

## **2<sup>ND</sup> ORDINARY COUNCIL MEETING**

### **NOTICE OF MEETING**

**TUESDAY, 16 OCTOBER 2018**

The Ordinary Meeting of the City of Palmerston will be held in the Council Chambers, Civic Plaza, 1 Chung Wah Terrace, Palmerston, commencing at 5.30pm.

A handwritten signature in black ink, appearing to read "Luccio Cercarelli", is positioned above a horizontal line.

**LUCCIO CERCARELLI**  
**CHIEF EXECUTIVE OFFICER**

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**1 ACKNOWLEDGEMENT OF COUNTRY**

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**2 OPENING OF MEETING**

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**3 APOLOGIES AND LEAVE OF ABSENCE**

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- 3.1 Apologies
- 3.2 Leave of Absence Previously Granted
- 3.3 Leave of Absence Request

**4 REQUEST FOR TELECONFERENCE**

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**5 DECLARATION OF INTEREST**

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- 5.1 Elected Members
- 5.2 Staff

**6 CONFIRMATION OF MINUTES**

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6.1 Confirmation of Minutes

THAT the Minutes of its Council Meeting held on 2 October 2018 pages 9568 to 9574 be confirmed.

6.2 Business Arising from Previous Meeting

**7 MAYORAL REPORT**

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**8 DEPUTATIONS AND PRESENTATIONS**

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**9 PUBLIC QUESTION TIME (WRITTEN SUBMISSIONS)**

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**10 CONFIDENTIAL ITEMS**

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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.

10.1 Confidential Items

ITEM	REGULATION	REASON
23.1	8(a)	This item is considered 'Confidential' pursuant to Section 65(2) of the Local Government Act and 8(a) of the Local Government (Administration) Regulations, which states municipal council may close to the public only so much of its meeting as comprises the receipt or discussion of, or a motion or both relating to, information about the employment of a particular individual as a member of the staff or possible member of the staff of the council that could, if publicly disclosed, cause prejudice to the individual.

ITEM	REGULATION	REASON
23.2	8(e)	This item is considered 'Confidential' pursuant to Section 65(2) of the Local Government Act and 8(e) of the Local Government (Administration) Regulations, which states municipal council may close to the public only so much of its meeting as comprises the receipt or discussion of, or a motion or both relating to, information provided to the council on condition that it be kept confidential.

10.2 Moving Open Items into Confidential

10.3 Moving Confidential Items into Open

## **11** PETITIONS

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## **12** NOTICES OF MOTION

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## **13** OFFICER REPORTS

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### 13.1 Receive and Note Reports

13.1.1	Financial Report for the Month of September 2018	9/0098
13.1.2	Community Benefit Scheme September Update	9/0095
13.1.3	Corporate Services Quarterly Report July – September 2018	9/0099



**AGENDA ITEM:** 13.1.1  
**REPORT TITLE:** Financial Report for the Month of September 2018  
**REPORT NUMBER:** 9/0098  
**MEETING DATE:** 16 October 2018  
**Author:** Finance Manager, Shane Nankivell  
**Approver:** Director of Corporate Services, Chris Kelly

## PURPOSE

The purpose of this report is to present to Council the Financial Report for the Month of September 2018.

### Municipal Plan:

4. Governance & Organisation

4.1 Responsibility

4.1 We are committed to corporate and social responsibility, the sustainability of Council assets and services, and the effective planning and reporting of Council performance to the community.

## KEY ISSUES

- Part payment of the 2018/19 Financial Assistance Grant was received in 2017/18. An adjustment will be made at First Quarter Budget Review. The remaining income items are within expectations.
- Operating Expenditure is in line with expectations.

## RECOMMENDATION

THAT Report Number 9/0098 entitled Financial Report for the Month of September 2018 be received and noted.

## BACKGROUND

At the 2<sup>nd</sup> Ordinary Council Meeting of 18 September 2018 Council made the following decision:

13.1.1 *Financial Report for the Month of August 2018* 9/0089

*THAT Report Number 9/0089 entitled Financial Report for the Month of August 2018 be received and noted.*

**CARRIED 9/0270 – 18/09/2018**

## DISCUSSION

In accordance with Section 18 of the *Local Government (Accounting) Regulations* finance officers have prepared the previous month's financial report.

### Operating Income

- Total Operating Income is at 86% of the current budget.
- Grant, Subsidies and Contributions are currently at 10% of budget. This is due to the prepayment of part of the 2018/19 Financial Assistance Grant in 2017/18. Adjustments will be made at the First Quarter Budget Review.

### Operating Expenditure

- Total Operating Expenditure is at 36% of the budget inclusive of commitments.
- Operating Expenditure is in line with expectations.

### Capital Income

Capital Income is currently 2%. Council is expecting to receive \$10 million in gifted assets from developments, such as roads, parks and other infrastructure assets. These assets will pass to City of Palmerston once the development work is finalised throughout the financial year.

Council is expecting to receive capital grants and contributions to the value of \$728,410, currently 22% to the value of \$160,073 has been received.

### Capital Expenditure

Overall Capital Expenditure is showing at 44% for the year. This is primarily due to the awarding of the contract for the final stage of the remediation works on the previous Archer Landfill site.

### Loans

Council has approved an internal loan for \$3.675 million to fund an accelerated smart LED public and street lighting project and an external loan for \$2 million to fund the final stage of remediation works at the previous Archer Landfill site. Currently these loans have not been drawn upon, when they are drawn down details of these loans will be provided in the accompanying Finance Report.

## CONSULTATION PROCESS

There was no consultation required for this report.

## POLICY IMPLICATIONS

There are no policy implications for this report.

## BUDGET AND RESOURCE IMPLICATIONS

Budget and resource implications as outlined in the body of the report.

## RISK, LEGAL AND LEGISLATIVE IMPLICATIONS

The *Local Government (Accounting) Regulations* prescribes that:

### *18 Financial Reports to Council*

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 up to the end of the previous month;*
- b. *The forecast income and expenditure for the whole of the financial year.*
2. *The report must include:*
  - a. *Details of all cash investments held by the Council (including any money held in trust);*
  - b. *A statement of the debts owed to the Council including aggregate amount owed under each category with a general indication of the age of the debts;*
  - c. *Other information required by the Council.*

## **ENVIRONMENT SUSTAINABILITY IMPLICATIONS**

There are no environment sustainability implications for this report.

## **COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION**

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

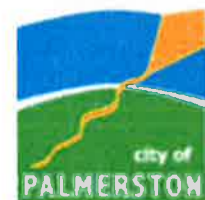
## **ATTACHMENTS**

**Attachment A:** Financial Management Report – September 2018

# Financial Management Reports

September 2018

- ❖ 1. Executive Summary
- ❖ 2. Financial Results





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September 2018

<b>SECTION 1 – EXECUTIVE SUMMARY</b>	1.1	Executive Summary
<b>SECTION 2 – FINANCIAL RESULTS</b>	2.1	Budget Summary Report
	2.2	Reserves Schedule
	2.3	Investments Management Report
	2.4	Debtor Control Accounts
	2.5	Financial Indicators
	2.6	Creditor Accounts Paid
	2.7	Creditor Accounts Outstanding
	2.8	Waste Charges
	2.9	Commercial Leases

## Section 2 Financial Results

### 1.1 - Executive Summary as at 30 September 2018

% of year passed

25%

Results	Revised Budget 2018 \$	YTD Actual \$	YTD Committed \$	Budget Forecast \$	% Utilised
<b>Operating Income</b>					
Rates & Annual Charges	27,687,085	26,838,809	0	27,687,085	97%
Statutory Charges	166,500	30,800	0	166,500	18%
User Charges & Fees	1,432,240	519,381	0	1,432,240	36%
Interest & Investment Revenue	963,160	283,962	0	963,160	29%
Reimbursements	0	0	0	0	0%
Other Income	1,500	1,403	0	1,500	94%
Grants, Subsidies & Contributions	2,283,044	218,704	0	2,283,044	10%
<b>Operating Income</b>	<b>32,533,529</b>	<b>27,893,059</b>	<b>0</b>	<b>32,533,529</b>	<b>86%</b>
<b>Operating Expenditure</b>					
Employee Costs	-8,671,994	-1,645,141	-4,754	-8,671,994	19%
Professional Services	-1,472,067	-367,000	-469,340	-1,472,067	57%
Auditor's Remuneration	-35,000	7,260	0	-35,000	-21%
Operating Lease Rentals	-217,300	-37,287	-52,605	-217,300	41%
Energy	-1,373,387	-243,714	0	-1,373,387	18%
Materials & Contractors	-11,759,215	-2,009,951	-5,149,182	-11,759,215	61%
Depreciation, Amortisation & Impairment	-11,500,000	-2,874,999	0	-11,500,000	25%
Elected Members Expenses	-361,287	-50,262	0	-361,287	14%
Legal Expenses	-220,000	-49,421	-33,905	-220,000	38%
Water Charges	-1,388,759	-154,720	0	-1,388,759	11%
Telephone & Other Communication Charges	-226,000	-52,023	-49,296	-226,000	45%
Community Grants	-100,000	-9,100	-53,000	-100,000	62%
Other Expenses	-2,543,933	-774,400	-207,073	-2,543,933	39%
Borrowing Costs	-92,200	0	0	-92,200	0%
Operating Expenditure	-39,961,142	-8,260,759	-6,019,155	-39,961,142	36%
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>-7,427,613</b>	<b>19,632,301</b>	<b>-6,019,155</b>	<b>-7,427,613</b>	
<b>Capital Income</b>					
Net gain (loss) on disposal or revaluation of assets	0	29,090	0	0	0%
Developer Contributions	400,000	160,073	0	400,000	40%
Asset Income	10,000,000	0	0	10,000,000	0%
Grants received	328,410	0	0	328,410	0%
Capital Income	10,728,410	189,163	0	10,728,410	2%
<b>Net SURPLUS / (DEFICIT) transferred to Equity Statement</b>	<b>3,300,797</b>	<b>19,821,463</b>	<b>-6,019,155</b>	<b>3,300,797</b>	
<b>Capital Expenditure</b>					
Land Purchase	0	0	0	0	0%
Asset Purchase	-945,000	-214,235	-171,304	-945,000	41%
Asset Upgrade	-5,075,638	-158,529	-2,093,926	-5,075,638	44%
<b>Capital Expenditure</b>	<b>-6,020,638</b>	<b>-372,765</b>	<b>-2,265,230</b>	<b>-6,020,638</b>	<b>44%</b>
Less Non-Cash Expenditure	-11,500,000	-2,874,999	0	-11,500,000	25%
Plus Gifted Assets	10,000,000	0	0	10,000,000	0%
<b>NET CAPITAL SURPLUS/(DEFICIT)</b>	<b>-1,219,841</b>	<b>22,323,697</b>	<b>-8,284,385</b>	<b>-1,219,841</b>	
Borrowings	2,000,000	0	0	2,000,000	0%
Repayment of Borrowings	-208,814	0	0	-208,814	0%
Reserve Movement	-571,345	0	0	-571,345	0%
<b>NET OPERATING SURPLUS/(DEFICIT)</b>	<b>0</b>	<b>22,323,697</b>	<b>-8,284,385</b>	<b>0</b>	

Reviewed by: Finance Manager

Approved by: Director of Corporate Services

## Section 2 Financial Results

### 2.1 - Budget Summary Report as at 30 September 2018

% of year passed

25%

#### Operating Income

	Revised Budget \$	YTD Actuals \$	%
<b>Governance</b>			
Office of the CEO	747,293	102,997	13.78%
<b>Governance</b>	<b>747,293</b>	<b>102,997</b>	<b>13.78%</b>
<b>Corporate Services</b>			
Financial Services	400,000	114,026	28.51%
Office of the Director Corporate Services	0	16,496	0.00%
Rates	21,074,794	19,893,942	94.40%
<b>Corporate Services</b>	<b>21,474,794</b>	<b>20,024,464</b>	<b>93.25%</b>
<b>Community Services</b>			
Arts & Culture	10,000	0	0.00%
Community Development	18,000	0	0.00%
Events Promotion	1,500	0	0.00%
Library Services	710,696	28,847	4.06%
Senior Citizens	1,500	1,500	100.00%
Youth Services	24,000	0	0.00%
<b>Community Services</b>	<b>765,696</b>	<b>30,347</b>	<b>3.96%</b>
<b>Technical Services</b>			
Animal Management	336,000	212,408	63.22%
Aquatic Centre	77,280	19,323	25.00%
Civic Centre	161,280	35,355	21.92%
Driver Resource Centre	10,000	1,607	16.07%
Gray Community Hall	16,800	2,547	15.16%
Office of the Director Technical Services	23,000	55	0.24%
Parking & Other Ranger Services	144,500	18,488	12.79%
Private Works	120,000	27,110	22.59%
Recreation Centre	120,000	34,472	28.73%
Roads & Transport	898,995	114,207	12.70%
Stormwater Infrastructure	0	1,120	0.00%
Subdivisional Works	100,000	29,464	29.46%
Waste Management	6,759,791	6,970,697	103.12%
Odegaard Drive Investment Property	446,160	148,720	33.33%
Durack Heights Community Centre	1,940	0	0.00%
CBD Car Parking	330,000	119,678	36.27%
<b>Technical Services</b>	<b>9,545,746</b>	<b>7,735,252</b>	<b>81.03%</b>
	<b>32,533,529</b>	<b>27,893,059</b>	<b>85.74%</b>

## Section 2 Financial Results

### 2.1 - Budget Summary Report as at 30 September 2018

% of year passed

25%

#### Capital Income

	Revised Budget \$	YTD Actuals \$	%
<b>Corporate Services</b>			
Office of the Director Corporate Services	0	29,090	0.00%
<b>Corporate Services</b>	<b>0</b>	<b>29,090</b>	<b>0.00%</b>
<b>Technical Services</b>			
Office of the Director Technical Services	65,000	0	0.00%
Roads & Transport	263,410	0	0.00%
Subdivisional Works	10,400,000	160,073	1.54%
<b>Technical Services</b>	<b>10,728,410</b>	<b>160,073</b>	<b>1.49%</b>
	<b>10,728,410</b>	<b>189,163</b>	<b>1.76%</b>

## Section 2 Financial Results

### 2.1 - Budget Summary Report as at 30 September 2018

% of year passed

25%

#### Operating Expenditure

	Revised Budget \$	YTD Actuals \$	Commitment \$	Total YTD Actuals plus Commitments \$	%
<b>Governance</b>					
Elected Members	-485,796	-62,722	-1,528	-64,250	13.23%
Office of the CEO	-705,758	-203,829	-34,264	-238,092	33.74%
<b>Governance</b>	<b>-1,191,554</b>	<b>-266,551</b>	<b>-35,792</b>	<b>-302,343</b>	<b>25.37%</b>
<b>Corporate Services</b>					
Customer Services	-230,765	-45,186	-593	-45,779	19.84%
Financial Services	-1,428,966	-438,377	-1,246	-439,623	30.77%
Human Resources	-435,946	-94,908	-24	-94,932	21.78%
Information Technology	-1,151,564	-219,187	-161,251	-380,438	33.04%
Office of the Director Corporate Services	-12,250,898	-3,012,883	-7,927	-3,020,811	24.66%
Public Relations and Communications	-398,860	-70,718	-46,651	-117,369	29.43%
Rates	-339,500	-268,783	0	-268,783	79.17%
Records Management	-261,716	-54,788	-55,831	-110,619	42.27%
<b>Corporate Services</b>	<b>-16,498,215</b>	<b>-4,204,829</b>	<b>-273,523</b>	<b>-4,478,352</b>	<b>27.14%</b>
<b>Community Services</b>					
Arts & Culture	-117,500	-21,936	-876	-22,813	19.42%
Community Development	-990,063	-158,750	-53,872	-212,622	21.48%
Disabled Services	-6,000	0	0	0	0.00%
Events Promotion	-272,000	-44,563	-4,316	-48,880	17.97%
Families & Children	-31,100	-1,200	-3,688	-4,888	15.72%
Health and Wellbeing Services	-52,500	-7,341	-6,457	-13,798	26.28%
Library Services	-1,647,054	-270,626	-38,104	-308,729	18.74%
Senior Citizens	-6,500	-1,993	0	-1,993	30.66%
Youth Services	-43,500	-450	-600	-1,050	2.41%
Office of the Director Community Services	-321,973	-70,133	-15,784	-85,917	26.68%
<b>Community Services</b>	<b>-3,488,190</b>	<b>-576,991</b>	<b>-123,697</b>	<b>-700,688</b>	<b>20.09%</b>
<b>Technical Services</b>					
Animal Management	-110,330	-23,955	-2,056	-26,011	23.58%
Aquatic Centre	-685,281	-131,995	-347,673	-479,668	70.00%
Archer Sports Club	-7,334	-72	0	-72	0.99%
Civic Centre	-381,470	-73,560	-23,534	-97,094	25.45%
Depot	-70,383	-16,170	-2,697	-18,867	26.81%
Driver Resource Centre	-31,685	-4,052	-1,145	-5,197	16.40%
Emergency Operations	-10,000	-54,114	-13,410	-67,524	675.24%
Gray Community Hall	-71,847	-7,810	-6,435	-14,245	19.83%
Office of the Director Technical Services	-1,104,440	-251,982	-35,635	-287,617	26.04%
Open Space	-4,817,592	-634,575	-244,047	-878,622	18.24%
Parking & Other Ranger Services	-743,456	-151,609	-835	-152,445	20.50%
Plant & Equipment	-27,619	-1,870	-1,238	-3,107	11.25%
Private Works	-91,522	-18,238	0	-18,238	19.93%
Recreation Centre	-244,103	-47,038	-26,672	-73,710	30.20%
Roads & Transport	-2,208,673	-327,257	-122,269	-449,527	20.35%
Stormwater Infrastructure	-295,000	-37,354	-5,674	-43,028	14.59%
Street Lighting	-1,270,000	-405,799	-73,128	-478,926	37.71%
Subdivisional Works	0	-27	0	-27	0.00%
Waste Management	-6,261,322	-944,289	-4,583,745	-5,528,033	88.29%
Odegaard Drive Investment Property	-130,346	-41,514	-32	-41,546	31.87%
Durack Heights Community Centre	-23,120	-4,913	-3,752	-8,665	37.48%
CBD Car Parking	-133,300	-31,107	-91,104	-122,211	91.68%
Goyder Square	-64,360	-1,316	-1,063	-2,379	3.70%
<b>Technical Services</b>	<b>-18,783,184</b>	<b>-3,210,615</b>	<b>-5,586,143</b>	<b>-8,796,759</b>	<b>46.83%</b>
	<b>-39,961,142</b>	<b>-8,258,987</b>	<b>-6,019,155</b>	<b>-14,278,141</b>	<b>35.73%</b>

## Section 2 Financial Results

### 2.1 - Budget Summary Report as at 30 September 2018

% of year passed

25%

#### Capital Expenditure

	Revised Budget \$	YTD Actuals \$	Commitment \$	Total YTD Actuals plus Commitments \$	%
<b>Corporate Services</b>					
Information Technology	-50,000	-24,912	-889	-25,801	51.60%
Office of the Director Corporate Services	-245,000	-109,443	0	-109,443	44.67%
<b>Corporate Services</b>	<b>-295,000</b>	<b>-134,355</b>	<b>-889</b>	<b>-135,244</b>	<b>45.85%</b>
<b>Technical Services</b>					
Aquatic Centre	-110,000	0	0	0	0.00%
Civic Centre	-15,000	0	0	0	0.00%
Depot	-30,000	0	0	0	0.00%
Driver Resource Centre	-14,000	0	0	0	0.00%
Office of the Director Technical Services	-200,000	-19,041	-127,715	-146,756	73.38%
Open Space	-1,429,000	-80,494	-173,300	-253,794	17.76%
Recreation Centre	-53,000	0	0	0	0.00%
Roads & Transport	-1,474,638	-68,196	-66,029	-134,224	9.10%
Stormwater Infrastructure	-100,000	0	0	0	0.00%
Subdivisional Works	-300,000	-60,840	-6,563	-67,403	22.47%
Waste Management	-2,000,000	-9,840	-1,890,733	-1,900,573	95.03%
<b>Technical Services</b>	<b>-5,725,638</b>	<b>-238,410</b>	<b>-2,264,341</b>	<b>-2,502,751</b>	<b>43.71%</b>
	<b>-6,020,638</b>	<b>-372,765</b>	<b>-2,265,230</b>	<b>-2,637,995</b>	<b>43.82%</b>

## Section 2 Financial Results 2.2 Reserves Schedule

	Balance as at 01/07/2018	TO RESERVES		FROM RESERVES		Balance as at 30/06/2019
		Original Budget \$	Adopted Budget \$	Original Budget \$	Adopted Budget \$	
<b>Externally Restricted Reserves</b>						
Unexpended Grants Reserve	1,776,402	0	0	0	0	1,776,402
Developer Funds in Lieu of Construction	4,919,920	400,000	400,000	300,000	300,000	5,019,920
	<b>6,696,322</b>	<b>400,000</b>	<b>400,000</b>	<b>300,000</b>	<b>300,000</b>	<b>6,796,322</b>
<b>Internally Restricted Reserves</b>						
Election Expenses Reserve	0	100,000	100,000	0	0	100,000
Disaster Recovery Reserve	0	0	0	0	0	0
Strategic Initiatives Reserve	160,000	0	0	100,000	100,000	60,000
Unexpended Capital Works Reserve	0	0	0	0	0	0
Property Reserve	922,104	0	0	0	0	922,104
Plant and Equipment Reserve	271,632	0	0	0	0	271,632
Infrastructure Reserve	3,188,610	211,690	211,690	0	0	3,400,300
Community Grants Reserve	100,000	0	0	30,000	30,000	70,000
Waste Management Reserve	18,446	2,289,655	2,289,655	2,000,000	2,000,000	308,101
Streetlighting Reserve	311,063	0	0	0	0	311,063
City Centre Improvement Reserve	127,210	0	0	0	0	127,210
	<b>5,099,065</b>	<b>2,601,345</b>	<b>2,601,345</b>	<b>2,130,000</b>	<b>2,130,000</b>	<b>5,570,410</b>
<b>Total Reserve Funds*</b>	<b>11,795,387</b>	<b>3,001,345</b>	<b>3,001,345</b>	<b>2,430,000</b>	<b>2,430,000</b>	<b>12,366,732</b>

\* Opening balance of reserves will change once the annual financial statements are finalised.

  
Reviewed by: Finance Manager

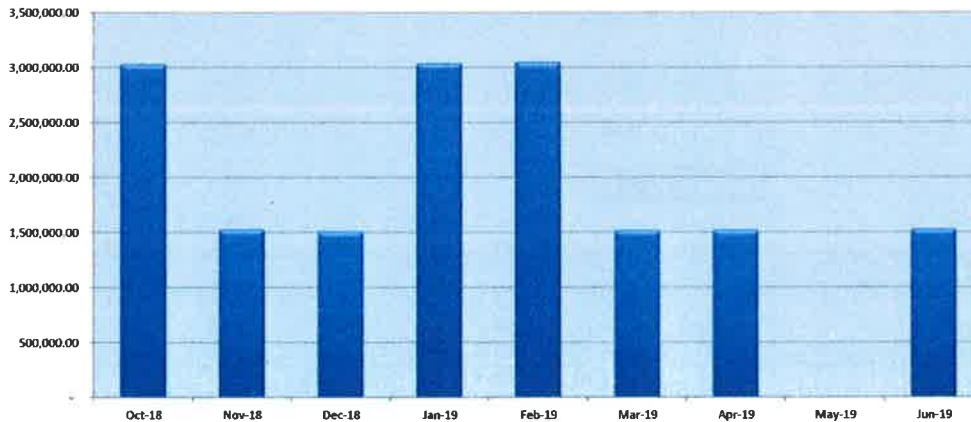
  
Approved by: Director of Corporate Services

**Section 2**  
**Financial Results**  
**2.3 Investments Management Report**

**INVESTMENTS REPORT TO COUNCIL AS AT 30/09/2018**

COUNTERPARTY	RATING	AMOUNT	INTEREST RATE	MATURITY DATE	DAYS TO MATURITY	INSTITUTION TOTALS	%COUNTER PARTY
People's Choice Credit Union	S&P A2	\$ 6.79	0.00%			\$ 6.79	0.00%
AMP	S&P A1	\$ 1,500,000.00	2.65%	November 7, 2018	38		
AMP	S&P A1	\$ 1,500,000.00	2.65%	October 10, 2018	10		
AMP	S&P A1	\$ 1,500,000.00	2.85%	February 27, 2019	150	\$ 4,500,000.00	27.01%
Bank of Queensland	S&P A2	\$ 1,500,000.00	2.73%	February 13, 2019	136	\$ 1,500,000.00	9.00%
Bank Australia	S&P A2	\$ 1,500,000.00	2.95%	January 2, 2019	94	\$ 1,500,000.00	9.00%
National Australia Bank	S&P A1+	\$ 7,506.53	1.40%				
National Australia Bank	S&P A1+	\$ 154,166.01	1.40%				
National Australia Bank	S&P A1+	\$ 1,500,000.00	2.73%	October 24, 2018	24		
National Australia Bank	S&P A1+	\$ 1,500,000.00	2.67%	December 19, 2018	80		
National Australia Bank	S&P A1+	\$ 1,500,000.00	2.69%	January 16, 2019	108		
National Australia Bank	S&P A1+	\$ 1,500,000.00	2.72%	March 13, 2019	164		
National Australia Bank	S&P A1+	\$ 1,500,000.00	2.72%	April 10, 2019	192		
National Australia Bank	S&P A1+	\$ 1,500,000.00	2.73%	June 5, 2019	248	\$ 9,161,672.54	54.99%
<b>TOTAL SHORT TERM INVESTMENT</b>		<b>\$ 16,661,679.33</b>		<b>Average Days to Maturity</b>	<b>113.00</b>		
<b>% OF TOTAL INVESTMENT PORTFOLIO</b>		<b>A1 (max 100%) 82%</b>	<b>A2/P2 (max 80%) 18%</b>	<b>A3 (max 50%) 0%</b>	<b>0%</b>	<b>100%</b>	
<b>Weighted Average Rate</b>		<b>2.72%</b>	<b>BBSW 90 Day Rate Benchmark</b>		<b>1.95%</b>		
<b>GENERAL BANK FUNDS</b>		<b>\$ 7,600,734.94</b>		<b>Total Budget Investment Earnings</b>	<b>-\$ 400,000.00</b>		
<b>TOTAL ALL FUNDS</b>		<b>\$ 24,262,414.27</b>		<b>Year to Date Investment Earnings</b>	<b>-\$ 95,623.69</b>		

**Cashflow of Investments**



**PROPERTY INVESTMENT**

PROPERTY ADDRESS	VALUATION BASIS	VALUE	INCOME YTD	EXPENSE YTD	NET PROFIT YTD	COMPARATIVE YTD YIELD AT CASH RATE OF 3%
48 Odegaard Drive, Rosebery	Fair Value	\$ 6,935,502	\$ 148,720	\$ 41,514	\$ 107,206	\$ 51,874

Reviewed by: Finance Manager

Approved by: Director Corporate Services



**Section 2  
Financial Results**

**2.4 Debtor Control Accounts 30 September 2018**

<b>SUNDRY DEBTORS:</b>						
	<b>BALANCE</b>	<b>CURRENT</b>	<b>30 DAYS</b>	<b>60 DAYS</b>	<b>90 DAYS</b>	<b>OVER 90 DAYS</b>
	24,043.04	9,091.43	10,036.86	1,468.47	1,607.69	1,838.59
<b>RATES:</b>						
<b>REPORT MONTH</b>	<b>OVERDUE \$</b>	<b>OVERDUE % OF RATES INCOME</b>				
Sep-18	\$3,140,881	11.26%				
Sep-17	\$2,679,617	9.79%				
<b>TOTAL OVERDUE \$</b>	<b>Charged in 2018/2019</b>	<b>Charged in 2017/2018</b>	<b>Charged in 2016/2017</b>	<b>Charged in 2015/2016</b>	<b>Charged Prior to 2015/2016</b>	
\$3,140,881	\$2,496,334	\$465,559	\$132,662	\$35,718	\$10,609	
<b>INFRINGEMENTS:</b>						
			\$			
<b>Animal Infringements</b>			116,637.15			
<b>Public Places</b>			10,033.00			
<b>Parking Infringements</b>			159,831.64			
<b>Litter Infringements</b>			875.00			
<b>Signs</b>			0.00			
<b>Other Law and Order</b>			0.00			
<b>Net Balance on Infringement Debts</b>			<u>287,376.79</u>			

Reviewed by: Finance Manager 

Approved by: Director Corporate Services 

## Section 2

# Financial Results

### 2.5 - Financial Indicators

	Target	2019	2018	2017	2016	2015
<b>Operating Surplus Ratio</b>						
Total Operating Surplus/Deficit	0.00%	-22.83%	-26.12%	-5.16%	-39.40%	-20.18%
Total Operating Income						
This indicator shows the extent to which operational expenses are covered by operational income, and if in surplus, how much is available to use for other purposes such as capital expenses. This has been calculated from the forecast budget.						
<b>Debt Service Ratio</b>						
Net Debt Service Cost	<5%	0:00%	0:00%	0:00%	0:00%	0:00%
Operating Revenue						
A Council's debt service ratio shows Council's debts (principal + interest) in relation to Council's income. Palmerston currently has no loans payable, and therefore the debt ratio is 0:0						
<b>Rate Coverage Percentage</b>						
Rate Revenues	60%-75%	64.33%	61.38%	59.25%	60.02%	61.53%
Total Revenues						
This indicator shows the percentage of total revenue raised through rates income.						
<b>Rates &amp; Annual Charges Outstanding Percentage</b>						
Rates & Annual Charges Outstanding	<5%	65.62%	3.47%	3.57%	3.16%	3.47%
Rates & Annual Charges Collectible						
This percentage shows Council's total rates outstanding against rates payable to Council in this financial year. The rate will decrease as instalment dates pass.						

## SECTION 2

### Financial Results

2.6 - Creditor Accounts Paid    September 2018

Creditor No.	Creditor Name	Amount \$
5023	National Australia Bank	6,000,000.00
639	Cleanaway Pty Ltd.	487,693.01
4816	CS Services NT	357,046.58
479	Jardine Lloyd Thompson Pty Ltd	244,169.41
54	Powerwater	154,993.23
5104	JLM Civil Works Pty Ltd	146,514.52
2	Australian Taxation Office - PAYG	130,708.00
549	City of Darwin	115,485.75
V00295	Jacana Energy	71,091.06
938	Nightcliff Electrical	67,185.43
1607	Sterling NT Pty Ltd	61,909.27
712	Paradise Landscaping (NT) Pty Ltd	58,006.36
4963	Centratech Systems Pty Ltd	54,571.00
V00440	Vanderfield Northwest Pty Ltd T/a Darwin Isuzu Ute	47,508.00
798	YMCA of the Northern Territory	44,219.06
123	Kerry's Automotive Group	37,459.62
4190	National Australia Bank	31,405.43
V00476	Water Dynamics (NT) Pty Limited	28,804.35
V01756	Democracy Co Unit Trust	27,500.00
87	Industrial Power Sweeping Services Pty	26,229.19
2587	Top End RACE	26,149.96
3683	Area9 IT Solutions	23,543.76
V01602	Humpty Doo Trees	21,797.05
V00856	Thoroughbred Constructions Pty Ltd	20,669.00
V01650	Enhance Management Pty Ltd t/a Enhance Research	20,515.00
V01748	FE Technologies Pty Ltd	20,341.20
V00582	Ezko Property Services (Aust) Pty Ltd	18,290.49
5651	Minter Ellison Lawyers	17,725.97
5	Australia Post	14,487.63
V00368	iWater NT	12,303.50
V01619	Merit Partners Pty Ltd	11,813.78
V01716	Bentley McGuinness Media Pty Ltd	10,600.00
V01009	Australian Parking and Revenue Control Pty Limited	10,473.67
V00860	Costojic Pty Ltd	10,220.00
V00228	Outback Tree Service	9,900.00
V00599	Athina Pascoe-Bell	8,980.58
47	Telstra Corporation Ltd	8,498.48
3880	PAWS Darwin Limited	8,386.66
3438	NT Shade & Canvas Pty Ltd	7,810.00
5136	RMI Security	7,729.20
V01494	Paul Maher Solicitors	7,700.00
26	Viva Energy Australia Ltd	7,465.01
V00315	HWL Ebsworth Lawyers	6,632.45
V00888	CNW Pty Ltd - Darwin	6,598.90
4737	D & L Plumbing & Gasfitting	6,344.00
V01079	CAP22 Services Pty Ltd	5,819.93
3879	Litchfield Council	5,500.00
V01592	Sage Constructions Pty Ltd	5,304.20
V00250	Ward Keller	5,217.52
4883	Creative Light Studios - Shane Eecen	4,950.00
V00474	Lane Print & Post	4,872.97
V00193	Amcom Pty Ltd	4,593.92
V01770	Rotary Club of Litchfield/Palmerston Inc	4,400.00
3594	Comics NT	3,857.69
V01715	Hi Tech Sports Pty Ltd	3,773.00
V01615	Autopia Management Pty Limited	3,729.12

## ATTACHMENT A


Creditor No.	Creditor Name	Amount \$
2915	Territory Uniforms	3,430.13
4320	Elton Consulting	3,393.50
V00271	Fuji Xerox Business Centre NT	3,376.18
V01757	Asset Edge Pty Ltd	3,300.00
V01579	Damian Hale	3,096.75
4825	OracleCMS	2,994.59
48	Top End Line Markers Pty Ltd	2,860.00
4562	NT Repairs and Painting	2,856.70
V00185	Brooke Prince	2,736.00
V01570	Sarah Louise Henderson	2,695.50
943	Territory Asset Management Services	2,640.00
353	Otis	2,421.38
V01736	Quick Installation Services Pty Ltd	2,315.50
3936	Arafura Tree Services and Consulting	2,112.00
2186	Optus Billing Services Pty Ltd	2,068.00
V00719	AIA Australia Limited	2,056.11
V01569	Benjamin Giesecke	2,046.55
V01571	Michael Spick	2,046.55
V01572	Lucy Buhr	2,046.55
V01573	Amber Garden	2,046.55
V01574	Dr Thomas A Lewis OAM	2,046.55
274	CSG Business Solutions (NT) Pty Ltd	2,000.96
2124	Food'll Do Catering Darwin (Grinners Catering)	1,921.00
285	Australian Communications & Media	1,885.60
350	IBM Global Financing Australia Limited	1,783.33
V01747	Michelle Rafferty	1,707.00
1502	Figleaf Pool Products	1,678.80
53	Eggins Electrical	1,621.75
V01612	News Corp Australia	1,599.84
V01775	Roderick Sunglao	1,590.00
2336	Flick Anticimex Pty Ltd	1,572.77
2238	Hollands Print Solutions Pty Ltd	1,564.00
617	Barnyard Trading	1,551.21
3099	Iron Mountain Australia Pty Ltd	1,546.18
V00200	Hidden Valley Ford (Red Earth Automotive P/L)	1,526.35
V01750	Extreme Marquees Pty Ltd	1,383.62
V01054	Kate Patten	1,344.00
V00831	Powerfunk Records Pty Ltd.	1,320.00
V01584	Salary Packaging Australia	1,290.38
V01483	OfficeMax	1,213.20
V01274	Darwin Production Services	1,200.00
V01420	CENTRELINK (PAYROLL)	1,183.99
V01765	Patrick Tshuma	1,129.55
4065	Southern Cross Protection Pty Ltd	1,088.82
272	City Wreckers	1,078.00
5508	Open Systems Technology Pty Ltd - CouncilFirst	1,072.50
3313	Zip Print	1,001.00
V01486	Brainium Labs Pty Ltd	1,000.00
V00692	Yellow Rose Cleaning Service	951.00
4679	iSentia Pty Ltd	920.48
5435	Access Hardware (NT) Pty Ltd	907.52
4561	Bendesigns	881.98
V00902	Coles Motors	855.00
256	The Bookshop Darwin	852.19
V00853	Datamars Australia Pty Ltd T/as Zee Tags	829.30
5254	True North	788.29
3788	HPA Incorporated	780.00
V00773	Akron Group NT Pty Ltd	748.00
V00939	Defend Fire Services Pty Ltd	738.10
V00443	Top End Hydraulic Services P/L T/A Forecast Machin	721.81
289	Bolinda Publishing Pty Ltd	710.24


## ATTACHMENT A

Creditor No.	Creditor Name	Amount \$
V01768	Reduction Revolution Pty Ltd	701.30
V01452	CrossFit Palmerston	700.00
V00943	Northern Territory Pest and Weed Control	649.00
4528	Miranda's Armed Security Officers Pty	631.40
V01234	Mulga Security	605.00
65	Metro Mini Bus Pty Ltd	580.00
V01144	Palmerston and Rural Swimming Club	500.00
V01476	Asthma Foundation NT Inc	500.00
V01673	Groove Vitality	500.00
5272	Greville Fabrication Pty Ltd	495.00
V01647	The Light Up Letter Co. NT	480.00
2977	Security & Technology Services P/L	479.51
V01075	Kathleen Howell -Darwin Pony Rides And Petting Zoo	450.00
215	Employee Assistance Services NT Inc (EASA)	414.69
59	City of Palmerston	407.25
3829	Fairy Jill's Enchanted Entertainment	374.00
1569	Australasian Performing Right Assoc Ltd	370.73
35	WINC Australia Pty Limited	360.39
V00075	Mercury Group of Companies Pty Ltd (T/A Fit2Work)	315.59
V01729	Callan Power	300.00
V01731	Sebastian Murray	300.00
V01734	Denique Stewart	300.00
V01749	NH Construction NT Pty Ltd	295.00
V00269	Faceboother Photobooth	290.00
V01723	Gerald Clapham - studioelevenlee	265.00
V00475	Outback Batteries	250.65
V01760	NT Art Storms	220.00
4508	News 4 U	215.25
1270	SIDS and Kids Northern Territory	210.00
1094	Gray Primary School	200.00
V01381	Phoebe Wear	200.00
V01733	Michelle Evans	200.00
V01764	Come Walk With Me	200.00
V01740	All Territory Mowing	198.00
V01691	Blackwoods	194.35
2017	Signs Plus	192.50
V00542	Industry Health Solutions	190.00
V01682	The Potato Man - Shelly Wong	180.00
5036	Dormakaba Aust P/L T/as Territory Door Services	176.00
4678	Allabout Party Hire & Events - Darwin Party Hire	160.00
V01714	Ezrah Philpott	150.00
3428	Bunnings Group Limited	141.90
V01754	Alexander Di Giorgio	135.00
4384	Somerville Foundation Incorporated	125.00
V00534	Church of Christ - Razelyn Laurente	125.00
V01553	Territory Families-Youth Outreach & Re-Engagement	125.00
V01752	Sharon Anderson	125.00
V00026	Coates Hire Operations	103.63
V00049	Brighton Council	101.51
V01758	Agatha Hartley	100.00
V01766	Tammie Barton	100.00
36	Darwin Lock & Key	99.00
V01744	Robert Newman	87.00
1625	Precision Engraving	80.00
4856	Portner Press Pty Ltd	77.00
V01759	K A & S M Raby	70.00
V01753	Breatheasy Starrs	60.00
18	Integrated Land Information System	54.80
V01745	Julia Kostanjevec	50.00
V01771	Patricia Cannavo	50.00
V01298	Brett Frecklington	38.00

**ATTACHMENT A**

Creditor No.	Creditor Name	Amount \$
V01746	AMP Bank	30.00
V00614	RTM - Dept. of the Attorney General and Justice	3.00
		<b>8,689,898.21</b>

  
Reviewed by: Finance Manager

  
Approved by: Director of Corporate Services

## SECTION 2

### Financial Results

2.7 - Creditor Accounts Outstanding    September 2018

Creditor No.	Creditor Name	Amount \$
938	Nightcliff Electrical	163,430.16
798	YMCA of the Northern Territory	33,966.80
5104	JLM Civil Works Pty Ltd	33,164.14
V00773	Akron Group NT Pty Ltd	17,575.48
V00476	Water Dynamics (NT) Pty Limited	17,512.10
V00318	StatewideSuper Clearing House	12,472.05
V00368	iWater NT	8,866.00
3683	Area9 IT Solutions	6,292.00
3438	NT Shade & Canvas Pty Ltd	4,719.00
36	Darwin Lock & Key	2,933.48
2587	Top End RACE	2,006.94
3936	Arafura Tree Services and Consulting	1,936.00
4561	Bendesigns	1,711.49
3099	Iron Mountain Australia Pty Ltd	1,571.72
5551	Active Tree Services Pty Ltd	1,542.34
V00228	Outback Tree Service	1,540.00
V01483	OfficeMax	1,365.72
237	National Flags	1,320.00
2977	Security & Technology Services P/L	1,115.29
3313	Zip Print	1,111.00
V01118	Wilson Security Pty Ltd	825.55
4871	Reface Industries	728.88
2757	Engineers Australia - National Office	563.00
22	Norsign Pty Ltd	561.85
4737	D & L Plumbing & Gasfitting	539.00
4776	Al's Panel Shop	500.00
272	City Wreckers	462.00
35	WINC Australia Pty Limited	426.09
943	Territory Asset Management Services	330.00
V00730	The Burning Circus	240.00
5036	Dormakaba Aust P/L T/as Territory Door Services	198.00
V00943	Northern Territory Pest and Weed Control	165.00
V00939	Defend Fire Services Pty Ltd	150.04
V01760	NT Art Storms	150.00
4678	Allabout Party Hire & Events - Darwin Party Hire	139.90
4398	Quality Indoor Plants Hire	102.40
V00994	Frangipani Farm	80.00
86	Greening Australia NT	75.76
121	Signtech NT	66.00
		<b>322,455.18</b>

Reviewed by: Finance Manager

Approved: Director of Corporate Services

## Section 2 Financial Results

### 2.8 - Waste Charges as at 30 September 2018

#### Waste Management

	Revised Budget \$	YTD Actuals \$	Commitment \$	Total YTD Actuals plus Commitments \$	%
<b>Income</b>					
Rates & Charges	6,759,791	6,970,697	-	6,970,697	103.12%
<b>Income</b>	<b>6,759,791</b>	<b>6,970,697</b>	<b>-</b>	<b>6,970,697</b>	<b>103.12%</b>
<b>Expenditure</b>					
Employee Costs	(373,463)	-	-	-	0.00%
Office Administration Expenditure	-	-	(547)	(547)	0.00%
Professional Services	(65,000)	(1,877)	(9,681)	(11,558)	17.78%
Educational Resources	(50,000)	(5,765)	-	(5,765)	11.53%
Utilities	(14,293)	(1,960)	-	(1,960)	13.71%
Street Sweeping	(273,000)	(29,424)	(258,895)	(288,319)	105.61%
Litter Collection	(193,515)	(39,164)	(17,483)	(56,646)	29.27%
Domestic Bin Collection	(2,548,756)	(438,856)	(2,110,812)	(2,549,668)	100.04%
Kerb Side Collections	(98,000)	-	(56,529)	(56,529)	57.68%
Tip Recharge Domestic Bin collection	(632,950)	(104,987)	(527,963)	(632,950)	100.00%
Transfer Station	(1,595,000)	(262,204)	(1,336,742)	(1,598,946)	100.25%
Loan Repayments	(92,200)	-	-	-	0.00%
Tip Recharge Transfer Station	(325,145)	(60,053)	(265,093)	(325,145)	100.00%
<b>Expenditure</b>	<b>(6,261,322)</b>	<b>(944,289)</b>	<b>(4,583,745)</b>	<b>(5,528,033)</b>	<b>88.29%</b>
<b>Profit/(Loss)</b>	<b>498,469</b>	<b>6,026,408</b>	<b>(4,583,745)</b>	<b>1,442,663</b>	

Expenditures not included in reconciliation are waste related depreciation, overheads and capital works.

Reviewed by: Finance Manager

Approved by: Director of Corporate Services



## Section 2 Financial Results

### 2.9 - Commercial Leases as at 30 September 2018 Commercial Leases

	Revised Budget \$	YTD Actuals \$	Commitment \$	Total YTD Actuals plus Commitments \$	%
<b>Income</b>					
Library Services	32,040	10,502	-	10,502	32.78%
Office of the Director Corporate Services	-	16,496	-	16,496	0.00%
Aquatic Centre	77,280	19,323	-	19,323	25.00%
Civic Centre	161,280	35,355	-	35,355	21.92%
<b>Income</b>	<b>270,600</b>	<b>81,677</b>	<b>-</b>	<b>81,677</b>	<b>30.18%</b>
<b>Expenditure</b>					
Office of the Director Corporate Services	-	(5,122)	-	(5,122)	0.00%
Civic Centre	(11,520)	-	(2,500)	(2,500)	21.70%
<b>Expenditure</b>	<b>(11,520)</b>	<b>(5,122)</b>	<b>(2,500)</b>	<b>(7,622)</b>	<b>66.17%</b>
<b>Profit/(Loss)</b>	<b>259,080</b>	<b>76,554</b>	<b>(2,500)</b>	<b>74,054</b>	

Library Services includes lease held by Mosko's Market

Aquatic Centre includes the lease held by Tang Soo Do

Civic Centre includes the lease held by Adult Mental Health

Director of Corporate Services includes the leases held by Peter McGrath and Palmerston Re-Engagement Centre

McGees Management Fees charged to Director of Corporate Services each month. The budget will be moved from Civic Centre in a future review

Reviewed by: Finance Manager

Approved by: Director of Corporate Services

## 2nd Ordinary Council Meeting

<b>AGENDA ITEM:</b>	13.1.2
<b>REPORT TITLE:</b>	Community Benefit Scheme September Update
<b>REPORT NUMBER:</b>	9/0095
<b>MEETING DATE:</b>	16 October 2018
<b>Author:</b>	Director Community Services, Jan Peters
<b>Approver:</b>	Chief Executive Officer, Luccio Cercarelli

### PURPOSE

This report provides Council with a summary of the Community Benefit Scheme 2018/2019 Financial Year applications processed to date.

#### Municipal Plan:

##### 4. Governance & Organisation

##### 4.2 Service

4.2 We value and encourage participation in Council activities by the community and are committed to delivering the highest possible levels of service and community engagement.

### KEY ISSUES

- To date Council has provided a total of \$62,100 in grants, donations, sponsorships and scholarships.
- \$67,900 remains unallocated in the 2018/2019 Community Benefit Scheme Program.
- No applications are currently in the process of consideration.

### RECOMMENDATION

THAT Report Number 9/0095 entitled Community Benefit Scheme September Update be received and noted.

### BACKGROUND

City of Palmerston commits to setting an annual amount in its budget process dedicated to initiatives that benefit the community. The budget for 2018/2019 for grants, donations, sponsorships and scholarships is \$130,000. Due to the successful distribution of funds to the community, the 2018/2019 Community Benefit Scheme budget rests at \$67,900.

Community Benefit Scheme applications are accepted all year-round and Council promotes the availability and application processes to apply for funds at every opportunity; in monthly advertisements, via the Council website and additionally through networks such as advisory groups.

Where budgeted funds are not expended during the financial year, excess funds are transferred to the Community Benefit Scheme Reserve, which will be maintained at no greater than \$100,000 annually. The current reserve total is \$70,000.

## **DISCUSSION**

During September Council received one (1) successful funding application, from Litchfield/Palmerston Rotary Club, for \$4,400 (inc GST) to purchase and install Buddy Benches in Palmerston School grounds. The Buddy Bench seat gives school children a focal point for a better school community, and better individual esteem, removing concealed negative feelings. Teachers discuss the purpose of the Buddy Bench with students, to develop a total understanding that it is a place where students may sit when they don't have anyone to play with. The Buddy Bench may assist children to sort out their conflicts, as it is a peace area where kids can retreat too, then begin the conflict resolution process. This initiative will see all Palmerston schools able to have a Buddy Bench in their grounds.

Thus far 11 schools out of a possible 15, have accepted the annual offer of \$100 for a Community Service Award. To date \$1,100 has been expended; should the remaining schools accept, the total expended this financial year will be \$1,500.

No in-kind funding requests were received by Council this month.

A table listing all successful funding applications and acquittals processed to date for 2018/2019 is provided at **Attachment A**.

Included in the table is expenditure to date and amount of funds remaining in the Grants, Donations, Sponsorships and Scholarships budget for 2018/2019.

A project described in an application may be aligned with Council objectives such that it is funded directly by Council, outside of the Community Benefit Scheme.

During September Mission Australia submitted a request for \$500 to support their planned Anti-Poverty Week project. This project was funded through Council's operational budget relating to safe communities, as this was considered appropriate. Forming partnerships with community groups in this way strengthens our community and retains more money to be made available through the Community Benefit Scheme.

## **CONSULTATION PROCESS**

Council will continue to promote this successful program to the Community via various methods. Successful applications will be posted on our website and, where appropriate, media releases undertaken.

## **POLICY IMPLICATIONS**

Council Policy *FIN18 Grants, Donations, Sponsorships and Scholarships*.

## **BUDGET AND RESOURCE IMPLICATIONS**

The budget for the 2018/2019 year for Grants, Donations, Sponsorships and Scholarships is \$130,000. To date, Council has awarded \$62,100 and \$67,900 remains in the 2018/2019 Community Benefit Scheme budget.



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The Community Benefit Scheme Reserve contains \$70,000.

## **RISK, LEGAL AND LEGISLATIVE IMPLICATIONS**

There are no risk, legal and legislative implications relating to this report.

## **ENVIRONMENT SUSTAINABILITY IMPLICATIONS**

There are no environment sustainability implications for this report.

## **COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION**

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

## **ATTACHMENTS**

**Attachment A:** Applications/Acquittals Processed September 2018

**Applications/Acquittals Processed to Date**

City of Palmerston Community Benefit Scheme Applications Approved as at 30 September 2018

Activity Project	Applicant	Amount Requested	Amount Received	Notes
Aridagawa Sister City Student Exchange Scholarship	Three Palmerston Schools (middle years to secondary)	\$4,000	n/a	2 scholarships offered; waiting on uptake of offers
ANZAC Day Services (3 years)	The Returned & Services League of Australia Palmerston	\$10,000	\$10,000	Final of 3-year agreement
Touch Football NT Titles	Touch Football NT	\$13,000	\$13,000	Final of 3-year agreement
PGA Championship	Cazaly's Club Palmerston, Palmerston Golf Club	\$30,000	\$30,000	First of 3-year agreement
Special Children's Christmas Party	AM Media (Special Children's Christmas Party)	\$1,000	\$1,000	2018 event
Christmas Bash	Palmerston 50+ Club Inc.	\$1,000	\$1,000	2018 event
Annual School Community Awards - to date	All Palmerston Schools	\$1,500 in total	\$1,100 to date	Offered annually to all schools; 11 of 15 accepted
Launch Mental Health Week	NT Mental Health Coalition	\$2,000	\$2,000	2018 event
Buddy Benches in schools	Litchfield/Palmerston Rotary Club	\$4,000*	\$4,000*	2018 activity * exc. GST
<b>TOTAL</b>			<b>\$62,100</b>	

**Current Community Benefits Scheme Expenditure to Date**

	Account Name	YTD	Commitment	YTD + Comm	Budget	Budget Available
Grants/Donations/Sponsorships/Scholarships Paid	Community Grants	\$9,100	\$53,000	<b>\$62,100</b>	\$130,000	<b>\$67,900</b>

**In-Kind Support Approved to Date**

Activity Project	Applicant	Amount Requested	Value In-Kind Support Received	Notes
Seniors Indoor Croquet Club	Seniors Indoor Croquet Club	\$500	\$500	Recreation Centre hire
Playgroup Venue hire	Tumbledown Tots Playgroup	\$500	\$500	Driver Resource Centre hire
<b>TOTAL</b>			<b>\$1,000</b>	

**Applications Received and Under Assessment**

Activity Project	Applicant	Amount Requested	Notes
<b>TOTAL VALUE</b>			

<b>AGENDA ITEM:</b>	13.1.3
<b>REPORT TITLE:</b>	Corporate Services Quarterly Report July – September 2018
<b>REPORT NUMBER:</b>	9/0099
<b>MEETING DATE:</b>	16 October 2018
<b>Author:</b>	Executive Assistant to Director Corporate Services, Alyce Breed
<b>Approver:</b>	Director Corporate Services, Chris Kelly

## PURPOSE

This report summarises the key activities undertaken by Corporate Services in the July to September Quarter 2018.

### Municipal Plan:

#### 4. Governance & Organisation

##### 4.1 Responsibility

4.1 We are committed to corporate and social responsibility, the sustainability of Council assets and services, and the effective planning and reporting of Council performance to the community.

## KEY ISSUES

- Council's media monitoring detected 157 media mentions reaching a cumulative audience of 824,114.
- Rates and Annual Charges for 2018/19 have been levied and the first quarter rates instalment became due for payment by Palmerston residents.
- Council's free Wi-fi was used 2,515 times in the last three months.
- The Rates Early Bird Draw will occur in October 2018 with two lucky ratepayers to receive a rates reimbursement.

## RECOMMENDATION

1. THAT Report Number 9/0099 entitled Corporate Services Quarterly Report July – September 2018 be received and noted.
2. THAT Council amend the Council Policy Review Schedule to move the review of Council Policy *TECH04 Waste Management* from 4<sup>th</sup> Quarter 2018 to 1<sup>st</sup> Quarter 2019.

## BACKGROUND

At the 2<sup>nd</sup> Ordinary Council Meeting of 17 July 2018, Council made the following decision:

13.1.4 *Community Services Quarterly Report April – June 2018*

9/0048

*THAT Report Number 9/0048 entitled Corporate Services Quarterly Report April – June 2018 be received and noted.*

**CARRIED 9/0180 – 17/07/2018**

Council will be provided with a report on the activities of Corporate Services at the end of each quarter.

## **DISCUSSION**

Highlights from the Corporate Services Department include:

### **Media and Communications**

Media and Communications had a busy quarter, with extensive community consultation and ongoing promotion of Dry Season activities.

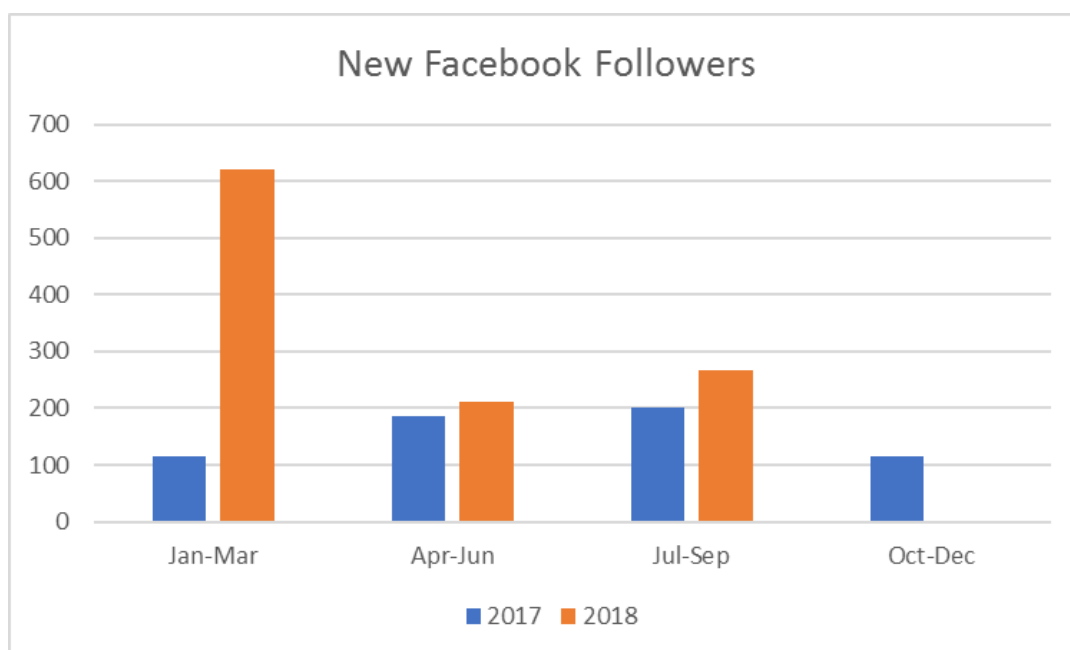
Highlights for the quarter include:

- Council issued 12 media releases and responded to 11 media enquiries – topics included the Laneway reviews, Rating Strategy and Paid Parking;
- Council made 49 Facebook posts. The most popular posts for this quarter were based on crocodile sightings (reach 42.8k) and pre-cyclone clean up information (reach 21.9k) and Sanctuary Sessions;



*Crocodile captured by Northern Territory Crocodile Management Team at Marlow Lagoon*

- Consultation and event posts did well with Council attracting 274 new followers on Facebook, making a total of 11,285 followers on Facebook; and
- Council's media monitoring detected 157 media mentions reaching a cumulative audience of 824,114. The highest volume of coverage occurred on 19 September 2018 (topics: *pop-up dining, council meeting decisions*), with the largest cumulative audience occurring on 24 July 2018 (topics: Radio Frequency Identification at the Library, Community Benefit Scheme, Palmerston Recreation Centre usage).



### **Finance and Customer Services**

The first quarter of a financial year is always a busy period for Council's finance and customer service teams. Rates and Annual Charges are levied, and the first instalment becomes due for payment along with annual animal registrations.

Preparation of the Annual Financial Statements is also well underway and are due for audit sign-off in the second quarter of 2018/19 and inclusion into the Annual Report.

Highlights for the quarter include:

- Adoption and levying of the Rates and Annual Charges for 2018/19;
- Preparation of the 2017/18 Annual Financial Statements for incorporation into the Annual Report;
- Final external audit undertaken for year-end financial statements;
- Work undertaken towards the creation of a strategic risk register; and
- Implementation of Ezybill for 2018/19 rates with 384 participants for rates and animal registrations.

### **Information Systems**

Council continues to offer its free CBD Wi-Fi to residents and visitors. Council Free Wi-Fi services are available in Goyder Square, Library, Recreation Centre and Arts Centre from Monday – Sunday between

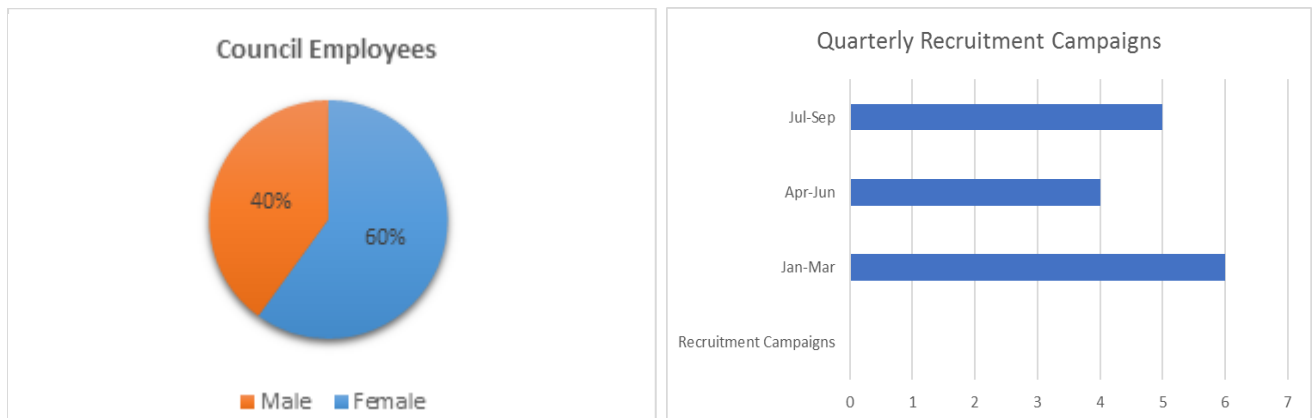


7am to 10pm to encourage users to spend more time in the CBD and visit local businesses. Users can access Council Free Wi-Fi services with unlimited data and speed of 20 mbps. Content filtering and Firewall security is applied at all times to prevent any malicious acts or exploitation of internet services.

- Council's free Wi-Fi was used 2,515 times.
- The average session time of 2.30 hours was recorded in the Library, 1.98 hours in Goyder Square and 2.19 hours in the Recreation Centre.
- The recorded usage for the Arts Centre was minimal.
- Majority of users are aged between 18 and 34 years old.

## Our People

Council has a diverse workforce performing many functions on behalf of the community. As at 30 September 2018 our employees comprised 60% females and 40% males.



Five recruitment actions were undertaken during this period to fill vacant roles, four of which are completed.

Three staff members undertook core competency training and one furthered their skills through formal education.

## Council Policies

Council has adopted a Policy review Schedule. Council will undertake 44 Policy Reviews over the term of the Council. To date 7 policies have been reviewed, with 4 being reviewed in this quarter, namely:

- *FIN17 Rate Concession*
- *FIN02 Financial Management*
- *REG01 Outdoor Dining*
- *FIN15 Asset Disposal*

The following Council policies are due for review in the 4<sup>th</sup> Quarter of 2018 and will be presented to Council for adoption:

- *FIN21 Debt Collection*
- *REG02 Feral Cat*
- *REG03 City Centre Parking*
- *AD03 Liquor Licence*

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- *FIN08 Internal Controls*
- *FIN10 Fraud Protection Plan*
- *FIN23 Credit Card*
- *RSO01 Works on Council Verge*
- *RSO02 Place Names*
- *TECH04 Waste Management*

The Kerbside Waste Management Collection contract will be shortly going out to tender. Due to possible service changes that might result from the public consultation, it is recommended that the review of Council Policy *TECH04 Waste Management* now take place in the first quarter of 2019.

### **Upcoming**

Future activities to be undertaken by Corporate Services include, but are not limited to:

- 2018 Community Satisfaction Survey Review
- Long Term Financial Plan
- Annual Report
- Strategic Plan
- Economic Development Plan
- Customer Service Training for staff and a physical relocation of Customer Service to Ground Floor, Civic Plaza.

These items will be included in the next Corporate Services Quarterly Report.

### **CONSULTATION PROCESS**

There was no consultation required as part of this report.

### **POLICY IMPLICATIONS**

There are no policy implications from this report.

### **BUDGET AND RESOURCE IMPLICATIONS**

There are no financial or resource implications from this report.

### **RISK, LEGAL AND LEGISLATIVE IMPLICATIONS**

There are no risk, legal or legislative implications from this report.

### **ENVIRONMENT SUSTAINABILITY IMPLICATIONS**

There are no environmental sustainability implications from this report.

### **COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION**

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

### **ATTACHMENTS**

There are no attachments for this report.

13.2 Action Reports

13.2.1	Graffiti Management on Private Property	9/0096
13.2.2	Thorak Regional Cemetery – Governance and Operating Structure	9/0097

**AGENDA ITEM:** 13.2.1  
**REPORT TITLE:** Graffiti Management on Private Property  
**REPORT NUMBER:** 9/0096  
**MEETING DATE:** 16 October 2018  
**Author:** Director City Growth and Operations, Gerard Rosse  
**Approver:** Chief Executive Officer, Luccio Cercarelli

## PURPOSE

The purpose of this report is to present outcomes of research and investigations outlining how Council can manage graffiti on private fences.

### Municipal Plan:

- 3. Environment & Infrastructure
  - 3.2 Assets and Infrastructure

3.2 We are committed to maintaining and developing community assets and infrastructure which meet the needs of our community.

## KEY ISSUES

- Research has been undertaken of over 40 Council's in particular to how they managed graffiti on private property, including fences.
- The majority of Council's state that the responsibility of the removal of graffiti from private property lies with the owner/occupier.
- Most Council's provide extensive information on graffiti removal on their website and offer free graffiti removal kits.
- Council currently provides a \$50 reimbursement for the first incidence of graffiti on non-Council property.
- Council currently removes graffiti off fences that is deemed offensive, derogatory or racist.

## RECOMMENDATION

1. THAT Report Number 9/0096 entitled Graffiti Management on Private Property be received and noted.
2. THAT Council endorse the trial of free graffiti removal kits for the community for a 12-month period and encourages the removal of graffiti on private property including fences be undertaken by the owner/occupier.
3. THAT a further report be presented to Council at the completion of the 12-month trial period on the outcomes of the free graffiti removal kits.

## BACKGROUND

At the 2<sup>nd</sup> Ordinary Council Meeting held on 21 August 2018 Council made the following decisions:

### *Graffiti Management 9/0066*

1. *THAT Report Number 9/0066 entitled Graffiti Management be received and noted.*
2. *THAT Council endorse the implementation of the graffiti management improvement initiatives and programs being an improved customer reporting portal and a community based public art mural program as outlined in Report Number 9/0066 entitled Graffiti Management.*
3. *THAT a report be presented to Council at the 2<sup>nd</sup> Ordinary meeting in October 2018, outlining how Council will manage graffiti on private fences following research of initiatives and practices utilised by other Council's.*

**CARRIED 9/0231 - 21/08/2018**

## DISCUSSION

In response to the decision of Council in August 2018, research and investigations was undertaken of in excess of 40 Council's across all States and Territories most of which were comparable in population and size to the Palmerston municipality. The information available around the removal of graffiti in particular to that on private property, varied from Council to Council. The majority of Council's researched removed graffiti on private property (within a defined timeframe) if the graffiti is deemed to be offensive, racist or derogatory in nature.

Currently Council will provide a reimbursement for the first incidence of graffiti on non-Council property via EFT for up to \$50. In order for this to happen a resident must provide:

- A receipt for products purchased to remove graffiti or paint over graffiti
- A completed application for reimbursement form
- Police Report Number

It is at Council's discretion should there be need for reimbursement if more than one incidence of graffiti on a property occurs.

The Majority of Council's management of graffiti on private property can be summarised as:

- Issuing of notices to the land/property owner to remove the graffiti within a certain timeframe (quote legislation and potential fines if not complied with and Council would remove the graffiti at a cost to the owner).
- Removal of graffiti from private property that faced a major road or park (usually gaining signed consent from the owner first and only if the graffiti is accessible from public land).
- A large percentage of Council's researched will not remove graffiti from private property and that this responsibility lies solely with the owner/occupier.
- One Council offers full pensioners free graffiti removal.
- Some Councils have a volunteer programs and work with schools and other community groups to remove graffiti.
- Two Council's in particular have a Graffiti Removal Trailer that are available for use by schools, community organisations and groups, to remove graffiti.

Most Council's either offer property owners a free graffiti removal kit that contains – graffiti remover, safety glasses, gloves, instructions and safety information (these cost around \$30 each) or a redeemable voucher ranging from \$30-\$50.

Almost all Council's that were researched, had extensive information about the removal of graffiti, products to use and removal of graffiti from different surface types.

There is currently no by-law or legislation that requires a resident in Palmerston to remove graffiti from their property. Only graffiti that is deemed to be offensive in nature, will be removed by Council, this will remain as an operational procedure.

### **Summary:**

It is noted that although Council currently provides a reimbursement for the first incidence of graffiti on non-Council property for up to \$50 it is recognised that this initial financial impost on a resident may still discourage residents from removing graffiti. As an incentive and to remove any financial impost, it is recommended that Council trial free graffiti removal kits for a 12-month period for the community and encourage the removal of graffiti on private property including fences be undertaken by the owner/occupier. This would be a proactive initiative from Council and the results on the outcomes of the trial of free graffiti removal kits for the community will be presented at the conclusion of the trial.

Should this be endorsed, Council's website will be updated to reflect the trial of graffiti removal kits and a guide for residents on graffiti (in the form of a brochure) be produced for the public.

### **CONSULTATION PROCESS**

No consultation was required for the purpose of this report.

Consultation and advertising of the graffiti removal kits for the community will occur through Councils advertising and media channels.

### **POLICY IMPLICATIONS**

There are no policy implications for this report.

Results on the outcomes of the trial of free graffiti removal kits for the community will be presented at the conclusion of the trial which will consider any further policy implications.

### **BUDGET AND RESOURCE IMPLICATIONS**

The budget of the graffiti removal kits for the community can be accommodate within the existing Graffiti Management budget.

### **RISK, LEGAL AND LEGISLATIVE IMPLICATIONS**

There are no risk, legal or legislative implications to this report.

### **ENVIRONMENT SUSTAINABILITY IMPLICATIONS**

There are no environment sustainability implications for this report.



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## **COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION**

We the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

## **ATTACHMENTS**

There are no attachments for this report.

<b>AGENDA ITEM:</b>	13.2.2
<b>REPORT TITLE:</b>	Thorak Regional Cemetery – Governance and Operating Structure
<b>REPORT NUMBER:</b>	9/0097
<b>MEETING DATE:</b>	16 October 2018
<b>Author:</b>	Chief Executive Officer, Luccio Cercarelli
<b>Approver:</b>	Chief Executive Officer, Luccio Cercarelli

## PURPOSE

This purpose of this report is to present the KPMG Thorak Regional Cemetery Business Case (August 2018) for endorsement and to seek support for a collaborative submission, with Litchfield and Darwin to the Northern Territory Government (NTG) and Top End Regional Organisation of Councils (TOPROC) regarding the Report, and future governance and operating structure.

### Municipal Plan:

#### 4. Governance & Organisation

##### 4.4 Systems

4.4 We are committed to ensuring the systems and processes of Council support the organisation in delivering the best possible services to the community.

## KEY ISSUES

- Thorak Regional Cemetery (TRC) is an essential service for the region.
- In November 2017 TOPROC resolved to seek support from the Minister of Housing and Community Development to change the TRC governance and operating structure.
- The long-term sustainability of the TRC is one of four priorities in the TOPROC Strategic Plan 2018-2021.
- Based on advice from the Minister of Housing and Community Development; Litchfield, Palmerston and Darwin Councils commissioned KPMG to develop an evidence based business case for TRC.
- KPMG's commission was to determine the most suitable operating structure to deliver the objectives of strengthening governance arrangements and securing long-term financial viability.
- KPMG's report has recommended the establishment of a Minister appointed board with NTG appropriation for capital and operating expenditure.
- Litchfield Council has written to Council seeking endorsement of the KPMG report and support for a joint submission to the Minister of Housing and Community Development and TOPROC.
- This report seeks Council's endorsement of the KPMG report and a collaborative submission to the Minister and TOPROC.



## RECOMMENDATION

1. THAT Report Number 9/0097 entitled Thorak Regional Cemetery – Governance and Operating Structure be received and noted.
2. THAT Council endorse the KPMG, Thorak Regional Cemetery Business Case (August 2018) being **Attachment A** to Report Number 9/0097 entitled Thorak Regional Cemetery – Governance and Operating Structure.
3. THAT Council jointly write with Litchfield Council and the City of Darwin Council to the Minister of Housing and Community Development and TOPROC, supporting the KPMG Thorak Regional Cemetery Business Case (August 2018) and its recommendations.
4. THAT Council write to thank Litchfield Council for the leadership role it has taken in looking to strengthen the governance arrangements and long-term financial sustainability of the Thorak Regional Cemetery given the important service it provides to the Top End community.

## BACKGROUND

TRC was established in 1988 and managed by a tripartite body of local governments consisting of Litchfield, Palmerston and Darwin.

In 2008, Litchfield Council assumed sole responsibility of the TRC in accordance with *Section 184* of the *Cemeteries Act*.

TRC is the only open public cemetery in the region and services communities across the Top End including Litchfield, Palmerston and Darwin.

A lack of income enough to cover the expenses of TRC has proven challenging. This challenge is exacerbated by the size of the population in the region it services not being sufficiently large enough.

In November 2017, TOPROC resolved to seek support from the Minister of Housing and Community Development for change to the governance and operating structure of TRC.

Based on advice from the Minister, the three municipal Council's (Litchfield, Palmerston and Darwin) in the region, jointly funded the commissioning of KPMG to develop an evidence-based business case to determine the most suitable operating structure for TRC that:

- Strengthens governance arrangements; and
- Secure the long-term financial viability of TRC.

This report presents the outcomes of the business case and seeks Council endorsement for submission to the Minister for Housing and Community Development and TOPROC.

## DISCUSSION

The KPMG TRC, Business Case (the Report) was finalised in August 2018. Council has received correspondence from the Mayor of Litchfield providing the report and seeking Palmerston Council support, **Attachment A**.

KPMG's agreed approach to the developing the business case included:

- Review documentation relevant to the operation of TRC, including annual financial data, usage and governance;
- Conduct a desktop review of relevant legislation in the Northern Territory and characteristics of Australian cemeteries;
- Assess the viability of various governance options of the TRC; and
- Develop recommendations for the optimal governance and funding arrangements for TRC.

A summary of the key catalysts for change identified in the Report are:

- The greater Darwin death rate and utilisation of TRC has historically been low, impacting financial viability.
- The greater Darwin projected population growth is slow, suggesting that the usage of TRC is unlikely to increase significantly in the future.
- An increasing number of people are choosing cremations, decreasing the potential revenue stream for burial services (which attract a higher fee than cremation services). This is consistent with cemeteries across Australia.
- The local private industry has a commanding market share for cremation services, thereby reducing the utilisation of TRC.
- Litchfield Council is responsible for governance and operations, despite users residing across the greater Darwin region, and including some residents of unincorporated areas, as well as residents of other areas, such as Katherine, for cremations.
- TRC has historically operated a tight budget and since 2011/12 generated losses in 4 out of 7 years reviewed. This has impacted Litchfield Council's ability to fund maintenance and infrastructure upgrades and has meant that significant capital works are now required at the site, and cash reserves carried forward from prior years and insufficient to sustain projected operational and capital costs in the future.
- Maintenance and upgrades have slowed due to declining cash reserves, reducing the quality of the public cemetery.

The catalysts are further explained in detail within the Report.

The KPMG TRC Business Case (August 2018) concluded that the establishment of a Ministerial appointed board with NTG appropriation for capital and operational expenditure in the order of \$400,000 per annum over four (4) years would best serve the needs of TRC into the future. This would provide for overdue repairs, renewals and upgrades in the short to medium term, also allowing time for a new skill-based board to explore appropriate longer-term issues and solutions.

It has been identified that the establishment of a Minister appointed board of trustees with NTG appropriation will provide the following benefits:

- Address current and future population needs;
- Viability of operations;
- Professional board; and
- Interaction with *NTG Population Policy*.

TRC is an important essential service for the region. It is important to ensure that this essential service continues to operate for the community and its sustainability into the future is secured.

It is being recommended that Council support Litchfield Council's request and the KPMG Report, as a collaborative approach for this regional essential service is considered most effective and appropriate to ensure the best outcomes for the region and Palmerston community.

## **CONSULTATION PROCESS**

City of Palmerston staff were involved in the development of the Report.

The Report will be presented to both the Minister of Housing and Community Development and TOPROC.

## **POLICY IMPLICATIONS**

There are no policy implications for Council at this time.

## **BUDGET AND RESOURCE IMPLICATIONS**

The City of Palmerston contribution to the KPMG Report development is \$5,000. Both Litchfield and Darwin Councils have also contributed to the costs.

The KPMG Report identifies the NTG should contribute \$400,000 per annum over the next four (4) years to ensure issues at the TRC can be addressed.

TRC is operated by Litchfield Council, who are currently responsible for capital and operating expenses.

TRC does charge for services, however the level of charging needs to be affordable to the community resulting in the level income generated being insufficient.

KPMG analysis of financial statements of TRC, have indicated that TRC has generally operated within \$100,000 profit or loss in any given year, and with more loss years than profitable years.

The TRC's Masterplan (2015), 10 year projections estimated the total funding support for operational and capital expenditure to be \$3.7 million.

## **RISK, LEGAL AND LEGISLATIVE IMPLICATIONS**

There is expectation that death services and places of mourning are of high quality and support members of the community in times of need. It is essential that the quality of TRC is maintained to a high standard and is sustainable.

The Palmerston community would reasonably expect to be able to utilise the services provided by the TRC at affordable costs. TRC is considered an essential service for the region.

There is a risk to the ongoing viability and operation of TRC if appropriate measures are not introduced as a priority.

The establishment of a Ministerial skill-based board with NTG appropriation is within the Minister's powers contained within *Section 8(1) of the Cemetery Act (NT)*.



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## **ENVIRONMENT SUSTAINABILITY IMPLICATIONS**

There are no environment sustainability implications identified.

## **COUNCIL OFFICER CONFLICT OF INTEREST DECLARATION**

I the author and approving officer declare that we do not have a conflict of interest in relation to this matter.

## **ATTACHMENTS**

**Attachment A:** KPMG Thorak Regional Cemetery Business Case (August 2018)

6 September 2018

Mrs Athina Pascoe-Bell  
Mayor  
City of Palmerston  
PO Box 1  
PALMERSTON NT 0831

Dear Mayor

I am pleased to provide you with a copy of the KPMG Report, commissioned by all three councils; Darwin, Palmerston and Litchfield, on the business case for the Minister to change the governance and operating structure for Thorak Regional Cemetery from its current arrangements to a Ministerial Appoint Board with appropriations.

You will recall that at the meeting held in November 2017, TOPROC resolved to

*THAT TOPROC:*

- 1. Recognises that Thorak Regional Cemetery is an essential service for the Greater Darwin region;*
- 2. Acknowledges that the Cemetery will continue to be financially challenged, given the size of the market and competition;*
- 3. Supports the establishment of a regional approach to the provision of this regional service;*
- 4. Explores the existing 2014 regional waste management facility governance model to a regional approach including financial implications to each organisation.*
- 5. Seeks an urgent meeting with the Minister for Community Development and Housing to discuss a regional approach to Thorak Regional Cemetery and Nominates Litchfield, Darwin and Palmerston to meet with the Minister; and*
- 6. Includes in the discussion with the Minister, the proposed changes to the Cemeteries legislation to include the provision for independently owned cemeteries and the potential impact of this on the operations of Thorak Regional Cemetery.*

The KPMG report was commissioned following a meeting with the Minister in late January 2018 and at his request for the three councils to present the case for change.

I would like to propose that once your Council receives and endorses the report, that a letter, accompanying the report, is signed by all three principal members and sent to Minister McCarthy to formally provide him with a copy of the report.

Likewise, a letter signed by the same three with a copy of the report is proposed to be sent to TOPROC, as a follow up to its resolution in November 2017, and as part of the ongoing work to address the long-term sustainability of Thorak Regional Cemetery, which is one of the four focus areas in TOPROC Regional Development Plan.

I would like to thank you for your ongoing support in working with Litchfield Council to address this regional issue.

Yours sincerely

A handwritten signature in black ink that reads "Maree Bredhauer". The signature is written in a cursive style.

Maree Bredhauer  
Mayor



# Thorak Regional Cemetery

**Business Case**

August 2018  
[kpmg.com.au](http://kpmg.com.au)



<b>Thorak Regional Cemetery</b> <b>Housing and Community Development, the Hon Gerald McCarthy MLA</b> <b>Department of Housing and Community Development</b>					
Key recommendations	Establishment of a Minister appointed board to oversee ongoing operations at Thorak Regional Cemetery, with Northern Territory Government appropriation for operational and capital expenditure in the order of \$0.4m p.a. over 4 years.				
Strategic Policy alignment	Likely alignment with the yet-to-be-released Northern Territory Government's Population Policy, through provision of essential community infrastructure to support initiatives for attracting people to, and retaining people in, the Northern Territory.				
Timing	Full adoption of recommendations by 30 June 2019.				
Legislation Change	No				
Is this a proposal with regulatory implications? <small>E.g. legislation, regulation, new fees and charges</small>	No				
Does this proposal impact on children?	No				
Announcements required	No				
Documents for release	No				
Brief outcome of consultation	Support for the recommendations in this report has been secured from both the City of Darwin and Palmerston City Council.				
Budget impact		<b>2019-20</b> <b>\$000</b>	<b>2020-21</b> <b>\$000</b>	<b>2021-22</b> <b>\$000</b>	<b>2022-23</b> <b>\$000</b>
	<b>Net funding requirements</b>	<b>697,278</b>	<b>222,615</b>	-	<b>638,938</b>
	Recurrent	871,000	912,000	951,000	983,000
	Capital	1,233,973	276,020	-	717,929
	Revenue	(935,253)	(965,405)	(996,530)	(1,016,461)
	Opening cash reserve	(472,442)	-	-	(45,530)
	No. of Full Time Equivalent (FTE) Staff associated with proposal:				5.6



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## **Inherent Limitations**

This report has been prepared as outlined in the Scope Section of the Engagement Letter provided to Litchfield Council representing Top End Regional Organisation of Councils (TOPROC). The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently no opinions or conclusions intended to convey assurance have been expressed.

The options analysis and recommendations in this report are based on a qualitative study and the reported results reflect the perceptions of TOPROC. The financial analysis is based on publically available audited financial reports and additional documentation provided by Litchfield Council.

No warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by, Litchfield Council consulted as part of the process.

KPMG have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

## **Third Party Reliance**

This report is solely for the purpose set out in the Scope Section and for Litchfield Council representing TOPROC information, and is not to be used for any other purpose or distributed to any other party without KPMG's prior written consent.

This report has been prepared at the request of Litchfield Council representing TOPROC in accordance with the terms of KPMG's engagement letter/contract dated 26 April 2018. Other than our responsibility to Litchfield Council representing TOPROC, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

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# Recommendation

KPMG was engaged to assist Litchfield Council to determine the most suitable operating structure for Thorak Regional Cemetery ("TRC"), to deliver the following objectives:

- strengthening governance arrangements; and
- securing long term financial viability of the cemetery.

KPMG performed a desktop analysis of historical information and demographic projections, developed financial projections and consulted with Litchfield Council, Palmerston City Council and the City of Darwin (representing Top End Regional Organisation of Councils), to determine that the most appropriate structure to deliver the dual objectives above. The findings of the analyses and consultation indicate that the establishment of a **Minister appointed Board with Northern Territory Government appropriation for capital and operational expenditure in the order of \$0.4m p.a. over 4 years** would best serve the needs of TRC into the future, by providing remedy for overdue repairs, renewal and upgrade in the short to medium term, and allowing time for a new skills-based Board to explore appropriate longer term solutions to asset management.

Details of the recommendation are as follows:

- Timeframe: Establishment and operation of the Board to be in place by 30 June 2019.
- Funding requirement by Northern Territory Government:

	2019-20 Projected	2020-21 projected	2021-22 Projected	2022-23 projected
<b>Additional funding sought</b>	<b>697,278</b>	<b>222,615</b>	-	<b>638,935</b>
= Recurrent				
- Staffing	458,640	480,480	500,640	517,440
- Operational	412,360	431,520	450,360	465,560
plus Capital	1,233,973	276,020	-	717,929
less Revenue	(935,253)	(965,405)	(996,530)	(1,016,461)
less Opening Cash Reserves	(472,442)	-	-	(45,530)

It should be noted that, based on the current Masterplan, 10 year projections estimate total funding support for operational and capital expenditure of \$3.7m. This total is derived through the requirement to fund \$4.5m capital works under the TRC's Masterplan, then offsetting this cost with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period.

- Lead agency: Department of Housing and Community Development.
- Ministerial support required: Hon. Gerald McCarthy MLA, Minister for Housing and Community Development.

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# Background

Thorak Regional Cemetery (TRC) was established in 1988 and managed by a tripartite body of local governments consisting of the Litchfield Council, City of Palmerston and the City of Darwin. Over time, Palmerston City Council was removed from the Thorak management agreement, leaving management of the site to the City of Darwin and Litchfield Council. In 2008, Litchfield Council assumed sole responsibility of the TRC site in accordance with section 184 of the *Cemeteries Act*, whereby a public cemetery situated in a council's area is under the care, control and management of that council.

Today, TRC is one of five cemeteries in Darwin, and is the only open public cemetery. Whilst the cemetery is located in Litchfield Council's local government area, it is utilised by residents from across the greater Darwin region. This provides a point of difference between TRC and cemeteries in other local government areas around Australia. Generally cemeteries are supported by a population base sufficient to maintain ongoing financial viability. Not only is the population base supporting Litchfield Council too few in number to operate a financially viable, dedicated cemetery to the area but likewise, the population base of the greater Darwin region is also insufficient to support the operations of TRC.

Analysis of the financial statements of TRC from 2011-12 to 2017-18<sup>1</sup> indicate that TRC has generally operated within \$100,000 profit or loss in any given year, and with more loss years than profitable years. The only method by which Litchfield Council has been able to maintain ongoing operations at TRC is through drawdowns on the cash reserve maintained by TRC, as it would be publically viewed as inappropriate and inequitable for Litchfield Council to seek financial compensation for TRC's operating losses from its small rate-payer base to support a public asset that is utilised by many outside the Litchfield Council area.

A lack of operating income sufficient to cover expenses of TRC has proved challenging to Litchfield Council in funding ongoing repairs and maintenance, and capital upgrades and renewals, which have been delivered as and when absolutely required, but have fallen short of delivering against the Thorak Regional Cemetery Masterplan developed by Cloustone in 2015. Infrastructure upgrades have been minimal, and limited in nature to those that have been funded through spending of cash reserves and receipt of ad hoc funding from the Northern Territory Government. Significant maintenance and upgrade works are currently required at the site. A detailed ten year projection indicates that some \$4.5m is required to implement all recommendations in the Cloustone Masterplan (refer **Appendix E, Table 11**).

Litchfield Council has been active in supporting the operations of TRC. Key Council decisions and actions have included:

- signing and extending Deeds of Agreement for the operations of the TRC;
- transfer of management from a tripartite arrangement to the Litchfield Council;
- writing to NTG discussing the merit of governance structures, such as a Board of Trustees;
- application and acceptance of grant funding for operations and upgrades;
- commissioning of service reviews, asset management reviews, and trialling a variety of operational changes to drive sustainability in ongoing operations; and
- changes to user functions, such as costs of burial and cremation, and expansion of the cemetery to meet growing community needs, such as establishment of dedicated burial areas for the

<sup>1</sup> 2011-12 through to 2016-17 audited financial statements, and 2017-18 management accounts (unaudited) were included in the analysis.

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various religious groups represented in the Northern Territory (one such recent example was the establishment of the Jewish burial section this year).

Despite Litchfield Council's active support of the site, the current governance and funding model is not considered viable for long-term operation of the cemetery. The issue of sustainable management was raised with the Minister in 2004. With no intervention since that time, and an aging asset now servicing the Greater Darwin region, the matter has now become urgent.

This business case examines the current state of TRC and explores funding requirements and governance options for TRC as identified by Litchfield Council, Palmerston City Council and the City of Darwin. The business case draws together previous work that examined cemetery operations and provides a range of options that may secure the longer term viability of the cemetery and quality of the public asset. The ongoing viability of TRC is essential to supporting long-term population growth and demonstrating the quality of greater Darwin's public assets to prospective residents.

## KPMG's engagement scope

The scope of KPMG's engagement, as agreed by the Litchfield Council included:

- develop an evidence-based business case that covers all the requirements of a *Cabinet Submission*;
- explore potential governance models that support the governance and operations of the TRC; and
- evaluate the TRC's historical financial performance and perform high-level analysis that demonstrate the impact of the options.

KPMG's scope excluded the following:

- delivery of a service review; the assessments KPMG has made about future cost of service delivery is drawn from historical financial information, and discussions with relevant staff at Litchfield Council.
- verification of requirement for capital expenditure; the assessments KPMG has made about the requirement for capital expenditure, and the associated estimate of associated costs is drawn from Thorak Regional Cemetery's Masterplan, developed by Cloustone in 2015.

## KPMG's approach to the engagement

KPMG's approach to developing this business case was agreed by the Litchfield Council, Palmerston City Council and the City of Darwin, and included:

- review documentation relevant to the operation of TRC, including annual financial data, usage and governance;
- conduct a desktop review of relevant legislation in the Northern Territory and characteristics of Australian cemeteries;
- assess the viability of various governance options of the TRC;
- project the level of financial support required by TRC in the future; and
- develop recommendations for the optimal governance and funding arrangements for TRC.

# Issues and supporting information

There are a number of catalysts for change to the current governance and financial arrangements at TRC, which have been grouped for the purpose of analysis as follows:

- Demographic
- Private industry
- Governance and organisational.

A summary of the key catalysts for change is provided below and explored further throughout the balance of this section;

- The greater Darwin death rate and utilisation of TRC has historically been low, impacting financial viability.
- The greater Darwin projected population growth is slow, suggesting that the usage of TRC is unlikely to increase significantly in the future.
- An increasing number of people are choosing cremations, decreasing the potential revenue stream for burial services (which attract a higher fee than cremation services). This is consistent with cemeteries across Australia.
- The local private industry has a commanding market share for cremation services, thereby reducing the utilisation of TRC.
- Litchfield Council is responsible for governance and operations, despite users residing across the greater Darwin region, and including some residents of unincorporated areas, as well as residents of other areas, such as Katherine, for cremations.
- TRC has historically operated a tight budget and since 2011-12 generated losses in 4 out of 7 years reviewed. This has impacted Litchfield Council's ability to fund maintenance and infrastructure upgrades, and has meant that significant capital works are now required at the sight, and cash reserves carried forward from prior years are insufficient to sustain projected operational and capital costs in the future.
- Maintenance and upgrades have slowed due to declining cash reserve, reducing the quality of the public cemetery.

## Demographic

### Historical death rate and capacity

The total number of deaths in the Northern Territory has historically been stable and low, averaging 1,035 per annum in the 10 years to 2016. The low number of deaths reflects the relatively small population in the Northern Territory. In total, the greater Darwin catchment accounts for approximately 50 per cent of all deaths in the Northern Territory, consistent with the population share. A summary of the death rate in the greater Darwin region can be located in **Appendix B, Chart 1**.

The number of deaths in the greater Darwin region is increasing marginally (at 1.1 percent per annum) however this will not provide sufficient scale to operate a viable cemetery and cremator service based on industry standards. TRC utilisation data indicates that an average of 125 burials and 122 cremations occurred per annum in the seven years to 2017/18. This level utilisation is significantly below 400

cremations per cremation unit which is considered by industry as the minimum throughput required to remain viable.<sup>2</sup>

An overview of the annual utilisation of TRC is provided at **Appendix B, Table 6**.

As the only public cemetery in the Greater Darwin area it is essential that TRC remains operational, despite maintaining a utilisation level that would be considered unviable by industry standards. It is therefore necessary that an appropriate financial support and governance model is implemented to ensure services remain available to the public.

### Future population and growth

The scale of the population residing in greater Darwin in future years will impact the viability of operations. Population projections released by the Northern Territory Treasury in May 2018 indicates that the population will increase at 1.2 per cent per annum from 2016, reaching approximately 208,250 in 2046.<sup>3</sup> Noticeably, the proportion of people over 70 years old is expected to increase from 4 per cent to 7 per cent, potentially increasing the demand for TRC's services.

The total annual deaths are anticipated to increase at 1.2 per cent per annum, reaching approximately 3,200 in 2046. **Appendix B, Chart 2** displays the projected population and deaths in the greater Darwin area.

Maintaining TRC is a crucial support to population growth in Greater Darwin through maintenance of an essential community service and asset. The presence of valuable public assets, including TRC, will impact the decisions of prospective residents as they assess the benefits of relocating to the Greater Darwin region. Demonstrating that Greater Darwin supports a high quality of life and maintains sufficient funeral services may impact their decisions and secure the long-term growth of the region.

### Interment and cremation trends

Across Australia there is shift in interment trends with an increase in the number of cremations when compared to burials. Currently, it appears that two-thirds of the population opt for cremation over burial services, however, in larger metropolitan areas, the share of cremations is up to 70 per cent.<sup>4</sup>

The share of cremations at TRC has experienced a strong increase, particularly in the 2016/17 and 2017/18 years and in 2017/18 represented 67.9% of all interments (refer to **Appendix B, Table 6**). Despite the proportional increase, findings from the *Thorak Regional Cemetery Review* note that "burial is still the funeral choice for a large number of residents, and this will continue to be the case for the foreseeable future".<sup>5</sup>

The wider shift in preference to cremation and other interment options is the result of several factors, including, but not limited to:

- cremations are generally cheaper as they do not require the purchase of a coffin and grave digging;
- natural burials (including the use of bio-degradable casket and no embalming fluid) are considered more environmentally friendly and cheaper; and
- religious customs or cultural beliefs may require cremation of the deceased.

The low but steady utilisation of TRC requires an approach that ensures it remains available for use by the public. Importantly, the approach to governance and funding must be aware of the changes in interment preferences and cultures, and ensure the service reflects these.

<sup>2</sup> Litchfield Council 2016, *Thorak Regional Cemetery Service Review*.

<sup>3</sup> The population projections released by the Northern Territory Treasury in 2018 captures the whole Territory with no information provided at a local government level. The Greater Darwin population and death projections are based on the assumption that the share of the population counted in the ABS 2016 Census remains constant to 2046.

<sup>4</sup> Litchfield Council 2016, *Thorak Regional Cemetery Service Review* and IBISWorld Industry Report S9520, 2017, *Funeral Directors, Crematoria and Cemeteries in Australia*.

<sup>5</sup> Litchfield Council 2016, *Thorak Regional Cemetery Service Review*.

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## Private industry

TRC is facing increasing competition from the private sector, impacting the viability of operations. The decision of the Northern Territory Government to support Darwin Funeral Services ("DFS") to install a cremator in 2011 significantly reduced TRC's market share, as evidenced by the fall in annual cremations from 329 in 2008-09 to 131 in 2016-17<sup>6</sup>. Higher cremation numbers were achieved in 2017/18 (199 cremations) as a new funeral services provider came online and anecdotal evidence suggests that the new provider may have taken some market share from DFS, thereby increasing the referral base for TRC's cremator. High-level research indicates that the increasing market share of private providers is having a detrimental impact on TRC's usage, which has fallen to 44 percent of total market share (measured at 30 June 2017). **Appendix B, Table 7** provides a breakdown of the market share by service provider as at 30 June 2017 (until total death figures are known for 2017-18, TRC is unable to calculate market share for the most recent financial year).

The increased competition requires a renewed approach from TRC that ensures its services are still relevant and meet demand. Without appropriate action it is plausible that TRC will continue operating at a loss while the competitors realise increased market share. *Positioning for the Future* recognises these challenges and puts forward several recommendations that address the evolving industry characteristics. It is necessary that an appropriate, skills-based governance structure is implemented in order to address these recommendations and better position TRC in the local market.

It has also been discussed that proposed changes in the *Cemeteries Act* could increase local competition as new private cemeteries may be established. Currently, NSW, WA and SA Governments have legislated "grave recycling" laws that limit tenure of leases for gravesites. If similar law were to be introduced in the NT, not only will the private cemeteries increase burial options for the public. This has the potential to further reduce TRC's market share and viability, reinforcing the need for a reconsidered approach to cemetery operations.

## Governance and operations

The Litchfield Council has a considerable responsibility to manage and maintain the TRC. The cemetery is used not only by residents within the Litchfield Council, but also those situated in the greater Darwin area. It is estimated that only 14 per cent of usage is from Litchfield Council residents, however, Litchfield Council is responsible for operational and financial management of the cemetery.<sup>7</sup> To date, the presence of the cash reserve for TRC has eliminated any need for Litchfield Council to apply ratepayer contributions to TRC, however the degree of capital works now required at the site results in the projected reduction of the cash reserve to nil in 2019-20 financial year. Once the cash reserve is exhausted, and in the absence of a change in governance and financial arrangements, Litchfield Council would need to apply ratepayer funding to TRC's operations and capital works program.

The scale of the Litchfield Council in terms of population and financial position makes it impractical and inequitable to foot the bill for usage by the whole greater Darwin area. The Council maintains a lower resident population and has significantly less financial income, while experiencing proportionally higher expenses. A comparison of the scale of each local government is outlined in **Appendix B, Chart 3**.

The requirement for the Litchfield Council's Elected Members to serve as a Board of Trustees for TRC may impact the long-term viability of TRC's operations. While the Elected Members are qualified in their public service role, they do not have specialist skills to oversee the management of TRC or a comprehensive understanding of the factors that impact a cemetery. TRC is competing in the market place with private providers who know the industry well. The overall governance structure must be

<sup>6</sup> Russ Allison 2015, *Positioning for the Future*.

<sup>7</sup> Litchfield Council 2016, *Annual Report 2016-17*.

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reconsidered to ensure TRC receives the financial support and expertise it requires given its current operating position.

The current operational structure may expose Litchfield Council and TRC to risks, an issue that is discussed in *Positioning for the Future*. At a higher management level, the Director for Community and Corporate Services at Litchfield Council oversees five divisions, potentially impacting their ability to stay abreast of all matters pertinent to TRC.

The combination of the current governance and operational arrangements may expose TRC to risks and prevent it from maximising its commercial potential. It is therefore necessary that alternative arrangements are explored to ensure the long-term viability of operations and support local demand.

### Financial impact

TRC has historically experienced low financial performance, operating at a net loss in four of the past eight years. In the four years to 2016-17, TRC's average net loss was approximately \$36,000, presenting challenges for Litchfield Council in financing TRC's operations. The 2017/18 financial year saw a marked turnaround in financial performance, with two key drivers of improved net performance being an increase in revenue from the introduction of a 10% Administration Fee to non-Litchfield residents, and reduction in staffing for a trial period. The trial resulted in a reduced level of service and noticeably a deterioration of cemetery grounds.

Accepting 2017/18 as a possible outlier year, longer term trends since 2012/13 have seen the income generated by TRC on a marginal decline, falling to approximately \$824,000 in 2016-17. Over the same period expenses have also decreased, falling to approximately \$804,000 in 2016-17. Despite the recent net operating surplus, the long-term trend suggests the cemetery is not a viable operation for Litchfield Council. **Appendix B, Chart 4** illustrates TRC comprehensive statement of income and expenditure, including the net operating position.

As a result of operating at a loss, and trying to stay on top of asset management at the site, TRC has experienced a decline in the accumulated surplus and other reserves, impacting the viability of future cemetery operations. The improved financial performance in 2017-18 has bolstered the cash reserve as at 30 June 2018 (to an estimated \$372,400), however, the quantum of capital expenditure required at the site puts the cash reserves at risk.

**Table 1. Summary of cash reserves**

Equity	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017-18
<b>Other Reserves (cash)</b>	329,172	329,172	222,401	213,730	137,460	157,476	372,400

Source: KPMG based on Litchfield Council Annual Report 2012-13 to 2016-17.

KPMG's projections indicate that if TRC commences a program of capital upgrade and renewal in accordance with the Masterplan (commencement of which is currently 3 years overdue), cash reserves will be fully exhausted in the 2019/20. As such, KPMG's projections assume that Litchfield will not commence the capital upgrades program, but rather, operate the cemetery until 30 June 2019 (or earlier if the new recommended structure can be established sooner) then hand the cash reserve across to the newly appointed Board to commence the upgrade activities.

The ability of the Litchfield Council to fund TRC as it operates at a loss may be challenged by the availability of financial resources. In 2016-17 the Litchfield Council experienced a net operating deficit of approximately \$8.8 million, continuing a negative trend that has spanned the last four years. Funding TRC operations while the Litchfield Council operates at a net deficit may impact the quality of support afforded to the cemetery and have a detrimental effect on services across the municipality.

### Service fees

Increasing service fees to sustain the revenue stream and maintain operation may negatively impact the community. Burials and cremations come at a significant cost to the consumer and increasing

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them further may draw public criticism given the nature of the services and the sensitive time at which they occur.

The cost of adult burials at TRC in 2017/18 range from \$3,032 to \$6,416, depending on the depth of the burial, location and cultural requirements.<sup>8</sup> The burial of a child is relatively less expensive, ranging from \$1,887 to \$4,421.<sup>9</sup> There are also various "add-ons" such as headstones, chapel hire and certificates that can be selected during the burial or cremation. Only at the lower end of location, depth and cultural requirement allowances is the cost of burial aligned with Australian average of \$3,500<sup>10</sup>. For the majority of service arrangements, cost is significantly higher than the Australian average pricing. As such, there is limited scope to lift revenue through an increase in price as TRC is already operating more broadly, above national average pricing.

Adult cremations at TRC in 2017/18 cost \$1,247 while children under 10 years are \$575.<sup>11</sup> It is noted that the TRC has significantly reduced its cremations fees from \$1,510 2008 due to market forces, however, the decrease has not translated to increased usage<sup>12</sup>. Across Australia, the average cremation (including use of a chapel) costs approximately \$950 while the relevant certificates are \$185.<sup>13</sup>

Due to the current service fees, and the national benchmarks, it is unlikely that TRC can increase the cost to consumers. There is however an identified need to sustain revenue and operations, an outcome that may be realised by implementing a revised governance structure.

### Quality of the asset

There is a public expectation that death services and places of mourning are of high quality and support the members of the public in times of need. The facilities provide a location to deliver a dignified celebration of life and access to services including burial and cremation. Based on these needs and expectations, it is essential that the quality of TRC is maintained to high standard.

Anecdotal evidence suggests the quality and appearance of the cemetery is deteriorating due to minimal maintenance and improvement expenditure. High-level financial analysis confirms this notion, indicating that annual expenditure for general repairs and maintenance and grounds maintenance and landscaping has declined significantly, reaching approximately \$29,300 and \$14,000 per annum, respectively.

**Appendix B, Chart 5** illustrates the expenditure on general repairs and maintenance and grounds maintenance and landscaping.

Until now, TRC's financial deficiencies have been supported by funding that was transferred at the time of Litchfield Council assuming responsibility for cemetery operations. It is anticipated that these funds (predominantly cash reserves) will be fully utilised in the next 12 months, after which time, under the current structure, ratepayers of the Litchfield Council will be required to contribute to the cost of operations. This is not sustainable given Litchfield Council's operating position, nor is it equitable, as only 14 per cent of cemetery usage is by residents of Litchfield.

Ongoing reliable financial support is needed to ensure TRC continues to provide high quality funeral services for the Litchfield and Greater Darwin area. Burial and cremation facilities should be accessible to all members of the community and meet the varying funeral needs.

<sup>8</sup> Litchfield Council 2017, Thorak Regional Cemetery Fees and Charges 2017/18

<sup>9</sup> Litchfield Council 2017, Thorak Regional Cemetery Fees and Charges 2017/18.

<sup>10</sup> Finder 2018, *The Cost of a Funeral in Australia*.

<sup>11</sup> Litchfield Council 2017, Thorak Regional Cemetery Fees and Charges 2017/18.

<sup>12</sup> Russ Allison 2015, *Positioning for the Future*.

<sup>13</sup> Finder 2018, *The Cost of a Funeral in Australia*.

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# Options

KPMG has sought input from Litchfield Council, Palmerston City Council and the City of Darwin (representing Top End Regional Organisation of Councils) to reach consensus as to the restructure options that deliver dual outcomes of improved governance oversight, and improved financial sustainability to TRC. Following our review, it is clear that the only restructure that would genuinely achieve both outcomes is the establishment of a Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure.

Other models were explored, however all fell short of delivering against dual objectives of improved governance arrangements and financial sustainability. The "next best" option was viewed as being the continued operation of TRC by Litchfield Council, with Northern Territory Government appropriation for operational and capital expenditure, however this option fell short in delivery of governance improvements. The table below provides a summary of to the preferred and "next best" options, and indicates why the Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure option is the preferred model.

Table 2. Comparison of proposed governance and financial arrangements

	Minister appointed Board of Trustees with NTG appropriation for operational and capital expenditure	Litchfield Council management with NTG appropriation for operational and capital expenditure	Outcome
<b>Legal structure</b>	Establishment of a body corporate required	No change	Establishment of a new legal structure is required to achieve the recommended option.
<b>Legislative references applicable</b>	<i>Cemeteries Act</i> section 8(1)	No change	
<b>Board structure</b>	The Board of Trustees is to be formed in accordance with section 9 of the <i>Cemeteries Act</i> , which requires the board to consist of between 5 and 12 persons, including representation from the recognised head of any religious institutions represented within the burial grounds at the cemetery, and where also applicable, include a representative from the Returned Sailors', Soldiers' and Airmen's Imperial League of Australia (RSL) situated nearest the cemetery. The Minister is to appoint one of the board members as Chairman of the Board.	No change	Stronger composition of skills on the Minister appointed Board of Trustees.
<b>Transfer of staff to new entity</b>	There does not appear to be provision for transfer of employee entitlements.	No change	Litchfield Council has provided for employee entitlements accrued to date through Thorak Cemetery's accounts, and if required, would have the means by which to pay out these entitlements from cash reserves on transition to the new structure.

	Minister appointed Board of Trustees with NTG appropriation for operational and capital expenditure	Litchfield Council management with NTG appropriation for operational and capital expenditure	Outcome
<b>Ongoing financial viability of operations</b>	<p>The means by which to fund annual shortfalls in operating position is increased, and through appropriation of Northern Territory money, improves the equity with which shortfalls in operations are satisfied by drawing on funding provided for the whole of the Territory, which is better aligned with the users of the public asset.</p> <p>The means by which to make capital improvements and further investment at TRC, identified as being required under <i>Thorak Regional Cemetery Masterplan</i> is enhanced under this option.</p>	<p>The means by which to fund annual shortfalls in operating position is increased, and through appropriation of Northern Territory money, improves the equity with which shortfalls in operations are satisfied by drawing on funding provided for the whole of the Territory, which is better aligned with the users of the public asset.</p> <p>The means by which to make capital improvements and further investment at TRC, identified as being required under <i>Thorak Regional Cemetery Masterplan</i> is enhanced under this option.</p>	<p>Given that the ongoing operational and capital funding is sourced from the Northern Territory Government under both options, the outcome appears to be similar in all scenarios; however due to the improved skill sets obtained through the appointment of a Minister appointed Board of Trustees, decisions as to the actual operational and capital outlay required to operate TRC will be made with more thorough examination by an appropriately skilled board in the future, which may result in cost savings for the Northern Territory Government.</p>
<b>Amount of funding required</b>	<p>Projected total funding of \$0.4m p.a. for 4 years, is required between 2019-20 and 2022-23 financial years under this option.</p> <p>Total funding required to support the life of the capital works Masterplan is \$3.7m (noting that the total capital expenditure requirement is \$4.5m, with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period).</p>	<p>Projected total funding of \$0.4m p.a. for 4 years, is required between 2019-20 and 2022-23 financial years under this option.</p> <p>Total funding required to support the life of the capital works Masterplan is \$3.7m (noting that the total capital expenditure requirement is \$4.5m, with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period).</p>	<p>Total funding is the same under either option as both require Northern Territory Government to assume responsibility for operational and capital expenditure outlined in the TRC Masterplan. As identified above, the benefit of the Minister appointed Board of Trustees is the additional skill that this Board will use to interrogate the proposed capital expenditures. In the absence of such specialised skill sets, Litchfield Council would seek to rely on the Masterplan it already has in place to provide the framework for the capital upgrade program at TRC.</p>

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# Benefits of proposal

There is a public expectation that death services and places of mourning are of high quality and support the members of the public in times of need. The facilities provide a location to deliver a dignified celebration of life and access to services including burial and cremation. Based on these needs and expectations, it is essential that the quality of TRC is maintained to a high standard.

Anecdotal evidence suggests the quality and appearance of TRC is deteriorating due to minimal maintenance and improvement expenditure. A simple review of the repairs and maintenance, and capital improvement expenditure over the past five years indicates that the expenditure has been well short of that recommended in *Thorak Regional Cemetery Masterplan*, as Litchfield Council has simply not had the means by which to raise the funds required to invest in the cemetery asset. The establishment of a Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure will permit the Northern Territory Government to confidently invest in TRC under the governance arrangements secured by the Minister.

The establishment of a Minister appointed Board of Trustees with Northern Territory Government appropriation will provide the following benefits:

- **Current and future population needs** – the greater Darwin population is projected to increase at 1.2 per cent per annum, reaching 208,250 in 2046. Implementing a Minister appointed board will ensure there are sufficient resources to support the long-term availability of a public cemetery as the number of deaths increase (due to population growth and changing demographics). The availability of the cemetery is also essential to supporting inward migration as potential residents will want to ensure there is sufficient community services before they become residents.
- **Viability of operations** – the falling service demand is impacting revenue and the viability of cemetery operations. While operations are becoming unviable, the availability of a cemetery in the greater Darwin region is essential as it is a public asset. Implementing a Minister appointed Board of Trustees with Northern Territory Government appropriation for operational and capital expenditure will ensure there is sufficient financial resources and oversight to maintain operations into the future. Furthermore, the Minister appointed board will assist to implement services that are viable but align with evolving community needs.
- **Professional board** – the Minister appointed Board of Trustees will operate in a professional capacity with selected members having a strong understanding of cemetery operations and proven experience. The experience will ensure that opportunities to increase services and performance are identified and addressed. The board may also assist to leverage potential funding sources or expertise to improve the cemetery operations.

TRC is a critical public asset that must be maintained for the current and future population. A Minister appointed board will have the capability to develop relevant strategic and operating plans to ensure that it remains available to the public and supports all members of the community.

- **Interaction with Northern Territory Government Population Policy** - with the Northern Territory Government to release its Population Strategy shortly, the significance of public assets such as TRC is clear; if it is the intention of Government to improve retention of people in the Northern Territory, then provision of essential services required by our residents is crucial to achieving this goal. A particular focus of the Northern Territory Government has been in seeking ways to improve the net migration ledger, and is focussed on establishing infrastructure to promote ageing in place. The appropriate ongoing development and maintenance of TRC will support this initiative, and build public confidence in the longevity of the site as a place for residents to rest and be remembered by surviving friends and family.

# Risk management strategy

The following risk management strategy is provided for the proposed new business model for TRC.

**Table 3. Identified risks and mitigation strategies**

Risk identification	Risk assessment			Risk management				
	L	I	ORR	Mitigating factors	Appropriate reduction of ORR?	Additional strategies	Timing	Responsibility
<b>Ongoing poor financial performance of TRC</b>	3	3	M	<p>Funding of any ongoing shortfall in operational income, and cashflow to support capital investment is more equitably sourced from Northern Territory Government, which eliminates the burden on any single Council's constituents for maintenance of an asset that services the wider Top End public.</p> <p>Centrally sourced funding for shortfall in operational income and cashflow for capital expenditure reduces the need for the application of surcharges to residents outside the Litchfield Council catchment area for use of the Cemetery. This will be viewed as a more equitable outcome by users of the Cemetery going forward.</p> <p>Appointment of a skills-based board should improve governance oversight of TRC's operations, which may in turn improve operational efficiencies and reduce cost of service delivery.</p>	No	Retention of site manager should be sought to provide stability during changeover period.	June 2019	Litchfield Council & Minister for Housing & Community Development.

Risk identification	Risk assessment			Risk management				
	L	I	ORR	Mitigating factors	Appropriate reduction of ORR?	Additional strategies	Timing	Responsibility
<b>Degradation of TRC public asset, or development failing to maintain pace with demographic changes</b>	3	4	H	Investment required to maintain and improve the TRC public asset is sourced from the Northern Territory Government, such that investment is more likely to proceed as the affordability of capital upgrades is improved.	No	Appointment of a skills-based board should improve the prioritisation of maintenance and capital improvement activities, and it may be the case that some capital expenditure items labelled as “discretionary” in the TRC Masterplan are able to be eliminated by an appropriately skilled board.	June 2019	Minister for Housing & Community Development.
<b>Limited opportunities for local governments to influence or support operations.</b>	3	3	M	Implement a governance structure that enables greater local government and stakeholder input (perhaps through a reference group to the board, rather than by representation on the board).	Yes	N / A	June 2019	Minister for Housing & Community Development.
<b>Minister appointed board does not fulfil their requirements, exposing TRC to financial or reputational risk.</b>	2	3	M	Review the experience and competence of potential board members. Ensure members represent relevant stakeholders as required under the <i>Cemeteries Act</i> .	Yes	N/A	June 2019	Minister for Housing and Community Development.

Source: KPMG based on consultation with Litchfield Council, 2018.

**Key :** L denotes Likelihood, I denotes Impact, ORR denotes Overall Risk Rating: L denotes Low, M denotes Medium, H denotes High.

# Budget implications

## Limitations of financial analysis and projections

### Inherent Limitations

Appendix D outlines the complete inherent limitations and should be read in conjunction with the financial analysis.

### Third party reliance

Appendix D outlines the complete inherent limitations and should be read in conjunction with the financial analysis.

Based on KPMG's financial projections, supported by TRC's Masterplan prepared by Cloustone in 2015, Litchfield Council will fully exhaust the funds held in the cash reserve for use at TRC by 30 June 2020 if all immediately required, critical capital expenditures are delivered. Beyond 30 June 2020, TRC will continue to experience cash shortfalls, on average, of \$175,000 per annum, which it will be unable to sustain from Litchfield Council's revenue base.

The below table indicates the projected funding requirements under the preferred option, being establishment of a Minister appointed Board of Trustees, with Northern Territory Government appropriation to support ongoing operational costs and provide cash flow for capital upgrades deemed immediate and critical in TRC's Masterplan.

	2019-20 Projected	2020-21 projected	2021-22 Projected	2022-23 projected
<b>Additional funding sought</b>	<b>697,278</b>	<b>222,615</b>	<b>-</b>	<b>638,935</b>
<b>= Recurrent</b>				
- Staffing	458,640	480,480	500,640	517,440
- Operational	412,360	431,520	450,360	465,560
plus Capital	1,233,973	276,020	-	717,929
less Revenue	(935,253)	(965,405)	(996,530)	(1,016,461)
less Opening Cash Reserves	(472,442)	-	-	(45,530)

It should be noted that, based on the current Masterplan, 10 year projections estimate total funding support for operational and capital expenditure of \$3.7m. This total is derived through the requirement to fund \$4.5m capital works under the TRC's Masterplan, then offsetting this cost with opening cash reserves of \$0.45m and operational profit projected to be \$0.4m over the same period.



# Legislation and regulatory implications

Cemetery operations are relatively unregulated in the Northern Territory, limiting the control of NTG and local governments and increasing private sector competition. Key legislation and their relevance to TRC is outlined below:

- *Local Government Act* – Section 184 of the *Local Government Act* states that a local government is responsible for the care, control and management of public cemetery within its municipal boundaries.
- *Cemeteries Act* – the *Cemeteries Act*, in conjunction with the *Local Government Act*, states that burials must be in a cemetery, unless otherwise approved. The Act also stipulates that a local government has the powers of a Board of Trustees to manage cemeteries. The Board oversees operations, maintenance and all financial matters.  
Section 8(1) of the Act provides that a Minister may appoint a Board of Trustees over a public cemetery, and section 9 identifies the minimum requirements for board composition.
- *Cemetery Regulations* – the *Cemetery Regulations* provide additional information to support organisations adherence to the *Cemeteries Act*.
- The *Aboriginal Land Rights (Northern Territory) Act 1979* and *Environment Protection (Sea Dumping) Act 1981 – Burial at Sea* also guide cemetery operations in the Northern Territory, however, they are not considered directly relevant to the TRC.

The establishment of a Minister appointed Board of Trustees does not require amendment to legislation. The legislation already in place permits the establishment and operation of such a board.

# Australian, Territory and Local Government relations

The requirements of the Cemeteries Act are prescriptive in terms of the composition of a Minister appointed Board of Trustees. Section 9 of the Cemeteries Act requires the board to consist of between 5 and 12 board members, with the head of each religious institution represented within the grounds of the cemetery present on the Board, in addition to the head of the Returned Sailors', Soldiers' and Airmen's Imperial League of Australia (RSL) situated nearest the cemetery.

Discussions between Litchfield Council, Palmerston City Council and City of Darwin have centred around the pressing need for a skills-based board to be in place to maximise the opportunity for TRC to deliver a sustainable service to the Northern Territory into the future. As such, the three Councils are in agreement that the best utilisation of any discretion the Minister has to appoint remaining board members up to the cap limit of 12, is to include board members with deep industry experience.

If the Minister (or his appointed Board of Trustees) had a desire for Local Government to provide input into TRC operations going forward, the three Councils would be willing to consider participation through an Advisory Council reporting to the Board of Trustees.

# Results of consultation within NT Government

Historically, Litchfield Council, supported by Top End Regional Organisation of Councils, has worked with the Department of Housing and Community Development (and its former departmental variations) to establish improved operational structures for TRC. In the absence of an appropriately skilled board overseeing operations at TRC, identification of opportunities for genuine cost reduction without an associated drop in service delivery has been unable to be identified and implemented by Litchfield Council historically. All attempts to reduce cost have resulted in marginal savings, insufficient to provide the scale of cash savings to deliver on capital upgrade requirements identified in the Masterplan.

Litchfield Council, supported by Top End Regional Organisation of Councils, seeks to undertake further consultation with the Northern Territory Government ahead of the development of a Cabinet Submission to gain support for governance and financial viability improvements at TRC.

# Results of consultation outside NT Government

At the date of this report, consultation outside the Northern Territory Government has been with the Top End Regional Organisation of Councils (TOPROC). Through TOPROC, support for change to the governance and financial arrangements of TRC has been approved, and is included as a priority focus area on TOPROC's recently completed Strategic Plan.

Detailed discussions as to the most appropriate governance structure and financial arrangements for TRC in the future have been attended over many years by Litchfield Council, Palmerston City Council and the City of Darwin. All three are aligned in their view as to the most appropriate future direction for the management of TRC, and commissioned and participated in delivery of this report.

# Public impact

As earlier identified, there is a public expectation that death services and places of mourning are of high quality and support the members of the public in times of need. The facilities provide a location to deliver a dignified celebration of life and access to services including burial and cremation.

At the present time, anecdotal evidence, supported by the lack of expenditure to date against the TRC Masterplan, indicate that the public asset is not presented at its best, and requires significant upgrade to bring it back in line with the quality expectations of the public. Investment by the Northern Territory Government in the immediately required and crucial capital upgrades, whilst supporting ongoing operations will restore the asset and level of service delivery to a state that is acceptable to residents of the greater Darwin region.

Investment by the Northern Territory Government in the ongoing operational and capital costs of TRC is likely to be viewed as a more equitable outcome for residents in the greater Darwin region than the model of service surcharges for residents outside the Litchfield Council area. The more equitable model recommended in this report draws funding for the future shortfall in operational and capital expenditure from Northern Territory monies (rather than Litchfield residents) and negates the need for inequitable service charges by TRC.

More broadly, the investment in TRC infrastructure is likely to provide support to the Northern Territory Government's Population Strategy, in that it will restore the public asset to a state that affords residents comfort that they will have a dignified place to rest.

# Timing

KPMG's financial projections, extrapolated from historical financial performance of TRC and proposed capital expenditure identified in TRC's Masterplan, indicate that if Litchfield Council were to commission the capital upgrades deemed crucial and immediately required, the cash reserve would be exhausted in the 2019-20 financial year. It is therefore important that the new structure be established by 30 June 2019 to allow sufficient operational and capital funding, as well as crucial skills-based oversight of the TRC, before cash reserves are fully exhausted.

# List of appendices

**Table 4. List of appendices**

No.	Document name
<b>A</b>	Documents reviewed
<b>B</b>	Detailed supporting diagrams, charts and tables
<b>C</b>	Risk matrix
<b>D</b>	Inherent limitations and third party reliance disclaimer
<b>E</b>	Detailed financial analysis

# Appendix A: Documents reviewed

The following reports and publications were reviewed during the development of this business case. The documents were sourced online and through consultation with the Litchfield Council.

**Table 5. Reviewed documents**

No.	Document name	Author
1	Documents / Decisions Regarding Thorak Regional Cemetery	Litchfield Council
2	Thorak Regional Cemetery Discussion Paper	Collins Andersons
3	Structure For Management of the Thorak Regional Cemetery	City of Darwin
4	Thorak Regional Cemetery Master Plan Report	Clouston Associates
5	Thorak Regional Cemetery Business Plan	Lantz Consulting and Clouston Associates
6	Positioning for the Future	Russ Allison
7	Thorak Regional Cemetery Service Review	Litchfield Council
8	Thorak Regional Cemetery Asset Management Plan	Litchfield Council
9	Annual Report 2012-13	Litchfield Council
10	Annual Report 2013-14	Litchfield Council
11	Annual Report 2014-15	Litchfield Council
12	Annual Report 2015-16	Litchfield Council
13	Annual Report 2016-17	Litchfield Council
14	Finance Report – June 2018	Litchfield Council

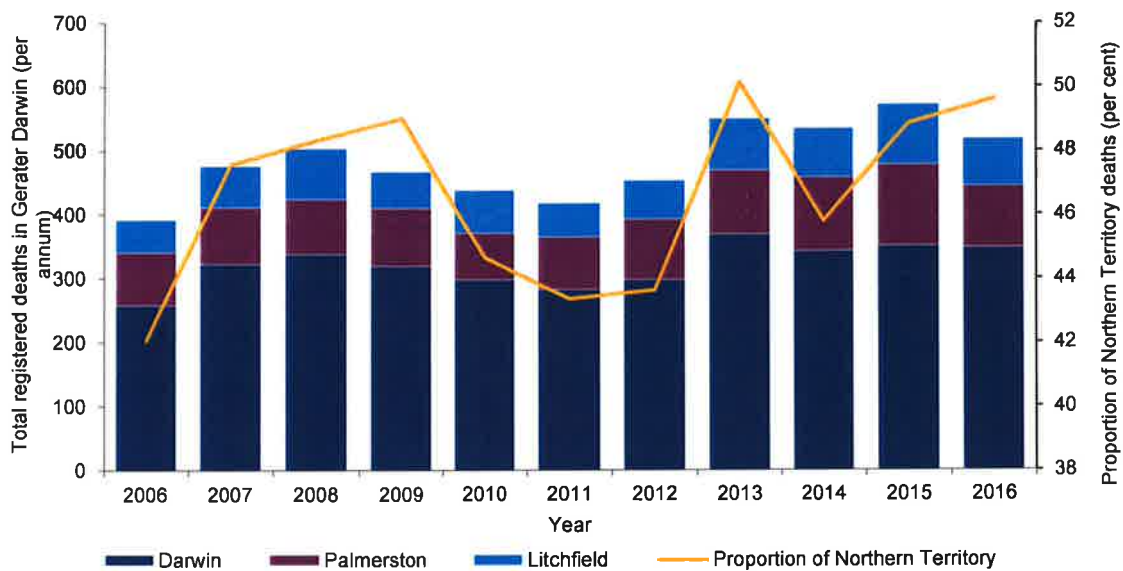


# Appendix B: Detailed supporting diagrams, charts and tables

Charts and diagrams supporting the Issues and Supporting Documentation of this report are contained throughout this Appendix.

Chart 1 illustrates the annual death trends in Greater Darwin and its share compared to all deaths in the Northern Territory.

**Chart 1. Total annual deaths in Greater Darwin region**



Source: ABS 2017, Deaths Australia 2016.

Table 6 below provides an overview of the annual utilisation of the TRC.

**Table 6. Thorak Regional Cemetery annual utilisation**

Category	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18
<b>Burial</b>	120	146	147	129	142	97	94
<b>Cremation</b>	103	104	106	112	104	131	199
<b>Total</b>	<b>223</b>	<b>250</b>	<b>253</b>	<b>241</b>	<b>246</b>	<b>228</b>	<b>293</b>
<b>Share of cremations (per cent)</b>	<b>46.2</b>	<b>41.6</b>	<b>41.9</b>	<b>46.5</b>	<b>42.3</b>	<b>57.5</b>	<b>67.9</b>

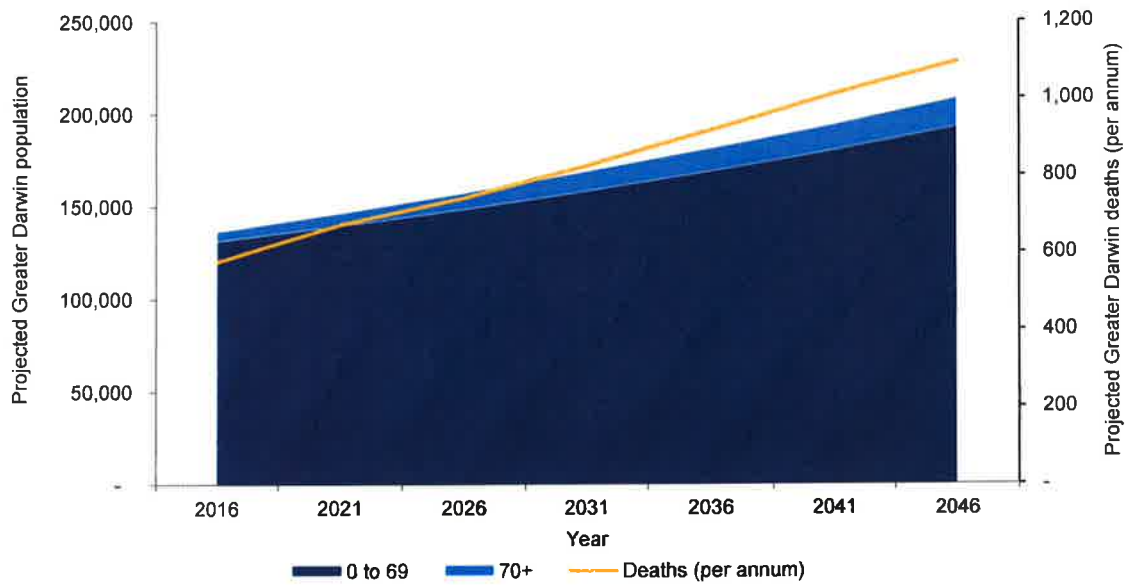
Source: KPMG based on Litchfield Council Annual Reports 2011-12 to 2016-17 and Thorak Regional Cemetery Finance Report - June 2018.

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Chart 2. Projected population and deaths in Greater Darwin



It is noted the discrepancy in the number of deaths in 2016 (compared to Chart 1) is likely to be due to the different data sets and the approach to apportioning the deaths to Greater Darwin.

Source: KPMG based on Northern Territory Treasury 2018, Population Projections.

Table 7. Greater Darwin market share

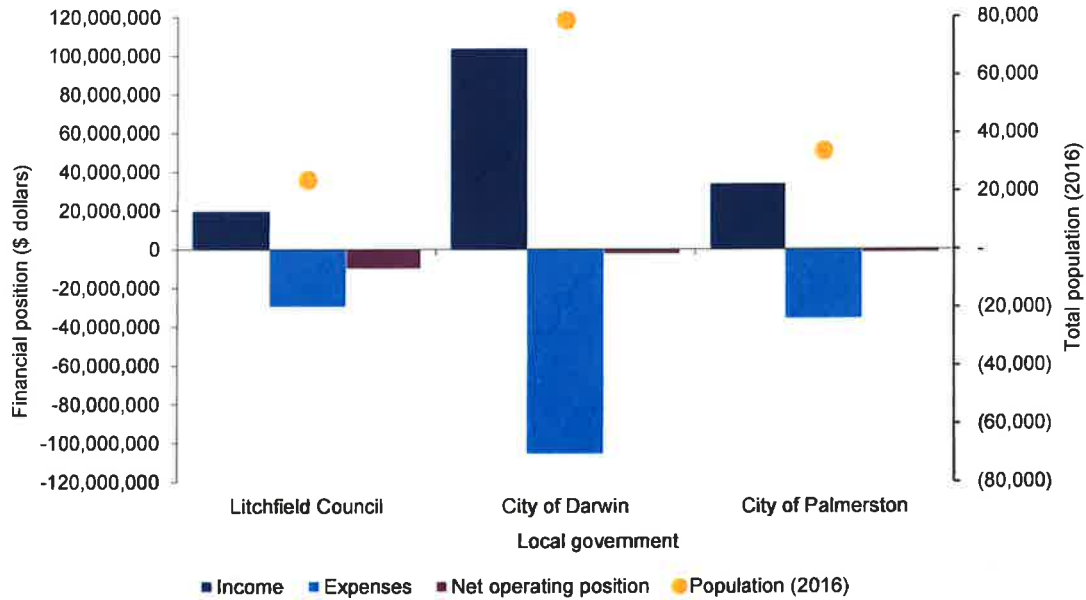
Organisation	Private market share (per cent)	Total market share (per cent)	Total Deaths
TRC	0	44	228
DFS	70	39	203
Simplicity NT	30	17	87
<b>Total</b>	<b>100</b>	<b>100</b>	<b>518</b>

Source: KPMG based on Russ Allison 2015, Positioning for the Future and ABS 2017, Deaths Australia 2016.

**NB:** It is noted that DFS and Simplicity Funerals NT utilise TRC for burials, which impacts the representation of the market share. Litchfield Council estimates that 90% of all business of TRC is referred through a private funeral director, so whilst it appears that TRC as a fair share of the market, in reality it is not providing funeral services so much as it provides the means of internment or cremation. Furthermore, the death data may not capture deceased that are transported to their traditional communities.

A comparison of the scale of each local government is outlined in Chart 3 below.

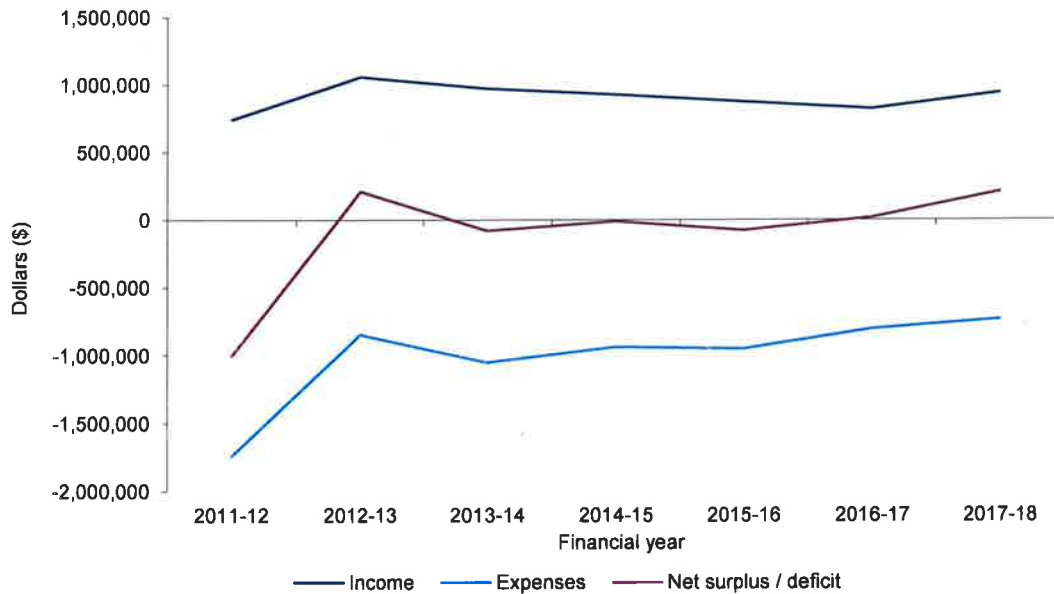
**Chart 3. Scale of local governments in the Greater Darwin region**



Source: KPMG based on ABS Census 2016 and City of Darwin Annual Report 2016-17, City of Palmerston Annual Report 2016-17 and Litchfield Council Annual Report 2016-17.

Chart 4 illustrates TRC comprehensive statement of income and expenditure, including the net operating position.

**Chart 4. Overview of the comprehensive statement of income and expenditure**



Source: KPMG based on Litchfield Council Annual Report 2012-13 to 2016-17 (audited) and Thorak Regional Cemetery Finance Report - June 2018 (unaudited).

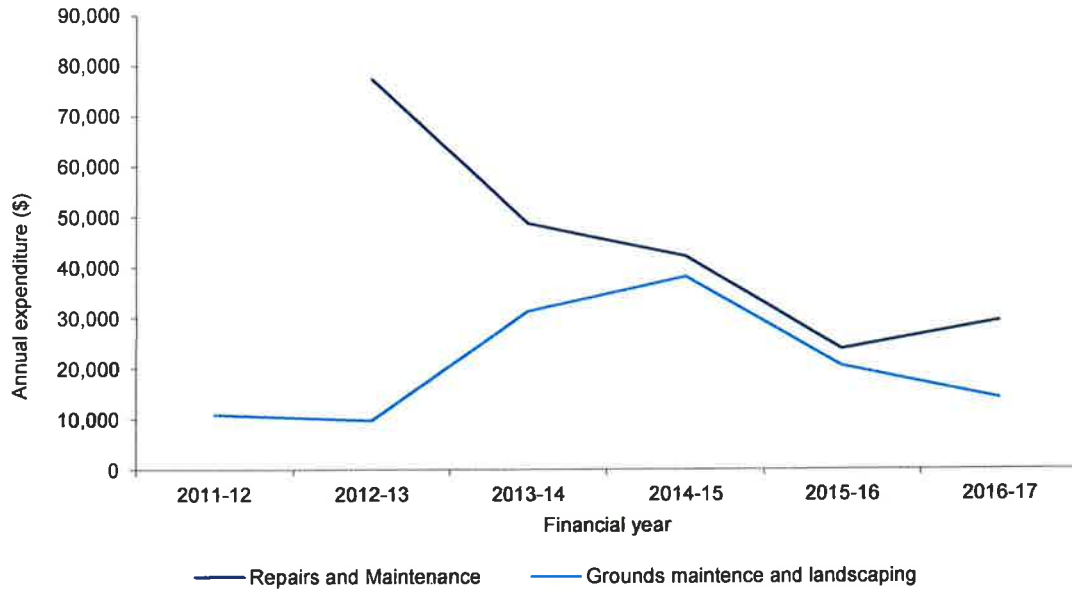
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Chart 5 illustrates the declining expenditure on general repairs and maintenance and grounds maintenance and landscaping.

**Chart 5. Annual maintenance expenditure**



Source: KPMG based on Litchfield Council Annual Report 2012-13 to 2016-17

# Appendix C: Risk matrix

The risks and associated mitigation strategies outlined in the **Risk management strategy** section are based on the following matrix.

**Figure 1. Thorak Regional Cemetery risk matrix**

				Impact				
				Insignificant	Minor	Moderate	Major	Catastrophic
				1	2	3	4	5
Likelihood	<b>Is expected to occur in most circumstances</b>	Almost certain	5	M	H	H	E	E
	<b>Will probably occur</b>	Likely	4	M	M	H	H	E
	<b>Might occur at some time in the future</b>	Possible	3	L	M	M	H	E
	<b>Could occur but doubtful</b>	Unlikely	2	L	M	M	H	H
	<b>May occur, in exceptional circumstances</b>	Rare	1	L	L	M	M	H

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# Appendix D: Financial analysis disclaimers

## Inherent Limitations

The services provided in connection with this engagement comprise an advisory engagement, which is not subject to assurance or other standards issued by the Australian Auditing and Assurance Standards Board and, consequently, no opinions or conclusions intended to convey assurance have been expressed.

Litchfield Council has full responsibility for:

- determining accounting treatments;
- sourcing appropriate legal and regulatory advice;
- assessing the impact on banking and finance covenants;
- assessing human resources and organisational structures; and
- negotiating with any third parties.

In relation to financial analysis assistance, Litchfield Council accepts that:

- KPMG did not perform an audit or review on the data and estimates within the financial analysis, therefore, this report does not constitute an expression of opinion or conclusion intended to convey assurance on, and KPMG is not responsible for, the accuracy and completeness of the financial information presented;
- it is not possible to predict future events or anticipate all potential circumstances as market or other conditions may change, as such, future events may not unfold as expected and actual results achieved for the forecast periods covered will vary from the information presented and the variations may be significant; and
- baseline financial information and financial analysis have been reviewed by Litchfield Council, including assumptions applied during the analysis, scope of the analysis, selection of cost drivers, categories and sources of internal and external data.

KPMG have indicated within this report the sources of information provided. We have not sought to independently verify those sources unless otherwise noted within the report.

No warranty of completeness, accuracy or reliability is provided in relation to the statements and representations made by, and the information and documentation provided by Litchfield Council, including historical financial records.

KPMG is under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form.

The findings in this report have been formed on the above basis.

## Third party reliance

This report has been prepared at the request of Litchfield Council representing TOPROC in accordance with the terms of KPMG's engagement letter dated 23 April 2018 and is not to be used

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for any other purpose or distributed to, or relied upon by, any other party without our prior written consent.

Other than our responsibility to Litchfield Council representing TOPROC, neither KPMG nor any member or employee of KPMG undertakes responsibility arising in any way from reliance placed by a third party on this report. Any reliance placed is that party's sole responsibility.

# Appendix E: Detailed financial analysis

## Current financial performance summary

Until 2017-18 financial year, TRC had experienced declining revenue which was attributed to private industry market share and the sharp fall in total number cremation services delivered. Direct costs and overheads have also decreased, however, they have done so at a proportionally slower rate.

Table 2 below provides an overview of the TRC financial performance.

**Table 2. High level performance**

Financial performance	2014-15 actual	2015-16 actual	2016-17 actual	2017-18 actual
<b>Revenue</b>	928,519	876,404	823,981	942,070
<b>Expenses</b>	(937,190)	(952,675)	(803,965)	(733,136)
<b>Net profit</b>	<b>(8,671)</b>	<b>(76,271)</b>	<b>20,016</b>	<b>208,934</b>

Source: KPMG based on Litchfield Council Annual Reports 2014-15 to 2016-17 (audited), and Thorak Regional Cemetery Finance Report - June 2018 (unaudited).

The increase in profitability in 2017-18 is mainly due the imposition of a 10% Administration Fee for use of TRC by non-Litchfield residents, and a higher demand for pre-purchase of plots than anticipated in the annual budgeting process. It is estimated that the 10% Administration Fee for non-Litchfield residents has delivered \$62,000 of revenue in 2017-18.

The reduction in operating costs is attributable to a tighter control over employment expenses, including training and development. As a result, TRC's operating hours have been reduced; whilst cost savings were achieved, service delivery may have been perceived by the public to have decreased.

The historical ongoing operating losses of the TRC has impacted the availability of cash at hand (current assets) and the accumulated surplus. At 30 June 2017, the cash reserve had remained stable at a balance of \$212,044. On the back of a strong year in 2017-18, the unaudited cash reserve is \$372,400 at 30 June 2018. Whilst the recent increase in cash reserve has improved short term stability, the quantum of upgrade works that are due to be delivered on TRC will put the cash reserves at significant risk.

Table 7 provides an overview of the current financial position.

**Table 7. Current financial position**

Financial Position	2014-15 12 months	2016-17 12 months	2017-18 12 months
<b>Current assets</b>	266,692	185,991	218,088
<b>Non-current assets</b>	322,679	406,397	418,032
<b>Total assets</b>	589,371	592,388	636,120
<b>Accumulated surplus</b>	54,570	54,569	54,569

Source: KPMG based on Litchfield Council Annual Reports 2014-15 to 2016-17. Financial position as at 30 June 2018 is not yet available for disclosure in this report.

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## 8.1 Comparative to industry cost structure characteristics

The IBISWorld *Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia* was reviewed in order to determine the industry-wide cost structure. IBISWorld is considered a reputable source and appropriate for the purpose of this business case. Table 9 outlines the key findings on the industry cost structure.

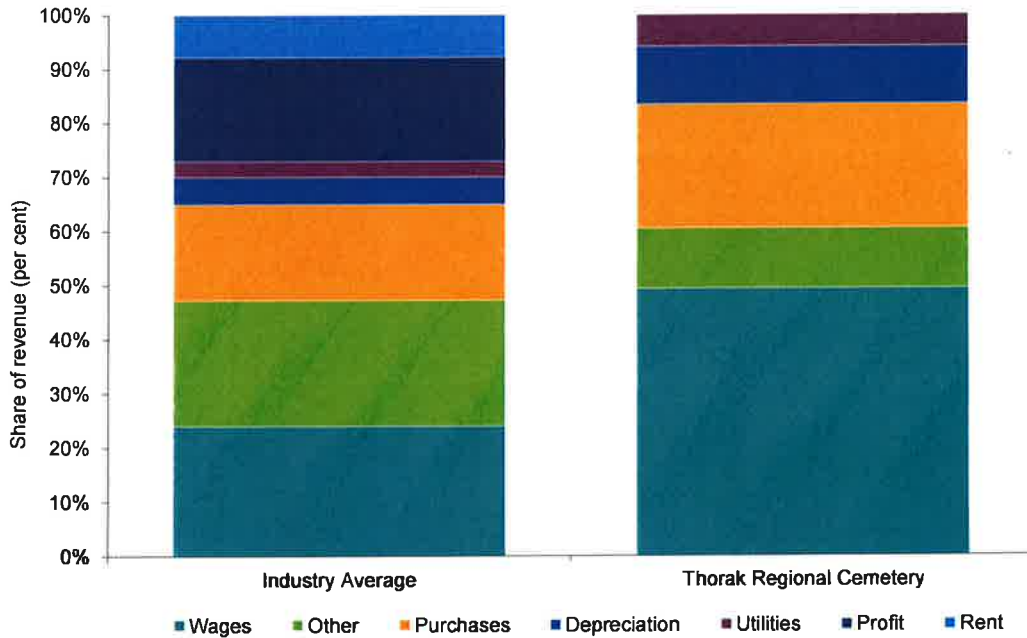
**Table 9. Industry cost structure characteristics**

Benchmark	Characteristics
<b>Profit</b>	Prices for burials and staff wages are generally passed on to consumers, however, industry competition has restrained large increases. The shift towards cremations has created downward pressure on industry profit as cremations have lower margins.
<b>Wages</b>	Burial and cremations (as associated funeral services) are labour intensive due to the range of occupations required. Wages make the largest cost contribution to operations. Efficiency increases and reduced staff requirements in recent years have decreased the contribution of wages.
<b>Purchases</b>	Purchases of coffins, equipment for grave digging, land scaping and other funeral related items make a significant contribution to the cost of operations. Most costs are variable, with some passed on to consumers with a mark-up attached (such as coffins) while others do not receive an increase.
<b>Rent</b>	Funeral providers rent a wide range of property, plant and equipment including buildings, crematoria, offices, vehicles and other items. Rent as a proportion of total costs is expected to increase due to rising property prices.
<b>Depreciation</b>	Depreciation occurs on buildings, vehicles, operating equipment (such as audio systems). Overall, depreciation makes a small contribution to total costs.
<b>Other</b>	Other costs such as advertising and insurance and increased in recent years. More funeral companies are entering into advertising in attempt to gain a larger share of a saturated market.
<b>Competition</b>	<p>Competition in the funeral industry is high due to the level of saturation. While the revenue stream is stable (due to the death rate), opportunities to significantly increase income can only be achieved by lifting service prices, acquiring competitors or increasing market share.</p> <p>Competition is generally greater in metropolitan areas due to the close proximity of many funeral providers. The trend towards cremations has also increased competition based on prices and offerings.</p>

Source: KPMG based on IBISWorld 2018, *Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia*.

The left-hand column in Chart 6 illustrates the typical industry costs for funeral services across Australia. While the costs reflect a wide range providers and services, they may assist to provide benchmarks for operations of the TRC. The right column illustrates TRC's actual performance in 2016-17 (most recent audited financial report). It is clear there are several differences in the cost structure, with wages and purchases accounting for almost 80 per cent of total costs.

**Chart 6. Average industry costs and Thorak Regional Cemetery’s performance in 2016-17**



Source: KPMG based on IBISWorld 2018, Industry Report S9520 – Funeral Directors, Crematoria and Cemeteries in Australia.

**NB:** TRC’s profit is not represented in the chart above as it was negative after depreciation was brought to account. Rent is also not present as Litchfield Council owns all of TRC’s facilities.

### Projected financial performance

The projected financial performance provides an overview of the potential future state of the TRC. The projections are based on audited financial reports provided by Litchfield Council (until 30 June 2017), and the management accounts provided by Litchfield Council (unaudited) for 2017-18. The projections incorporate the following assumptions:

- Revenue is extrapolated by taking the four year average rate, and applying a population growth factor of 1.2% p.a. and an inflation rate of 2% p.a.
- Total operating costs have been provided in accordance with the Regional Cemetery Asset Management Plan prepared by Litchfield Council, which appeared reasonable in light of historical financial performance.

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**Table 10. Projected income and expenses**

Projected financial performance	2018-19 projected	2019-20 projected	2020-21 projected	2021-22 projected	2022-23 projected	2023-24 projected	2024-25 projected	2025-26 Projected	2026-27 projected	2027-28 Projected
<b>Revenue</b>	906,042	935,253	965,405	996,530	1,028,658	1,061,822	1,096,055	1,131,392	1,167,868	1,205,520
<b>Staffing cost</b>	(424,480)	(458,640)	(480,480)	(500,640)	(517,440)	(535,920)	(546,000)	(556,080)	(566,160)	(576,351)
<b>Operational costs</b>	(381,520)	(412,360)	(431,520)	(450,360)	(465,560)	(482,080)	(491,000)	(499,920)	(508,840)	(517,871)
<b>Net profit</b>	<b>100,042</b>	<b>64,253</b>	<b>53,405</b>	<b>45,530</b>	<b>33,461</b>	<b>18,790</b>	<b>20,526</b>	<b>22,676</b>	<b>25,250</b>	<b>28,033</b>

Source: KPMG projections, 2018.

As previously indicated, TRC already has in place a fully costed Masterplan. The plan was developed in 2015, and implementation of the recommendations in the plan as not yet commenced due to insufficient cash flow with which to undertake capital works. The requirement for capital renewal and upgrade is high due to the relatively low spend to date on maintaining and upgrading the infrastructure at the site, given the limited cash reserves that Litchfield Council has had to dedicate towards these expenditures.

KPMG has based projections for capital upgrade expenditure on the Masterplan prepared by Cloustone. In 2015, Cloustone identified capital works as being Critical and Desirable, and timing for capital works as being Immediate (within the current financial year), Short term (within 5 years) and Long term (within 10 years). Given that implementation has not yet commenced, timing for delivery of capital works has been adjusted as follows:

- Critical and immediate capital works to be delivered in 2019-20.
- Desirable and immediate capital works to be delivered in 2020-21.
- Critical and short term capital works to be delivered in 2020-21.
- Desirable and short term capital works to be delivered in 2022-23 through 2026-27.
- No critical and medium term capital works were identified.
- Desirable and medium term capital works to be delivered in 2025-26.
- Desirable and long term capital works to be delivered in 2027-28.
- Cost of upgrades have been inflated by 2% p.a. since 2015, based on costs assigned in the Masterplan report.

**Table 11. Estimated capital upgrade expenditure required**

Capital expenditure required	2018-19 projected	2019-20 projected	2020-21 projected	2021-22 projected	2022-23 projected	2023-24 projected	2024-25 projected	2025-26 Projected	2026-27 projected	2027-28 Projected
<b>Critical</b>	-	1,233,973	99,367	-	-	-	-	-	-	-
<b>Desirable</b>	-	-	176,653	-	717,929	28,717	28,717	772,304	28,717	1,401,407
<b>Total expenditure required</b>	-	<b>1,233,973</b>	<b>276,020</b>	-	<b>717,929</b>	<b>28,717</b>	<b>28,717</b>	<b>772,304</b>	<b>28,717</b>	<b>1,401,407</b>

Source: KPMG, based Thorak Regional Cemetery Masterplan.

It is evident in the projections above that TRC's current cash reserves of \$372,400 (preliminary at 30 June 2018) will be exhausted shortly through capital expenditure requirements at the site. Based on the above projections, the current cash reserve is likely to be diminished to nil at 30 June 2020 if all required capital expenditure outlined in the Masterplan is delivered. Table 12 below illustrates the projected cash position of TRC over time:

**Table 12. Projected cash position of TRC**

Cashflow	2018-19 projected	2019-20 projected	2020-21 projected	2021-22 projected	2022-23 projected	2023-24 projected	2024-25 projected	2025-26 Projected	2026-27 projected	2027-28 Projected
<b>Opening cash reserve</b>	372,400	472,442	(697,278)	(919,893)	(874,363)	(1,558,831)	(1,568,758)	(1,576,950)	(2,326,578)	(2,330,045)
<b>Net operating result</b>	100,042	64,253	53,405	45,530	33,461	18,790	20,526	22,676	25,250	28,033
<b>Capital expenditure required</b>	-	(1,233,973)	(276,020)	-	(717,929)	(28,717)	(28,717)	(772,304)	(28,717)	(1,401,407)
<b>Closing cash reserve</b>	<b>472,442</b>	<b>(697,278)</b>	<b>(919,893)</b>	<b>(874,363)</b>	<b>(1,558,831)</b>	<b>(1,568,758)</b>	<b>(1,576,950)</b>	<b>(2,326,578)</b>	<b>(2,330,045)</b>	<b>(3,703,420)</b>

\*It should be noted that the above table is provided for illustrative purposes only, and has not been fully modelled for depreciation add backs.

## Contact us

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## 14 INFORMATION AND CORRESPONDENCE

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### 14.1 Information

Nil

### 14.2 Correspondence

Nil

**15** REPORT OF DELEGATES

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**16** QUESTIONS BY MEMBERS

---

**17** GENERAL BUSINESS

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**18** NEXT ORDINARY COUNCIL MEETING

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THAT the next Ordinary Meeting of Council be held on Tuesday 6 November 2018 at 5.30pm in the Council Chambers, First Floor, Civic Plaza, 1 Chung Wah Terrace Palmerston.

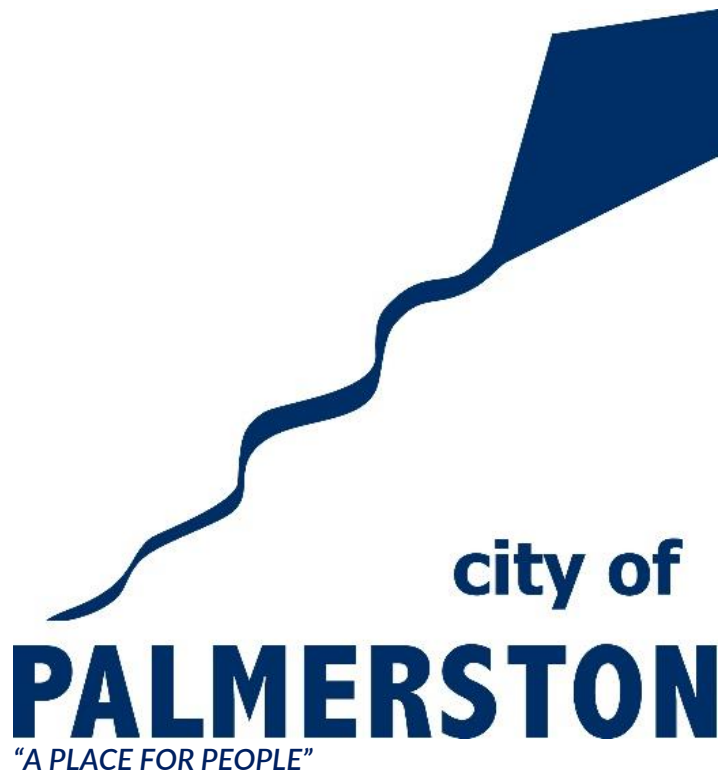
**19** CLOSURE OF MEETING TO PUBLIC

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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 item of the Agenda.

**20** ADJOURNMENT OF MEETING AND MEDIA LIAISON

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**COUNCIL MEETING  
MINUTES  
TUESDAY, 2 OCTOBER 2018**



1st Ordinary Council Meeting

## CITY OF PALMERSTON

**Minutes of Council Meeting  
held in Council Chambers  
Civic Plaza, Palmerston  
on Tuesday 2 October 2018 at 5.30pm.**

---

ELECTED MEMBERS	Acting Mayor Mick Spick Alderman Damian Hale Alderman Amber Garden Alderman Lucy Buhr Alderman Sarah Henderson
STAFF	Chief Executive Officer, Luccio Cercarelli Director Corporate Services, Chris Kelly Director City Growth and Operations, Gerard Rosse Minute Secretary, Alyce Breed Executive Assistant to Director Community Services, Tree Malyan
GALLERY	14 members of the public Marg Lee, Palmerston and Rural Seniors Committee Inc Neville Driver, Palmerston and Rural Seniors Committee Inc Will Zwar, NT News

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### 1 ACKNOWLEDGEMENT OF COUNTRY

*I respectfully acknowledge the traditional owners of the land on which we are meeting - the Larrakia People - and pay my respects to their elders, past, present and future.*

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### 2 OPENING OF MEETING

The Acting Mayor declared the meeting open at 5.30pm.

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### 3 APOLOGIES AND LEAVE OF ABSENCE

#### 3.1 Apologies

Nil.

Initials: \_\_\_\_\_

## 3.2 Leave of Absence Previously Granted

Moved: Alderman Buhr  
Seconded: Alderman Henderson

1. THAT it be noted Mayor Pascoe-Bell will be on leave of absence previously granted on 4 September 2018, for the period of 1 October to 9 October 2018 inclusive.
2. THAT it be noted Alderman Lewis will be on leave of absence previously granted on 18 September 2018, for the period of 29 September to 3 October 2018 inclusive.
3. THAT it be noted Alderman Giesecke will be on leave of absence previously granted on 18 September 2018, for the period of 1 October to 3 October 2018 inclusive.

CARRIED 9/0292 - 02/10/2018

## 3.3 Leave of Absence Request

Moved: Alderman Hale  
Seconded: Alderman Buhr

THAT the leave of absence received from Alderman Hale for 6 November to 18 November 2018 inclusive be received and noted.

CARRIED 9/0293 - 02/10/2018

## 4 REQUEST FOR TELECONFERENCING

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Nil.

## 5 DECLARATION OF INTEREST

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### 5.1 Elected Members

Nil.

### 5.2 Staff

Nil.

## 6 CONFIRMATION OF MINUTES

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### 6.1 Confirmation of Minutes

Moved: Alderman Garden  
Seconded: Alderman Henderson

THAT the minutes of the Council Meeting held Tuesday, 18 September 2018 pages 9555 to 9564, be confirmed.

CARRIED 9/0294 - 02/10/2018

### 6.2 Business Arising from Previous Meeting

Nil.

Initials: \_\_\_\_\_

## 7 MAYORAL REPORT

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7.1 Mayoral Update Report – September 2018 M9/005

Moved: Acting Mayor Spick  
Seconded: Alderman Henderson

THAT Report Number M9/005 entitled Mayoral Update Report – September 2018 be received and noted.

CARRIED 9/0295 – 02/10/2018

## 8 DEPUTATIONS AND PRESENTATIONS

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8.1 Deputations

Nil.

8.2 Presentations

Triennium Funding Sponsorship 2019-2021

Moved: Alderman Hale  
Seconded: Alderman Garden

THAT the presentation by Marg Lee, President and Neville Driver, Public Officer of the Palmerston and Rural Seniors Committee Inc be received and noted.

CARRIED 9/0296 – 02/10/2018

## 9 PUBLIC QUESTIONS (WRITTEN SUBMISSIONS)

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Nil.

## 10 CONFIDENTIAL ITEMS

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10.1 Confidential Items

Nil.

10.2 Moving Open Items into Confidential

Nil.

10.3 Moving Confidential Items into Open

Nil.

Initials: \_\_\_\_\_

## 11 PETITIONS

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### 11.1 Trial of Laneway Treatments

Moved: Alderman Henderson  
Seconded: Alderman Buhr

1. THAT the petition presented by Alderman Henderson on behalf of Clifton Walton regarding the Trial of Laneway Treatments be tabled at the 1<sup>st</sup> Ordinary Council Meeting of October 2018.
2. THAT Council receives and notes the petition and considers it as part of Report Number 9/0091 entitled Trial of Laneway Treatments within the 1<sup>st</sup> Ordinary Council Meeting of October 2018.

CARRIED 9/0297 – 02/10/2018

## 12 NOTICES OF MOTION

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### 12.1 Palmerston Recreation Lake Idea

Moved: Alderman Hale  
Seconded: Alderman Henderson

THAT the Mayor, accompanied by the Deputy Mayor and/or Alderman Hale, meet with the Chief Minister to discuss the idea of a recreational lake in Palmerston and to determine if the Northern Territory Government has any interest in progressing this matter and how it might occur.

CARRIED 9/0298 – 02/10/2018

## 13 OFFICERS REPORTS

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### 13.1 Receive and Note Reports

#### 13.1.1 Palmerston Seniors Advisory Committee September Minutes and 2018 Seniors Forum 9/0090

Moved: Alderman Henderson  
Seconded: Alderman Hale

THAT Report Number 9/0090 entitled Palmerston Seniors Advisory Committee September Minutes and 2018 Seniors Forum be received and noted.

CARRIED 9/0299 – 02/10/2018

Initials: \_\_\_\_\_

13.2 Action Reports

13.2.1 Community Satisfaction Survey Results and Response 9/0094

Moved: Alderman Buhr  
Seconded: Alderman Garden

1. THAT Report Number 9/0094 entitled Community Satisfaction Survey Results and Response be received and noted.
2. THAT Council note that actions, initiatives and programs that are underway to improve customer satisfaction as part of the 2018/19 Municipal Plan that are outlined in this report entitled Community Satisfaction Survey Results and Response and that any actions requiring new or additional funding will be referred to future Budget Reviews and 2019/20 Municipal Plan and Budget development.
3. THAT a future report will be provided to Council in February 2019 outlining the results of the review of the structure, content and scoring methodology of the Community Satisfaction Survey and any recommended changes.

CARRIED 9/0300 - 02/10/2018

13.2.2 Trial of Laneway Treatments 9/0091

Moved: Alderman Henderson  
Seconded: Alderman Hale

1. THAT Report Number 9/0091 entitled Trial of Laneway Treatments be received and noted.
2. THAT Council endorse implementing trial laneway treatments as identified in Report Number 9/0091 entitled Trial of Laneway Treatments and summarised as follows:

<b>Laneway Location</b>	<b>Suburb</b>	<b>Summary of Trial Details</b>
Six (6) laneways that connect Bonson Terrace, Staghorn Court, Gumnut Way and Melastoma Drive	Moulden	- Laneway lighting upgrades - Crime Prevention Through Environment Design (CPTED) Assessment
Two (2) laneways that connect Politis Court and Strawbridge Crescent	Moulden	- Laneway closure trial - Consultation to occur - Consultation and Technical assessment to inform closure type
One (1) laneway that occurs at Helio Court Cul-de-sac head	Woodroffe	- Laneway closure trial - Consultation to occur - Consultation and Technical assessment to inform closure type
Phineaus Court and Priest Circuit	Gray	- Laneway lighting upgrades - Crime Prevention Through Environment Design (CPTED) Assessment

Initials: \_\_\_\_\_

13.2.2 Trial of Laneway Treatments (continued) 9/0091

3. THAT a report outlining the outcomes and findings of the Trial Laneway Treatments be presented to Council at the 2<sup>nd</sup> Ordinary Meeting in June 2019.

CARRIED 9/0301 - 02/10/2018

13.2.3 Council Policy Review – GSTV01 Goyder Square TV Screen Content and Usage 9/0092

Moved: Alderman Garden  
Seconded: Alderman Hale

1. THAT Report Number 9/0092 entitled Council Policy Review – *GSTV01 Goyder Square TV Screen Content and Usage* be received and noted.
2. THAT Council rescind Council Policy *GSTV01 Goyder Square TV Screen Content and Usage* at **Attachment A** to Report Number 9/0092 entitled Council Policy Review – *GSTV01 Goyder Square TV Screen Content and Usage*.

CARRIED 9/0302 - 02/10/2018

13.2.4 Council Policy Review – EM03 Conflict of Interest 9/0093

Moved: Alderman Buhr  
Seconded: Alderman Henderson

1. THAT Report Number 9/0093 entitled Council Policy Review – *EM03 Conflict of Interest* be received and noted.
2. THAT Council rescind City of Palmerston Council Policy *EM03 – Conflict of Interest*, being **Attachment A** to Report Number 9/0093 entitled Council Policy Review – *EM03 Conflict of Interest*.

CARRIED 9/0303 - 02/10/2018

## 14 INFORMATION AND CORRESPONDENCE

### 14.1 Information

14.1.1 LGANT Draft Executive Minutes – 18 September 2018

Moved: Alderman Garden  
Seconded: Alderman Hale

THAT Council receive and note Item 14.1.1 entitled LGANT Draft Executive Minutes – 18 September 2018.

CARRIED 9/0304 - 02/10/2018

### 14.2 Correspondence

Nil.

Initials: \_\_\_\_\_

## 15 REPORT OF DELEGATES

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Nil.

## 16 QUESTIONS BY MEMBERS

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Nil.

## 17 GENERAL BUSINESS

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Nil.

## 18 NEXT COUNCIL MEETING

---

Moved: Alderman Garden  
Seconded: Alderman Hale

THAT the next Ordinary Meeting of Council be held on Tuesday 16 October 2018 at 5.30pm in the Council Chambers, First Floor, Civic Plaza, 1 Chung Wah Terrace Palmerston.

CARRIED 9/0305 - 02/10/2018

## 19 CLOSURE OF MEETING TO PUBLIC

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Nil.

## 20 ADJOURMENT OF MEETING AND MEDIA LIAISON

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Nil.

## 21 CLOSURE OF MEETING

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Moved: Alderman Henderson  
Seconded: Alderman Garden

The first Meeting of the Ninth City of Palmerston Council, held in the Council Chambers, Civic Plaza, Palmerston on Tuesday, 2 October 2018 closed at 6.35pm.

CARRIED 9/0306 - 02/10/2018



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Athina Pascoe-Bell  
MAYOR

Date:

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