necessary documents which are required to give effect to the Agreement.*
 - d. *The Purchaser is to identify any Power and Water Corporation and Telstra easements over the land and identify those easements on a Survey Plan to the satisfaction of the Surveyor General. It is the Purchaser's responsibility to provide final Survey Plan for the transfer of land to the satisfaction of the Surveyor General.*
 - e. *The land being consolidated into the purchaser's Lot after the sale of the land.*
 - f. *All costs associated with the sale of the land, including but not limited to, advertising, survey plans, Local Government road closure process, legal and other associated fees be borne by the proponent.*

- C. *THAT Council pursuant to Section 32 (2) of the Local Government Act 2008 (as Amended) hereby delegates to the Chief Executive Officer the power to finalise the terms and conditions of the contract of sale for the portion of land on, Lots 5146 and 8107, Town of Darwin.*

- D. *THAT pursuant to Section 26(2) Council approve the affixing of the common seal to all associated documentation for the closure and sale of land adjacent to lot 3781 (13) Larrakeyah Terrace, Larrakeyah, Town of Darwin and that documentation be attested by the signatures of the Chief Executive Officer and the Lord Mayor.*

DECISION NO.22\0782

(29/05/18)

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 REPORT NUMBER: 18CO0045 JW:dc
 SUBJECT: REVISION OF THE DECISION TO SELL PORTION OF ROAD RESERVE
 ADJACENT 13 LARRAKEYAH TERRACE, LARRAKEYAH

DISCUSSION

The previous decision of Council approved the sale of a portion of Lot 5146 and Lot 8107, to be consolidated with Lot 3781(13) Larrakeyah Terrace, Larrakeyah.

Lot 5146 referenced in this decision was incorrect. The correct lot number should be Lot 5246.

This report seeks to supersede the previous decision made to reflect the correct Lot number. As it has been more than 3 months, under the by-laws a new decision rather than a rescission motion is sufficient.

CONSULTATION PROCESS

In preparing this report, the following City of Darwin officers were consulted:

- Team Leader Development
- Contract Officer

POLICY IMPLICATIONS

There is no policy implication associated with the amendment of the decision.

BUDGET AND RESOURCE IMPLICATIONS

There are no budget or resource implications associated with the amendment of the decision.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

There is no risk, legal or legislative implications associated with the amendment of the decision.

The report seeking the amendment to the decision was withheld for three months from the date of the decision to comply with By-Law 162(1)(b) in order to avoid the need to have a rescission motion. A new report and recommendation were prepared accordingly.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications associated with the amendment of the decision.

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 ADJACENT 13 LARRAKEYAH TERRACE, LARRAKEYAH

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

DROSSO LELEKIS
MANAGE DESIGN, DEVELOPMENT AND
PROJECTS

NIK KLEINE
ACTING GENERAL MANAGER
CITY OPERATIONS

For enquiries, please contact James Whyte on 8930 0413 or email:
j.whyte@darwin.nt.gov.au.

Attachments:

Attachment A: Report No. 18CO0014 - Request for sale of land - 13 Larrakeyah
 Terrace, Larrakeyah

ENCL: CITY OPERATIONS COMMITTEE/OPEN
YES

AGENDA ITEM: 9.1.2

REQUEST FOR PURCHASE OF LAND - 13 LARRAKEYAH TERRACE, LARRAKEYAH

REPORT No.: 18CO0014 JW:jg COMMON No.: 2853055

DATE: 18/04/2018

Presenter: Manager Design, Development & Projects, Drosso Lelekis

Approved: Acting General Manager City Operations, Nadine Nilon

PURPOSE

The purpose of this report is to seek Council's approval for the subdivision and sale of a portion of Council owned land adjoining Lot 3781 (13) Larrakeyah Terrace, Larrakeyah, Town of Darwin.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.5 Responsible financial and asset management

Key Strategies

5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

KEY ISSUES

- Council offered for sale to the owners of Lots 3781, 3779, 3778 and 5461 Town of Darwin, the sewage easement alongside their respective properties in 2002, but the sale did not proceed at that time due to Native Title claim that was later resolved.
- A second request was made to Council in 2014, of which the motion to sale the land was lost.
- The owner has now made a third application for sale of land.
- The land in question currently has a sewer easement over it, is maintained by the resident and is not considered suitable for future use or development.
- Power Water Corporation (PWC) have confirmed that they have no objection to the sale of the land.
- A valuation report (**Attachment A**) has been completed for the walkway and this approximately 187 square metre area of land is valued at \$120,000.

PAGE: 2
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SUBJECT: REQUEST FOR PURCHASE OF LAND - 13 LARRAKEYAH TERRACE,
LARRAKEYAH

RECOMMENDATIONS

THAT it be a recommendation to Council:-

- A. THAT Report Number 18CO0014 JW:jg entitled Request For Purchase of Land - 13 Larrakeyah Terrace, Larrakeyah, be received and noted.
- B. THAT Council approve in principle the subdivision and consolidation of parts of Lots 5146 and 8107 and the sale of the land subject to compliance with the Local Government Regulations and the satisfactory resolution of all issues associated with that compliance and that the sale be subject to:
 - a. The parts of Lots 5146 and 8107 as depicted in Report Number 18CO0014 JW:jg entitled Request For Purchase of Land - 13 Larrakeyah Terrace.
 - b. The purchase price be set at \$120,000 as per the Independent Valuation obtained by Council.
 - c. The Purchaser preparing and lodging with any relevant Authority all necessary documents which are required to give effect to the Agreement.
 - d. The Purchaser is to identify any Power and Water Corporation and Telstra easements over the land and identify those easements on a Survey Plan to the satisfaction of the Surveyor General. It is the Purchaser's responsibility to provide final Survey Plan for the transfer of land to the satisfaction of the Surveyor General.
 - e. The land being consolidated into the purchaser's Lot after the sale of the land.
 - f. All costs associated with the sale of the land, including but not limited to, advertising, survey plans, Local Government road closure process, legal and other associated fees be borne by the proponent.
- C. THAT Council pursuant to Section 32 (2) of the Local Government Act 2008 (as Amended) hereby delegates to the Chief Executive Officer the power to finalise the terms and conditions of the contract of sale for the portion of land on, Lots 5146 and 8107, Town of Darwin.
- D. THAT pursuant to Section 26(2) Council approve the affixing of the common seal to all associated documentation for the closure and sale of land adjacent to lot 3781(13) Larrakeyah Terrace, Larrakeyah, Town of Darwin and that documentation be attested by the signatures of the Chief Executive Officer and the Lord Mayor.

BACKGROUND

The subject land is varying in width, running the length of Lot 3781 (13) Larrakeyah Terrace and currently has a sewer easement over it. The portion of land is currently part of Lots 5246 and 8107, both owned by Council and forming part of Doctors Gully.

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REPORT NUMBER: 18CO0014 JW:jg
SUBJECT: REQUEST FOR PURCHASE OF LAND - 13 LARRAKEYAH TERRACE,
LARRAKEYAH

The owner of 13 Larrakeyah Terrace, Larrakeyah approached Council in 2002 to purchase a portion of Council land. A report (No. 02TS0286) was put to Council at the time and the sale of land was approved. However, the sale was deferred due to a Native Title claim on the portion of land in question, which has now been resolved, with the claim not being valid.

Council's previous decision on this matter was as follows;

Doctors Gully Encroachment - Lot 3781

External Ref No.02TS0286 DP:we (09/08/02) Internal Ref No.216890

- A. *THAT Report Number 02TS0286 DP:we entitled Doctors Gully Encroachment - Lot 3781, be received and noted.*
- B. *THAT Council offer for sale to owners of Lots 3781, 3779, 3778 and 5461 Town of Darwin, the sewage easement at the rear of their respective properties and a condition of sale be subject to a further report by the Director Corporate Services, investigating the requirements of PowerWater, access alternatives to Doctors Gully and the valuation of the property.*

DECISION NO.18\3904 (27/08/02)

However, the sale did not proceed due to concerns over a Native Title claim over the area.

Advice received on 30 June 2014 from the Department of the Attorney-General and Justice Office in regard to the previous Native Title claim was that the claim was not valid.

In 2014 the resident made a second application for the sale of land. A further report (No. 14TS0220) was put to Council, again recommending sale of the subject land, for a sale price of \$150,000 (excluding GST), which was the land evaluation at the time, but this time Council resolved not to sell the land.

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SUBJECT: REQUEST FOR PURCHASE OF LAND - 13 LARRAKEYAH TERRACE,
LARRAKEYAH

DISCUSSION

The resident has made a new request to purchase the portion of Council owned land at the rear of Lot 3781 (13) Larrakeyah Terrace, Larrakeyah, Town of Darwin.

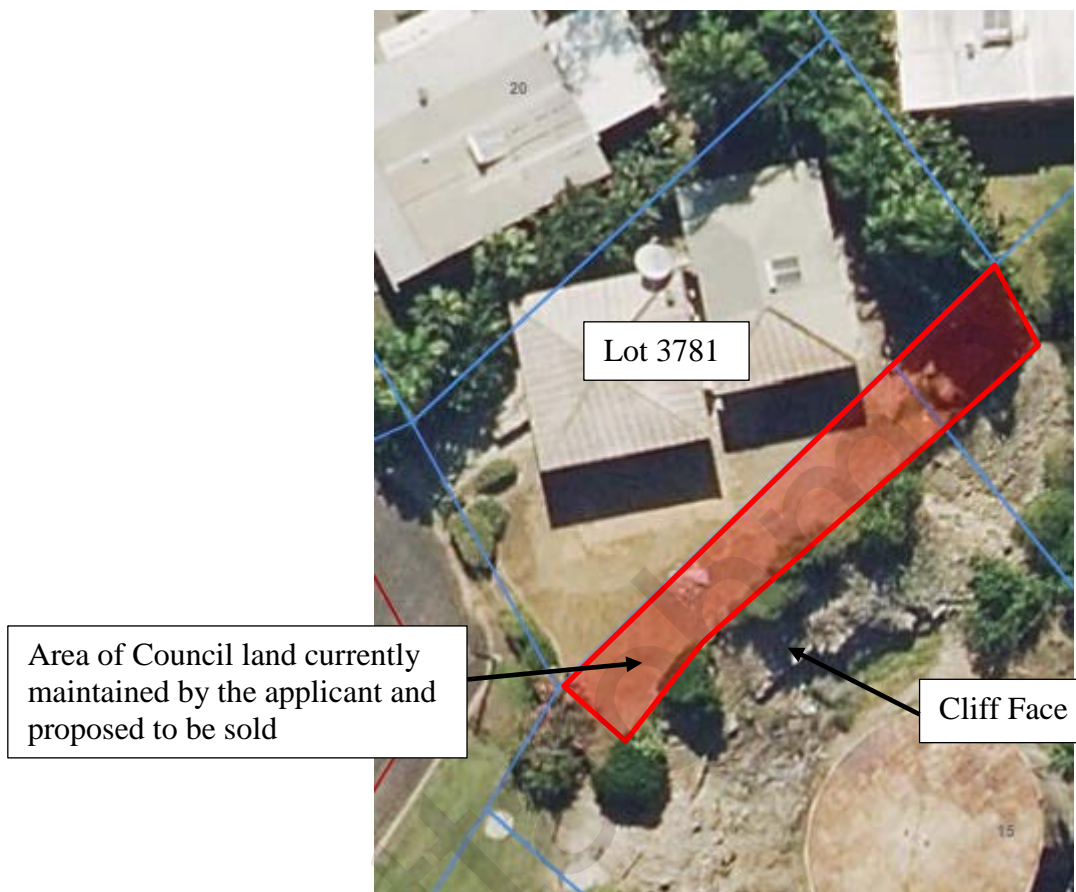


Image 01 – Satellite Image of the land in question

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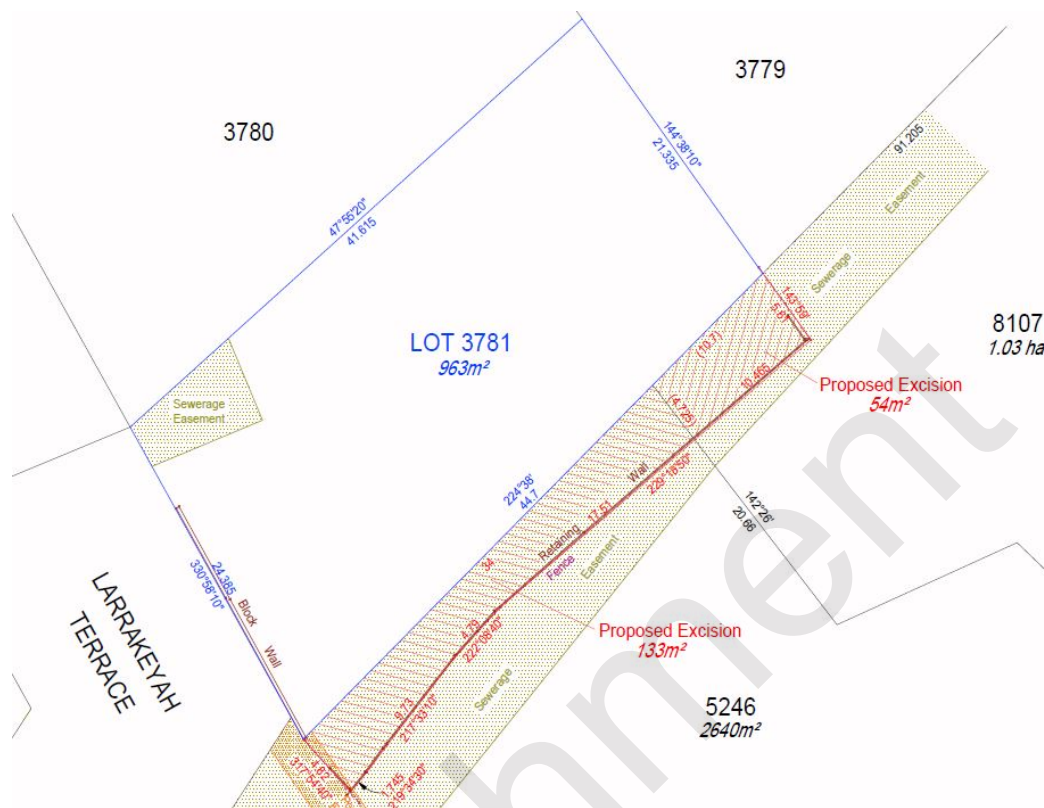


Image 02 – Proposed area land to be sold

The land in question (refer above and **Attachment B**) varies in width, running the length of Lot 3781 (13) Larrakeyah Terrace, and is approximately 44 metres long. The land is 187 m² in area.

Consultation with Power and Water Corporation (PWC) confirmed that they are comfortable with the sale of land, although their preference is that the land remain under City of Darwin ownership. In the unlikely event that the easement is needed to be accessed, they would require access through private property. As there is an existing easement over the land no additional easements would need to be created through the sales process.

As the land proposed to be sold is bordered to the north by the applicant's lot and to the south by a small cliff face, it is considered that the land could not be utilised by Council without significant works to the site.

The area of land in question is currently occupied and maintained by the applicant; however there is no existing permit that allows the owner to occupy this portion of land.

Planning Implications

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LARRAKEYAH

The applicant's lot is currently zoned SD (Single Dwelling Residential) and is 963m² in area. Pursuant to the Northern Territory Planning Scheme and the current SD zoning that applies to the land, a minimum of 800m² is required per lot created. If the land were to increase by 187m² as a result of purchasing the portion of land, the subject property would still be unable to subdivide under the current zoning that is applicable, as the total area would only be 1,150 m² in area.

With the increase in land area that would result of the sale and consolidation were to go ahead, the consolidated lot area would be over 1,000 m², which would theoretically allow for a dual occupancy dwelling development with a minimum area of 500 m² each to be constructed on the site.

However, the whole of the land proposed to be purchased has an easement over it, limiting any future development.

The sale of the portion of land would therefore not have any planning implications pursuant to the current zoning of the land in terms of greater development potential.

Summary

As the area of land in question has very limited potential for use by the City of Darwin and is currently occupied and maintained by the applicant, it is recommended that the sale of land be approved, subject to conditions as outlined in the recommendations.

CONSULTATION PROCESS

In preparing this report, the following City of Darwin officers were consulted:

- Town Planner
- Property Officer

In preparing this report, the following External Parties were consulted:

- Valuations NT

POLICY IMPLICATIONS

Council's Land Acquisition, Disposal and Lease Policy, No. 010 provided guidance in relation to the sale of Council land.

As a general rule, Council (as custodian of public assets) would dispose of all property interests in an open market format to ensure due probity of process and optimal financial return (and minimal risk).

However, Council may undertake an alternative process for the disposal of land where in Council's opinion, an alternative disposal approach will achieve greater

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benefits to the ratepayers than could be achieved through a public process and will entertain a direct sale, lease or similar to the exclusion of a public process.

The circumstances which give rise to an alternative process include:

"Where there is only one identifiable purchaser. For example where a site is not large enough for development in its own right and is surrounded by public roads on all sides other than the adjoining owner."

It is considered that this case adheres to applying to the alternative process as only one property adjoins the land.

BUDGET AND RESOURCE IMPLICATIONS

The unimproved capital value of the applicants lot at 13 Larrakeyah Terrace is valued at \$1.4 million (\$1,370m²). The purchase of the subject land will increase the property size from 963m² to an area of 1,150m². As shown in the Valuer's report (**Attachment A**) the value of the encroached land is \$240,000; however this requires discounting to account for easements located on the land with a final value of \$120,000.

All costs associated with the sale of this land would be borne by the proponent.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Advice received on 30 June 2014 from the Department of the Attorney-General and Justice Office in regard to the previous Native Title claim is as follows;

- Lot 5686, Town of Darwin (held as NT freehold by the City of Darwin) was claimed in the Darwin Part A native title claim.
- The Court found (Risk v NT (2006) FCA) that native title does not exist in relation to Lot 5686 and dismissed the native title application.

If approval is granted for the sale of the approximately five metre wide section of public land to the resident, other property owners (of land adjacent the easement) may request a similar opportunity to purchase the land at the rear of their properties. Any such requests would be considered if and when they are received.

ENVIRONMENTAL IMPLICATIONS

With the sale of this land in question, there is the potential that there will be a loss of green space if the owner makes changes to the area and removes the turf currently in place. However, as there is an easement over the whole of the land to be sold, there is very limited opportunity to construct over it.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

PAGE: 8
REPORT NUMBER: 18CO0014 JW:jg
SUBJECT: REQUEST FOR PURCHASE OF LAND - 13 LARRAKEYAH TERRACE,
LARRAKEYAH

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

DROSSO LELEKIS
MANAGER DESIGN
DEVELOPMENT & PERMITS

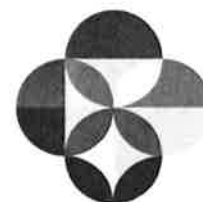
NADINE NILON
ACTING GENERAL MANAGER
CITY OPERATIONS

For enquiries, please contact Drosso Lelekis on 89300414 or email:
d.lelekis@darwin.nt.gov.au

Attachments:

Attachment A: Valuation Report

Attachment B: Survey Plan of proposed sale of land



Valuations NT
certified practising valuers

MARKET VALUATION REPORT

Part Lots 5246 & 8701
TOWN OF DARWIN NT 0820



Acting on instructions from Tim Merrigan
Our Reference: 180083

Valuations NT

ABN 41 603 036 844

GPO Box 4489, Darwin NT 0801

08 8981 3885

emma@valuationsnt.com.au

Liability limited by a scheme approved under Professional Standards Legislation

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



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Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



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Appendices

- Search Certificate of Title and Record of Administrative Interests for Lot 3781
- Plan of Portion of Land to be Consolidated

Attachment

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



1.0 Executive Summary

Instructing Party	Tim Merrigan
Client	City of Darwin
Valuation Purpose	Market value assessment for a potential sale to an adjoining owner.
Property Address	Part Lots 5246 & 8107 Town of Darwin NT 0820
Property Description	The subject property comprises two irregular shaped portions of land totalling 187m ² in area that have been proposed for consolidation with adjoining Lot 3187 which is an irregular shaped internal allotment of Single Dwelling (SD) zoned land located in premium residential suburb of Larrakeyah, approximately 2 kilometres north-west of the Darwin CBD.
Certificate of Titles	Lot 5426 Town of Darwin, from Plan S 79/011A, and more particularly described in the Certificate of Title Register Book, Volume 765 Folio 119; Lot 8107 Town of Darwin, from Plan LTO2011/058A, and more particularly described in the Certificate of Title Register Book, Volume 804 Folio 500.
Registered Proprietors	City of Darwin
Area to be Consolidated	187 square metres.
Zoning	Single Dwelling Residential (SD)
Interest Valued	Fee Simple interest with vacant possession on an unencumbered basis.

1.1 Valuation

Market Value	\$120,000 (ONE HUNDRED AND TWENTY THOUSAND DOLLARS)
Date of Inspection	6 April 2018
Date of Valuation	6 April 2018
Inspecting Valuer	 Emma Jackson AAPI, MBus (Prop) Certified Practising Valuer AAPI 64371

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



Important

This Executive Summary must be read in conjunction with the remainder of this report. It is only a synopsis designed to provide a brief overview and must not be acted upon in isolation to the contents of the valuation report.

Third Party Disclaimer

This report has been prepared for the private and confidential use of our client, the City of Darwin. It should not be reproduced in whole or part without the express written authority of Valuations NT Pty Ltd or relied upon by any other party for any purpose and the valuer shall not have any liability to any party who does so. Our warning is registered here, that any party, other than those specifically named in this paragraph should obtain their own valuation before acting in any way in respect of the subject property.

Attachment



Valuations NT

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



2.0 Instructions

Instructions have been received to undertake a valuation of the property as per the details below.

Instructing Party	Tim Merrigan
Property Address	Part Lots 5246 & 8107 Town of Darwin NT 0820
Date of Instructions	5 April 2018
Client	City of Darwin
Valuation Purpose	Market value assessment toward a potential sale to the adjoining owner.
Specific Instructions	Assessment of the current market value of the subject property based upon a proposed consolidation with Lot 3187 having regard to the plan of subdivision provided.
Pecuniary Interest	We confirm that the valuer does not have any pecuniary interest that would conflict with the proper valuation of the property.
Documents Relied Upon	Information we have been provided with and/or relied upon in undertaking our valuation includes: <ul style="list-style-type: none"> • Instructions; • Search Certificate of Title and Record of Administrative Interests for Lot 3781. • Proposed Plan of Subdivision. • Survey Plans S 79/011A & LTO2011/058A
Scope of Work	The scope of work undertaken by the valuer in completing the valuation has included: <ul style="list-style-type: none"> • Review of the information provided and instructions in respect of the subject property; • Undertaking assessment of current market and sales information required to determine an appropriate market value in respect of the subject property; • A physical inspection of the property; • Provide a written report outline outlining the methodology, observations, sales data, assumptions and current market value as assessed.
Compliance	Our valuation has been prepared in accordance with the Australian Property Institute Practice Standards and Guidance Notes.

3.0 Background

In August 2002, Council approved a decision relating to the sale of a 4 metre strip of land at Doctors Gully to the rear of Lots 3781, 3779 and 5416. Mr Tsirbis wrote a letter to the City of Darwin detailing the conditions surrounding his existing use of the land that encroaches Doctors Gully. He claimed that prior to fencing the site, people were regularly passing in front of his pool and crossing his land as they tried to find a path down to Doctors Gully, one that doesn't exist. He subsequently erected a retaining wall, installed a reticulation system and planted new trees and lawns. In his letter he offered to maintain the cliff side in front of his property as well as the section of grass at the end of Larrakeyah Terrace out to approximately thirty metres from his boundary. He suggested that it would be in Council's interest to proceed with the sale as if he were to remove the encroaching fence, as the cliff is very steep, Council would be responsible for erecting a replacement fence and the ongoing maintenance of the land to prevent the retaining wall from collapsing. All of these seem fair and reasonable arguments in favour of the sale of the land. The process was stalled however due to a Native Title claim raised in 2002 which was subsequently resolved. In 2014, Mr Tsirbis again approached Council to sell the land. At that time, a valuation was undertaken but Council decided not to proceed and the sale was again put on hold. Now in April 2018 the sale of the land is once again up for negotiation. With it has come an instruction to undertake a fair market value assessment for Part Lots 5246 & 8701 based upon them being consolidated with adjoining Lot 3781.

4.0 Basis of Valuation

This valuation has been prepared on the basis of Market Value as defined by the International Valuation Standards Committee (IVSC), and endorsed by the Australian Property Institute:

Market Value	Market Value is defined as <i>"the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently, and without compulsion"</i> .
Highest & Best Use	Market Value is based on the highest and best use of the asset that may not necessarily be the existing use. Highest and Best Use is "The most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible and which results in the highest value of the property being valued".
Basis of Valuation	Our valuation has been prepared on a vacant possession basis.
Special Interest	No account has been taken of a higher price that may be paid by a purchaser with a 'special interest' in acquiring the property, such as an adjoining owner. In these circumstances the price paid by a special interest purchaser may not meet the definition of Market Value as the purchaser may be acting 'with compulsion'.

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



5.0 Date of Valuation

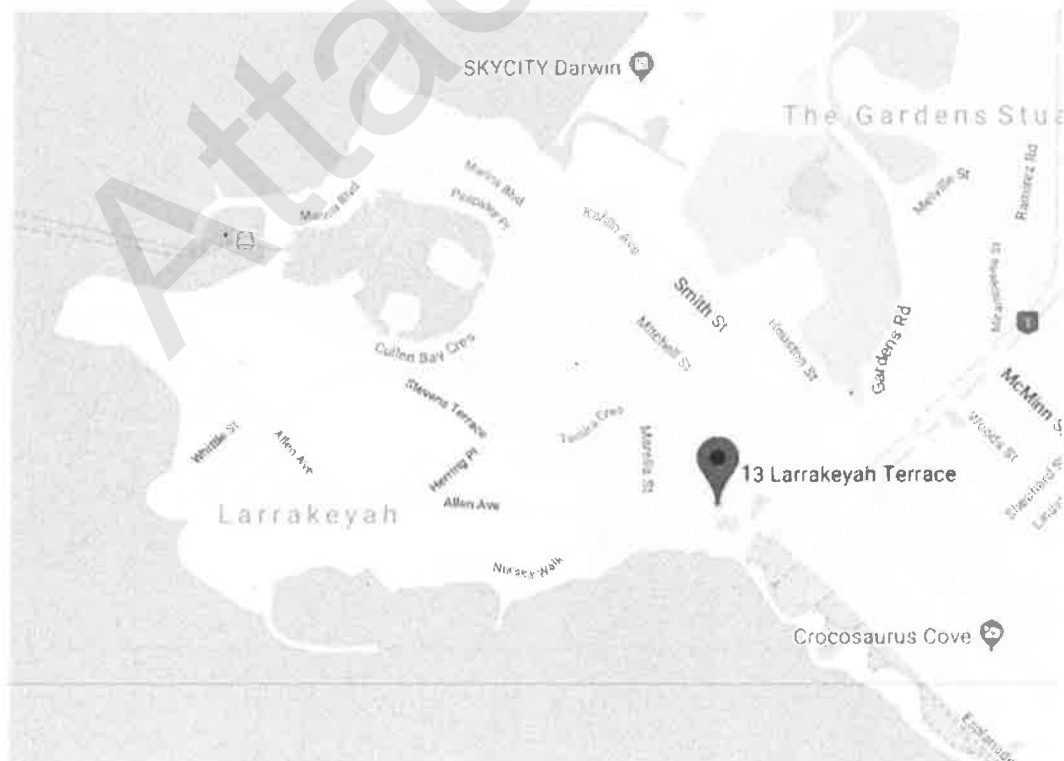
Valuation Date	6 April 2018
Date of Inspection	6 April 2018
Market Change	Due to possible changes in market forces and circumstances in relation to the subject property the report can only be regarded as representing our opinion of the value of the property as at the date of valuation.
Currency of Valuation	90 days from the date of valuation, or such earlier date if you become aware of any factors that have any effect on the valuation.

6.0 Location

6.1 Regional

Location Map

The subject property is in the premium residential suburb of Larrakeyah, approximately 2 kilometres north-west of the Darwin central business district by road. Local shops, schools and medical facilities and public transport are located within 2 kilometres of the subject. Surrounding properties consist of premium low density housing of differing ages and character on traditional size allotments.



Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



6.2 Specific Location

The subject property is located on the eastern side of Larrakeyah Terrace which runs off Packard Street to the north.



Map Courtesy of Google EC

6.3 Roads and Access

The subject property is accessed directly from the eastern side of Larrakeyah Terrace. All roads in the locality are bitumen sealed and concrete kerbed.

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



7.0 Tenure

7.1 Legal Description

Tenure	Fee simple with vacant possession.
Certificate of Titles	Lot 5246 Town of Darwin, from Plan S 79/011A, and more particularly described in the Certificate of Title Register Book, Volume 804 Folio 425; Lot 8107 Town of Darwin, from Plan LTO2011/058A, and more particularly described in the Certificate of Title Register Book, Volume 804 Folio 500.
Registered Proprietors	City of Darwin
Unimproved Capital Value	The Unimproved Capital Value (UCV) of Lot 5246 as determined by the NT Valuer General as at 1 July 2017 was \$1,075,000; The Unimproved Capital Value (UCV) of Lot 8107 as determined by the NT Valuer General as at 1 July 2017 was \$905,000. It should be noted that the UCV is specifically for rating and taxing purposes and may not necessarily be reflective of the current market value.
Data Source	A copy of the Search Certificate of the Title and Record of Administrative Interests obtained from the Integrated Land Information System (ILIS).

7.2 Easements & Encumbrances

Encumbrances Assumption	Our valuation has been assessed assuming the property is only affected by encumbrances as noted on the Title. We have not searched with other Government or relevant entities to ascertain whether any other encumbrances exist over the subject property.
Encumbrances	Sewerage Easement to Power and Water Corporation.

7.3 Native Title

Native Title Assumption	Our valuation has been prepared on the basis of no survival of native title rights and interests. We are not experts in native title or the property rights derived there from and have not been supplied with appropriate expert advice or reports. Therefore, this valuation is made assuming there are no actual or potential native title interests affecting the value or marketability of the property.
--------------------------------	--



Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



8.0 Planning

8.1 Local Planning

LGA	City of Darwin
Current Town Planning Scheme	Northern Territory Planning Scheme 2007
Current Zoning	Organised Recreation (OR) & Public Open Space (PS)
Proposed Zoning (Once Consolidated)	Single Dwelling Residential (SD)
Zoning Effect	The primary purpose of Zone SD is to provide for single dwellings on individual lots with a minimum land size of 800m ² . Proposed use complies.

8.2 Heritage Issues

Heritage Assumption	This valuation is made on the assumption that there are no actual or potential heritage issues affecting the value or marketability of the property.
----------------------------	--

9.0 Land Description

9.1 Description of the Portion to be Consolidated with Lot 3781

Dimensions	The portion of land to be consolidated with Lot 3781 is irregular in shape but long, level and narrow and some 187m ² in total area.
Aspect	The subject property has a south-westerly aspect with views out over the Arafura Sea.
Site Improvements	The subject land has been retained, fully landscaped and fenced by the owners of Lot 3781.
Drainage	The property does not appear to be subject to flooding during normal climatic conditions.

10.0 Services

Services	Mains power, water, sewer, Telstra and NBN services, postal delivery and garbage collection.
-----------------	--

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



11.0 Photography

The following photos were taken at the time of inspection, being Friday 6 April 2018.



12.0 Environmental Issues

12.1 Site Contamination

Environmental Conditions

We have not been provided with an environmental audit, nor are we aware of the property being affected by soil contamination. We have not investigated the site beneath the surface or undertaken vegetation or soil sampling.

Contamination Assumption

Our valuation has been based upon the assumption that there are no actual or potential contamination issues affecting the property.

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



Environmental
Disclaimer

This report is not an environmental audit and no advice is given in any way relating to environmental matters. Any comments given as to environmental factors in relation to the property are not given in the capacity as an expert. Given contamination issues can have an impact on the Market Value of the property, we reserve the right to review and if necessary vary our valuation if any contamination or other environmental hazard is found to exist.

13.0 Valuation Considerations

13.1 Highest and Best Use

Highest and best use is defined as the most probable use of a property which is physically possible, appropriately justified, legally permissible, financially feasible, and which results in the highest value of the property.

The highest and best use of the subject property is considered to be in its proposed form as part of a larger single residential dwelling site.

13.2 Valuation Methodology

The most appropriate method of valuation in this instance is known as "Before and After Approach". This approach considers the value of the underlying land for which the subject is to be consolidated with in its current state to the market and then again after the proposed consolidation.

In order to determine the before and after values of the property, the "Direct Comparison Approach" is used where the parcel the subject is to be consolidated with is compared to sales of other properties which are considered to be somewhat comparable to determine an appropriate rate/m² to be applied to the property.

In assessing the before and after market values the physical characteristics including location, lot size, contour, zoning and views have been taken into consideration.

13.3 Assessing Market Value in Land Subject to Easements

By way of definition, an easement is a right acquired over the land of another; that is, a right to use land in different ownership in a particular way or to prevent an owner from using his land in a particular way.

The assessment of market value for the subject property, gives consideration to the fact that the subject land will have limited development potential as it will not be able to be built on as a function of the easement.



Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



General practice and appropriate consideration is determined to be to adopt a rate that represents between 10 to 50 percent of the current market value of the land dependent upon how the easement impacts upon the future use of the land. For the purposes of this assessment, we consider a rate of **50 percent** to be appropriate.

14.0 Market Evidence

Information Availability In preparing this valuation we have undertaken those investigations reasonably expected of a professional valuer having regard to normal industry practice so as to obtain the most relevant, available, comparable market evidence. Whilst we believe the sales information provided to be accurate, not all details can and have been formally verified.

Additional Information In the event additional information becomes available this may affect the opinion expressed by the valuer. Nevertheless the valuation is based on information and market evidence reasonably available to the valuer as at the date of the valuation in accordance with usual professional valuation practices.

14.1 Sales Evidence

In forming our opinion of value we have had regard to various sales transactions, a selection of which is detailed as follows:

4 Mimosa Street, Nightcliff NT 0810

Sold for **\$1,200,000** on 17 November 2014. A 1,150m², regular shaped internal allotment of SD zoned land set one house back from the Nightcliff foreshore. Improvements at the time of sale consisted of a pre-cyclone built, 4 bedroom, 3 bathroom ground level dwelling of fibrous cement construction. This has been demolished and a new dwelling erected. Marketed as a redevelopment site. If we disregard the cost of demolition, the sale equates to a land rate of approximately **\$1,043/m²**.

5 Mimosa Street, Nightcliff NT 0810 (228 Casuarina Drive, Nightcliff NT 0810)

Sold for **\$1,600,000** on 14 April 2011. A 1,140m², corner allotment of SD zoned land located on the Nightcliff foreshore with direct views over the Arafura Sea and three street frontages. Improvements at the time of sale consisted of a circa 1980 built, 6 bedroom, 3 bathroom two storey dwelling of rendered block construction. This was demolished following the purchase and a new single dwelling has been erected. If we disregard the cost of demolition, the sale equates to a land rate of approximately **\$1,404/m²**.

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



3 Larrakeyah Terrace, Larrakeyah NT 0820

Sold for **\$2,200,000** on 16 June 2009. A 971m², corner allotment of SD zoned land with uninterrupted sea views. Improvements at the time of sale consisted of a pre-cyclone built, 4 bedroom, 3 bathroom ground level dwelling of fibrous cement construction which has subsequently been demolished. Marketed as a redevelopment site. The sale equates to a land rate of approximately **\$2,265/m²**.

126 East Point Road, Fannie Bay NT 0820

Sold **\$2,600,000** on 2 December 2013. A 1,530m² regular shaped internal allotment of MD zoned land with uninterrupted sea views and potential for development into 5 multiple dwellings. Improvements at the time of sale comprised of a 6 bedroom, 4 bathroom two storey dwelling with that has subsequently been demolished and a very large single dwelling has been erected. If we disregard the cost of demolition, the sale equates to a land rate of approximately **\$1,699/m²**.

14.2 Sales Evidence Reconciliation

There have been no recent sales of properties in similar premium locations that have been purchased for the underlying land value and that have subsequently been redeveloped. The sales analysed above reflect land rates of between **\$1,043/m²** and **\$2,265/m²** for properties that are both in inferior and superior locations but all were achieved under far superior market conditions. The best example of current market conditions can be found in the property next door to Lot 3781, being 22 Packard Street, Larrakeyah, which sold improved for **\$2,900,000** in September 2010 and is currently on the market asking **\$2,200,000**. This represents a reduction of **25%** from the previous sale price with no sale in sight at this stage so we would consider it fair and reasonable to adopt a discount rate of 30% on assessed land values at the peak of the market. The best comparison to be found in the sales evidence above is considered to be the sale at 3 Larrakeyah Terrace which reflected a land rate of approximately **\$2,265/m²**. This is considered to be superior to the subject, both in the location along the street as well as the date of the sale. We therefore consider it appropriate to apply a discount rate of **10%** to the analysed land rate to reflect the locational adjustment and a further **30%** reduction to reflect the negative market movement. This equates to a rounded rate of **\$1,425/m²** for Lot 3781 an 'as is' basis and **\$1,400/m²** 'once consolidated' with Part Lots 5246 & 8710.

15.0 Additional Comments

We note that at the time of inspection the owner indicated that the previous application had stalled because Council had been concerned that their motivation for purchasing the land may have been aligned with a potential for rezoning and redeveloping the site for a higher density use. In August 2015, an application was submitted for the construction of a three storey single dwelling exceeding 8.5m in height with reduced front, side and rear setbacks on Lot 3781. This was approved on 17 November 2015 and it is noted that the original house has now been extended in line with the planning approval and that given the extent of the current improvements, it is considered highly unlikely that this would be a consideration now.



Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



16.0 Market Commentary

The Darwin property market has historically seen relatively strong growth across all sectors and price brackets since 2005 on the back of major project announcements such as the Inpex gas project and Marine Supply Base. However, over the past 18 to 24 months, a contraction in both sales activity and prices achieved have been observed across all sectors of the market and with it a reduction in demand from owner occupiers and investors alike.

Despite this trend, new unit developments continue to be constructed in the Darwin CBD with developers typically offering above market rental guarantees and long term leases as incentives, targeted primarily at interstate investors. The large influx of new units onto the market in recent years has resulted in an oversupply which has particularly impacted the second hand unit market which is not able to offer the same depreciation benefits nor can they achieve comparable rental returns. House/land packages in Zuccoli, which typically appeal to the first home buyer, appear to be steady in the level of interest shown but it is yet to be seen if they will hold their value as there have been very few re-sales from which to rely upon. The older stages of Zuccoli, which offer larger blocks at higher price points have slowed in the level of interest shown and the number of land sales achieved, although there are relatively few that are available for sale. Similar trends have been observed in the other recent residential estates at Durack Heights and Muirhead.

The observed softening of capital and rental values currently being achieved is reflective of a contracting market, a trend that is likely to continue into the short to medium term.

Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



17.0 Valuation Calculations

Giving consideration to the aforementioned comments, the following calculations represent our estimate of a fair exchange for Part Lots 5246 & 8701 based upon them being consolidated with Lot 3781 Town of Darwin.

Current market value of the underlying land pertaining to Lot 3781 Town of Darwin 'before consolidation':

963 square metres	@ \$1,425/m ²	=	\$1,372,275
Rounded to say			\$1,370,000

Current market value of the underlying land pertaining to Lot 3781 Town of Nightcliff 'after consolidation':

1,150 square metres	@ \$1,400/m ²	=	\$1,610,000
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The difference between the assessed market values before and after consolidation is **\$240,000**

To this we have applied a **50%** discount in order to give consideration to the fact that the whole of Part Lots 5246 & 8701 are subject to a large sewerage easement.

The assessed market value of the subject property for consolidation purposes with adjoining Lot 3781 is therefore considered to be **\$120,000**.

18.0 Goods & Services Tax

Treatment of GST

Valuations comment that the application of GST may vary significantly from owner to owner and from property to property and therefore no generic assumptions should be made or applied to any individual property.

Recommendation

If there is any uncertainty as to the GST treatment on the sale of a property then we recommend you seek further information regarding the nature of any potential transaction and parties involved (particularly in the case of possible default by the mortgagor and hypothetical sale with mortgagee in possession) and confirmation from a qualified accountant in relation to potential GST liability.



Part Lots 5246 & 8701 Town of Darwin NT 0820
Our Reference: 180083



19.0 Valuation

We are of the opinion that the Market Value of the fee simple interest of the subject property as at 6 April 2018, subject to the comments in this report, is:

19.1 Market Value

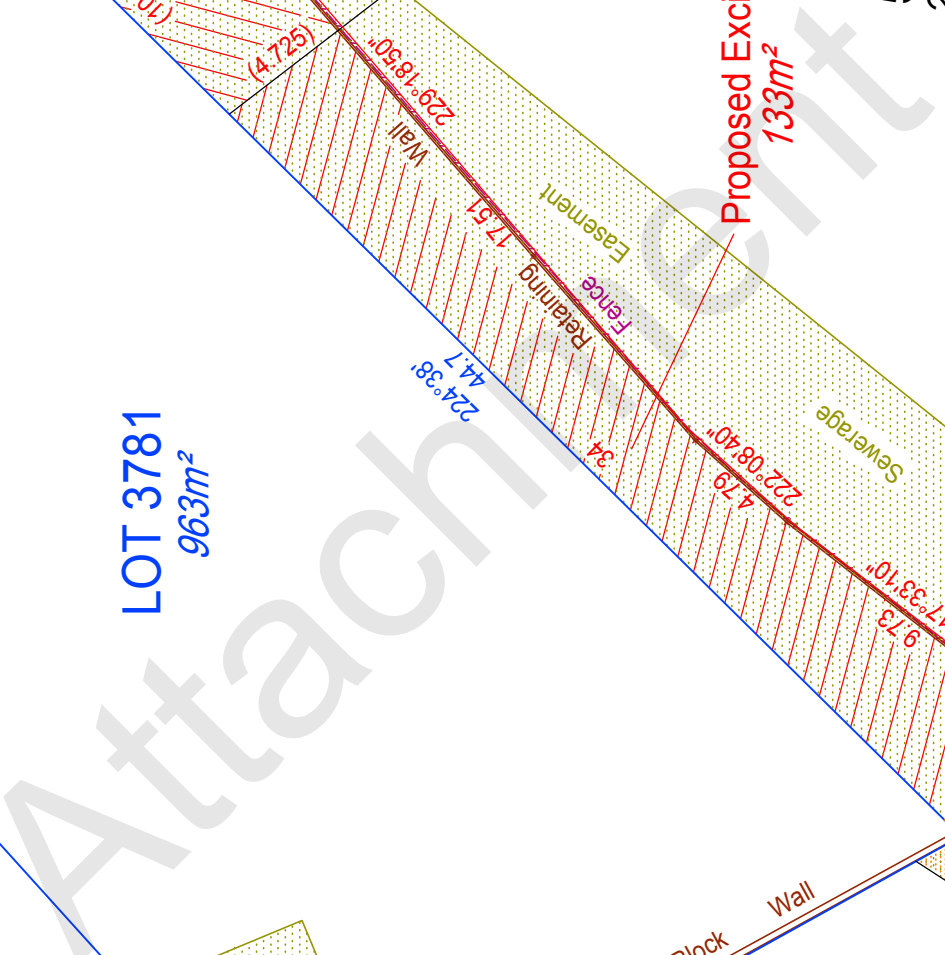
\$120,000

(ONE HUNDRED AND TWENTY THOUSAND DOLLARS)

Inspecting Valuer

Emma Jackson
AAPI, MBus (Prop)
Certified Practising Valuer
AAPI 64371

ATTACHMENT B



LOT 8107:
TITLE - CUFT 804 500
SURVEY PLAN - LT020



**ISO 9001
CERTIFIED
QUALITY
MANAGEMENT**

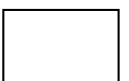
CERBIS CERAMICS
SUBDIVISION PROPOSAL
LOT 3781 AND PART LOTS 524
TOWN OF DARWIN
LARRAKEYAH

DRAWING: 72752 01 (Subdivision Proposal Plan).dwg

TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/11

14.2 OFFICERS REPORTS (RECEIVE & NOTE)



ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 14.2.1
YES

MONTHLY FINANCIAL REPORT – AUGUST 2018

REPORT No.: 18CP0115 IF:ph COMMON No.: 2476534 DATE: 25/09/2018

Presenter: Management Accountant, Irene Frazis

Approved: Manager Finance, Russell Holden

PURPOSE

The purpose of this report is to provide a comparison of income and expenditure against the budget for the period ended 31 August 2018 in accordance with the Local Government (Accounting) Regulations.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

5 Effective and Responsible Governance

Outcome

5.5 Responsible financial and asset management

Key Strategies

5.5.1 Manage Council's business based on a sustainable financial and asset management strategy

KEY ISSUES

- The monthly financial report meets Council's statutory requirements.
- Preparation of the 2017/18 annual financial statements for audit and related issues are the current focus.
- There are no overall concerns with this month's report.

RECOMMENDATIONS

THAT Report Number 18CP0115 IF:ph entitled Monthly Financial Report - August 2018, be received and noted.

BACKGROUND

Council has endorsed the format of the Monthly Financial Report. It is in compliance with the Local Government (Accounting) Regulations in respect of monthly financial reporting.

PAGE: 2
 REPORT NUMBER: 18CP0115 IF:ph
 SUBJECT: MONTHLY FINANCIAL REPORT - AUGUST 2018

DISCUSSION

The following statements are included at **Attachment A**.

Overall Income Statement

The Overall Income Statement contains all sources of Council's income (revenue) and operating expenses. Processing of End of Financial Year adjustments is not yet completed and will impact on reported results.

Municipal Plan Summary

The Municipal Plan Summary follows a similar format to the statement of cash flows, but is based on working capital rather than cash. The actual transfers to and from cash-backed reserves will not be processed until the end of the 1st quarter. Elected Members can also refer to the quarterly budget reviews for more detailed financial information.

Investments Report

This report details all cash and investments, by institution, and provides information on interest rate returns, maturities and policy compliance.

Accounts Receivable Report

This report details Rate receipt collection, outstanding general debtors, and performance on Rates recovery compared to the previous year. The report also includes additional information on infringement debtors, rates arrears, rates struck and rates outstanding (bar chart).

CONSULTATION PROCESS

Nil

POLICY IMPLICATIONS

Nil

BUDGET AND RESOURCE IMPLICATIONS

There are no financial concerns raised for August 2018, with income and expenditure tracking as expected. Any budget Carry forwards are still pending and will be reflected in the Amended Budget once approved by Council.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

The information that is provided is considered to more than achieve statutory compliance as set out following:

PAGE: 3
 REPORT NUMBER: 18CP0115 IF:ph
 SUBJECT: MONTHLY FINANCIAL REPORT - AUGUST 2018

Part 8 of the Local Government (Accounting) Regulations require that a monthly financial report is presented to Council.

Regulation 18 states:-

1. The CEO must, in each month, lay before a meeting of the council a report, in a form approved by the council, setting out:
 - a) The actual income and expenditure of the council for the period from the commencement of the financial year to the end of the previous month; and
 - b) The forecast income and expenditure for the whole of the financial year
2. The report must include:
 - a) Details of all cash and investments held by the council (including money held in trust); and
 - b) A statement on the debts owed to the council including the aggregate amount owed under each category with a general indication of the age of the debts; and
 - c) Other information required by the Council.
3. If a council does not hold a meeting in a particular month, the report is to be laid before the council committee performing the council's financial functions for the particular month.

It should be noted that monthly financial reports are not independently audited, but are subject to internal control and review processes.

ENVIRONMENTAL IMPLICATIONS

Nil

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

IRENE FRAZIS
MANAGEMENT ACCOUNTANT

RUSSELL HOLDEN
MANAGER FINANCE

For enquiries, please contact Irene Frazis on 89300654 or email: i.frazis@darwin.nt.gov.au.

Attachment A: Monthly Financial Report – August 2018

Income Statement
For the Period Ended 31/08/2018



	<u>2018/19</u>				
	Full Original Budget \$'000	Full Amended Budget \$'000	YTD Actual \$'000	YTD v FAB %	
% of year elapsed				17%	
Income from Continuing Operations					Comment
Rates & Annual Charges	71,678	71,678	71,602	100%	No issues
User Charges, Fees & Other	24,387	24,387	5,017	21%	No issues
Interest & Investment Revenue	1,913	1,913	395	21%	No issues
Grants & Contributions - Operating	5,319	5,319	533	10%	Below Target
Total Income from Continuing Operations	103,297	103,297	77,547	75%	
Less Expenses from Continuing Operations					
Employee Costs	33,661	33,661	5,538	16%	No issues
Borrowing Costs	790	790	47	6%	No issues
Materials and Services	48,103	48,103	8,428	18%	No issues
Depreciation and Amortisation	27,353	27,353	4,559	17%	No issues
Total Expenses from Continuing Operations	109,907	109,907	18,571	17%	
Operating Result - Continuing Operations	(6,610)	(6,610)	58,976		
Grants & Contributions - Capital	10,115	10,115	11	0%	Below Target
Net Operating Result For the Year	3,505	3,505	58,987		

Income Statement

Explanation of Columns: "Full Original Budget" and "Full Amended Budget" are annual amounts. YTD Actual is year to date. YTD v FAB is the % of actuals achieved against the full year amended budget.

Outlines income and operating expenses. Capital expenditure has been excluded however depreciation expense has been recognised. The net operating surplus or deficit for the reporting period is a measure of Council's financial performance. This figure is determined by deducting total operating expenses including depreciation from total operating revenue.

Operating income: Rates are recognised at the beginning of the year hence 100% achieved. Although User charges, fees and other revenue are slightly above target at 21% this is mainly due to the issuing of Off Street parking permits and animal registrations at the beginning of the year. Operating grants is below target due to library operational grant not being received yet.

Operating expenses: Overall expenditure appears reasonable for this 2nd month of the financial year. Depreciation is recognised on the basis of 1/12 of budget per month until 2017/18 audit is complete.

Capital income: Developer Contributions of 11k.

Municipal Plan Summary
For the Period Ended 31/08/2018

		2018/19		
	Full Original Budget \$'000	Full Amended Budget \$'000	YTD Actual \$'000	YTD v FAB %
% of year elapsed				17%
Funds From Operating Activities				
Net Operating Result From Above	3,505	3,505	58,987	
Add back depreciation (not cash)	27,353	27,353	4,559	
Net Funds Provided (or used in) Operating Activities	30,858	30,858	63,545	
Funds From Investing activities				
Sale of Infrastructure, Property, Plant & Equipment	801	801	52	6%
Purchase of Infrastructure, Property, Plant & Equipment	(32,470)	(32,470)	(1,097)	3%
Net Funds Provided (or used in) Investing Activities	(31,669)	(31,669)	(1,045)	
Funds From Financing Activities				
Proceeds from borrowings & advances	3,000	3,000	-	0%
Repayment of borrowings & advances	(422)	(422)	-	0%
Net Funds Provided (or used in) Financing Activities	2,578	2,578	-	
Net Increase (-Decrease) in Funds Before Transfers	1,767	1,767	62,500	
Transfers from (-to) Reserves	(1,767)	(1,767)	-	
Net Increase (-Decrease) in Funds After Transfers	-	-	62,500	

Municipal Plan Summary

Outlines This statement outlines Councils entire budget in accordance with the published municipal plan. It shows the effect on General Funds (original budget - break even/nil). It groups items into operating, investing and financing and has a very close relationship to cash flows, which is why it is presented in the same international format. It eliminates the depreciation calculation and discloses totals for asset sales and purchases as well as loan raising and repayments. Finally it discloses the transfers to & from cash backed reserves which are detailed in the quarterly budget review reports (actual transfers to/from reserves are not actioned until the end of the 1st quarter).

Full Amended Budget: Some carry forward from 2017/18 have been approved but are not included in the amended budget in this report. This will be addressed in future reports.

Net funds provided by operating activities: These will reduce throughout the year to equate more closely to budget as the rates struck are expended.

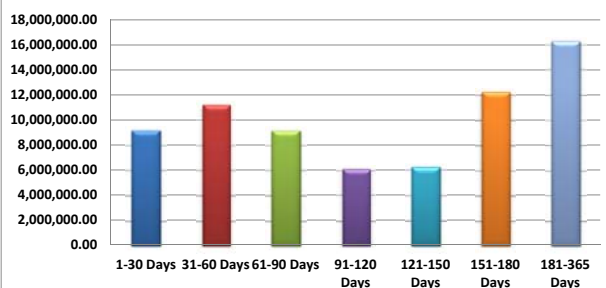
Transfers from (-to) reserves: This discloses the transfers to & from cash backed reserves, these details will be provided following the completion of the 1st quarter.

INVESTMENT REPORT TO COUNCILS AT 31 AUGUST 2018



Row Labels	COUNTERPARTY (ADI)	CREDIT RATING (ST)	CREDIT RATING (LT)	INV TYPE	MATURITY DATE	INTEREST RATE	PRINCIPAL \$	% of Total Portfolio
MAJOR BANK							\$40,394,914	58.20%
	Commonwealth Bank of Australia						\$5,000,000	7.20%
		A-1+	AA-	TD	18 September 2018	2.56%	\$1,000,000	1.44%
					18 December 2018	2.68%	\$2,000,000	2.88%
					19 March 2019	2.81%	\$2,000,000	2.88%
	National Australia Bank						\$17,150,674	24.71%
		A-1+	AA-	TD	11 September 2018	2.53%	\$2,018,020	2.91%
					25 September 2018	2.63%	\$2,000,000	2.88%
					30 October 2018	2.63%	\$2,000,000	2.88%
					11 December 2018	2.75%	\$1,016,953	1.47%
					8 January 2019	2.68%	\$2,032,035	2.93%
					15 January 2019	2.65%	\$2,031,912	2.93%
					22 January 2019	2.77%	\$1,034,502	1.49%
					29 January 2019	2.75%	\$1,000,000	1.44%
					29 January 2019	2.82%	\$1,017,251	1.47%
					19 February 2019	2.82%	\$1,000,000	1.44%
					5 March 2019	2.79%	\$2,000,000	2.88%
	Westpac						\$18,244,240	26.28%
		A-1+	AA-	TD	18 September 2018	2.54%	\$1,033,120	1.49%
					25 September 2018	2.54%	\$1,015,874	1.46%
					23 October 2018	2.57%	\$1,015,247	1.46%
					30 October 2018	2.65%	\$1,034,441	1.49%
					6 November 2018	2.66%	\$2,000,000	2.88%
					13 November 2018	2.70%	\$2,014,961	2.90%
					20 November 2018	2.70%	\$2,000,000	2.88%
					27 November 2018	2.70%	\$1,000,000	1.44%
					27 November 2018	2.75%	\$2,030,953	2.93%
					4 December 2018	2.75%	\$1,000,000	1.44%
					4 December 2018	2.78%	\$1,000,000	1.44%
					11 December 2018	2.78%	\$1,000,000	1.44%
					22 January 2019	2.73%	\$1,059,721	1.53%
					29 January 2019	2.76%	\$1,039,923	1.50%
REGIONAL BANK							\$29,016,079	41.80%
	AMP Bank Ltd						\$8,000,000	11.53%
		A-1	A	TD	9 October 2018	2.65%	\$2,000,000	2.88%
					16 October 2018	2.65%	\$2,000,000	2.88%
					12 February 2019	2.80%	\$2,000,000	2.88%
					2 April 2019	2.92%	\$2,000,000	2.88%
	Bank of Queensland						\$5,000,000	7.20%
		A-2	BBB+	TD	26 February 2019	2.73%	\$1,000,000	1.44%
					26 March 2019	2.73%	\$1,000,000	1.44%
					16 April 2019	2.73%	\$1,000,000	1.44%
					23 April 2019	2.75%	\$2,000,000	2.88%
	Bank SA						\$2,000,000	2.88%
		A-1+	AA-	TD	5 February 2019	2.74%	\$2,000,000	2.88%
	Bankwest						\$3,000,000	4.32%
		A-1+	AA-	TD	19 February 2019	2.80%	\$1,000,000	1.44%
					12 March 2019	2.80%	\$2,000,000	2.88%
	Bendigo and Adelaide Bank						\$4,000,000	5.76%
		A-2	BBB+	TD	2 October 2018	2.60%	\$2,000,000	2.88%
					26 March 2019	2.80%	\$2,000,000	2.88%
	ME Bank						\$6,016,079	8.67%
		A-2	BBB	TD	4 September 2018	2.57%	\$2,000,000	2.88%
					23 October 2018	2.62%	\$1,000,000	1.44%
					26 February 2019	2.85%	\$1,016,079	1.46%
					9 April 2019	2.80%	\$2,000,000	2.88%
	Suncorp						\$1,000,000	1.44%
		A-1	A+	TD	19 February 2019	2.82%	\$1,000,000	1.44%
Grand Total							\$69,410,992	100.00%

Funds Invested Maturity Profile



General Bank Funds \$5,502,566

Total Funds \$74,913,558

Total Budgeted Investment Earnings \$1,603,778

Year to Date Investment Earnings \$346,234

Weighted Ave Rate: 2.71%

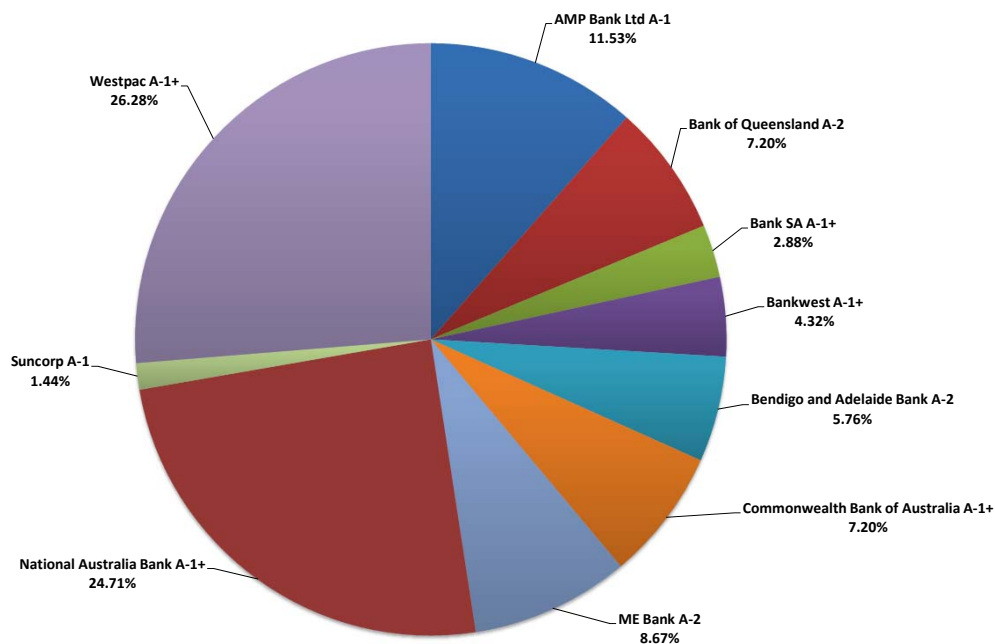
BBSW 90 Day Rate 1.96%

Council has an arrangement with its financial institution the Commonwealth Bank of Australia to offset Council's overdraft facility against pooled funds held in Council's Trust Account and General Account

Trust Bank Account \$591,675

INVESTMENTS REPORT TO COUNCIL AS AT 31 AUGUST 2018

Investment Funds Distribution Per Institution



Portfolio vs Investment Policy

COUNTERPARTY (ADI)	CREDIT RATING (ST)	Policy Limit	% of Total Portfolio
AMP Bank Ltd	A-1	30%	11.53%
Bank of Queensland	A-2	10%	7.20%
Bank SA	A-1+	40%	2.88%
Bankwest	A-1+	40%	4.32%
Bendigo and Adelaide Bank	A-2	10%	5.76%
Commonwealth Bank of Australia	A-1+	40%	7.20%
ME Bank	A-2	10%	8.67%
National Australia Bank	A-1+	40%	24.71%
Suncorp	A-1	30%	1.44%
Westpac	A-1+	40%	26.28%
Grand Total			100.00%

CREDIT RATING (ST)	Policy Limit	% of Total Portfolio
A-1+	100%	65.40%
A-1	45%	12.97%
A-2	25%	21.63%
Grand Total		100.00%

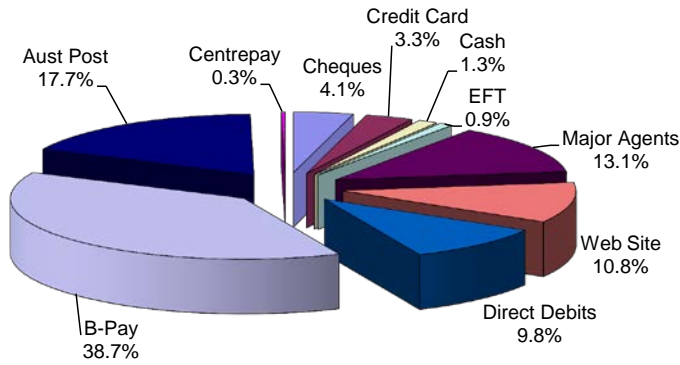
TERM TO MATURITY	Policy Min.	Policy Max.	% of Total Portfolio
< 1 YEAR	30%	100%	100%
> 1 YEAR	0%	50%	0%
> 3 YEARS	0%	30%	0%
> 5 YEARS	0%	10%	0%
Grand Total			100.00%

INSTITUTION CATEGORY	Institution Category Limits	% of Total Portfolio
MAJOR BANK	100%	58.20%
REGIONAL BANK	45%	41.80%
SOCIETIES / OTHER ADI'S	45%	0.00%
Grand Total		100.00%

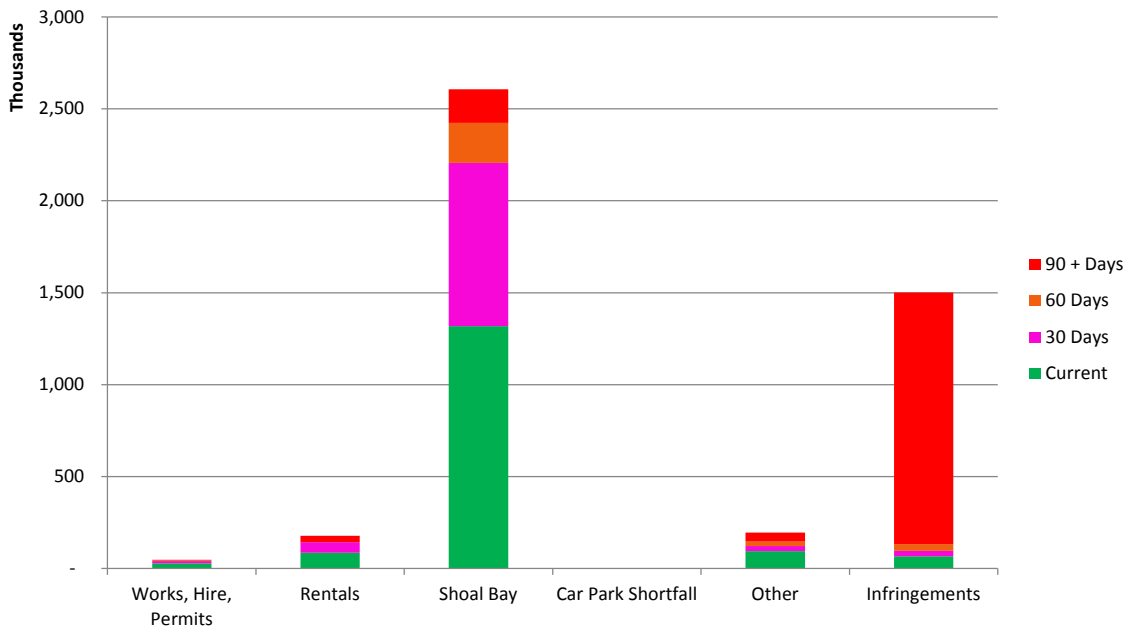


**FINANCE DEPARTMENT
SERVICE LEVEL REPORT TO COUNCIL
FOR THE MONTH OF AUGUST 2018**

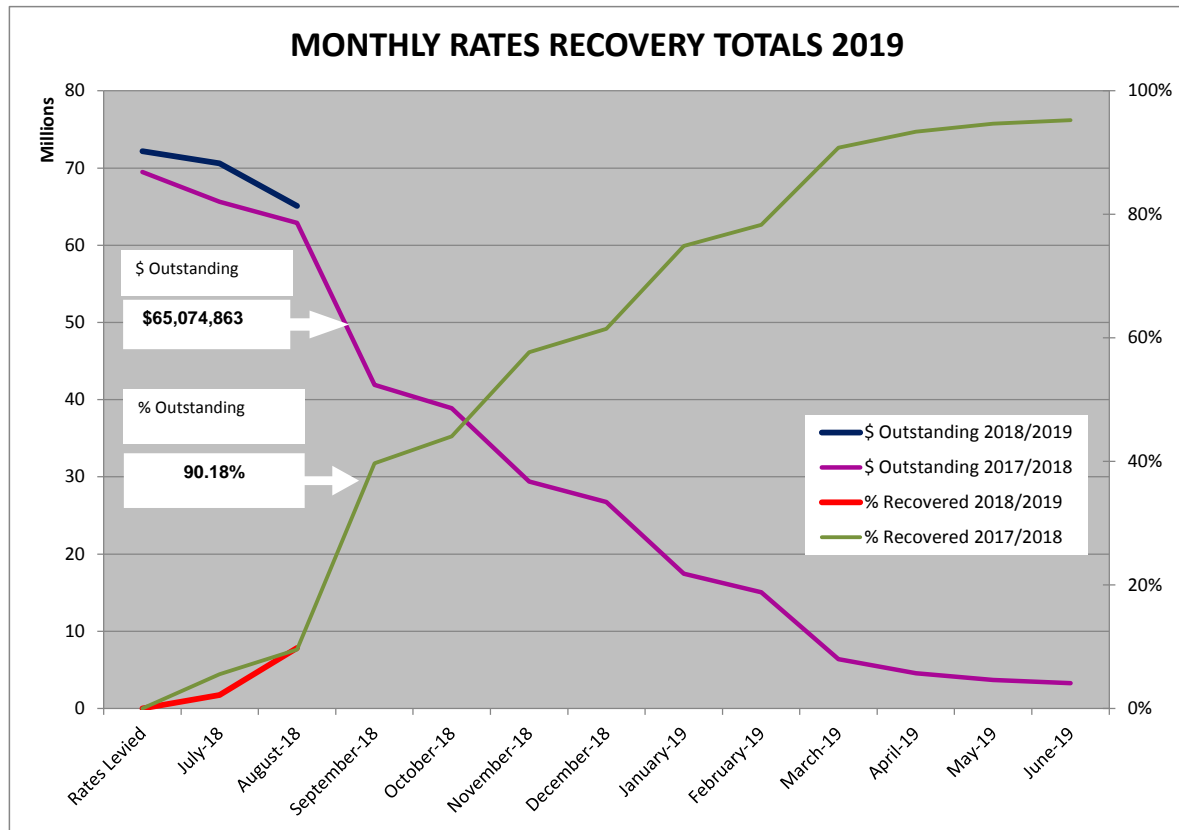
RATE RECEIPTS BY PAYMENT TYPE LAST 12 MONTHS



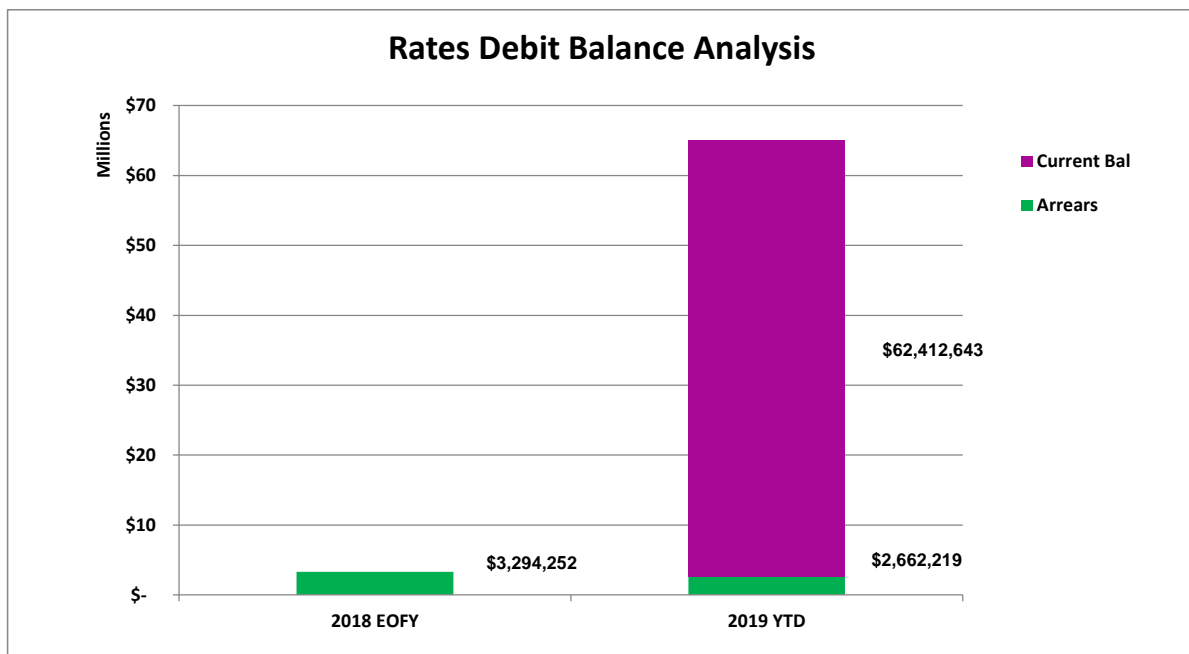
ACCOUNTS RECEIVABLE OUTSTANDING DEBTORS



Pursuant to Local Government (Accounting) Regulations Sec 18(2)(b) the chart labelled "Accounts Receivable Outstanding Debtors" represents sundry debts owed to Council on an "aged" basis.



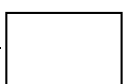
The chart labelled "Monthly Rates Recovery Totals" represents the amounts currently outstanding in Rates to Council, rates are either due or overdue and no further "ageing" is possible.



TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/12

15. TOWN PLANNING REPORT/LETTERS



ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 15.1
YES

COUNCIL RESPONSES TO PLANNING APPLICATIONS - SEPTEMBER 2018

REPORT No.: 18CF0085 BS:jdb COMMON No.: 2547669 DATE: 25/09/2018

Presenter: Manager City Planning, Cindy Robson

Approved: Chief Executive Officer, Scott Waters

PURPOSE

The purpose of this report is to present to Council for consideration, responses to planning applications exhibited between 1 and 14 September 2018.

LINK TO STRATEGIC PLAN

The issues addressed in this report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

1. Collaborative, Inclusive and Connected Community

Outcome

1.4 Improved relations with all levels of government and significant stakeholders

Key Strategies

1.4.2 Play an active role in strategic and statutory planning processes

KEY ISSUES

- A summary of City of Darwin responses to the Development Consent Authority for development applications exhibited between 1 and 14 September 2018 is provided.
- A summary of City of Darwin sign permits issued between 1 and 14 September 2018 is provided.
- A comparison of Council responses for development applications and the Development Consent Authority outcomes is included.

RECOMMENDATIONS

- A. THAT Report Number 18CF0085 BS:jdb entitled Council Responses to Planning Applications - September 2018, be received and noted.
- B. THAT Council endorse the responses to the Development Consent Authority within **Attachment A** to Report Number 18CF0085 BS:jdb entitled Council Responses to Planning Applications - September 2018.

PAGE: 2
 REPORT NUMBER: 18CF0085 BS:jdb
 SUBJECT: COUNCIL RESPONSES TO PLANNING APPLICATIONS - SEPTEMBER 2018

BACKGROUND

City of Darwin responded to three development applications and issued three sign permits between 1 and 14 September 2018.

DISCUSSION

City of Darwin officers recommend supporting all the development applications subject to normal conditions.

The table below describes the development applications that were supported by City of Darwin officers, subject to Council's normal development permit conditions in regard to issues including, but not necessarily limited to, waste collection, access and stormwater drainage.

Responses to these development applications are provided at **Attachment A** to this report.

Property Address	Description of Development Proposal
Section 6196 - Hundred of Bagot 171 Hidden Valley Road, Hidden Valley Hidden Valley Raceway	31.5m high telecommunications facility with associated antennas and equipment shelters
Lot 8834 - Town of Nightcliff 415 Trower Road, Brinkin	Verandah addition to an existing single dwelling with a reduced front setback Requires 4.5m, proposes 2.7m. Property is on a corner lot with the front setback effectively being the side of the development. The structure will be located behind an existing block wall and mature vegetation and will be consistent with awnings and balconies fronting properties in the immediate vicinity.
Section 5098 - Hundred of Bagot 116 Reichardt Road, Winnellie	Change of use from warehouse to office Offices in zone G1 are a discretionary use and require approval. No City of Darwin issues were identified in the application.

PAGE: 3
 REPORT NUMBER: 18CF0085 BS:jdb
 SUBJECT: COUNCIL RESPONSES TO PLANNING APPLICATIONS - SEPTEMBER 2018

Sign Permits

Leanyer School – Lot 6837 (114) Leanyer Drive Leanyer.

Permanent Non-illuminated Free-Standing Sign, located within private property.
 7 metres long x 1.3 metres high.

The school consulted neighbours across the road and stated that no negative feedback was received.

Winnellie Shopping Centre - Lot 6474 (347) Stuart Highway, The Narrows

Permanent Illuminated Free-Standing Sign, located within private property.
 7.3 metres high x 2 metres wide.

The signs size complies with the Signs Code; however, as this will be the second permanent free-standing sign to be located within the premises, a signs permit is required. One of the two existing free-standing signs will be removed.

Parap Tavern - Lot 2168 (15) Parap Road, Parap

Applicant is upgrading existing signage, like for like, along Parap Road. The proposed fascia signs will no longer be illuminated.

Permit includes:

- 3 x illuminated light boxes - above awning
- 4 x non-illuminated fascia – currently illuminated with neon lighting
- 4 x non-illuminated projecting
- 2 x non-illuminated wall signs

Cross Reference Table

A comparison of Council letter responses and the Development Consent Authority outcomes for hearings held on Friday 17 August 2018 is provided in **Attachment B**.

CONSULTATION PROCESS

In preparing this report, the following City of Darwin officers were consulted:

- Town Planner
- Planning Officer

POLICY IMPLICATIONS

Relevant Council policies are noted in individual letter responses.

PAGE: 4
 REPORT NUMBER: 18CF0085 BS:jdb
 SUBJECT: COUNCIL RESPONSES TO PLANNING APPLICATIONS - SEPTEMBER 2018

BUDGET AND RESOURCE IMPLICATIONS

Budget implications may arise from individual development applications, including payment in lieu of car parking, payment of various contribution plans, and long term upgrading of infrastructure and services as a result of accumulative development.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Risks, legal and legislative implications, if applicable, are noted in individual letter responses.

ENVIRONMENTAL IMPLICATIONS

Environmental implications, if applicable, are noted in individual letter responses.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

CINDY ROBSON
MANAGER CITY PLANNING

SCOTT WATERS
CHIEF EXECUTIVE OFFICER

For enquiries, please contact Cindy Robson on 8930 0528 or email:
 c.robson@darwin.nt.gov.au.

Attachments:

Attachment A: Letters of support, subject to normal Council conditions, for development applications not yet considered by the Development Consent Authority

Attachment B: Cross reference table of City of Darwin responses and the Development Consent Authority outcomes.

7 September 2018

Reference: PA2018/0342 BS:hd

Ms Dawn Parkes
Manager Urban Planning
Department of Infrastructure, Planning & Logistics
GPO Box 1680
DARWIN NT 0801

Dear Ms Parkes

Parcel Description: **Section 6196 - Hundred of Bagot
171 Hidden Valley Road, Hidden Valley**

Proposed Development: **31.5 metre high telecommunications facility with
associated antennas and equipment shelter**

Thank you for the development application referred to this office 23 August 2018, concerning the above. This letter may be placed before City of Darwin's Ordinary Council Meeting. Should this letter be varied or not endorsed by Council, you will be advised accordingly.

No issues are raised for this Development application in relation to matters that fall within the responsibility of City of Darwin.

If you require any further discussion in relation to this application, please feel free to contact me on 8930 0528.

Yours faithfully



CINDY ROBSON
MANAGER CITY PLANNING

14 September 2018

Reference: PA2018/0349 BS:hd

Ms Dawn Parkes
Manager Urban Planning
Department of Infrastructure, Planning & Logistics
GPO Box 1680
DARWIN NT 0801

Dear Ms Parkes

Parcel Description: **Lot 8834 - Town of Nightcliff
415 Trower Road, Brinkin**

Proposed Development: **Verandah addition to an existing single dwelling
with a reduced front setback**

Thank you for the development application referred to this office 30 August 2018, concerning the above. This letter may be placed before City of Darwin's Ordinary Council Meeting. Should this letter be varied or not endorsed by Council, you will be advised accordingly.

City of Darwin does not object to the granting of a development permit.

Should a development permit be issued the City of Darwin requests that the Authority require a schematic plan demonstrating that stormwater run-off is capable of being discharged across the lot surface to the main drainage system or to an approved alternate connection. The applicant's plans fail to demonstrate how on-site stormwater will be collected and discharged to City of Darwin's drainage network.

- i). City of Darwin stormwater discharge guidelines do not allow concentrated discharge of stormwater from a single dwelling lot to adjoining properties or the road reserve. All stormwater is to be piped or dispersed via sheet flow to the road reserve.

Should this application be approved, the following conditions pursuant to the *Planning Act* and City of Darwin's responsibilities under the *Local Government Act* are also recommended for inclusion in the development permit issued by the Development Consent Authority.

- Designs and specifications for landscaping of the road verges adjacent to the property shall be submitted for approval by City of Darwin and all approved works shall be constructed at the applicant's expense, to the requirements of City of Darwin.
- All developments on/or adjacent to any easements on-site, in favour of City of Darwin shall be carried out to the requirements and satisfaction of City of Darwin.
- Any proposed stormwater connections to City of Darwin stormwater system or proposed works on/over City of Darwin property shall be subject to separate application to City of Darwin and shall be carried out to the requirements and satisfaction of City of Darwin.

If you require any further discussion in relation to this application, please feel free to contact me on 8930 0528.

Yours faithfully



CINDY ROBSON
MANAGER CITY PLANNING

14 September 2018

Reference: PA2018/0352 BS:hd

Ms Dawn Parkes
Manager Urban Planning
Department of Infrastructure, Planning & Logistics
GPO Box 1680
DARWIN NT 0801

Dear Ms Parkes

Parcel Description: **Section 5098 - Hundred of Bagot
116 Reichardt Road, Winnellie**

Proposed Development: **Change of use from warehouse to office**

Thank you for the development application referred to this office 30 August 2018, concerning the above. This letter may be placed before City of Darwin's Ordinary Council Meeting. Should this letter be varied or not endorsed by Council, you will be advised accordingly.

No issues are raised for this Development application in relation to matters that fall within the responsibility of City of Darwin.

In considering this application, the Development Consent Authority is requested to take into account any implications of the *Disability Discrimination Act* (Cth) or the *Anti-Discrimination Act* (NT) with regard to access for the disabled.

If you require any further discussion in relation to this application, please feel free to contact me on 8930 0528.

Yours faithfully



CINDY ROBSON
MANAGER CITY PLANNING

Note: Precedent and standard conditions requested by City of Darwin have been included in the development permits.

DCA ITEM NUMBER & SUBJECT DESCRIPTION	SUMMARY OF ISSUES	DEVELOPMENT CONSENT AUTHORITY RESPONSE
ITEM 1 PA2018/0281 Lot 4526 (182) Dick Ward Drive, Coconut Grove Town of Nightcliff	Alterations and additions to an existing medical clinic in three stages City of Darwin did not object to the granting of a development permit.	The Development Consent Authority consented to the application and issued a development permit.
ITEM 2 PA2018/0238 Lot 8641 (4) Steele Street, Winnellie Town of Darwin	Part change of use from warehouse to place of worship and a caretakers residents 50m² City of Darwin did not object to the granting of a development permit.	The Development Consent Authority deferred the application and requested further information as to why the proposal is a suitable land use in Zone GI (General Industry) and adequate justification to warrant a departure from the primary purpose of Zone GI being to provide for general industry.
ITEM 3 PA 2017/0486 Section 4681 (388) Stuart Highway, Winnellie Hundred of Bagot	Reconsideration – Offices in a two storey building City of Darwin was not involved in the reconsideration of the application, however, it is noted that we did not object to the original development application.	The Development Consent Authority consented to the application and issued a development permit.

DCA ITEM NUMBER & SUBJECT DESCRIPTION	SUMMARY OF ISSUES	DEVELOPMENT CONSENT AUTHORITY RESPONSE
ITEM 4 PA2014/0745 Lot 5182 (213) Dick Ward Drive, Ludmilla Town of Darwin	Extension of time – Subdivision to create six lots This application was not provided to the City of Darwin for comment.	Development Consent Authority approved the application and issued a development permit.
ITEM 5 PA2018/0258 Lot 1930 (3) Alice Street, Alawa Town of Nightcliff	Carport addition to an existing single dwelling with a reduced front setback City of Darwin did not object to the granting of a development permit, however did note that the property gates open over the road verge.	The Development Consent Authority approved the application and issued a development permit. Relevant Condition Precedent: <ul style="list-style-type: none"> • The removal of the gate opening outwards onto the road verge.
ITEM 6 PA2018/0158 Lot 2365 (38) Cavenagh Street, Darwin City Town of Darwin	Office and ground level commercial tenancies in a 10 storey building plus two levels of basement car parking City of Darwin requested the following conditions be applied to both development permits in addition to the conditions previously requested in letters dated 15 May 2018: <ul style="list-style-type: none"> • Traffic Impact Assessment (condition precedent); • Awnings (condition precedent); • A general condition that ties the two developments together; • A general condition that should 12 & 14 Litchfield Street not be developed then the Development Consent Authority determine an appropriate car parking contribution to 38 Cavenagh Street; 	The Development Consent Authority approved the application. Relevant Condition Precedents: <ul style="list-style-type: none"> • Awnings to the full length of the Cavenagh, Knuckey and Litchfield Street frontages; • Door openings internal to the site boundary or otherwise the written consent from City of Darwin for doors that open into the road reserve; and • Traffic impact assessment report.

	<ul style="list-style-type: none"> • If developed as proposed (i.e. 38 Cavenagh and 12&14 Litchfield Street) then City of Darwin will charge an appropriate levy; and • The single onsite loading zone with reverse entry or exit will be accepted provided an appropriate pedestrian and vehicle warning system is put in place. 	
ITEM 7 PA2018/0159 Lots 2396 & 2397 (14 & 12) Litchfield Street, Darwin City Town of Darwin	7 Storey Carpark (320 Spaces) City of Darwin requests the following conditions be applied to both development permits in addition to the conditions previously requested in letters dated 15 May 2018: <ul style="list-style-type: none"> • Traffic Impact Assessment (condition precedent); • Awnings (condition precedent); • A general condition that ties the two developments together; • A general condition that should 12 & 14 Litchfield Street not be developed then the Development Consent Authority determine an appropriate car parking contribution to 38 Cavenagh Street; and • If developed as proposed (i.e. 38 Cavenagh and 12&14 Litchfield Street) then City of Darwin will charge an appropriate levy. 	<p>The Development Consent approved the application.</p> <p>Relevant Condition Precedents:</p> <ul style="list-style-type: none"> • Inclusion of mirrors to remove conflict points in the aisle turn-around; and • Approval is required for the awnings to the street frontage to the requirements of City of Darwin.

ENCL: 2ND ORDINARY COUNCIL MEETING/OPEN AGENDA ITEM: 15.2
YES

TOWN PLANNING DELEGATIONS

REPORT No.: 18CF0088 CR:hd COMMON No.: 2481144 DATE: 25/09/2018

Presenter: Manager City Planning, Cindy Robson

Approved: Chief Executive Officer, Scott Waters

PURPOSE

The purpose of this report is to summarise outcomes of the Special Town Planning Workshop and seek direction from Council on the future of Town Planning delegations.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies as outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

1. Collaborative, Inclusive and Connected Community

Outcome

- 1.4 Improved relations with all levels of government and significant stakeholders

Key Strategies

- 1.4.2 Play an active role in strategic and statutory planning processes

KEY ISSUES

- A Special Workshop for Town Planning was held on 4 September 2018 and the key outcomes from that workshop are summarised in **Attachment A**.
- It is recommended that Council endorse the alternative approach to reporting on statutory matters and signage outlined in this report and in **Attachment B**.
- This report supports greater delegation relating to development applications and issuing of sign permits.
- City of Darwin is not the consent Authority for development applications. However, development applications are assessed by the Planning team in regards to community issues and City of Darwin assets.
- Council's statutory obligations will continue to be met with the proposed changes.
- Historically, the majority of all comments provided by staff to the Development Assessment Services are endorsed by Council without change. In 2014/2015 financial year, of the 400 responses, only 18 were amended by Council. In 2016/2017, only 4 of 238 responses were amended by Council. The majority of all changes have been to provide additional comments.
- Under the proposed delegations, all responses to the Consent Authority will be available to be viewed on the City of Darwin website and the complete application

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(including any plans) and response will continue to be uploaded onto the Elected Members' intranet.

- Significant development applications, Northern Territory Planning Scheme Amendments and development applications affecting City of Darwin land, will continue to be reported on.
- Reports will be presented to Council for signage that significantly departs from the provisions of the Outdoor Advertising Signs Code (Signs Code) or where the signs challenge the intent of the Signs Code.
- Reports will continue to be presented to Council on place name applications that relate to City of Darwin infrastructure.
- The planning team is currently working on a number of strategic projects with the Northern Territory Government, including area plans, Darwin Bike Plan review and CBD Car Parking Strategy. It is anticipated that the volume of this work will increase over time.
- The reduction in reporting on statutory matters, as proposed, will free up staff time for strategic issues and other matters where staff are likely to have a greater influence over planning outcomes.
- The planning team is also increasingly working on internal projects such as the lodgement and management of Council related planning applications, master plans and urban design projects. The proposed changes would benefit this process.

RECOMMENDATIONS

- A. THAT Report Number 18CF0088 CR:hd entitled Town Planning Delegations, be received and noted.
- B. THAT Council adopt the proposal to modify planning delegations as outlined in this report and **Attachment B** to Report Number 18CF0088 CR:hd entitled Town Planning Delegations

BACKGROUND

At the Town Planning Committee meeting held on 2 July 2013 Council resolved as follows:

DECISION NO.21\1233 (02/07/13)

Town Planning Committee Review 2013

Report No. 13TS0108 (02/17/13) Common No. 2481144

- A. *THAT Report Number 13TS0108 LC:mm entitled Town Planning Committee Review, 2013, be received and noted.*
- B. *THAT in order to provide a primary focus on strategic Town Planning, Council endorse the Alternative Process as set out in Report Number 13TS0108 LC:mm, Town Planning Committee Review 2013.*

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The changes included:

- Reporting statutory planning and planning scheme amendment applications to Ordinary Council Meetings, rather than Town Planning Committee Meetings;
- Placing all development application letter responses and associated plans on the Elected Members' intranet;
- Summarising all letter responses in one report to Council;
- Reducing the frequency of the Town Planning Committee Meetings from one per month to bi-monthly; and
- Prioritising strategic planning issues to be reported at the bi-monthly Town Planning Committee meetings.

Strategic planning matters were later reported to the City Futures Committee after a departmental restructure.

Town Planning Workshop

A Special Workshop for Town Planning was held on 4 September 2018 and was accompanied by a report that outlined the below key points:

- City of Darwin's roles, functions and objectives are set out within the Northern Territory *Local Government Act*. Unlike other Australian states the Northern Territory *Local Government Act* does not require local governments to undertake strategic and land use planning for their municipal districts. Instead, the Northern Territory Government prepares strategic planning documents and administers the Northern Territory Planning Scheme.
- City of Darwin has limited powers with regards to strategic and statutory planning within the Northern Territory. However, City of Darwin does have the ability to advocate for 'good' planning decisions, and the effective provision of infrastructure.
- City of Darwin can be referred to as either a local authority or service authority, pursuant to the Northern Territory *Planning Act*.
- As a service authority, City of Darwin manages infrastructure and services, and may require the dedication of service easements or administer contribution plans pursuant to the *Planning Act*.
- As a local authority, City of Darwin is notified of planning applications within its municipality and also notified of the decision of any planning applications within its municipality.
- There is no obligation under the *Planning Act* for City of Darwin to respond, however, this may put City of Darwin infrastructure, services and facilities at risk.

At the workshop, elected members were asked to consider how City of Darwin can most effectively use its resources to contribute to a better Darwin; a summary of that discussion is included in **Attachment A**.

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DISCUSSION

The process in which town planning matters are presented to Council was last altered in July 2013. This enabled Town Planning Committee meetings to focus on prioritised strategic matters, while still providing Council with detailed reports on larger development applications through Ordinary Council meetings and in some cases, to Town Planning Committee meetings.

Responses to smaller applications have also been reported to Ordinary Council meetings through a single summary report each meeting entitled "Council Responses to Development Applications".

In the year following the 2013 changes (2014/2015 financial year), Council officers prepared 400 responses to development applications, and of these responses, Council revised 18 letters. The overwhelming majority of these revisions were of a minor nature and generally strengthened the existing position recommended by staff. Council only recommended changing the position of support or objection on one occasion.

The 2016/2017 financial year saw a decrease in the overall number of development applications. Council officers prepared 238 responses to development applications, and of these responses, Council revised four letters. Again these changes generally strengthened the existing position, with only one being a change from support to object. Under the proposed changes, the application that was altered from a support to objection would still be reported to Council.

Staff also prepared nine signage related reports in this period, with all nine recommendations being adopted by Council, without amendment.

This low ratio of revised responses indicates that Council, on the whole, is satisfied with the recommendations being presented by staff relating to town planning matters.

While the previous changes to the town planning reporting processes enabled staff to increase their focus on strategic town planning matters, the high level of Council support for staff recommendations indicates that further delegations could be put in place, with limited impact on outgoing responses, at the same time freeing staff up to undertake other planning work that results in greater influence over planning outcomes.

This view was reflected in the Special Workshop for Town Planning, where the general consensus was to increase City of Darwin's strategic planning focus, delegate some applications to staff level, rather than reporting all to Council, and develop criteria for delegating applications and referrals. Therefore, it is recommended that the proposal to increase the level of delegation for planning responses and signage applications, as outlined below, is adopted.

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Proposed alternative process (including delegations)

As recently initiated, newly advertised development applications will be forwarded to elected members via email. This will provide elected members the opportunity to give staff feedback at the beginning of the process, rather than after comments have generally already been submitted. Elected Members will also be able to request a specific report on an application if they feel that it's required.

As currently occurs, all responses to development applications will be available on the Elected Members' intranet for review, along with the actual application (including any attached plans).

Under this proposal, staff would cease to prepare the summary letters report, which takes a significant amount of time to prepare and substantially increases the size of the Ordinary Council meeting agendas.

Only significant development applications, Northern Territory Planning Scheme Amendments, significant signage applications, and development applications affecting City of Darwin land where there are no existing policies in place to deal with the proposal, will continue to be reported on to Council.

While some discretion will be used in determining what a significant development application is, the general need for a specific report on an item will be determined by the level of impact it will have on amenity, City of Darwin assets and any political or strategic planning implications. A spreadsheet with proposed delegations is included in **Attachment B**. The terms low, medium and high impact have been used to separate reporting lines. This terminology has been chosen because it is in-line with the terminology used in the current Northern Territory Planning Reform process. Aligning City of Darwin processes with the Northern Territory Government's is intended to provide a less complex system. These categories will be updated following the outcomes of the Planning Reform process.

The planning team is currently working on a number of strategic projects with the Northern Territory Government, including area plans, Darwin Bike Plan and the CBD Car Parking Study. It is anticipated that the volume of this work will increase over time.

The reduction in reporting proposed for statutory matters will free up staff time for strategic issues and other matters where staff are likely to have a greater influence over planning outcomes.

The planning team is also increasingly working on internal projects such as the preparation of master plans, lodgement and management of Council related planning applications and urban design projects and the proposed changes would benefit this process.

Currently, all responses to development applications and Northern Territory Planning Scheme Amendment proposals are put before Council for endorsement, if the matter has not already been determined by the Development Consent Authority or the Minister for Planning respectively. If the matter has been determined, the responses

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sent by staff under delegated authority are provided to Council for receiving and noting only.

As well as responses, reports are currently submitted for significant Development Applications, or any development applications identified as requiring a report by an Elected Member. Reports are also provided to Council for all Northern Territory Planning Scheme Amendment proposals, subdivisions that create lots, signage applications considered discretionary under the Outdoor Advertising Signs Code and place name applications.

To reduce the reporting requirements, it is proposed that staff continue to respond to all development applications and that these responses continue to be placed on the Elected Members' intranet. Rather than preparing separate reports for the majority of the larger development applications and a summary report for the remaining letters in response to development applications, it is proposed that Elected Members review newly advertised applications and highlight any potential concerns they may have, at the beginning of the process.

Where changes to responses are proposed by an Elected Member, a draft change would be prepared for circulation to all Elected Members for comment prior to any amendment of the response to the Consent Authority. Where there are significant matters to consider in relation to an application, a report will be prepared for a Council meeting.

Impact of previous changes to town planning reporting

Prior to the changes in reporting to the Town Planning Committee of July 2013, in the period from April 2012 to March 2013 a total of 421 responses to either the Development Consent Authority or the Reporting Body were made. Of these development applications, 124 or approximately 29% required officer's reports to Council.

The changes made in 2013 resulted in 91 reports being prepared between July 2014 and June 2015 (from a total of 400 responses made to either the Development Consent Authority or the Reporting Body). As a result of the changes, 29 of these reports included the newly required letter summary reports, 26 were for development applications, with the remaining 36 reports being either for strategic matters or Northern Territory Planning Scheme Amendments. The proposed changes would mean that the letters summary reports would no longer be prepared, nor would a majority of the reports for development applications.

During the period of between July 2014 and June 2015 period, 17 reports were also prepared for signage applications.

Development application numbers have significantly declined, with only 238 applications received in the 2016/2017 and 163 in the 2017/2018 financial year. Whilst development application numbers have declined, providing summary reports of development responses to each Ordinary Council meeting has meant that 21 additional reports have been prepared during this period. This is a significant proportion (31%) of the 68 reports prepared during this period.

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Summary

The proposed changes would reduce the number of town planning related Council reports. The reduced reporting would not reduce elected members ability to provide input to responses. As noted earlier, newly advertised development applications will continue to be forwarded to elected members via email. This will provide elected members the opportunity to give staff feedback at the beginning of the process, rather than after comments have been submitted. Elected members will also be able to request a specific report on an application if they feel that it's required.

The reduction in reporting proposed for statutory matters will allow staff time for strategic issues and other matters where staff are likely to have a greater influence over planning outcomes.

It is recommended that the changes outlined in this report and **Attachment B** are Council be adopted.

CONSULTATION PROCESS

In preparing this report, the following City of Darwin officers were consulted:

- Planning Officer
- Team Leader Development

POLICY IMPLICATIONS

All City of Darwin policies will continue to be addressed through the development assessment process.

BUDGET AND RESOURCE IMPLICATIONS

This proposal is intended to reduce reporting requirements to Council, whilst still allowing elected members full access to all comments provided to the Consent Authority. By reducing reporting requirements, staff resources can be allocated to other planning matters, where they are likely to have a greater influence over planning outcomes.

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

Council will continue to meet its statutory planning requirements.

ENVIRONMENTAL IMPLICATIONS

The reduced reporting regime is likely to reduce the volume of Ordinary Council meeting agendas. This is likely to have positive impacts on the size of printed agendas, reducing paper usage.

Greater focus can also be placed on strategic matters that may positively impact on the environment.

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COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

CINDY ROBSON
MANAGER CITY PLANNING

SCOTT WATERS
CHIEF EXECUTIVE OFFICER

For enquiries, please contact Cindy Robson on 8930 0528 or email:
c.robson@darwin.nt.gov.au.

Attachments:

Attachment A: Summary of Special Workshop for Town Planning outcomes and discussions

Attachment B: Proposed Town Planning Delegations

ATTACHMENT A

Town Planning Workshop Summary

A Special Workshop for Town Planning was held on 4 September 2018 and was accompanied by a report and Power Point Presentation. The purpose of the workshop was to:

- **Clarify** Council's role and obligations, pursuant to the Planning and Local Government Acts.
- **Consider** how City of Darwin can most effectively use its resources to contribute to a better Darwin.
- **Discuss** a framework for:
 - Providing clear direction for planning responses.
 - Establishing criteria for officer delegations to expedite statutory processes and services.

The accompanying report outlined the below key points:

- City of Darwin's roles, functions and objectives are set out within the Northern Territory *Local Government Act*. Unlike other Australian states the Northern Territory *Local Government Act* does not require local governments to undertake strategic and land use planning for their municipal districts. Instead, the Northern Territory Government prepares strategic planning documents and administers the Northern Territory Planning Scheme.
- City of Darwin has limited powers with regards to strategic and statutory planning within the Northern Territory. However, City of Darwin does have the ability to advocate for 'good' planning decisions, and the effective provision of infrastructure.
- City of Darwin can be referred to as either a local authority or service authority, pursuant to the Northern Territory *Planning Act*.
- As a service authority, City of Darwin manages infrastructure and services, and may require the dedication of service easements or administer contribution plans pursuant to the *Planning Act*.
- As a local authority, City of Darwin is notified of planning applications within its municipality and also notified of the decision of any planning applications within its municipality.
- There is no obligation under the *Planning Act* for City of Darwin to respond, however, this may put City of Darwin infrastructure, services and facilities at risk.

At the workshop, elected members were asked to **consider how City of Darwin can most effectively use its resources to contribute to a better Darwin**, the following is a summary of that discussion:

Strategic Planning

- Increase services where impacts City of Darwin
- Potential to miss important matters if not assessing and responding to strategic referrals
- Create City of Darwin specific strategic planning documents
- Advocate for greater weight to City of Darwin strategic documents

- Prepare Priority Infrastructure Plans (PIP)

Development Assessments

- Delegate some applications, rather than reporting all to Council
- Develop criteria for applications that are delegated

Development Permit Conditions

- Advocate for greater compliance and enforcement
- Support local Government Authorised Officers if on a 'fee for service' basis
- Review existing City of Darwin conditions for currency and legality
- Provide conditions that are appropriate for type of development i.e. less demanding for smaller applications
- Follow-up on compliance of City of Darwin related conditions on development applications to ensure conditions are met in the longer term

Development Consent Authority (DCA)

- Increase the diversity of members on the DCA
- Consider a pool of community members on DCA
- Support the review of the DCA members, provided City of Darwin representation is continued

Developer Contributions

- Advocate for more flexible legislation to create infrastructure plans that meet future community needs
- Prepare Priority Infrastructure Plans to inform developer contribution plans
- Consider all funding options for infrastructure
- Sharpen focus of what we spend contributions on
- Spend contributions on strategic infrastructure

ATTACHMENT B

Proposed Town Planning Delegations

Action / Response to:	Technical Response (assess impact on CoD assets)	Planning Response (assess amenity impacts under NTPS)	Delegation Level	Report to Council
Development Applications*				
<u>Low Impact development**</u> - Rear and side setback variations in residential zones - Telecommunication upgrades (no new structures) - Minor alterations and additions	Required	Not Required	Chief Executive Officer	Not Required
<u>Medium Impact Development**</u> - Front Setback variations in residential zones - Variation to height / no. of storeys - Density variation - Multiple NTPS variations - Telecommunication upgrades (new structures)	Required	Required	Discretionary	Discretionary
<u>High Impact Development**</u> - Building over 10 storeys - construction of more than 50 dwellings on a site - buildings with a gross floor area over 10,000m ² (except for in Zones DV, GI and FD, or for sporting or school stadium) - Animal boarding or intensive animal husbandry - new Hotels and live music venues within 50m of residential (except in Zone CB)	Required	Required	Council	Required
Exceptional development permits	Required	Required	Council	Required
Concurrent applications	Required	Required	Council	Required
All other applications	Required	Discretionary	Discretionary	Discretionary
Subdivisions / Consolidations*				
Unit title subdivisions	Required	Not Required	Chief Executive Officer	Not Required
Where no new lots are created and City of Darwin land is not impacted	Required	Not Required	Chief Executive Officer	Not Required
Where less than 3 new lots are created and City of Darwin land is not impacted	Required	Required	Chief Executive Officer	Discretionary
Where more than 3 new lots are created and City of Darwin land is not impacted; and Where City of Darwin land is impacted.	Required	Required	Council	Required

Planning Scheme Amendments and Strategic Documents*				
Planning scheme amendments (inc. rezoning)	Required	Required	Council	Required
Planning policy and area plans on exhibition	Required	Required	Council	Required
Signage Applications***				
Moveable signs	Required	Not Applicable	Chief Executive Officer	Not Required
Other signage	Required	Not Applicable	Council	Discretionary
Place Names Applications*				
Applications that do not relate to City of Darwin infrastructure	Required	Not Applicable	Chief Executive Officer	Not Required
Applications that relate to City of Darwin infrastructure, or are likely to in the future	Required	Not Applicable	Council	Required
* Any application that is re-exhibited and the modifications are minor, will be reported to Council on a discretionary basis.				
** Low, Medium and High Impact development delegations will be updated to align with NTG references, if developed.				
*** Delegations for Signage will be updated following the review of the Outdoor Advertising Signs Code.				

ENCL:
YES

2ND ORDINARY COUNCIL MEETING/OPEN

AGENDA ITEM: 15.3

RAPID CREEK FLOOD RESPONSE SPECIFIC USE ZONE PA2018/0243

REPORT No.: 18CF0087 DB:hd

COMMON No.: PA2018/0243

DATE: 25/09/2018

Presenter: Manager City Planning, Cindy Robson

Approved: Chief Executive Officer, Scott Waters

PURPOSE

The purpose of this report is to refer to Council for comment, Pursuant to Section 19 of the *Planning Act*, the following development application: to include the Rapid Creek Flood Response Specific Use Zone in the Northern Territory Planning Scheme.

LINK TO STRATEGIC PLAN

The issues addressed in this Report are in accordance with the following Goals/Strategies outlined in the 'Evolving Darwin Towards 2020 Strategic Plan':-

Goal

1. Collaborative, Inclusive and Connected Community

Outcome

- 1.4 Improved relations with all levels of government and significant stakeholders

Key Strategies

- 1.4.2 Play an active role in strategic and statutory planning processes

KEY ISSUES

- It is recommended that Council endorse the attached letter in **Attachment A**.
- The proposed Northern Territory Planning Scheme (NTPS) Amendment is in response to recommendations made by the Darwin Flood Mitigation Advisory Committee.
- The proposed NTPS Amendment does not relate to, or rezone, any land. However, it does provide incentive and requirements for any existing owner or prospective developer to install measures to mitigate the risk of inundation through the development process.
- Action 5 of Concept C of the Darwin Mid Suburbs Area Plan (Mid Suburbs Area Plan), which recommended safe unimpeded access away from the allotments, is no longer considered necessary by emergency services due to early warning systems.
- City of Darwin officers do not object to the proposal but recommend that a more holistic approach to flooding be addressed through Clause 6.14 of the NTPS.

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RECOMMENDATIONS

- A. THAT Report Number 18CF0087 DB:hd entitled Rapid Creek Flood Response Specific Use Zone PA2018/0243 be received and noted.
- B. THAT Council endorse the letter, dated 26 September 2018, to the Reporting Body within **Attachment A** to Report Number 18CF0087 DB:hd entitled Rapid Creek Flood Response Specific Use Zone PA2018/0243.

BACKGROUND

The proposed NTPS Amendment is in response to recommendations made by the Darwin Flood Mitigation Advisory Committee. The properties that could be included in the zone are identified in Concept C 'Residential Areas Affected by Riverine Flooding and Primary Storm Surge from Rapid Creek' within the Mid Suburbs Area Plan.

The Mid Suburbs Area Plan seeks to "encourage redevelopment of private residential properties (whilst mitigating risk of inundation) within mapped risk areas for riverine flooding and primary storm surge." The Mid Suburbs Area Plan identifies thirty allotments which are affected by flooding (both riverine and storm surge).



Figure 1: Aerial and cadastre

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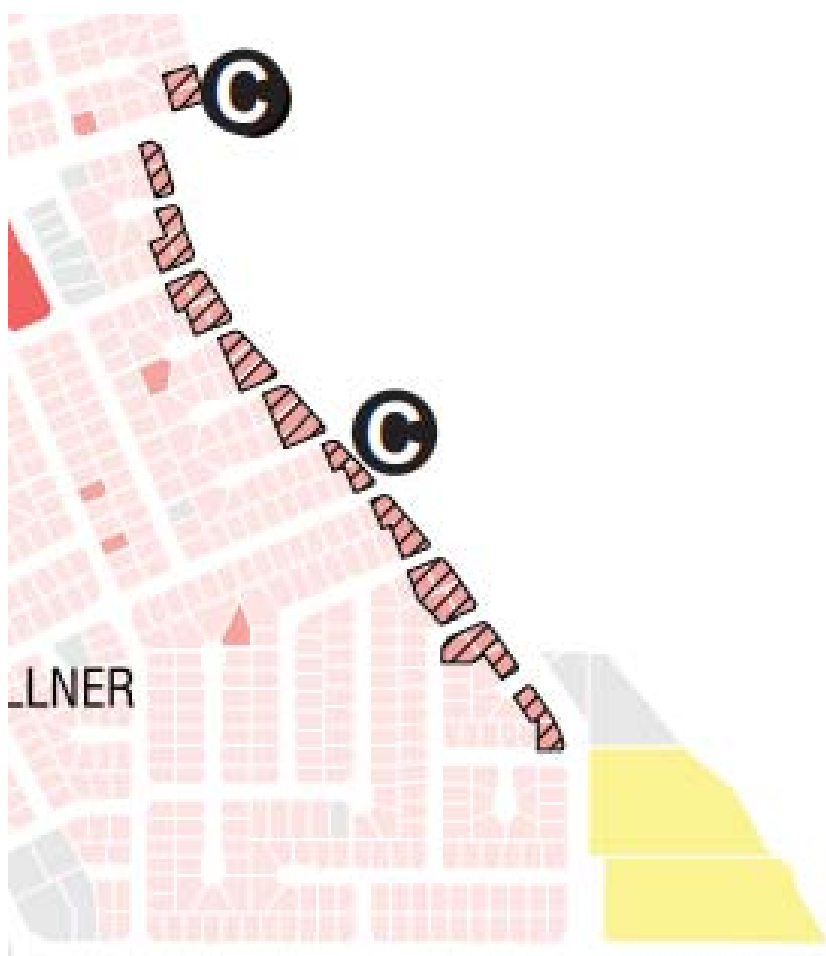


Figure 1 Excerpt from Darwin Mid Suburbs Area Plan

Whilst the area is identified within the Mid Suburbs Area Plan, the proposed NTPS Amendment will not rezone any allotments. Rather, the proposed NTPS Amendment references the Mid Suburbs Area Plan as identifying the properties that could be included within the proposed zone, subject to Ministerial approval.

DISCUSSION

Current Proposal

The proposal (**ATTACHMENT B**) is to create a Specific Use Zone SDXX (Rapid Creek Flood Response Zone) to “encourage redevelopment of private residential properties (whilst mitigating risk) within mapped risk areas for riverine flooding and primary storm surge.”

The NTPS Amendment endeavours to enable policy in accordance with Item 3.1 Residential Areas Concept C ‘Residential Areas Affected by Riverine Flooding and Primary Storm Surge from Rapid Creek’ within the Mid Suburbs Area Plan.

The proposed Specific Use Zone does not rezone any specific allotments at this time. It is intended to allow allotments identified within the Mid Suburbs Area Plan to rezone and redevelop in their preferred time-frame.

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It is noted that Action 5 of Concept C of the Mid Suburbs Area Plan, which recommended a safe and clear evacuation path from the allotments in the event of inundation, is no longer considered necessary by emergency services due to early warning systems.

Application Assessment

This NTPS Amendment is to “support the rezoning of lots to facilitate development consistent with the height, density and other performance criteria that apply to development within Zone MD (Multiple Dwelling Residential), and only if consistent with Objectives 3 – 7 of this concept.” Objectives 3 – 7 of Concept C outline the desire for safety and protection from inundation.

To simplify, the proposal seeks to allow slightly higher density development within identified flood risk areas to promote redevelopment, in an effort to offset the costs required to install flood mitigation measures incurred during redevelopment.

Whilst City of Darwin generally supports the intention of the amendment to protect lives and assets, the proposed Specific Use Zone appears a complicated means of achieving the outcome. Amending existing Clause 6.14 Land Subject to Flooding and Storm Surge of the NTPS may provide a simpler, more holistic approach to existing development within flood risk areas.

Creating a specific use zone will enable these properties to rezone and mitigate flood risk through redevelopment; however, it will also clearly zone these lots as being at risk of flood, even after mitigation measures such as raising ground levels have been implemented. This may have more of a negative impact on property values than if a property is zoned MD and subject to amended Clause 6.14 provisions.

Subclauses 1 – 4 of the proposed Specific Use Zone SDXX (Rapid Creek Flood Response Zone):

- Establish that the zone will promote ‘Multiple Dwelling Residential’ development;
- Require all ‘Single Dwelling’ development to require consent; and
- Seek to mitigate the risk of flooding and inundation.

In comparison, subclauses 1 – 4 of Clause 6.14 of the NTPS:

- Establish the definitions of ‘flood level’, Annual Exceedance Probability (AEP), Defined Flood Event (DFA), Primary Storm Surge Area (PSSA), Secondary Storm Surge Area (SSSA);
- Requires any zoned land within a DFA or PSSA to require consent; and
- Seeks to reduce the risk caused by flooding and storm surge.

Subclauses 4 and 5 of the proposed Specific Use Zone SDXX (Rapid Creek Flood Response Zone) requires relevant documentation prepared by a suitably qualified registered and practicing engineer recognised under the National Engineering Register.

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In comparison, subclauses 5 – 8 of Clause 6.14 of the NTPS outlines certain requirements for development with DFA's and recommends that development in all such areas should be restricted.

The differences between proposed Specific Use Zone SDXX (Rapid Creek Flood Response Zone) and existing Clause 6.14 Land Subject to Flooding and Storm Surge are subtle and there is potential to expand existing provisions.

There are more Specific Use Zones within the City of Darwin Municipality than there are 'Generic' Zones and whilst this proposal identifies a solution for land owners, it remains the responsibility of land owners to seek both a rezoning application and development application, which is consistent with what would be required of them currently regardless of the NTPS Amendment.

Key Council Issues

Council Rates

The supporting documentation included with the NTPS Amendment states:

"The proposed Specific Use Zone will not apply to any specific land parcel at this time. Instead it will allow the owners or future residents of the affected land to utilise its provisions when they are ready to develop their property. This approach will ensure that rezoning of the affected properties does not cause financial hardship to current land owners, as a rezoning would increase their Council rates."

Rates are not directly affected by zoning changes. Zones SD and MD are rated at the same amount. However, rates are affected by the Unimproved Capital Value (UCV) of the land set by the Valuer Generals office. To affect the UCV of the properties referred to in this proposed rezoning, similar property sales in the general area would need to demonstrate a trend towards increased prices.

City of Darwin Infrastructure

Any proposed changes to ground levels would need to be assessed for any impact on City of Darwin Infrastructure. Raising ground levels may affect access if contours are too steep. To properly assess contours, survey plans with height levels are required at assessment stage.

Raising ground levels may also adversely impact adjoining properties and needs to be carefully assessed at application stage, or through condition precedent. In this regard, City of Darwin would be concerned with any altered stormwater drainage.

Summary

City of Darwin supports the mitigation of any risk incurred by flooding or storm surge and understands the intention of the NTPS Amendment. City of Darwin considers the establishment of holistic flood provisions for the territory to be important; for consistency this could be enabled through Clause 6.14 of the NTPS, with specific solutions to be detailed in local plans such as the Darwin Mid Suburbs Area Plan.

Any flood mitigation measures would need to be closely assessed by City of Darwin to ensure access, stormwater and other infrastructure is protected and functional.

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CONSULTATION PROCESS

In preparing this report, the following City of Darwin officers were consulted:

- Town Planner
- Planning Officer
- Team Leader Development

POLICY IMPLICATIONS

The proposed NTPS Amendment will not directly affect any City of Darwin Policies. Any development applications lodged will be assessed against City of Darwin policies at the time of the applications being lodged.

BUDGET AND RESOURCE IMPLICATIONS

No budget implications are foreseen as a result of this proposed NTPS Amendment

RISK/LEGAL/LEGISLATIVE IMPLICATIONS

There are no unforeseen risks or legal implications to City of Darwin as a direct result of this proposed NTPS Amendment.

ENVIRONMENTAL IMPLICATIONS

The proposed NTPS Amendment is intended to mitigate the impacts of flooding on private property. Any impacts on City of Darwin infrastructure will be assessed at the time of a development application being lodged.

COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION

We the Author and Approving Officers declare that we do not have a Conflict of Interest in relation to this matter.

CINDY ROBSON
MANAGER CITY PLANNING

SCOTT WATERS
CHIEF EXECUTIVE OFFICER

For enquiries, please contact Cindy Robson on 8930 0528 or email:
 c.robson@darwin.nt.gov.au.

Attachments:

Attachment A: City of Darwin, Letter of Response to Reporting Body, dated 26 September 2018

Attachment B: Development Application to include the Rapid Creek Flood Response Specific Use Zone in the Northern Territory Planning Scheme PA2018/0243

Provided electronically: <https://www.ntlis.nt.gov.au/planning/lta.dar.list#amendments>

26 September 2018

Please quote: PA2018/0243

Dr David Ritchie
Chairman
Northern Territory Planning Commission
GPO Box 1680
DARWIN NT 0801

Dear Dr Ritchie

Planning Scheme Amendment: To include the Rapid Creek Flood Response Specific Use Zone in the Northern Territory Planning Scheme

Thank you for the proposed planning scheme amendment referred to this office, dated 23 August 2018, concerning the above.

City of Darwin supports the implementation of safety and mitigation measures for flood risk areas. However, we query the need for developing a Specific Use Zone instead of amending the provisions within exiting Clause 6.14 Land Subject to Flooding and Storm Surge.

Creating a specific use zone will enable these properties to rezone and mitigate flood risk through redevelopment; however, it will also clearly zone these lots as being at risk of flood, even after mitigation measures such as raising ground levels have been implemented. This may have more of a negative impact on property values than if a property is zoned MD and subject to amended Clause 6.14 provisions.

Key Council Issues

Council Rates

The supporting documentation included with the Northern Territory Planning Scheme (NTPS) Amendment states:

“The proposed Specific Use Zone will not apply to any specific land parcel at this time. Instead it will allow the owners or future residents of the affected land to utilise its provisions when they are ready to develop their property. This approach

will ensure that rezoning of the affected properties does not cause financial hardship to current land owners, as a rezoning would increase their Council rates.”

Rates are not directly affected by zoning changes. Zones SD and MD are rated at the same amount. However, rates are affected by the Unimproved Capital Value (UCV) of the land set by the Valuer Generals office. To affect the UCV of the properties referred to in this proposed rezoning, similar property sales in the general area would need to demonstrate a trend towards increased prices.

City of Darwin Infrastructure

Proposed changes to ground levels would need to be assessed for any impact on City of Darwin infrastructure. Raising ground levels may affect access if contours are too steep. To properly assess contours, survey plans with height levels are required at assessment stage.

Raising ground levels may also adversely impact adjoining properties and needs to be carefully assessed at application stage, or through condition precedent. In this regard, City of Darwin would be concerned with any altered stormwater drainage as a result of redevelopment.

Summary

City of Darwin supports the mitigation of any risk incurred by flooding or storm surge and understands the intention of the NTPS Amendment. City of Darwin considers the establishment of holistic flood provisions for the territory to be important; for consistency this could be enabled through Clause 6.14 of the NTPS, with specific solutions to be detailed in local plans such as the Darwin Mid Suburbs Area Plan.

Any flood mitigation measures would need to be closely assessed by City of Darwin to ensure access, stormwater and other infrastructure is protected and functional.

If you require any further discussion in relation to this application please feel free to contact me on 8930 0528.

Yours faithfully

CINDY ROBSON
MANAGER CITY PLANNING

TWENTY-FOURTH ORDINARY COUNCIL MEETING – OPEN SECTION
TUESDAY, 25 SEPTEMBER 2018

ORD09/13

16. INFORMATION ITEMS AND CORRESPONDENCE RECEIVED

Nil

17. REPORTS OF REPRESENTATIVES

18. QUESTIONS BY MEMBERS

19. GENERAL BUSINESS

21. DATE, TIME AND PLACE OF NEXT ORDINARY COUNCIL MEETING
Common No. 2695130

THAT the next Ordinary Meeting of Council be held on Tuesday, 16 October 2018, at 5:30pm (Open Section followed by the Confidential Section), Council Chambers, 1st Floor, Civic Centre, Harry Chan Avenue, Darwin.

22. CLOSURE OF MEETING TO THE PUBLIC
Common No. 2695131

THAT pursuant to Section 65 (2) of the Local Government Act and Regulation 8 of the Local Government (Administration) Regulations the meeting be closed to the public to consider the Confidential Items of the Agenda.

23. ADJOURNMENT OF MEETING AND MEDIA LIAISON