



# NOTICE

of

## **CORPORATE GOVERNANCE COMMITTEE MEETING**

*Pursuant to the provisions of Section 84(1) of the  
Local Government Act 1999*

TO BE HELD IN

**COMMITTEE ROOM  
PLAYFORD CIVIC CENTRE  
10 PLAYFORD BOULEVARD, ELIZABETH**

ON

**TUESDAY, 1 MAY 2018 AT 4:30PM**

A handwritten signature in black ink, appearing to read "Mal Hemmerling".

**MAL HEMMERLING  
CHIEF EXECUTIVE OFFICER**

Issue Date: Thursday, 26 April 2018

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### MEMBERSHIP

#### **PRESIDING MEMBER – MR DAMIAN PULGIES**

Mayor Glenn Docherty  
Mr Martin White

Ms Merridie Martin

Mr Dino Musolino

# CITY OF PLAYFORD STRATEGIC PLAN

<b>1. Smart Service Delivery Program</b>	
This program is about continuing to provide for the changing needs and expectations of our diverse community, delivering the services they require. It means making the most of our community's existing strengths, talents and diversity, and working smarter to connect our community with each other to contribute to overall wellbeing and the economic life of the City.	<p><i>Outcomes</i></p> <ul style="list-style-type: none"> <li>1.1 High quality services and amenities</li> <li>1.2 Improved service delivery</li> <li>1.3 Working smarter with our community</li> <li>1.4 Enhanced City presentation, community pride and reputation</li> </ul>
<b>2. Smart Living Program</b>	
This program is about Council playing its part to make the City more liveable and connected. As our older suburbs age and our population and urban footprint expands, we will find innovative ways to renew and 'future proof' the liveability of our neighbourhoods. It also means ensuring our community has access to smart technologies.	<p><i>Outcomes</i></p> <ul style="list-style-type: none"> <li>2.1 Smart development and urban renewal</li> <li>2.2 Enhanced City presentation, community pride and reputation</li> <li>2.3 Liveable neighbourhoods</li> </ul>
<b>3. Smart Jobs &amp; Education Program</b>	
This program is about Council leading by example and advocating to other organisations to support the diversification of our local economy and improve the employment prospects for our community. This includes providing the right environment for investment and business attraction and connecting our community up with the right skills and education for the transitioning economy.	<p><i>Outcomes</i></p> <ul style="list-style-type: none"> <li>3.1 Growth and diversification of local jobs matched with relevant education and training</li> <li>3.2 Commercial and industrial growth</li> <li>3.3 Sustainable economic transformation</li> <li>3.4 International market connections</li> </ul>
<b>4. Smart CBD Program</b>	
This program relates to Council's long term strategy for the redevelopment and expansion of the Elizabeth Regional Centre. In the longer term Elizabeth can expect to be home to a number of facilities and services such as hospitals, a university, significant retail services, medium to high density commercial offices, peak business organisations and high density housing.	<p><i>Outcomes</i></p> <ul style="list-style-type: none"> <li>4.1 Expanded range of local services</li> <li>4.2 Growth and diversification of local jobs in the CBD</li> <li>4.3 Greater housing choice</li> <li>4.4 Increased social connections</li> <li>4.5 Commercial growth</li> </ul>
<b>5. Smart Sport Program</b>	
This program is about Council's long term vision to create the Playford City Sports Precinct providing local community, state and national level sporting facilities. It will create a focus on healthy communities and promote greater participation in sport and physical activity. It will also support the renewal of adjoining suburbs.	<p><i>Outcomes</i></p> <ul style="list-style-type: none"> <li>5.1 Enhanced community pride and reputation</li> <li>5.2 Healthy and socially connected community</li> <li>5.3 Access to elite sporting facilities</li> </ul>
<b>6. Smart Health</b>	
In the longer term the Playford will see expansion of the area around the Lyell McEwin Hospital into a key precinct with tertiary training, research, allied health facilities and residential accommodation. It will have potential links to advanced manufacturing in assistive devices in health, aged and disability. This program is about raising the profile and amenity of the precinct and facilitating new investment.	<p><i>Outcomes</i></p> <ul style="list-style-type: none"> <li>6.1 Access to quality, local health services</li> <li>6.2 Increased employment opportunities in health, disability and aged sectors</li> </ul>



## CORPORATE GOVERNANCE COMMITTEE CHARTER

### 1 Role

#### 1.1 The Committee's role is to:

- 1.1.1 Fulfil the role of Council's audit committee as required in section 126 of the Local Government Act.
- 1.1.2 Review developments and adequacy of principles, policies and practices of Financial Planning and Reporting, Corporate Governance, Risk Management and Internal Control and make recommendations to Council as appropriate.

### 2 Terms of Reference

#### 2.1 The Committee's terms of reference are to consider all matters outlined in section 126(4) of the Local Government Act:

- 2.1.1 Reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and
- 2.1.2 Proposing and providing information relevant to, a review of the council's strategic management plans or annual business plan; and
- 2.1.3 Proposing, and reviewing, the exercise of powers under section 130A, including other investigations; and
- 2.1.4 Liaising with the council's auditor; and
- 2.1.5 Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

### 3 Definitions

**Act** for the purpose of this policy means the *Local Government Act 1999*.

**Chief Executive Officer** (CEO) means the Chief Executive Officer of a council and includes a deputy or other person acting in the officer of Chief Executive Officer.

**Committee** includes Section 41 Committees, other Committees and Panels established by Council.

**Council Member** means the Principal Member or a Councillor elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Executive Officer** is a staff member appointed by the Chief Executive Officer to support a Section 41 Committee, other committee or advisory group.

**Independent Members** are members on a committee or panel who are not elected but have been appointed by the Council to undertake a similar role as Councillors on Council's Section 41 Committees or the Council Development Assessment Panel. They are external appointees.

**Mayor** is the person elected as the Principal Member of the Council to represent the local government area as a whole.

**Staff** includes Council staff, contractors, volunteers and all others who perform work on behalf of Council.

## **4 Delegations**

### **4.1** The Committee has delegation for the following:

4.1.1 Approve Committee's Minutes as a true and accurate record of proceedings.

4.1.2 Develop and approve the Committee's Work Plan.

4.1.3 Appoint a Presiding Member from within the Committee.

### **4.2** Any other business referred to the Committee in accordance with its Role and Terms of Reference, or where the Committee does not hold the delegated authority, this business may be debated with a recommendation referred to the next Ordinary Council Meeting for consideration.

### **4.3** The Executive Officer in consultation with the Presiding Member may approve a deputation request for business that falls in-line with the Committee's Role and Terms of Reference. The Committee may resolve to seek further information on the business of a deputation; although no further resolution may be passed for the business of a deputation at the meeting the deputation was provided.

### **4.4** Petitions are not delegated to the Committee and are only to be presented to Council.

## **5 Meetings**

### **5.1** The Committee Meeting will be held on the first Tuesday of the month, starting at 4:30pm. The Committee will meet a minimum of six (6) times per annum. The Committee will determine an annual schedule of meetings.

### **5.2** The Committee Meeting will be held primarily in the Committee Room at the Playford Civic Centre, 10 Playford Boulevard, Elizabeth, unless otherwise determined by the Committee prior to the meeting.

### **5.3** Committee Meetings may be called, amended or cancelled by the Committee's Executive Officer of the Committee, in consultation with the Presiding Member.

### **5.4** Special Meetings of the Committee may be necessary from time to time and may be called in accordance with Section 82 of the Local Government Act 1999. Notice of a Special Committee Meeting may be at a minimum of four (4) hours notice, due to the urgency of the matters on the agenda.



## 6 Membership

### 6.1 Term rules:

- 6.1.1 The Committee shall comprise five (5) members consisting of two (2) Council Members and three (3) Independent Members.
- 6.1.2 The term of the Council Committee Members' appointment will be for a period not exceeding the next General Election.
- 6.1.3 Independent Members who are appointed to a Committee may carry over past an election term.
- 6.1.4 The Presiding Member must be an Independent Member and will be determined by the Committee for twelve (12) months, after which they may stand for re-election.

- 6.2 Independent Members of the Committee shall be appointed to bring recent and relevant experience and their capacity to act as a mentor to the Council Members on the Committee.

- 6.3 Table providing a summary of current Committee Membership and Term of Office details:

Term of Office		
Appointed Member	Endorsed by Council	Term Concludes
Mr Martin White	27 Sep 2016	31 Oct 2019
Mr Damian Pulgies	28 Nov 2017	31 Oct 2019
Ms Merridie Martin	23 Feb 2016	31 Oct 2018
Mayor Glenn Docherty	25 Nov 2014	31 Oct 2018
Cr Dino Musolino	27 Mar 2018	31 Oct 2018

## 7 Role of the Presiding Member

- 7.1.1 Oversee the conduct of Committee Meetings in accordance with the Local Government Act 1999 and Code of Practice for Council, Special and Committee Meetings.
- 7.1.2 Ensure all Committee Members have the opportunity to participate in debate and discussions in an open and encouraging manner.
- 7.1.3 Where a matter has been debated significantly and no new information is being discussed the Presiding Member may call the meeting to order and ask for the debate to be finalised and a motion be put forward.

## **8 Role of Committee Members**

- 8.1** Actively participate in debate and discussion as a representative of Council in a professional manner at all times.
- 8.2** Ensure the Member is prepared and informed of meeting matters prior to the meeting.
- 8.3** Utilise the skills and experience of the Committee Members to effectively carry out the Committee's role.

## **9 Role of the Executive Officer and Administrative Support**

- 9.1** The Executive Officer is appointed by the CEO to support the administration and operation of the Committee.
- 9.2** The Executive Officer and relevant staff may provide advice during the meeting in order to aid informed decision making.
- 9.3** The Committee is appointed a Minute Taker.

## **10 Reporting and Review**

- 10.1** Council will assess the on-going role and effectiveness of the Committee as part of the Committee Review following a General Election or as required by Council.
- 10.2** As determined by the Committee, the Committee may communicate with Council Members and staff on issues of importance to the Council. This communication may be delivered by the Presiding Member or Executive Officer in the form of a presentation to Council Members, a communiqué or a written memo and Council Report.
- 10.3** The Committee through the Chair will present to Council at least twice per year on Corporate Governance Committee business.

## **11 Supporting Documentation**

- [Local Government Act 1999](#)
- [Local Government \(Financial Management\) Regulations 2011](#)
- [Code of Practice for Council and Committee Meetings](#)
- [Code of Practice for Public Access to Meetings and Associated Meeting Documents](#)
- [Code of Conduct for Council Members](#)

**12 Approval and Change History**

<b>Approval Date</b>	<b>Approval by</b>	<b>Change</b>
TBA	Council	Template & Committee Structure Review
25 Sep 2008	Council Resolution	Scheduled review
17 Dec 2013	Council Resolution No. 1622	Scheduled review
25 Feb 2014	Council Resolution No. 1683	Appointment of Independent Members Ms Merridie Martin and Mr Allen Bolaffi
25 Nov 2014	Council Resolution No. 1996	Alignment to Council Elections 2014 and minor amendments to terms and meeting dates.
25 Nov 2014	Council Resolution No. 1997	Appointment of Independent Member Mr Andrew Andreyev
28 Jun 2016	Council Resolution No. 2604	Template & Committee Structure Review
27 Sep 2016	Council Resolution No. 2689	Reappointment of Independent Member Mr Martin White
28 Nov 2017	Council Resolution No. 3039	Appointment of Independent Member Mr Damian Pulgies
27 Mar 2018	Council Resolution No. 3121	Appointment of Councillor Dino Musolino



**City of Playford  
Corporate Governance Committee Meeting**

**AGENDA**

**TUESDAY, 1 MAY 2018 AT 4:30PM**

**1 ATTENDANCE RECORD**

1.1 Present

1.2 Apologies

Mr Martin White

1.3 Not Present

**2 CONFIRMATION OF MINUTES**

**RECOMMENDATION**

The Minutes of the Corporate Governance Committee Meeting held 13 March 2018 be confirmed as a true and accurate record of proceedings.

**3 DECLARATIONS OF INTEREST**

**4 DEPUTATION / REPRESENTATIONS**

Nil

**5 STAFF REPORTS**

**Matters to be considered by the Committee and referred to Council**

*Matters which cannot be delegated to a Committee or Staff.*

5.1 Review of Corporate Governance Committee Charter (Attachment).....12

**Matters to be considered by the Committee Only**

*Matters for Information.*

5.2 Risk Management Progress Report (Attachment).....22

5.3 Internal Controls Audit Report (Attachment) .....36

**6 INFORMAL DISCUSSION**

6.1 Complaints Handling Framework - Whistle Blower .....76

6.2 Review of Draft 2018/19 Annual Business Plan & Budget, Long Term Financial Plan and Asset Management Plan (Attachments).....77

**7 INFORMAL ACTIONS****8 COMMITTEE WORKPLAN**

8.1 Monthly Review of Committee Work Plan (Attachment).....236

**9 CONFIDENTIAL MATTERS**

Nil

**10 CLOSURE**

## **STAFF REPORTS**

### **MATTERS TO BE CONSIDERED BY THE COMMITTEE AND REFERRED TO COUNCIL**

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***Matters which cannot be  
delegated to a Committee or  
Staff.***

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## 5.1 REVIEW OF CORPORATE GOVERNANCE COMMITTEE CHARTER

**Responsible Executive Manager :** Mr Sam Green

**Report Author :** Ms Rosemary Munslow

**Delegated Authority :** Matters which cannot be delegated to a Committee or Staff.

**Attachments :** 1. Draft Corporate Governance Committee Charter

### PURPOSE

To provide the draft Corporate Governance Committee Charter for consideration.

### STAFF RECOMMENDATION

That the draft Corporate Governance Committee Charter (attachment 1) be endorsed.

### EXECUTIVE SUMMARY

The Committee Charter was last reviewed in 2016. Given the period of time since the last review it is prudent to consider the Charter and ensure there is clarity on the role and responsibility of the Committee. With the 2018 local government election this year the review of the Charter will also ensure continuity through to 2019 when the new Council will consider the Councils Committee Structure.

#### 1. BACKGROUND

The Corporate Governance Committee last considered its Charter in June 2016 as part of feedback into the Council Committee Structure review after the 2014 Local Government Elections. The revised Charter was adopted by Council at the meeting of 28 June 2016.

At the 13 March 2018 meeting the Corporate Governance Committee reviewed its charter and provided feedback. This feedback has been included within this draft Charter and is now provided for the Committees consideration and subsequent recommendation to Council.

#### 2. RELEVANCE TO STRATEGIC PLAN

##### 1: Smart Service Delivery Program

Outcome 1.2 Improved service delivery

The review of the Committee Charter ensures that the Committee are working at their optimum and can deliver to the outcomes of their role.

#### 3. PUBLIC CONSULTATION

The review of the Committee Charter does not require public consultation.



## 4. DISCUSSION

- 4.1 The review in 2016 amended the Charter to align direct to the legislative requirements on the role of Council's Audit (Corporate Governance) Committee.
- 4.2 It is prudent for the Committee to review and consider its performance on a regular basis. One way that this can occur is through a review of the Charter.
- 4.3 Legislation outlines in broad terms what the purpose and role of an Audit Committee must be. A Council can include only the legislative requirements in the Charter or additional responsibilities as they see fit. On reviewing Audit Committee Charters across local government there are many variations.
- 4.4 The Corporate Governance Committee considered the Charter at the March 2018 Meeting and provided feedback that they wished to expand out the terms of reference to articulate their role in more detail. Some of the areas of focus to assist with clarity of the role are financial reporting, strategic management plans and risk management.
- 4.5 The feedback from the March meeting included; enhanced definitions of Strategic Plans, the consolidation of Internal Audit into Internal Controls and Risk Management and, the inclusion of an external review that would be undertaken in the year of the local government election. These changes have been included in the Draft Corporate Governance Committee Charter and are highlighted in track changes in attachment 1.
- 4.6 The Committee does not have the delegated authority to amend its Charter and as such any recommendation will flow onto Council for consideration.

## 5. OPTIONS

### Recommendation

That the draft Corporate Governance Committee Charter (attachment 1) be endorsed.

### Option 2

That the draft Corporate Governance Committee Charter (attachment 1) be endorsed with the following amendments:

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## 6. ANALYSIS OF OPTIONS

### 6.1 Recommendation Analysis

#### 6.1.1 Analysis & Implications of the Recommendation

The review of the Committee Charter ensures that the Committee and Council are clear on the role so that the Committee can deliver the desired outcome. Given that the last review was 2016 it is prudent and good governance that the Charter is reviewed, in particular this year being an election year, to ensure a level of continuity is maintained as the Council transitions through to 2019.

### 6.1.2 Financial Implications

There are no financial or resource implications with the endorsement of the draft Charter.

## **6.2 Option 2 Analysis**

### 6.2.1 Analysis & Implications of Option 2

The review of the Committee Charter ensures that the Committee and Council are clear on the role so that the Committee can deliver the desired outcome. Given that the last review was 2016 it is prudent and good governance that the Charter is reviewed in particular this year being an election year to ensure a level of continuity as the Council transitions from through to 2019.

Any amendments would need to ensure that the legislative element of the role are not removed and that any additional responsibilities are within the scope of the Committees capability.

### 6.2.2 Financial Implications

Any change in responsibility will not have a financial impact unless the skillset or number of independent members change. An increase in the number of independent members will require additional budget for sitting fees.

# CORPORATE GOVERNANCE COMMITTEE CHARTER



## 1 Role

The Corporate Governance Committee is established to assist the co-ordination of relevant activities of management, the internal audit function and the external auditor to facilitate achieving overall organisational objectives in an efficient and effective manner.

The Committees role is to:

- 1.1.1 Fulfil the role of Council's audit committee as required in section 126 of the Local Government Act.
- 1.1.2 Assist the Council in reviewing the principal risks facing the Council, including those that threaten the Council's strategic directions.
- 1.1.3 Assist in the effective management of financial and other risks and the protection of Council assets.
- 1.1.4 Review developments and adequacy of principles, policies and practices of Financial Planning and Reporting, Corporate Governance, Risk Management and Internal Control and make recommendations to Council as appropriate.

## 2 Terms of Reference


The Committee's terms of reference are to consider all matters outlined in section 126(4) of the Local Government Act:

### 2.1 Financial Reporting

The Corporate Governance Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain.

The Corporate Governance Committee shall review and challenge where necessary:

- a) The consistency of, and any changes to, accounting policies both on a year on year basis;
- b) The methods used to account for significant or unusual transactions where different approaches are possible;
- c) Whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;
- (d) The clarity of disclosure in the Council's financial reports and the context in which statements are made; and
- (e) All material information presented with the financial statements, such as the operating and financial review and the External Auditor statement (insofar as it relates to the audit and risk management).

				
	ECM Document Set No.:	2457875	Initial Date of Adoption:	28 Sep 2008
	Authorised by:	Council Resolution No. 2604	Date of Current Version:	28 Jun 2016
	Document Maintained by:	Corporate Services, Governance	Next Review Date:	Nov 2016

*Electronic version is the controlled version. Printed copies are considered uncontrolled.  
Before using a printed copy, verify that it is the current version.*

~~The Corporate Governance Committee shall meet as needed with the External Auditor. The Corporate Governance Committee shall meet the External Auditor at least once a year, without management being present, to discuss their remit and any issues arising from the External Audit.~~

## 2.2 Internal Control, Audit & Risk Management Systems

The Corporate Governance Committee shall:

- a) Keep under review the effectiveness of the Council's internal controls, audit and risk management systems.
- b) Review and recommend the approval, where appropriate, of statements to be included in the annual report concerning internal controls and risk management.
- c) Receive reports on the activities of the Chief Executive Officer's Strategic Risk and Internal Audit Program.
- d) consider and make recommendations on the program of the internal controls and audit including the adequacy of resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

## 2.3 Whistle Blowing

The Corporate Governance Committee shall, review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrongdoings in financial reporting and other matters. The Committee shall ensure these arrangements allow independent investigations of such matters and appropriate follow-up action.

## 2.4 Strategic Management Plans and Annual Business Plans

The Corporate Governance Committee shall propose and provide information relevant to, a review of the Council's ~~Strategic strategic m~~Management ~~pPlans or including the~~ Annual Business Plan, and review and provide recommendations on the sustainability of Councils financial performance and proposals with respect to the debt levels, giving consideration to Council's financial indicators.

## 2.5 Other Investigations

The Corporate Governance Committee shall, when necessary, propose and review the exercise of Council's powers under Section 130A of the Local Government Act 1999, in relation to the conduct of Economy Audits that would not otherwise be addressed or included as part of an annual External Auditor

## 2.6 Internal Audit

~~The Corporate Governance Committee shall monitor and review the effectiveness of the Council's Internal Audit function in the context of the Council's overall risk management system.~~

~~The Corporate Governance Committee shall consider and make recommendations on the program of the Internal Audit function and the adequacy of resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.~~

~~The Corporate Governance Committee shall meet as needed with the External Auditor. The Corporate Governance Committee shall meet the External Auditor at least once a year, without management being present, to discuss their remit and any issues arising from the External Audit.~~

### 3 Definitions

**Act** for the purpose of this policy means the *Local Government Act 1999*.

**Chief Executive Officer (CEO)** means the Chief Executive Officer of a council and includes a deputy or other person acting in the officer of Chief Executive Officer.

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**Independent Members** are members on a committee or panel who are not elected but have been appointed by the Council to undertake a similar role as Councillors on Council's Section 41 Committees or the Council Development Assessment Panel. They are external appointees.

**Mayor** is the person elected as the Principal Member of the Council to represent the local government area as a whole.

**Staff** includes Council staff, contractors, volunteers and all others who perform work on behalf of Council.

**Strategic Management Plans** are defined as – Long Term Financial Plan, Council's Strategic Plan, Asset Management Plan and the Annual Business Plan.

### 4 Delegations

4.1 The Committee has delegation for the following:

4.1.1 Approve Committee's Minutes as a true and accurate record of proceedings.

4.1.2 Develop and approve the Committee's Work Plan.

4.1.3 Appoint a Presiding Member from within the Committee.

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4.4 Petitions are not delegated to the Committee and are only to be presented to Council.

### 5 Meetings

5.1 The Committee Meeting will be held on the first Tuesday of the month, starting at 4:30pm. The Committee will meet a minimum of six (6) times per annum. The Committee will determine an annual schedule of meetings.

- 5.2 The Committee Meeting will be held primarily in the Committee Room at the Playford Civic Centre, 10 Playford Boulevard, Elizabeth, unless otherwise determined by the Committee prior to the meeting.
- 5.3 Committee Meetings may be called, amended or cancelled by the Committee's Executive Officer of the Committee, in consultation with the Presiding Member.
- 5.4 The agenda will be prepared and distributed to all Committee Members on the Thursday prior to the meeting, with the preference being to distribute electronically.
- 5.5 Special Meetings of the Committee may be necessary from time to time and may be called in accordance with Section 82 of the Local Government Act 1999. Notice of a Special Committee Meeting may be at a minimum of four (4) hours notice, due to the urgency of the matters on the agenda.

## 6 Membership

### 6.1 Term rules:

- 6.1.1 The Committee shall comprise five (5) members consisting of two (2) Council Members and three (3) Independent Members.
- 6.1.2 The term of the Council Committee Members' appointment will be for a period not exceeding the next General Election.
- 6.1.3 Independent Members who are appointed to a Committee may carry over past an election term.
- 6.1.4 The Presiding Member must be an Independent Member and will be determined by the Committee for twelve (12) months, after which they may stand for re-election.

- 6.2 Independent Members of the Committee shall be appointed to bring recent and relevant experience and their capacity to act as a mentor to the Council Members on the Committee.

### 6.3 Table providing a summary of current Committee Membership and Term of Office details:

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Appointed Member	Endorsed by Council	Term Concludes
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Cr Dino Musolino	27 March 2018	31 Oct 2018

## 7 Role of the Presiding Member

- 7.1 Oversee the conduct of Committee Meetings in accordance with the Local Government Act 1999 and Code of Practice for Council, Special and Committee Meetings.



- 7.2 Ensure all Committee Members have the opportunity to participate in debate and discussions in an open and encouraging manner.
- 7.3 Where a matter has been debated significantly and no new information is being discussed the Presiding Member may call the meeting to order and ask for the debate to be finalised and a motion be put forward.

## 8 Role of Committee Members

- 8.1 Actively participate in debate and discussion as a representative of Council in a professional manner at all times.
- 8.2 Ensure the Member is prepared and informed of meeting matters prior to the meeting.
- 8.3 Utilise the skills and experience of the Committee Members to effectively carry out the Committee's role.

## 9 Role of the Executive Officer and Administrative Support

- 9.1 The Executive Officer is appointed by the CEO to support the administration and operation of the Committee.
- 9.2 The Executive Officer and relevant staff may provide advice during the meeting in order to aid informed decision making.
- 9.3 The Committee is appointed a Minute Taker.

## 10 Reporting and Review

10.1 The Committee will undertake an annual self-assessment (in the election year this will be incorporated into the external review) to assess the on-going role and effectiveness of the Committee and report any recommendations to Council as required

10.2 In the year leading up to a Council Election the Committee will undertake an external review of the Committee's effectiveness. Any relevant recommendations will be provided to the Council to assist with the ongoing structure of the Committee.

10.3 As determined by the Committee, the Committee may communicate with Council Members and staff on issues of importance to the Council. This communication may be delivered by the Presiding Member or Executive Officer in the form of a presentation to Council Members, a communiqué or a written memo and Council Report.

10.4 The Committee through the Chair will present to Council at least twice per year on Corporate Governance Committee business.

## 11 Supporting Documentation

- [Local Government Act 1999](#)
- [Local Government \(Financial Management\) Regulations 2011](#)
- [Code of Practice for Council and Committee Meetings](#)
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- [Code of Conduct for Council Members](#)

**12 Approval and Change History**

Approval Date	Approval by	Change
	Council	Template & Committee Structure Review
25 Sep 2008	Council Resolution	Scheduled review
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25 Nov 2014	Council Resolution No. 1997	Appointment of Independent Member Mr Andrew Andreyev
28 Jun 2016	Council Resolution No. 2604	Template & Committee Structure Review
27 Sep 2016	Council Resolution No. 2689	Reappointment of Independent Member Mr Martin White
28 Nov 2017	Council Resolution No. 3039	Appointment of Independent Member Mr Damian Pulgies
27 March 2018	Council Resolution No. 3121	Appointment of Councillor Dino Musolino



## **STAFF REPORTS**

### **MATTERS TO BE CONSIDERED BY THE COMMITTEE ONLY**

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***Matters for Information.***

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## 5.2 RISK MANAGEMENT PROGRESS REPORT

**Responsible Executive Manager :** Mr Sam Green

**Report Author :** Ms Evelyn Alevizos

**Delegated Authority :** Matters for Information.

**Attachments :** 1. Risk Management Work Plan (2018-20)

### Purpose

To provide a progress report on the Risk Management Work Plan (2018-20).

### STAFF RECOMMENDATION

That the Committee receive the report.

### Relevance to Strategic Plan

#### 1: Smart Service Delivery Program

Outcome 1.1 High quality services and amenities

Outcome 1.2 Improved service delivery

Outcome 1.3 Working smarter with our community

### Relevance to Public Consultation Policy

There is no requirement to consult with the public on this matter.

### Background

The Risk Management Work Plan (2018-20) has been developed with a view to identifying and prioritising the activities that will enhance the risk management framework (aligned to good practice ISO 31000).

The Corporate Governance Committee were presented with the Plan in the months of February and March 2018 and afforded the opportunity to provide feedback on the areas of priority.

This report and accompanying attachment provides a status update on the progress of delivery of the Plan.

### Current Situation

#### 1. *Risk Management Work Plan (2018-20)*

The Risk Management Work Plan (2018/20), as set out in Attachment 1, has been updated to monitor progress against the plan. The Status column indicates if the activity is on track and the percentage of work completed to date.

## 2. *Risk Appetite*

The City of Playford's Risk Appetite has been developed in consultation with Executive Management. The initial Risk Appetite Statement (previously endorsed by Executive) rated The City of Playford's risk appetite across four major risk types (Financial Sustainability; Service Delivery; Reputation; and Regulatory Compliance).

Since the endorsement of the four categories, work has occurred with enhancing the Risk Appetite to include two additional categories (Work Health & Safety and Environmental Impact). The enhanced Risk Appetite will be resubmitted to Executive for approval prior to reporting to the Committee.

It is proposed that Risk Appetite is incorporated in the City of Playford's Risk Management Policy (currently under review).

## 3. *Risk Management Policy Statement*

The City of Playford's Risk Management Policy Statement (1-page mandate & commitment) has been endorsement by the Executive. It is proposed that the Policy Statement is incorporated in the City of Playford's Risk Management Policy (currently under review).

## 4. *Risk Management Policy*

The City of Playford's Risk Management Policy is currently under review. It is proposed that the Risk Appetite and Risk Management Policy Statement are incorporated in the City of Playford's Risk Management Policy.

## 5. *Risk Assessment Guidelines*

The City of Playford's Risk Assessment Guidelines have been reviewed, updated and is ready for management consultation. The revised document incorporates:

- Risk Assessment Guidelines;
- Risk Matrix (Likelihood and Consequence);
- Likelihood Criteria;
- Consequence Criteria;
- Effectiveness of Controls Ratings;
- Risk Tolerance (Management of Residual Risk);
- Risk Appetite Ratings; and
- Risk Response (Treat / Action the Risk).

It is proposed that the Risk Assessment Criteria is incorporated in the City of Playford's Risk Management Framework (Procedure) which is scheduled for review by 31/12/18.

## **Future Action**

Monitor progress against the plan.

## Risk Management Work Plan (2018-20)

### RISK MANAGEMENT PROCESS

<p><b>Communication &amp; Consultation</b></p> <ul style="list-style-type: none"> <li>• Communication and Reporting Mechanisms</li> <li>• Central Repository</li> <li>• Quick Guides (e.g. <i>Inherent Risks &amp; Fraud Risks</i>)</li> <li>• Mapping Proposed Risk Registers</li> <li>• Risk Committee</li> <li>• Knowledge Management</li> <li>• Training &amp; Awareness</li> <li>• Transparent and Inclusive</li> <li>• Continual Communication and Consultation</li> <li>• Systematic, structured and timely</li> <li>• Considers human and cultural factors (capabilities, perceptions and intentions of people that can facilitate or hinder the achievement of objectives)</li> <li>• Application in all decision making (the explicit consideration of risks to some appropriate degree)</li> <li>• Full integration in the governance structure</li> <li>• Full Accountability for Risks (risks, controls and risk treatment plans; job descriptions, performance objectives)</li> </ul>	<p><b>Establishing the Context</b></p> <ul style="list-style-type: none"> <li>• Mandate &amp; Commitment (<i>Executive endorsement; embedded in the culture &amp; practices</i>)</li> <li>• Aligned to Risk Management Standard (AS/NZS/ISO 31000)</li> <li>• Risk Appetite and Risk Profile</li> <li>• Risk Management Strategy</li> <li>• Risk Management Policy</li> <li>• Risk Management Procedure</li> <li>• Risk Criteria (<i>Consequence &amp; Likelihood Matrix; Risk Categories; Guide to Control Effectiveness; Management of Risk Guide (Authority Action/Escalation Levels); Aligned to Risk Appetite</i>)</li> <li>• Resources (<i>People, skills, experience and competence; resources</i>)</li> </ul> <p><b>Risk Assessment</b></p> <ul style="list-style-type: none"> <li>• Risk Assessment (<i>Risk Registers: Strategic; Projects; Operational</i>)</li> </ul> <p><b>Risk Treatment</b></p> <ul style="list-style-type: none"> <li>• Risk Treatment Plans (<i>elaborates on risk treatments set out in risk registers</i>)</li> </ul>	<p><b>Monitor &amp; Review</b></p> <ul style="list-style-type: none"> <li>• Monitoring and Review (<i>measure performance against indicators</i>)</li> <li>• Targets (<i>KPIs &amp; Measures</i>)</li> <li>• Internal Audit Strategy &amp; Assurance Activities</li> <li>• External Review (<i>LGAMLS KPI Risk Audit</i>)</li> <li>• Continual Improvement (<i>performance goals/objectives, measurement, review and subsequent modification of processes, systems, resources</i>)</li> <li>• Dynamic, iterative and responsive to change (<i>continually senses and responds to change; as external and internal events occur, context and knowledge change, monitoring and review of risks takes place, new risks emerge, some change &amp; others disappear</i>)</li> <li>• Integrated with decision making &amp; organisational systems and processes (<i>helps decision makers make informed choices and prioritise actions; not a stand-alone activity</i>) Refer to Systems and Processes: Maturity Assessment</li> </ul>
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## Risk Management Work Plan (2018-20)

### RISK MANAGEMENT PLAN

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
<b>Establishing the Context</b>								
<b>Mandate &amp; Commitment</b> <ul style="list-style-type: none"> <li>Council's accountable authority (CEO) has endorsed the COP's mandate and commitment to risk management (e.g. via a Risk Management Policy Statement (1-page).</li> </ul>	F	25%	High	Mandate is in Policy (paragraph only). Policy Statement (1-page) is not in place.	30/6/18	On Track (100%)	Complete	D
<b>Aligned to Risk Management Standard (AS/NZS/ISO 31000)</b> <ul style="list-style-type: none"> <li>Develop a Risk Management Work Plan aligned to good practice (AS/NZS/ISO 31000).</li> <li>Consult with representatives from the leadership team on expectations/deliverables.</li> </ul>	F	25%	High	Executive Management interest in progressing Risk Management and developing plan.	30/6/18	On Track (100%)	Complete	D
<b>Risk Appetite (RAS)</b> <ul style="list-style-type: none"> <li>Develop Risk Appetite Statement / Principles, taking into consideration COP's internal and external operating environment.</li> </ul>	F	25%	High	Executive Management interest in developing RAS.	30/6/18	On Track (75%)	In Progress (enhanced version subject to Executive approval)	
<b>Risk Criteria</b> Update / refresh the following risk assessment guidance: <ul style="list-style-type: none"> <li>Consequence &amp; Likelihood Matrix;</li> <li>Risk Categories;</li> <li>Guide to Control Effectiveness;</li> <li>Management of Risk Guide (Authority/Escalation Levels). (Significant changes to the COP's exposure to specific or emerging risks are escalated timely to the appropriate level of management to ensure that appropriate risk treatments are implemented).</li> <li>Consequence &amp; Likelihood Matrix is aligned to Risk Appetite.</li> </ul>	D	50%	High	Risk Criteria is in place but is overdue for review.	30/6/18	On Track (75%)	In Progress (updated and ready for management consultation)	
<b>Risk Management Strategy</b> <ul style="list-style-type: none"> <li>Develop COP's Risk Management Strategy in</li> </ul>	F	25%	High	Strategy is implied from policy but not documented.	30/6/18	On Track (25%)	In Progress	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
consultation with representatives from the management leadership team.								
<b>Risk Management Policy</b> <ul style="list-style-type: none"> <li>Adapt/adopt Risk Management Policy, Procedure and framework templates available from LGMLS.</li> <li>Maintain/review documents are to ensure COP's current requirements are met.</li> <li>Establish a COP specific Risk Management Policy (and Policy Statement) that:               <ul style="list-style-type: none"> <li>Defines the COP's approach to the management of risk and how this approach supports its strategic plans and objectives;</li> <li>Defines the COP's risk appetite and risk tolerance; and who is responsible for determining COP's appetite/ tolerance for risk;</li> <li>Contains an outline of key accountabilities and responsibilities for managing and implementing COP's risk management framework;</li> <li>Defines roles and responsibilities in managing individual risks; and</li> <li>endorsed by COP's accountable authority (CEO).</li> </ul> </li> </ul>	D	50%	High	Policy is in place but is overdue for review.	30/6/18	On Track (50%)	In Progress	
<b>Resources</b> <ul style="list-style-type: none"> <li>Consider the appropriate level of capability to implement risk management framework (Risk &amp; WHS team) - people, skills, experience and competence.</li> <li>Ensure a process is in place so that individuals with responsibility for coordinating risk management (Risk &amp; WHS team) can demonstrate they are technically competent for their role, either through formal training or experience, and maintain their currency through appropriate courses at least annually.</li> </ul>	F	25%	High	Additional resources required to deliver the Risk Management Work Plan is under consideration.	30/6/18	On Track (10%)	In Progress	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
<b>Risk Management Procedure</b> <ul style="list-style-type: none"> <li>Adapt/adopt Risk Management Policy, Procedure and Framework templates available from LGMLS.</li> <li>Maintain/review documents to ensure COP's current requirements are met.</li> <li>Provide practical guidance on how employees should manage risk to contribute to building internal risk management capability.</li> <li>Include, in Risk Management Procedure, COP's arrangements for communicating, consulting and reporting on risk in a timely and effective manner to both internal and external stakeholders.</li> <li>Risk management guidance and templates to reflect COP's risk appetite and tolerance to support the development of a positive risk culture.</li> </ul>	D	50%	Medium	Procedure is in place but is overdue for review.	31/12/18		Not Started	
<b>Risk Assessment</b>								
<b>Strategic Risk Register</b> <ul style="list-style-type: none"> <li>Identify risks arising from COP's strategic objectives and business plans. Develop COP's Strategic Risk Register, in collaboration with the Executive Management Team.</li> </ul>	F	25%	High	Strategic risks are considered in strategic planning/objectives, however a risk register is not in place.	31/12/18		Not Started	
<b>Project Risk Registers</b> <ul style="list-style-type: none"> <li>Facilitate the development of Project Risk Registers and reporting for all current major projects.</li> <li>Pilot roll-out of ControlTrack as a risk assessment reporting tool/ solution with Project Managers.</li> </ul>	D	50%	High	Ongoing by project managers as new projects commence and projects close / transition to BAU.	31/12/18 31/3/19	On Track (10%)	In Progress	
<b>Operational Risk Registers (Departments/ Core Activities)</b> <ul style="list-style-type: none"> <li>Facilitate a top down process (with senior managers) to identify operational risks and</li> </ul>	F	25%	High	Operational Risk Register not developed. Ad-hoc risk registers are in place for some departments and core	31/12/18 31/12/20		Not Started	



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## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
develop the Operational Risk Register. Identify top 5 operational risks in order of priority. <ul style="list-style-type: none"> <li>Facilitate a bottom up process (with managers and staff) to identify operational risks and develop Risk Registers for Operational Departments/Core Activities.</li> </ul>				activities.				
<b>Risk Treatment</b>								
<b>Risk Treatment Plans</b> <ul style="list-style-type: none"> <li>Develop Risk Treatment Plan template for escalation of risks to management.</li> </ul>	F	0%	High	Not in place.	30/6/18	On Track (50%)	In Progress	
<b>Communication &amp; Consultation</b>								
<b>Mapping of Proposed Risk Registers</b> <ul style="list-style-type: none"> <li>Develop strategic overview of risk registers for projects and operational (core activities) in collaboration with management.</li> </ul>	F	0%	High	Not in place.	30/6/18	On Track (50%)	In Progress	
<b>Quick Guides</b> <ul style="list-style-type: none"> <li>Develop quick guide on the COP Inherent risks.</li> <li>Develop quick guide on Fraud risks.</li> </ul>	F	25%	Medium	Inherent and fraud risks are considered, however, documented guidance is not in place.	31/12/18		Not Started	
<b>Communication and Reporting Mechanisms</b> <ul style="list-style-type: none"> <li>Develop and implement a stakeholder consultation and communication strategy / plan.</li> </ul>	F	25%	Medium	Not in place in a structured or formal way.	31/12/18		Not Started	
<b>Central Repository / Reporting Tool / Knowledge Management</b> <ul style="list-style-type: none"> <li>Test the suitability of ControlTrack as a risk assessment reporting tool/solution.</li> <li>Pilot roll-out of ControlTrack with Project Managers.</li> <li>Roll-out of ControlTrack organisation wide, across all business areas in the COP.</li> <li>Establish process and resources for ControlTrack system administration (e.g. access, new starters, leavers).</li> </ul>	F	25%	High	Not in place in a structured or formal way. Disparate system whereby risk registers are maintained (in excel format) by individual business units.	31/3/19	On Track (5%)	In Progress	



## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
<ul style="list-style-type: none"> <li>Establish Key Risk Indicators (KRIs) (early warning mechanisms) in risk identification, analysis and reporting.</li> <li>Establish Risk Profile (incorporating dashboard reporting).</li> <li>Establish a process for regular management reporting on risk, including strategic-level risks and the status of risk controls and treatments – to help provide assurance on risk management. At a minimum, consider: residual risks and ratings; risk treatment plan; risk trends/movements; Key Risk Indicators (KRIs).</li> <li>Communicate risk information to relevant external parties (e.g. in Annual report).</li> </ul>								
<b>Risk Committee</b> <ul style="list-style-type: none"> <li>Establish the Risk Committee (Terms of Reference, reporting, minutes of meetings, administrative support etc.). Ideally, the reporting line will be to the Executive Management Team.</li> <li>Implement arrangements to routinely identify, understand and manage shared risks / cross jurisdictional risks (e.g. agenda item at Risk Committee meetings, Executive Management Meetings; Senior Management Meetings; Management Meetings).</li> </ul>	F	0%	Medium	Not in place.	31/12/19		Not Started	
<b>Training &amp; Awareness</b> <ul style="list-style-type: none"> <li>Develop Risk Management Training Strategy/Plan for all persons with roles, responsibilities and accountabilities for risk management, incorporating the following:               <ul style="list-style-type: none"> <li>COP's Risk Management Policy and Procedure - informs relevant stakeholders of their responsibilities;</li> <li>ControlTrack Risk Assessment / Reporting Tool;</li> </ul> </li> </ul>	F	25%	Medium	Ad-hoc training and support takes place, however, training is not in place in a structured or formal way.	30/6/19		Not Started	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
<ul style="list-style-type: none"> <li>- e3Learning Learning Activity Builder (LAB) on risk management that is available to staff and can be accessed at any time as an introduction or refresher.</li> <li>• Include risk management training in Training Needs Analysis (TNA) for relevant stakeholders with roles, responsibilities and accountabilities for risk management (e.g. managers, supervisors, and staff).</li> <li>• Develop separate Training Needs Analysis (TNA) for Elected Members and ensure they are provided with appropriate training on risk management.</li> <li>• Consider who will deliver the Training Plan (i.e. in house or external). Determine if there will be a competency assessment for the risk management training.</li> </ul>								
<b>Transparent and Inclusive</b> <ul style="list-style-type: none"> <li>• Complete stakeholder identification and analysis. Engage with stakeholders, both internal and external, throughout the risk management process and recognise that communication and consultation is key to identifying, analysing and monitoring risk.</li> </ul>	F	25%	Medium	Not in place in a structured or formal way.	31/12/18		Not Started	
<b>Continual Communication and Consultation</b> <ul style="list-style-type: none"> <li>• Establish and maintain arrangements for communicating, consulting and reporting on risk with internal and external stakeholders.</li> </ul>	F	25%	Medium	Not in place in a structured or formal way.	31/12/18		Not Started	
<b>Systematic, structured and timely</b> <ul style="list-style-type: none"> <li>• Review COP's risk management process to assess if it is consistent across COP to ensure efficiency, consistency and reliability of results.</li> </ul>	F	25%	Medium	Not in place in a structured or formal way.	31/12/19		Not Started	
<b>Considers human and cultural factors</b> <ul style="list-style-type: none"> <li>• Give ongoing consideration to the capabilities, perceptions and intentions of people that can</li> </ul>	F	25%	Medium	Not in place in a structured or formal way.	31/12/19		Not Started	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
facilitate or hinder the achievement of objectives. (Embedding risk management recognises and considers the contribution that people and culture have on achieving COP's objectives).								
<b>Application in all decision making / Full integration in the governance structure</b> <ul style="list-style-type: none"> <li>Identify core business processes and the relevant criteria to assess how risk management is integrated.</li> <li>Review core business processes and identify gaps in risk management integration, incorporating the following: <ul style="list-style-type: none"> <li>The explicit consideration of risks to some appropriate degree by all staff to assist decision makers to make informed choices, identify priorities and select the most appropriate action.</li> <li>Risk management is integrated with the governance framework and becomes a part of its planning processes, at both the operational and strategic level.</li> </ul> </li> <li>Make recommendations for improvement / provide guidance (why core business process is important to risk management, specifically what employees should think about as part of the core business process, and any non-negotiable risk management plans (e.g., two staff to attend all meetings with external parties).</li> <li>Regularly update 'Integrated Risk Management: Maturity Assessment (as at 30/11/2017)'.</li> </ul>	F	25%	Medium	Not in place for all core business systems, processes and activities organisation-wide. Refer to 'Integrated Risk Management: Maturity Assessment (as at 30/11/2017)'.	31/12/20		Not Started	
<b>Full Accountability for Risks</b> <ul style="list-style-type: none"> <li>Ensure accountability for risk and to manage risk-taking is clearly documented and communicated (e.g., in job descriptions, performance objectives, performance appraisals, risk registers, risk treatment plans).</li> </ul>	F	25%	Medium	Not in place for all departments, core business systems, processes and activities organisation-wide.	31/12/19		Not Started	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
<ul style="list-style-type: none"> <li>Key risk management roles and responsibilities are assigned to individuals or positions, rather than work areas.</li> </ul>								
<b>Monitor &amp; Review</b>								
<b>Monitoring and Review</b> <ul style="list-style-type: none"> <li>Establish monitoring and review processes to ensure there is regular and structured review of risk, including strategic-level risks and the status of risk controls and treatments which contributes to embedding systematic risk management into business processes:               <ul style="list-style-type: none"> <li>Risks are monitored by all staff who are confident to escalate any perceived risk areas with their line manager, for timely consideration by relevant manager/committees;</li> <li>Regular discussions of risks at strategic, operational and project meetings and regular review of risk registers;</li> <li>New/emerging risks are identified and allowances are made for those risks that no longer exist;</li> <li>Formal monitoring and review of the strategic, operational and project risks occurs through the various governance committees that meet (at least quarterly);</li> <li>An annual review of strategic, operational and project risks is conducted to ensure that they reflect current business risks. This review is completed in time for promulgation of Strategic Risk Register by 30 June each year.</li> <li>Risk Management Framework and the Strategic Risk Register is formally reviewed and approved by the Corporate Governance Committee at least annually (unless circumstances change, which require more</li> </ul> </li> </ul>	F	25%	Medium	Not in place in a structured or formal way.	31/12/20		Not Started	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
frequent review); - Regular processes for assessing risk culture (maturity); - Risk management is not a stand-alone activity and is integrated in all business processes to help decision makers to make informed choices and prioritise actions.								
<b>Targets</b> • Develop and implement mechanisms to measure, assess and report risk management performance (performance objectives, targets, KPIs, KRIs) and measure performance against indicators.	F	25%	Medium	Not in place in a structured or formal way.	30/6/19		Not Started	
<b>Internal Audit Strategy</b> • Develop the Internal Audit Strategy (Audit Universe, Risk Assessment & Work Plan), taking into consideration other Assurance Activities (internal and external). • Develop the Annual Internal Audit Plan. • Identify the resources required to deliver the strategy and plan.	F	25%	Medium	Not in place. Consideration has been given in recent years to introducing an internal audit service and the COP has set up a Panel Agreement for the Provision of Internal Audit Services.	30/6/19		Not Started	
<b>External Review (LGAMLS KPI Risk Audit)</b> • Coordinate requests for information in advance and during the external KPI audit. • Develop an Action Plan in collaboration with LGA and implement findings arising from Action Plan.	D	50%	Medium	First KPI Risk audit was completed in November 2017. Next KPI Risk audit will be completed in 2019 (every 2 years).	30/9/18 30/9/19	On Track (25%)	In Progress	
<b>Continual Improvement</b> • Review the risk management process to assess its adequacy and recommend improvements, with particular focus on the following: - The effectiveness of the risk management framework and the application of risk management practices on a regular basis across core business processes; - Achievement of the COP's objectives	F	25%	Medium	Not in place in a structured or formal way.	31/12/20		Not Started	

## Risk Management Work Plan (2018-20)

DELIVERABLE	*MATURITY LEVEL (AS AT 30/11/17)				**PROGRESS REPORT			
	RATING	% COMPLETE TO ADVANCED RATING	PRIORITY	COMMENTS	TARGET DATE	STATUS	COMMENTS	RATING
through the continuous review and subsequent modification of its processes, systems and resources; - Progress towards embedding a mature risk management culture (COP has invested resources over time and is able to demonstrate the continual achievement of its objectives); - Recording and analysing risk incidents and lessons learned that can provide valuable insights to management on the effectiveness of risk management.								
<b>Dynamic, iterative and responsive to change</b> <ul style="list-style-type: none"> <li>Review the risk management process to assess if it continually senses and responds to change as external and internal events occur, context and knowledge change; monitoring and review of risks takes place; new risks emerge; movements/changes in risks; risks that disappear / no longer exist.</li> <li>Regularly update 'Integrated Risk Management: Maturity Assessment (as at 30/11/2017)'.</li> </ul>	F	25%	Medium	Not in place for all core business systems, processes and activities organisation-wide. Refer to 'Integrated Risk Management: Maturity Assessment (as at 30/11/2017)'	31/12/20		Not Started	
<b>Integrated with decision making &amp; organisational systems and processes</b> <ul style="list-style-type: none"> <li>Review risk management process to assess if the systematic management of risk is embedded in core business processes.</li> <li>Regularly update 'Integrated Risk Management: Maturity Assessment (as at 30/11/2017)'.</li> </ul>	F	25%	Medium	Not in place for all core business systems, processes and activities organisation-wide. Refer to 'Integrated Risk Management: Maturity Assessment (as at 30/11/2017)'	31/12/20		Not Started	

\*Maturity level is a one-off assessment as at 30 November 2017, based on observations and discussions with senior management representatives.

\*\*Delivery of the Risk Management Work Plan (1/1/18 – 31/12/20) is subject to the following:

- (1) Additional resources (employee, contractor or consultant) equivalent to 1 FTE for c.2 years commencing no later than 1/1/19; and
- (2) Existing work priorities for the Risk & WHS Team (i.e. Workplace Health & Safety; Insurance; Business Continuity Plans; and Emergency Response Management).



## Risk Management Work Plan (2018-20)

### KEY TO MATURITY LEVEL

STATUS	DESCRIPTOR
<b>Fundamental (F)</b>	<ul style="list-style-type: none"> <li>There is no or minimal awareness of the importance of risk management.</li> <li>Risk management is usually left to the individual and performed on an ad-hoc basis.</li> <li>Risk management is more reactive than proactive.</li> <li>There is limited standardisation of risk management principles, disciplines, policies and processes. Risk management is conducted inconsistently across each business unit.</li> </ul>
<b>Developed (D)</b>	<ul style="list-style-type: none"> <li>There is organisational awareness of the importance of risk management.</li> <li>Consistent risk management processes with communication and accountability exist throughout the business but not all processes have been fully implemented.</li> <li>Risk management is more reactive than proactive, although it is proactive in some areas of the business.</li> <li>A risk management framework exists and standardised risk management principles, disciplines, policies and processes are defined and documented. Risk management is conducted consistently across most business units.</li> </ul>
<b>Advanced (A)</b>	<ul style="list-style-type: none"> <li>Risk management is used as a key value driver supporting decision making and pursuit of opportunities.</li> <li>Advanced risk management is fully embedded into day to day management – it is fully implemented across the business, consistently applied and used in day to day decision making.</li> <li>Risk management is proactive.</li> <li>Risk management principles, disciplines, policies and processes are fully implemented across the organisation and aggregated reports are prepared and reported to those charged with governance. Risk management processes are measured, evaluated and fed back into continuous improvement.</li> <li>Risks, including emerging risks are proactively identified and monitored through Key Risk Indicators and predictive risk analytics that are collected and monitored consistently.</li> </ul>

### KEY TO STATUS

STATUS	DESCRIPTOR	ACTION
<b>Not on Track</b>	<ul style="list-style-type: none"> <li>There are significant issues with the delivery of the Risk Management Work Plan that require decisions / corrective action to meet business objectives.</li> <li>One or more aspects of key program viability — time, cost, scope — significantly exceed tolerances.</li> </ul>	Escalate to Deputy CEO.
<b>At Risk</b>	<ul style="list-style-type: none"> <li>A problem that has an adverse impact on the delivery of the Risk Management Work Plan but can be resolved by decisions or actions taken by Corporate Services / Risk &amp; WHS.</li> <li>One or more aspects of Plan viability — time, cost, scope — is at risk. However, the deviation from the plan is within tolerances assigned to Corporate Services / Risk &amp; WHS (e.g. program may be marginally late or forecast to overspend &lt;5%).</li> </ul>	Notify Deputy CEO using a progress report / email or scheduled briefing.  Monitor the situation.
<b>On Track</b>	<ul style="list-style-type: none"> <li>The delivery of the Risk Management Work Plan is performing to plan.</li> <li>All aspects of the Plan viability — time, cost, scope — are within tolerance.</li> </ul>	No action needed.

### 5.3 INTERNAL CONTROLS AUDIT REPORT

**Responsible Executive Manager :** Mr Sam Green

**Report Author :** Ms Grace Pelle

**Delegated Authority :** Matters for Information.

**Attachments :** 1. Final Interim Management Letter

#### **Purpose**

In accordance with the best practice model, the Committee is required to receive reports regarding Council's internal controls.

#### **STAFF RECOMMENDATION**

The Committee notes the Final Interim Management letter issued by Galpins.

#### **Relevance to Strategic Plan**

1: Smart Service Delivery Program

Outcome 1.2 Improved service delivery

#### **Relevance to Public Consultation Policy**

Nil

#### **Background**

In February 2018, Galpins undertook a review of 119 of Council's internal controls that are in place to minimise exposure to risk.

#### **Current Situation**

The draft management letter was brought to the Committee in March and feedback has been incorporated into the management responses that were issued back to Galpins. Galpins have since accepted the responses and finalised the report.

#### **Future Action**

Status reports will be brought back to the Committee in regular intervals to provide a status update on the action items in the management letter.





## Financial Controls Review

### City of Playford

#### Interim Management Letter



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## 1. EXECUTIVE SUMMARY

### 1.1 Background

During our interim audit we perform procedures to gain an understanding of the internal controls in place relevant to the financial statements and perform tests of design and effectiveness for these controls. Based on the results of the control testing, we then assess the audit risks to define the extent and nature of our substantive procedures (eg. inspection of documents, recalculation, reconciliation, etc) for our final visit.

Amendments to s129 of the Local Government Act 1999 require auditors to provide an opinion regarding internal controls of councils. This applies to prescribed (metropolitan) councils from 2013-14 onwards, and to non-prescribed (regional) councils from 2015-16 onwards. This opinion focuses on councils' obligations under s125 of the Local Government Act 1999:

*"A council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the council's assets, and to secure (as far as possible) the accuracy and reliability of council records."*

The audit opinion is restricted per s129 of the Act to the application of s125 as it relates to financial internal controls, specifically the controls exercised by the council during the relevant financial year in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.

In order to assist the Council in addressing the requirements of s129, we have reviewed a prioritised list of controls from the better practice model based on our initial audit risk assessment. Further details about our scope can be found in item 1.2 of this report.

### 1.2 Objectives and scope

The objectives of our interim audit were to:

- understand Council's business, business cycles and processes relevant to the financial statements
- understand the internal controls in place for the areas we consider critical for the audit of the financial statements
- design internal controls tests for the internal controls identified
- perform the internal controls tests to determine the final risks of material misstatements in the financial statements to be addressed in our final audit
- review a prioritised list of internal financial controls we consider critical for the purpose of issuing a controls opinion.

The scope of our audit included a review of internal controls we consider key controls to be in place for the purpose of addressing the requirements of s129.



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These key internal controls consist of a prioritised list of controls from the better practice model. This list was defined based on our risk assessment to determine the key business cycles, and key risks within these business cycles, that we understand should be the focus of the Council's control self-assessment.

The identification of key core controls and key business risks included the following risk assessment procedures:

**Risk review** – A review of Council's inherent risk assessment for internal financial controls.

**Financial statement review** – A high level financial statement review performed to identify key accounts and transaction streams.

**Internal / external audit results review** – The findings and recommendations of internal / external financial audits are reviewed to identify known areas of weakness, and areas known to be attracting audit attention.

The key core controls for the following key business cycles have been identified as critical for the purpose of issuing a controls opinion this financial year:

- IT Entity Level Controls
- Purchasing and Procurement
- Contracting
- Fixed Assets
- General Ledger
- Accounts Payable
- Rates / Rates Rebates
- Payroll
- Banking
- Debtors
- Grants
- Receipting

We have included a list of key controls identified by the audit for these business cycles as an appendix to this report (see Appendix 1). This list does not represent a complete population of internal controls that the Council should have in place. There is an expectation that controls not in this list will still exist and be operating effectively within Council.

The list of controls is only intended to be a guide for Council to prioritise its resourcing in readiness for the audit opinion, and for the ongoing monitoring of internal controls i.e. it is a risk based listing of controls which may be desirable for Council to include in its ongoing monitoring program for internal financial controls.

The list should not be considered a minimum standard – rather, it is a starting reference point for Council to consider. It is expected that Council will have performed a risk assessment of financial risks, and given consideration to the need to monitor controls that address High / Extreme risks that may not be included in this listing.



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### 1.3 Category of findings

In order to assist the Council in establishing the overall level of control effectiveness and prioritising areas for attention, we have provided an overall assessment of the business cycles for which we have identified performance improvements opportunities (this report is prepared on an exception basis).

We assessed each business cycle using our risk assessment which was focused on the risk of finding material weaknesses which could lead to a modified controls opinion in the 2017/18 financial year. An overall assessment of the risk of a potential modified audit opinion per business cycle is provided in item 1.5 of this report.

Detailed findings including the controls tested as per the Better Practice Model, findings and recommendations are provided in section 2 of this report. The individual findings are also rated to assist the Council in prioritising corrective actions.

The overall assessment of the risk of non-compliance with s125 of the Local Government Act 1999 and the related findings and recommendations were rated as follows:

Category	Description
<b>Potential Material Weaknesses</b>	The issue described could lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Moderate Weaknesses</b>	The issue described does not represent a material weakness due to the existence of compensating controls. However, the failure of the compensating controls or the existence of any other moderate weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Low Risk Weaknesses</b>	The issue described is a low risk weakness due to the existence of compensating controls and/or the failure or absence of the internal controls does not impact significantly on the council's financial statements. However, multiple low level risk weakness within the same business cycle may lead to a material weakness in the council's internal controls and non-compliance with s125 of the Local Government Act.
<b>Better Practice Weaknesses</b>	The issue described has been included in this report as an opportunity for better practice.

The Council should also perform its own assessment of priority based not only on audit risks, but also other risks management considers relevant such as non-compliance with pertinent legislations and regulations, and reputational risks.



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## 1.4 Overall review of the council's internal controls

Overall the Council demonstrated a high level of compliance with the implementation of an internal control framework consistent with the principles within the Better Practice Model.

During our interim visit we noted that most of the key internal controls reviewed were in place and were operating effectively (110 out of 119 core controls reviewed). The principles underpinning the model were used by the Council in the identification of its business cycles, the establishment of its internal controls and the implementation of its financial risk management processes.

Whilst the total number of effective controls remains consistent with the prior year, there has been a good level of progress made towards addressing the identified control gaps since the prior period. Details of this progress can be found within the detailed findings in section 2 of this report.

A summary of the results of our review is provided in the table below:

Business cycles	Controls Reviewed	Operating Effectively			2018 Findings			
		2018	2017	2016	H	M	L	BP
IT Entity Level Controls	4	1	1	-	-	3	-	-
Purchasing & Procurement/Contracting	14	14	14	13	-	-	-	-
Fixed Assets	17	15	15	14	-	1	1	1
General Ledger	13	12	12	12	1	-	-	-
Accounts Payable	14	12	12	13	-	2	-	-
Rates / Rates Rebates	12	12	12	11	-	-	-	-
Payroll	20	19	19	16	-	-	1	-
Banking	9	9	9	9	-	-	-	-
Debtors	6	6	6	6	-	-	-	-
Grants	4	4	4	4	-	-	-	-
Receivables	6	6	6	6	-	-	-	-
<b>Total</b>	<b>119</b>	<b>110</b>	<b>110</b>	<b>104</b>	<b>1</b>	<b>6</b>	<b>2</b>	<b>1</b>

We recommend that Council addresses high risk findings as a matter of priority as they represent potential material weaknesses that could result in non-compliance with s125 of the Local Government Act.

We also recommend that Council prioritises the moderate risk findings, as failure in compensating controls addressing the same risk or existence of any other moderate weakness within the same business cycle may lead to a material weakness and non-compliance with s125 of the Local Government Act.

We noted that Council has established mechanisms to ensure ongoing monitoring of effectiveness of the internal controls such as an internal controls self-assessment and test of effectiveness of internal controls. Some of the findings provided in this report had already been identified by Council during its own self-assessment.





## 1.5. Summary of findings

Business Cycle	Findings	Risk
IT Entity Level Controls	2.1.1 The Draft ICT Strategic Plan 2015/18 does not reflect the current intentions of Council.	M
	2.1.2 There has been no review of the appropriateness of Finance One user access including a review for incompatible duties since 2012.	M
	2.1.3 Changes to the location of the data centre and Disaster Recovery server site should be subject to a cost/benefit analysis.	M
	2.1.4 The ICT Change Advisory Board (CAB) Guidelines document is unclear as to whether it includes changes to applications.	M
Fixed Assets	2.2.1 A FAR audit trail report showing all changes in key master file data (dimensions, unit rates, residual values, etc) is not prepared and reviewed.	M
	2.2.2 Handover forms for completed works are approved by managers via email. These forms are not formally signed off by project officers.	BP
	2.2.3 There is inconsistency in the methods used by Council to substantiate the disposal of fixed assets.	L
General Ledger	2.3.1 Processes for managing users' access rights in TechOne require improvements.	H
Accounts	2.4.1 Audit identified instances of purchase orders being issued after the receipt of the related invoices.	M
Payable	2.4.2 Current suppliers' master file data requires a review to ensure that this data remains pertinent and valid.	M
Payroll	2.5.1 Audit found one instance where an employee has been overpaid since January 2017.	L
Purchasing & Procurement / Contracting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Rates	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Receipting	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A
Grants	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act.	N/A

## 2. DETAILED AUDIT FINDINGS

### 2.1 IT Entity Level Controls

2.1.1 Governance – ICT Strategic Plan		Moderate
<b>Control</b>	Governance – ICT Strategic Plan reflects future direction of ICT. Council has sufficient resources to support change management. Appropriate IT Policies are in place.	
<b>Risk</b>	The ICT Strategic Plan does not reflect future direction of ICT.	

Finding	Recommendations	Management Response
<p>The DRAFT ICT Strategic Plan 2015-2018 was issued in February 2015. The plan does not reflect the current direction to move data to the Cloud, although many of the 12 key findings remain relevant.</p> <p>The Service Improvement Group have prepared a roadmap that will consider future application and ICT infrastructure requirements which will be a key input to a new ICT Strategic Plan.</p> <p>In December 2017, the Service Improvement Group conducted a maturity assessment of ICT services to identify areas of future focus.</p> <p>A consultant has been engaged to assist with developing ICT policies. The draft policies have been reviewed but are yet to be issued.</p>	<p>The ICT roadmap including the 12 Key Points identified, should form the basis of a new ICT Strategic Plan, which should be endorsed by management.</p> <p>ICT policies should be endorsed and issued. Playford would benefit from producing a brief (e.g. 2 to 3 page) user guide to explain the policy highlights to staff. This document could be used for all new starters and signed off by all users.</p>	<p>ICT is working from the premise that the ICT roadmap is endorsed which is not a formal executive process. ICT has engaged an external company to develop a comprehensive list of policies and Manager of ICT Service Solutions is currently reviewing these and will implement it soon.</p>



**2.1.2 Information Security****Moderate****Control**

Information Security –There is a process for ICT to add new / delete terminated users in Active Directory after advice from the HR department.

**Risk**

Terminated employees can access the Playford ICT environment

Finding	Recommendations	Management Response
<p>There is a process for ICT to add new users to Active Directory. Access to Finance One is no longer set up by Finance Administrators but is now performed centrally by the ICT Service Desk. There has been no formal review of the appropriateness of user access including a review for incompatible duties since 2012.</p> <p>There has been significant improvement in the disabling of terminated users in Active Directory as a result of the workflow process followed by Human Resources on termination of staff.</p> <p>There has been a review of remote access, with 50 users removed who had not logged on remotely for greater than 6 months. The number of remote users is deliberately increasing as a result of greater use of mobile devices and more staff working away from the office.</p> <p>The immediate disabling of Active Directory access for staff who have terminated becomes more critical as the number of remote users increases.</p>	<p>It is recommended that Playford conduct a project to review the appropriateness of user access in conjunction with system owners for core applications.</p> <p>Management monitors the disabling of terminated users in Active Directory on a regular basis to ensure that improvements in the process are maintained.</p>	<p>Dedicated project for 2018.</p> <p>Service Delivery are currently reviewing all processes and procedures to determine points of failure. The exit process and change condition process will be addressed during this time and Service Delivery will work with all stakeholders to implement changes to the process.</p>

2.1.3 Backups		Moderate
<b>Control</b>	Backups are done daily/weekly/monthly.	
<b>Risk</b>	Loss of data.	

Finding	Recommendations	Management Response
<p>Backups are done daily/weekly/monthly and are electronically transmitted to the cloud.</p> <p>An IT Disaster Recovery Plan document has been prepared which shows the actions to be taken in the event of loss of ICT systems. The production servers are replicated each day to servers located in Melbourne. The Disaster Recovery Plan was tested in December 2017.</p> <p>ICT are considering relocating the production server from the Playford Operations Centre to a Tier 3 data centre and relocating the Disaster Recovery Server to the Operations Centre server room.</p>	<p>Changes to the location of the data centre and Disaster Recovery site should be subject to a cost/benefit analysis.</p> <p>If changes are implemented the Disaster Recovery Plan documents will require updating and the new plan will require testing.</p>	<p>This is an action to be taken when we move the infrastructure to YourDC and setup DR site at Playford Operations Centre.</p>

2.1.4 ICT Change Advisory Board Guidelines		Moderate
<b>Control</b>	Governance – ICT Strategic Plan reflects future direction of ICT. Council has sufficient resources to support change management. Appropriate IT Policies are in place.	
<b>Risk</b>	Changes could be made to production programs or possibly data, without testing or approval.	

Finding	Recommendations	Management Response
<p>The ICT Change Advisory Board (CAB) meets weekly to consider change requests. The CAB Guidelines set the framework for changes to ICT.</p> <p>The guideline document is unclear as to whether its scope includes changes to applications.</p> <p>The risk matrix in the document does not reflect the risk matrix used by the City of Playford Risk Group. Ideally, risk matrices used should be consistent across Council to promote a consistent understanding and assessment of risk.</p>	<p>Update the CAB guidelines to make it clear whether it addresses changes to applications.</p> <p>Consider updating the risk matrix in line with the risk matrix used by the City of Playford Risk Group.</p>	<p>Updated the document to reflect the applications deployments are not included in CAB.</p>

## 2.2 Fixed Assets

2.2.1 Fixed Asset Register Master Files		Moderate
<b>Control</b>	Changes to the FAR are restricted to the officers responsible for the maintenance of the registers. Access to the fixed assets register is reviewed and approved on a monthly basis by the fixed assets information owner. Access is set up by the Business Support Team and maintained by the Asset Systems Officer.	
<b>Risk</b>	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. FAR does not remain pertinent.	

Finding	Recommendations	Management Response
<p>The asset officers runs a monthly security report to check which users have processed asset transactions which impact on the general ledger.</p> <p>The report only provides transactions related to commissioning, disposing, revaluing an asset or any other transaction that generates a journal.</p> <p>The report does not provide changes in other key master file data such as dimensions, unit rates, residual values, condition assessment, etc. These changes may have a significant impact on depreciation expense calculations.</p>	<p>Council investigates ways to review an audit trail of changes to all key data contained in the fixed asset master file.</p>	<p>There is currently an inherent, system based, User Access limitation in One Council.</p> <p>To mitigate the risk caused by the system based limitations, management have implemented the following processes:</p> <ul style="list-style-type: none"> <li>• Monthly Security Report which identifies individuals performing transactions which result in financial entries for posting into the general ledger.</li> <li>• Where possible, manual user access restrictions to asset management for high risk areas. Used on an as needs basis.</li> <li>• Annual reconciliation between the audited opening balance and the closing balance within the Asset sub-ledger. Movements are investigated and validated.</li> <li>• Asset register is regularly reconciled to the GIS system, which identifies changes in dimension and material type (unit rate). This provides another layer of validation and mechanism to capture unexpected changes.</li> <li>• Monthly/Quarterly data integrity reports are</li> </ul>



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		<p>run and reviewed which check the physical and financial dimensions and cost of the assets. This checks physical units to financial units, units by unit rate to asset cost, asset unit cost to unit rate unit cost, depreciation to service class, and unusually large/small asset values. Inconsistencies identified are investigated and rectified.</p> <ul style="list-style-type: none"><li>• Residual values are no longer used for public infrastructure assets by the City of Playford due to changes in accounting standards. Therefore any asset with a residual is investigated and updated to reflect no residual.</li></ul> <p>The remaining gaps identified during this audit, not addressed by the mitigating controls, are not considered to be material by management.</p>
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2.2.2 Handover Forms		Better Practice
<b>Control</b>	Project managers sign off additions of new assets which is reconciled to actual costs incurred. Handover forms are approved by project managers containing details of the assets including capital account and specifications of the asset built.	
<b>Risk</b>	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response
<p>Handover forms are approved via e-mail. These forms are not formally signed off by project managers.</p> <p>Better practice is for project managers to formally sign off the form and retain a copy on file.</p>	Project managers formally sign off the handover forms.	As of 28/4/17 all project handovers will have signatories of the project manager as part of the process. These signatures could either be electronic or hard copy. We keep the email as part of the process within the project folders.

2.2.3 Disposal of Assets		Low
<b>Control</b>	Disposal of assets is undertaken in accordance with the asset disposal policy.	
<b>Risk</b>	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response
<p>There is inconsistency in the methods used by Council to substantiate the disposal of fixed assets. Council provided a number of different supporting documents to Audit for the disposal of fixed assets including:</p> <ul style="list-style-type: none"> <li>▪ emails from senior asset officers;</li> <li>▪ asset handover forms indicating that an old asset was replaced by a new one;</li> <li>▪ GIS mapping showing that the description of the asset in the register was incorrect requiring adjustments;</li> <li>▪ verbal communication about the closing of a site or a building; and</li> <li>▪ stock take reconciliation spreadsheets indicating non-existent items recorded in the register.</li> </ul>	<p>Council implements a consistent procedure to document the disposal of a fixed asset.</p> <p>This could be achieved by developing a standard disposal form including the description of the item, amount and reasons for the disposal. Any relevant supporting documents should be attached to this form.</p> <p>This form should be approved by an appropriate officer in accordance with applicable delegations of authority.</p>	<p>Address as part of the mobility solution. The operator out at the field can pin the asset for disposal.</p> <p>Asset will expand the hand over form to include a section of the asset disposal as part of their handover process.</p> <p>There is a complexity in disposal of asset due to the nature of the asset.</p>



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## 2.3 General Ledger

2.3.1 IT Access Rights Monitoring		High
<b>Control</b>	Access to General Ledger maintenance is restricted to authorised personnel. Set up is performed by the Business Support Team and maintained by the System Accountant or Financial Accountant.	
<b>Risk</b>	General Ledger does not contain accurate financial information / Data contained within the GL is permanently lost.	

Finding	Recommendations	Management Response
<p>The financial accountant reviews a list of profiles allocated to different modules in the system as a control to ensure that only authorised officers have access to different modules (eg. HR, payroll general ledger, etc).</p> <p>Audit noted the following performance observations in this process:</p> <ol style="list-style-type: none"> <li>1. The access rights in the system are based on roles and functions from different areas and modules in the system, that can be allocated to any profile. As a result, the review of a list of profiles allocated to an area (eg. COP_Payroll, COP_Finance) does not ensure that users allocated to these profiles only have access to the area implied in the profile name. Only a review of roles and functions can achieve this.</li> <li>2. Council does not use standard profile templates (eg. COP_Payroll, COP_Finance, etc) allocated to specific roles and functions. Administrators can create any profile name in the system and allocate any roles and functions to that profile name.</li> </ol> <p>Audit acknowledges that ICT is currently developing a report that will provide a list of all the users and roles and functions allocated to these users.</p>	<p>Proceed with the current project to develop a report that provides a list of users and all the roles and functions allocated to these users.</p> <p>Following development, this report should be reviewed by Management on a regular basis.</p>	<p>Will introduce spot checks throughout the year and improve process as part of Onboarding/Change requests</p>



## 2.4 Accounts Payable

### 2.4.1 Purchase Orders Issued after the Receipt of Related Invoices

**Moderate**

<b>Control</b>	Electronic Purchase Orders are generated for all applicable purchases as required by Council's Purchasing and Procurement Policy or for amounts above \$1,000 excluding for valid exceptions.
<b>Risk</b>	Disbursements are not authorised properly.

Finding	Recommendations	Management Response
<p>Audit found instances of purchase orders issued after the receipt of the related invoices.</p> <p>Audit extracted a report out of Finance One called "Purchase Order Compliance Report". This report indicates that from 01 July 2017 to 31 January 2018 27% of purchase orders were issued after the date of the related invoices (1022 out of a total of 3807 purchase orders). The average value of these purchase orders was \$9,961.</p>	<p>Council to ensure that purchase orders are issued before purchasing goods and/or services.</p>	<p>While there is a policy in place to manage where purchase orders are required, there is a lack of compliance on accountability.</p> <p>To improve compliance across the business the procurement team are undertaking the following activities:</p> <ol style="list-style-type: none"> <li>1. To assist in raising the level of compliance Procurement are developing a training and awareness program that will be delivered to all staff in the next 6 months.</li> <li>2. Compliance will be monitored by procurement (post training). Monitoring will take the form of regular exception reporting and a continuation of the current accounts payable manual check (see below).</li> <li>3. Accounts payable currently return all invoices to the council "owner" where a purchase order has not been raised. The "owner" is required to raise the necessary purchase order prior to invoice processing. This is used as a tool to reinforce policy compliance.</li> <li>4. Where the opportunity arises the procurement team educates the organisation on the requirements as well as the benefit of front ending process of purchasing goods and services.</li> </ol>

2.4.2 Maintenance of Supplier Master File Data		Moderate
<b>Control</b>	Recorded changes to the supplier master file are compared to authorised source documents to ensure they were input accurately	
<b>Risk</b>	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.	

Finding	Recommendations	Management Response
<p>Audit reviewed the supplier master file data within Finance One and noted instances of the following:</p> <ul style="list-style-type: none"> <li>suppliers named "DO NOT USE" that are still active in the system, some of which have had transactions processed against them;</li> <li>invalid ABN numbers</li> <li>numerous individual suppliers with more than one master file entry</li> <li>suppliers with duplicated bank account details recorded across two or more master file entries.</li> </ul> <p>Audit acknowledges that some of the observations above may be legitimate (e.g. a large government department with more than one occurrence in the supplier master file to reflect different divisions across the department).</p>	<p>Management performs a review of the supplier master file data to ensure that:</p> <ul style="list-style-type: none"> <li>only current and valid suppliers are active in the system;</li> <li>supplier master file data includes a valid ABN number;</li> <li>only one master file entry is created for each individual supplier (unless there is a valid reason for a supplier to have more than one master file entry in the system); and</li> <li>bank account details are allocated only to an individual supplier master file entry (unless there is a valid reason to have one set of bank account details allocated to more than one master file entry).</li> </ul>	<p>The Creditor Masterfile is and has for a time been in the process of review and maintenance. This maintenance is being conducted alongside BAU and therefore has had fragmented time allocated. This masterfile consists of approximately 3-4000 Account records. Data cleanse activities have been completed and have been incorporated into ongoing BAU process.</p> <p><b>Do Not Use Supplier Accounts:</b></p> <p>These type of accounts have recently been reduced by 85 accounts, with only 8 remaining in active status. The remaining require either reversal of transactions posted since the change in supplier account or have an outstanding payment for transaction/s posted prior. The use of "Do Not Use" accounts is tightly controlled and is appropriate for processing late invoices and clearing Purchase Orders. Once all transactions are cleared the account is set to inactive. Management believe that this risk is being managed effectively and therefore should be closed.</p> <p>Regular reviews of Supplier Master Data files have been implemented into the procurement team. The process will check duplicate supplier files, bank account details, inactive suppliers and valid ABN.</p>

## 2.5 Payroll

2.5.1 Payroll Overpayment		Low
Control	Standard programmed formulae perform payroll calculations.	
Risk	Payroll expense is inaccurately calculated.	

Finding	Recommendations	Management Response
<p>Audit found one instance where a secondment agreement with an employee provided a total of 38 hours per week working in the following positions:</p> <ul style="list-style-type: none"> <li>- 15.2 hours per week as GO5.2; and</li> <li>- 22.8 hours per week as GO3.4.</li> </ul> <p>During our payroll tests we noted that the employee mentioned above has actually been paid 22.8 hours per week as GO5.2 and 15.2 hours per week as GO3.4 since January 2017.</p> <p>This error appears to have resulted from human error, and we did not find any indication of this being a systemic issue.</p>	<p>Council to ensure that employees are paid in accordance with awards and employment contracts in place.</p>	<p>Investigated the issue and have resolved that system and procedures were not a cause of the error and it was a human input issue. As a result no further action is required.</p>



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## **APPENDIX 1 – CRITICAL INTERNAL FINANCIAL CONTROLS**

## IT ENTITY LEVEL CONTROLS

## Risks

R1	The ICT Strategic Plan does not reflect future direction of ICT.
R2	Changes could be made to production programs or possibly data, without testing or approval.
R3	Loss of data caused by fire. Terminated employees can access the Playford ICT environment.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	New control.	Governance - ICT Strategic Plan reflects future direction of ICT. Council has sufficient resources to support change management. IT Security Policy is in place.	Control 1	New	New
R2	New control	ICT vendors are required to request access to make changes in the system. Changes in the system are made in the testing environment.	Control 2	New	New
R3	New control	Information Security - Data centre contains fire and smoke detection. There is a process for ICT to add new users to Active Directory after advice from the HR department.	Control 3	Core	5
R3	New Control	Backups are done daily/weekly/monthly. Daily backup tapes are sent offsite on a daily basis.	Control 4	New	New

## PURCHASING AND PROCUREMENT

## Risks

R1	Council does not obtain value for money in its purchasing & procurement.
R2	Purchases of goods and services are made from non-preferred suppliers.
R3	Purchase orders are either recorded inaccurately or not recorded at all.
R4	Purchase orders are placed for unapproved goods and services.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	Council has a comprehensive Contract and Procurement Policy that is reviewed regularly.	Council has a comprehensive Contract and Procurement Policy that is reviewed regularly.	Control 1	Core	5
R1	New control	One Council System electronically requests three quotes for purchase orders over \$10,000 when the purchase order is not linked to a valid contract in the system.	Control 2	New	New
R1	New control	Business units send a form to the Procurement Department asking advice when a purchase requires procurement exemption. Procurement provides advice on the form and keeps these instances in a register. General Manager signs off the exemption.	Control 3	New	New
R1	New control	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement Policies.	Control 4	New	New
R1, R2, R4	Employees must ensure all purchase orders are approved in accordance with the Delegations of Authority and relevant policies.	Electronic Purchase Orders have system controls requiring authorisations in accordance with the Delegations of Authority and relevant policies.	Control 5	Core	5
R3	Purchase orders are issued in accordance with the Council's Purchasing and Procurement Policy.	Electronic Purchase Orders are generated for all applicable purchases as required by Council's Purchasing and Procurement Policy.	Control 6	Core	5

## CONTRACTING

## Risks

R1	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.
R2	Council does not obtain value for money in relation to its Contracting.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1, R2	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement Policies.	Robust and transparent selection processes to ensure effective and qualified suppliers / contractors are selected by Council, including compliance with Code of Conduct, Conflict of Interest and procurement Policies.	Control 1	Core	5
R1	New control	Formal documents providing evidence of the procurement procedures performed are kept electronically in the ECM system and/or network directory for each tendering process.	Control 2	New	New
R1, R2	Suitably qualified/independent personnel to sit on Selection Panel to ensure that informed and objective decision is made when selecting suppliers / contractors.	Suitably qualified/independent personnel to sit on Selection Panel to ensure that informed and objective decision is made when selecting suppliers / contractors for formal tender processes.	Control 3	Core	5
R1	Council to maintain a contract register.	Council maintains a contract register.	Control 4	Core	4
R1	The Contracts, Tenders and Procurement Policy and Procedures should be reviewed regularly.	The Contracts, Tenders and Procurement Policy and Procedures should be reviewed regularly.	Control 5	Core	4
R1	Commitments are not being made without funding being approved in the budget.	Account and project codes in place for budget allocation to enable the contract managers to verify funds approved before making any contractual commitment.	Control 6	Core	4
R2	New control	Electronic purchase orders are electronically receipted by the person responsible to monitor the milestone of the contracts or to receive the goods. Payments on valid invoices are made by Accounts Payable to electronically receipted purchase orders.	Control 7	New	New
R2	Tender Documents are kept locked up when they are not being reviewed for evaluation purposes.	Tender Documents are kept electronically and are accessible only by procurement officers.	Control 8	Core	4



## FIXED ASSETS

## Risks

R1	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all.
R2	Fixed assets are inadequately safeguarded.
R3	Fixed Assets are not valued correctly
R4	Depreciation charges are either invalid not recorded at all or are inaccurately recorded.
R5	Fixed Asset maintenance and/or renewals are inadequately planned.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	Regular verification of fixed assets are conducted and reconciled to the FAR.	Council performs a condition assessment of its core and high value fixed assets once a year which also confirms the existence of its core and high value assets.	Control 1	Core	4
R1	Recorded changes to the FAR and/or Masterfile are approved by management, compared to authorised source documents and General Ledger to ensure accurate input.	Changes to the FAR are restricted to the officers responsible for the maintenance of the registers. Access to the fixed assets register is reviewed and approved on a monthly basis by the fixed assets information owner. Access is set up by the Business Support Team and maintained by the Asset Systems Officer.	Control 2	Core	5
R1	All fixed asset acquisitions and disposals are approved in accordance with Delegation of Authority and relevant Procurement and Fixed Asset Policies.	Project managers sign off additions of new assets which is reconciled to actual costs incurred. Handover forms are approved by project managers containing details of the assets including capital account and specification of the asset built.	Control 3	Core	5
R1	New control	Disposal of assets is undertaken in accordance with asset disposal policy.	Control 4	New	New
R1	New control	Capital movements recorded in the asset register for the financial year are reconciled. The financial accountant reconciles the movements in the FAR to the general ledger.	Control 5	New	New
R1	New control	Disposal of assets as recorded in the general ledger are reconciled quarterly and annually, including proceeds of sales.	Control 6	Core	4
R1	Council has an asset accounting policy which details thresholds for recognition of fixed assets which is monitored to ensure adherence.	Council has an asset accounting policy (Property Plant and Equipment Policy) which details thresholds for recognition of fixed assets.	Control 7	New	New
R1	Reconciliation of fixed assets to the General Ledger is performed regularly.	Fixed asset register is reconciled to the GIS on a quarterly basis.	Control 8	New	New



R3	Management regularly reviews valuation of fixed assets - methodology and useful lives, to ensure valuation is appropriate and in accordance with reporting requirements. Where appropriate, Council may engage an expert to perform valuations.	Management regularly reviews the valuation of the complete "at valuation" fixed asset register - methodology and useful lives, to ensure valuation is appropriate and in accordance with reporting requirements. Where appropriate, Council may engage an expert to perform valuations.	Control 9	Core	5
R3	Management reviews depreciation rates and methodology (at least annually) to ensure that methods used to value fixed assets are still appropriate.	Management reviews depreciation rates and methodology manually to ensure that methods used to value fixed assets are still appropriate.	Control 10	Core	4
R3	Asset revaluations and depreciation reviews are performed in accordance with Australian Accounting Standards.	Asset revaluations and depreciation reviews are performed in accordance with Australian Accounting Standards.	Control 11	New	New
R3	New control	The closing balance of the FAR is reconciled to the subsequent opening balance after a revaluation of assets is performed.	Control 12	Core	4
R3	The annual review of assets includes reviewing the appropriateness of categories of assets and impairment testing.	The annual review of assets includes confirmation of impairment.	Control 13	Core	5
R3	New control	FAR interfaces to the general ledger and categories of assets are presented in accordance with the codes established for the assets capitalised.	Control 14	New	New
R3	New control	Maintenance department is responsible to report any asset damaged or impaired.	Control 15	Core	5
R4	Asset revaluations and depreciation reviews are performed in accordance with Australian Accounting Standards.	Depreciation charges are calculated in accordance with the accounting policy, including the useful life, depreciation method and calculation formulas.	Control 16	Core	5
R5	Asset Management Plans exist for all major asset classes and all changes to the asset management plan must be approved by Council.	Asset Management Plans exist for all major asset classes and all changes to the asset management plan must be approved by Council.	Control 17	New	New

## GENERAL LEDGER

## Risks

R1	General Ledger does not contain accurate financial information
R2	Data contained within the General Ledger is permanently lost.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	All updates and changes to General Ledger programmes are authorised, tested and documented.	All updates and changes to General Ledger programs in One Council are tested in the UAT environment by the finance administrators. Errors found during testing stages are documented. After being tested and confirmed as operational, updates and changes recommended are approved by the finance department and ICT and released into production.	Control 1	Core	5
R1, R2	Access to General Ledger maintenance is restricted to authorised personnel.	Access to General Ledger maintenance is restricted to authorised personnel. Set up by the Business Support Team and maintained by the System Accountant or Financial Accountant.	Control 2	Core	5
R1	General Ledger reconciliations (including control and clearing accounts) are prepared on a regular basis; all reconciliations independently reviewed.	Management maintains a spreadsheet containing a summary of all reconciliations prepared containing amounts reconciled, frequency, person responsible for the reconciliation, variances and explanations for the variances. The spreadsheet is reviewed by the Manager.	Control 3	Core	4
R1	Manual journal entries recorded in the register are authorised by the officer preparing the journal and an independent reviewer.	Manual journal entries are signed by preparer and approved by the manager of the relevant department.	Control 4	Core	5
R1	New control	Council maintains a register containing a complete list of manual journal entries approved by the manager of the relevant departments.	Control 5	New	New
R1	New control	Users with access to create and post journal entries is reviewed regularly by the system administrator.	Control 6	New	New
R1	New control	Access to One Council is established by the Business Support Team and maintained by the Financial Accountant.	Control 7	New	New

R1	Amendments to the structure of the General Ledger framework are approved by an authorised officer.	Amendments to the structure of the General Ledger (Chart of Accounts) framework are approved by the financial accountant or the system accountant. The following forms are used: - Project request form - New activity request form - Cost centre request form.	Control 8	Core	5
R1	Amendments to the structure of the General Ledger framework are approved by an authorised officer.	General Ledger (Chart of Accounts) policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department.	Control 9	Core	5
R2	General Ledger policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department.	Formal disaster recovery plan established and maintained.	Control 10	Core	5
R2	All updates and changes to General Ledger programmes are authorised, tested and documented.	All updates and changes to General Ledger programs in One Council are tested in the UAT environment by the finance administrators. Errors found during testing stages are documented. After being tested and confirmed as operational, updates and changes recommended are approved by the finance department and ICT and released into production.	Control 11	New	New
R2	Off-site backup of data, program and documentation.	Off-site backup of data, program and documentation.	Control 12	New	New
R2	Formal disaster recovery plan adopted by Council or Senior Executive.	General Ledger (Chart of Accounts) policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department.	Control 13	Core	5

## ACCOUNTS PAYABLE

## Risks

R1	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.
R2	Credit notes and other adjustments to accounts payable are either inaccurately recorded or not recorded at all.
R3	Disbursements are not authorised properly.
R4	Accounts are not paid on a timely basis.
R5	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	Statements received from suppliers are reconciled to the supplier accounts in the accounts payable subledger regularly and differences are investigated.	Statements received from suppliers are reconciled to the supplier accounts in the creditor ledger when received. Differences between invoices and statements are investigated.	Control 1	Core	4
R1, R4	Invoices received are authorised and accompanied by appropriate supporting documentation.	Invoices received are authorised and accompanied by appropriate supporting documentation, if applicable.	Control 2	Core	5
R1, R3	New Control	Financial accountant compares the Document File report generated by the system containing the dollar value, creditor details and bank account numbers with the processed invoices and approved electronically in One Council.	Control 3	New	New
R1	New Control	Access to create payments to creditors and create EFT payment files is restricted to accounts payable staff.	Control 4	New	New
R1	New Control	Access to the Directory where the EFT creditor payment data file is stored is restricted to Finance staff.	Control 5	New	New
R1	Payments (Cheques and EFT's) are endorsed by authorised officers separate to the preparer who ensure that they are paid to the specified payee.	Payments (Cheques and EFTs) are endorsed by authorised officers separate to the processor who ensure that they are paid to the specified payee.	Control 6	Core	5
R1	Access to the supplier master file is restricted to authorised officers.	Access to the supplier master file (One Council) is restricted to authorised officers. Access is set up by the Business Support Team and maintained by the Procurement Officer.	Control 7	Core	5
R2, R5	Separation of Accounts Payable and Procurement duties.	Separation of Accounts Payable and Procurement duties for all processing of invoices.	Control 8	Core	5

R3	Individuals who authorise payment of suppliers are authorised officers who are independent of the processing of invoices.	All disbursements must be approved by an authorised officer in accordance with the Delegations of Authority .	Control 9	Core	5
R3	Authorised officer to review aged payables listing on a predetermined basis and investigate where appropriate.	Electronic Purchase Orders are generated for all applicable purchases as required by Council's Purchasing and Procurement Policy or for amounts above \$1,000 excluding for valid exceptions.	Control 10	Core	5
R3	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Individuals who authorise payment to suppliers are delegated officers who are independent of the processing of invoices.	Control 11	Core	5
R4	New Control	Accounts Payable officer reviews aged payables listing on an ongoing basis and investigates where appropriate.	Control 12	New	New
R5	New Control	Recorded changes to the supplier master file are compared to authorised source documents to ensure that they were input accurately.	Control 13	New	New
R5	The accounts payable system and or supplier master file prevents users from making unauthorised adjustments to supplier accounts.	The supplier master file prevents users from making unauthorised adjustments to supplier accounts.	Control 14	Core	5

### RATES / RATES REBATES

#### Risks

R1	Council does not raise the correct level of rate income.
R2	Rates and rate rebates are either inaccurately recorded or not recorded at all.
R3	The Property master file data does not remain pertinent

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1, R2	Rates are automatically generated by the rate system, including the calculation of rate rebates, if applicable.	Rates are automatically generated by the rate system, including the calculation of rate rebates, if applicable.	Control 1	Core	4
R1, R2	Management regularly reviews the calculation methodology within the rate application system and for a sample of ratepayers to ensure correct calculation and methodology has been used.	Rates officer selects a sample of rate payers and performs a manual recalculation of the rates to ensure the system calculated the rates, concessions and rebates correctly. A sample is selected for each one of the rate types.	Control 2	Core	4
R1	All software changes to rate modelling functionality fully tested and reviewed by qualified personnel.	Rate modelling spreadsheet is prepared by the system accountant (Separate to the rates team) to determine dollar values of rates and level of rate income. Rates modelling is compared to the rates raised in the pathway system for completeness and accuracy.	Control 3	Core	5
R1	New control	Rates officer reconciles the total capital value recorded in the Pathway system to the total capital value from the VG report prior to generation of the rates notices.	Control 4	New	New
R1	New control	Rates officer performs a rollover of the outstanding rates to generate the rates and the accounts receivable for the next financial year. Reconciliation between the closing balance of outstanding rates from the prior financial year and the opening balance for the current financial year is performed.	Control 5	Core	5
R2	Regular review of exempt properties to ensure still valid, interest flag switched off and rate rebates.	Rates officer and the system accountant independently perform a review of a list of non-rateable properties in pathway and modelling spreadsheet to ensure it is still valid before the generation of rates.	Control 6	New	New
R2	New control	Mandatory rebates - Rates Officers and system accountant independently review a list of mandatory rebates to verify validity and in accordance with delegation of authority. Discretionary rebates - Manager of Planning Strategy reviews new discretionary rebates and submits for approval by council.	Control 7	Core	4

R2	New control	Rates officer perform a monthly review of the aged receivables report and follows up on long outstanding receivables. The manager approves the aged receivables report.	Control 8	Core	5
R3	Recorded changes to property master file data are compared to authorised source documents or confirmed with ratepayers to ensure that they were input accurately. An audit trail is maintained for all changes.	Recorded changes to property master file within Pathway are recorded in the rates assessment record and compared to authorised source documents on an ongoing basis within the rates team. Confirmation letters are sent to ratepayers to ensure that they input accurately the changes in the property master file.	Control 9	Core	5
R3	Access to the Property master file is restricted to appropriately designated personnel, with significant changes to the Property master file approved by management.	Access to the Property master file is restricted to appropriately designated personnel and changes in the property master file is reviewed by the manager.	Control 10	Core	5
R3	Access to the Property master file is restricted to appropriately designated personnel, with significant changes to the Property master file approved by management.	Access to the Property master file is reviewed and approved on a monthly basis by the Property/Rates information owner.	Control 11	Core	5
R3	Access to the Property master file is restricted to appropriately designated personnel, with significant changes to the Property master file approved by management.	There is a documented procedure, performed by the ICT Helpdesk, for granting access to the Property master file (in Pathway application).	Control 12	Core	5



## PAYROLL

## Risks

R1	Payroll expense is inaccurately calculated.
R2	Payroll disbursements are made to incorrect or fictitious employees
R3	Time and/or attendance data is either invalid, inaccurately recorded or not recorded at all.
R4	Payroll master file does not remain pertinent and/or unauthorised changes are made to the payroll master file.
R5	Voluntary and statutory payroll deductions are inaccurately processed
R6	Salary sacrifice transactions are inaccurately processed.
R7	Employees are terminated in breach of statutory and enterprise agreements.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	Standard programmed formulae perform payroll calculations.	Standard programmed formulae perform payroll calculations.	Control 1	Core	5
R1	Overtime hours worked and payments for such overtime are authorised by management for all eligible employees.	Managers sign the following forms to authorise overtime or additional hours worked: - Overtime payment form (for overtime hours) - Additional payment form (e.g.. Part-timers working additional hours).  Higher duties (greater than 5 days) forms require management approval and letter sent to employee.	Control 2	Core	5
R1, R3, R4	The transfer of the bank file should be restricted to authorised officers who are not be involved in the preparation of the pay run.	Access to the Network Directory where the EFT payroll data file is stored is restricted. (From 1 July 2015, segregation of duty between the generator of the EFT report and the person uploading the CSV file to the bank)	Control 3	Core	5
R2	The transfer of the bank file should be restricted to authorised officers who are not be involved in the preparation of the pay run.	The transfer of the bank file is restricted to payroll officers who are not involved in the preparation of the pay run.	Control 4	Core	5
R2, R4	Payroll system generates exception reports detailing all payroll changes that are regularly reviewed by management who investigate & approve variances.	The senior payroll officer and the financial accountant approve the audit check list for each pay run. The audit check list include the following activities. - review the variance report comparing this pay to the last pay (senior payroll officer) - review allowance deductions processed in the system for correctness (senior payroll officer) - spot checks of salary sacrifice deductions (senior payroll officer) - review of master file changes	Control 5	New	New



		(senior payroll officer) - spot checks of employee pays (financial accountant).			
R2	New Control	Senior payroll officer approves the EFT Pay Period Ending containing a summary of all the pays (e.g.. Normal pay, termination pay and other pays).  Reports used to support the EFT Pay Period Ending that is reviewed by the senior payroll officer are: - Pay summary report containing details of each normal payment by employee - Other pay report containing details of these payments - Employment Termination Reports	Control 6	Core	5
R2	New Control	Fortnightly pay report is distributed to management fortnightly for review of employee pays and entitlements. (Bonafide Reports). Errors or inaccuracies are communicated to HR.	Control 7	Core	5
R2	New Control	Payroll officers compare the "Other Pay" report generated by the system containing details of payroll payment other than normal payments and compare that with the EFT report generated by the bank after the payment. Review undertaken by the senior payroll officer.	Control 8	New	New
R2	Employees made inactive in payroll records immediately upon termination. Termination report provided as supporting documentation with request for an EFT. Comparison of subsequent current employee listings made by independent person to verify correctness.	Payroll officers change the status of the employee in the system to "inactive" when an employee is terminated. The system shows a warning when processing a payment to an inactive employee.	Control 9	Core	5
R2	All employee deductions must be substantiated with documented approval provided by employee.	All discretionary employee deductions must be substantiated with documented approval provided by employee.	Control 10	Core	5
R3	New control	Managers sign the following forms to authorise overtime or additional hours worked: - Overtime payment form (for overtime hours) - Additional payment form (e.g.. Part-timers working additional hours).  Higher duties (greater than 5 days) forms require management approval and letter sent to employee.	Control 11	Core	4
R3	Total of payment summaries for the year is reconciled to general ledger and payroll.	Total of payment summaries for the year is reconciled to general ledger and payroll.	Control 12	New	New

R3	New control	Outside staff are required to complete daily timesheets with work orders allocations. Timesheets are approved by coordinators.	Control 13	New	New
R3	Relevant staff are required to complete timesheets and/or leave forms, authorise them and have approved by the supervisor/manager.	Outside staff are required to complete leave forms and have them approved by managers.	Control 14	New	New
R3	New control	Electronic leave requests for inside staff is completed by Admin staff and approved by he managers.	Control 15	Core	4
R3	New control	Customer support enter data of all the daily timesheets in the system for the payroll officers to process the payroll payments for outside staff. Only customer support can enter timesheet data in the payroll system.	Control 16	New	New
R4	All payroll suspense accounts are reconciled and reviewed by management or other supervisory personnel on a timely basis. Transactions recorded in the payroll suspense accounts are proper suspense items; other items are investigated and resolved in a timely manner.	All payroll suspense accounts are reconciled by the senior payroll officer and reviewed by the service coordinator. Transactions recorded in the payroll suspense accounts are legitimate suspense items; other items are investigated and resolved in a timely manner.	Control 17	Core	5
R5	New Control	Administration of payroll deductions (in Tech One) is restricted to authorised officers.	Control 18	New	New
R6	All original salary sacrifice transactions must be approved by the relevant employee. Payroll staff must ensure that such approval has been obtained prior to processing transactions into the payroll system.	All original salary sacrifice transactions must be approved by the relevant employee. Payroll staff must ensure that such approval has been obtained prior to processing transactions into the payroll system.	Control 19	New	New
R7	Establish employee termination policies and procedures, including statutory regulation and union requirements. Regularly review and update these policies and procedures.	Payroll officer performs manual calculation of termination payments and compares it against the calculation performed by the system. Payroll officer reperforms tax calculation using the ATO ETP calculator. Employment termination payments are reviewed by the senior payroll officer.	Control 20	Core	4

## BANKING

## Risks

R1	Banking transactions are either inaccurately recorded or not recorded at all.
R2	Fraud.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1, R2	Blank cheques and/or cheque-signing machine are adequately safeguarded.	Blank cheques are adequately safeguarded in the safe.	Control 1	Core	5
R1, R2	Access to EFT Banking system restricted to appropriately designated personnel.	Access to EFT Banking system restricted to appropriately designated personnel.	Control 2	Core	5
R1	Bank reconciliations are performed on a predetermined basis and are reviewed by an authorised officer. Any identified discrepancies are investigated immediately.	Bank reconciliations (Formal) are performed on a monthly basis and reviewed by an authorised officer. Outstanding items are investigated.	Control 3	Core	5
R1	New control	Financial transactions (e.g.. Deposits, cheques, payments, receipt) are cleared, matched and reconciled to the general ledger and the bank statements throughout the month on an ongoing basis.	Control 4	New	New
R1	All cash held securely in safe/registers with access restricted to appropriately designated personnel.	All cash held securely in safe with access restricted to the customer care team except for Remote Programs.	Control 5	Core	5
R2	New control	Financial transactions (e.g.. Deposits, cheques, payments, receipt) are cleared, matched and reconciled to the general ledger and the bank statements throughout the month on an ongoing basis.	Control 6	New	New
R2	All cash held securely in safe/registers with access restricted to appropriately designated personnel.	All cash held securely in safe with access restricted to the customer care team except for Remote Programs.	Control 7	Core	5
R2	Cash transfers between bank accounts and investment bodies are approved by authorised officer.	Cash transfers between bank accounts and investment bodies are approved by authorised officer.	Control 8	Core	5
R2	Procedures are in place to ensure that all cash collected is banked and properly recorded.	Procedures are in place to ensure that all cash collected is banked and properly recorded.	Control 9	Core	5

## DEBTORS

## Risks

- R1 Debtors are either inaccurately recorded or not recorded at all.  
 R2 Rebates and credit notes to debtors are either inaccurately recorded or not recorded at all  
 R3 An appropriate provision for doubtful debts is not recorded  
 R4 Debtors are either not collected on a timely basis or not collected at all  
 R5 The Debtors master file data does not remain pertinent.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1, R2, R3	Debtor's reconciliation performed on a regular basis to the General Ledger and reviewed by an independent person.	Aged Debtors report is signed as reviewed on a monthly basis by the manager.	Control 1	Core	4
R1	Council maintains a Debt Collection Policy.	Council maintains a Debt Collection Policy which is reviewed on a regular basis in accordance with the policy.	Control 2	Core	5
R1, R2	Management and/or Council review and approve all rebates, credit notes, bad debt write-offs and movements in the provision for doubtful debts, in accordance with delegations of authority and Local Government Act.	Officers who create debtors invoices in Pathway do not have access to physical cash receipting. Write offs and credit notes are reconciled to authorised source documents. The system administration role is undertaken by the IT department for management of access to Pathway.	Control 3	New	New
R2	New control	Debtor Write Off Request Form is signed off by the manager of the applicable department in line with the delegations of authority. Provision for doubtful debts is calculated at the end of the financial year and reviewed by the manager.	Control 4	New	4
R2	New control	Provision for doubtful debts is calculated at the end of the financial year and reviewed by the manager.	Control 5	New	4
R4	New control	Management reviews debtors ageing profile on a regular basis and investigates any outstanding items.	Control 6	New	4

## GRANTS

## Risks

- R1 Council loses recurrent Grant funding to provide existing service.  
 R2 Grant funding is not claimed by Council on a timely basis or not claimed at all.  
 R3 Grants are either inaccurately recorded or not recorded at all.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1, R3	Management performs regular review of all grant income and to monitor compliance with both the terms of grants and Council's Grant policy (including claiming and collecting funds on a timely basis).	Managers from areas requesting grants are responsible to perform regular review of all grant income and to monitor compliance with the terms of grants.	Control 1	Core	4
R1, R3	Authorised officers and/or Council to approve all grants (prior to funds being received by Council) to ensure that Council will be able to meet the terms and obligations of the grant, and that the grant is in line with the Council's Strategic Objectives.	Authorised officer to sign off all grants to ensure that Council will be able to meet the terms and obligations of the grant, and that the grant is in line with the Council's Strategic Objectives.	Control 2	Core	4
R3	New control	Community services team maintains grant compliance information to ensure compliance with the terms of grants including financial acquittals due date, milestones, amounts, expiry date, etc.	Control 3	New	New
R3	New control	External grants are provided to the community in accordance with defined criteria and are approved by council or within financial delegations.	Control 4	New	New

## RECEIPTING

## Risks

- R1 Receipts are either inaccurately recorded or not recorded at all.  
 R2 Receipts are not deposited at the bank on a timely basis.

RISKS	Control as per Better Practice Manual	Control at Playford Council	Control Reference	Control Type	CSA Importance Weighting
R1	Cash is stored securely at all times including the duration of the cash management process.	Cash is stored securely at all times including the duration of the cash management process.	Control 1	Core	5
R1	Receipts are recorded. Service users / customers are provided with a copy of the register receipt and total daily receipts (per the register) are balanced to receipts deposited to the bank by an independent person.	Customers are provided with a copy of the register receipt. Total daily receipts (per the register) are balanced to actual receipts received. Receipts deposited to the bank are balanced to receipts received by an independent person.	Control 2	Core	4
R1	Bank statements are reconciled to the general ledger and banking reports where relevant, on a predetermined basis and are reviewed authorised person.	Bank statements are reconciled to the general ledger and banking reports where relevant, on a Monthly (Formal) basis and are reviewed authorised person.	Control 3	Core	5
R1	New Control	Officers who create debtors invoices do not have access to receipting payments and/or reversing receipt transactions.	Control 4	New	New
R2	New Control	Cash is stored securely at all times including the duration of the cash management process.	Control 5	New	New
R2	Receipts are recorded. Service users / customers are provided with a copy of the register receipt and total daily receipts (per the register) are balanced to receipts deposited to the bank by an independent person.	Bank statements are reconciled to the general ledger and banking reports where relevant, on a Monthly (Formal) basis and are reviewed by an authorised person.	Control 6	Core	5

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# **INFORMAL DISCUSSION**

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**6.1 Complaints Handling Framework - Whistle Blower****Why is this matter before the Council or Committee?**

**Presenter:** Ms Rosemary Munslow

**Purpose:** Presentation of the Complaints handling framework that includes the Whistle Blower Policy.

**Duration:** 15 mins



## **6.2 Review of Draft 2018/19 Annual Business Plan & Budget, Long Term Financial Plan and Asset Management Plan**

**Attachments :**

1. Annual Business Plan & Budget
2. Long Term Financial Plan
3. Asset Management Plan

### **Why is this matter before the Council or Committee?**

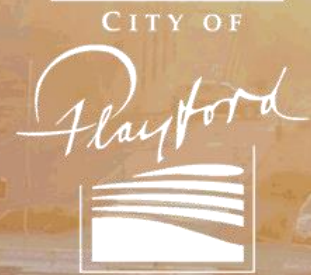
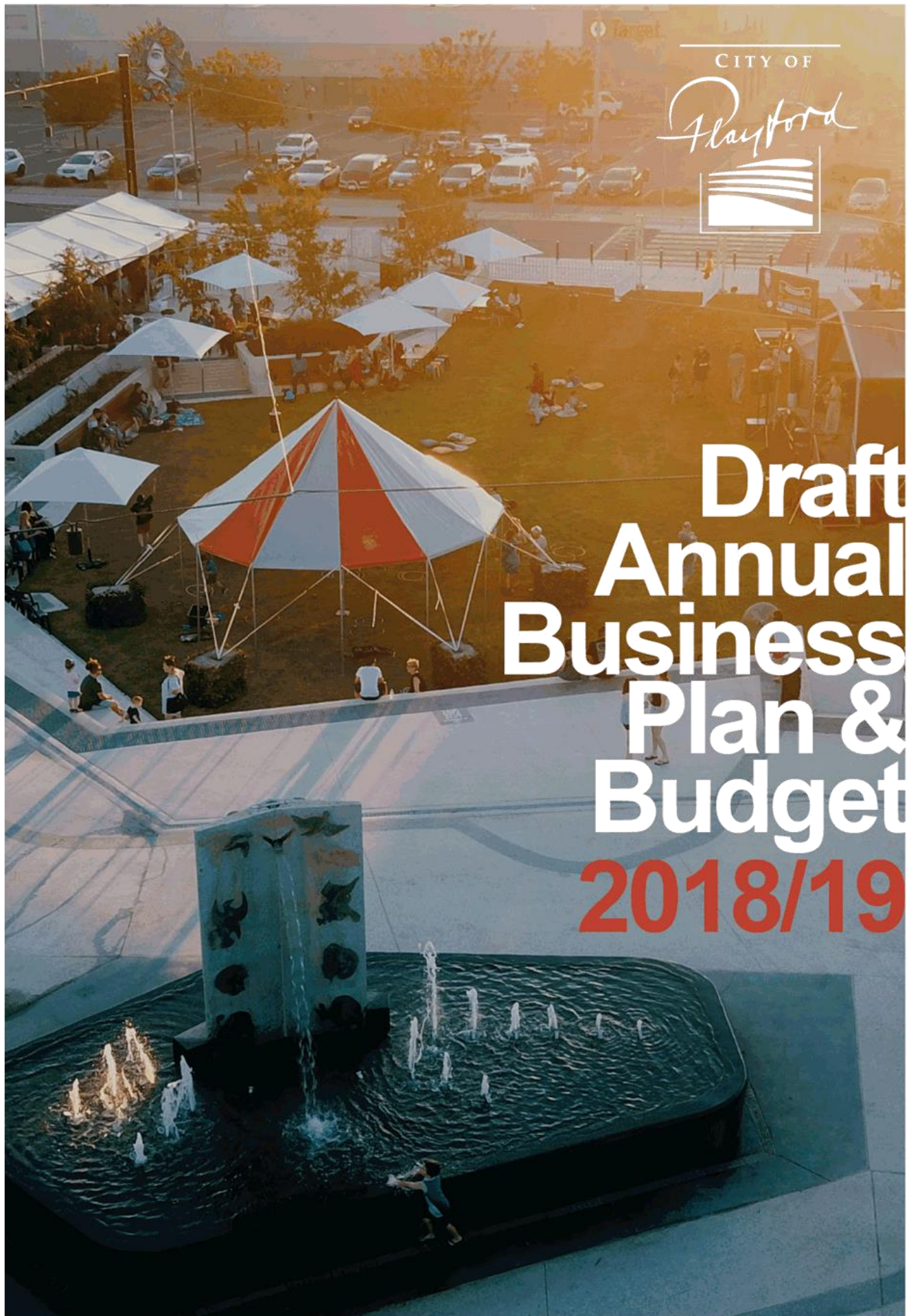
**Presenter:** Mr Greg Pattinson

**Purpose:** To provide an overview of the draft 2018/19 Annual Business Plan & Budget, Long Term Financial Plan and Asset Management Plan.

**Duration:** 20 minutes

Following the presentation there will be an opportunity for the Committee to seek clarification and provide feedback on the draft 2018/19 business plans.

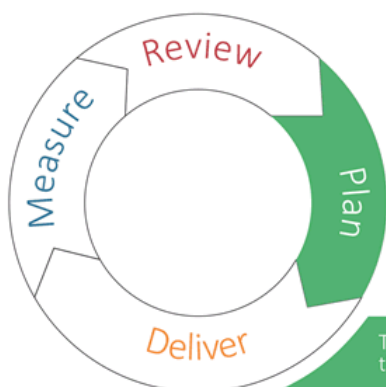
The Committee will be invited to provide feedback to Council on its Plans prior to the Council considering for final endorsement.



# Draft Annual Business Plan & Budget 2018/19

**Front cover picture:**

Fringe Festival 2018 - Playford Palace, Prince George Plaza



This document forms part of the Plan Section of the City of Playford Business Planning Framework

Title	Annual Business Plan 2018/19 Delivering the Strategic Plan	Produced by City of Playford Contact us Address: City of Playford 12 Bishopstone Road, Davoren Park, SA 5113 Phone: (08) 8256 0333 Website: <a href="http://www.playford.sa.gov.au">www.playford.sa.gov.au</a> © Images and content. City of Playford
Author	Strategy and Corporate Business Unit	
Team/ Area/Etc.	Strategy & Policy Team	
Document Classification		
Link to other Documents	The 30-Year Plan for Greater Adelaide, Playford Community Vision 2043, Strategic Plan	
Endorsed by	Ordinary Council	
Endorsement date	XX June 2018	



## PUBLIC CONSULTATION AND SUBMISSIONS PROCESS

The City of Playford is committed to operating in an open and accountable manner. This includes ensuring that our vision and goals are clear and communicated to the community and that residents and other stakeholders are invited to participate in decision making.

This draft Annual Business Plan 2018/19 provides an opportunity for Council to articulate its plans and priorities for the next 12 months. The community are invited to provide feedback on the draft Plan during a public consultation period.

This public consultation period is also in accordance with Sections 122 and 123 of the *Local Government Act 1999*, which states that Council must adopt a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development and review of its strategic management plans.

Specifically the Act requires Council to make its Annual Business Plan and Budget available for public consultation for a period of not less than 21 days.

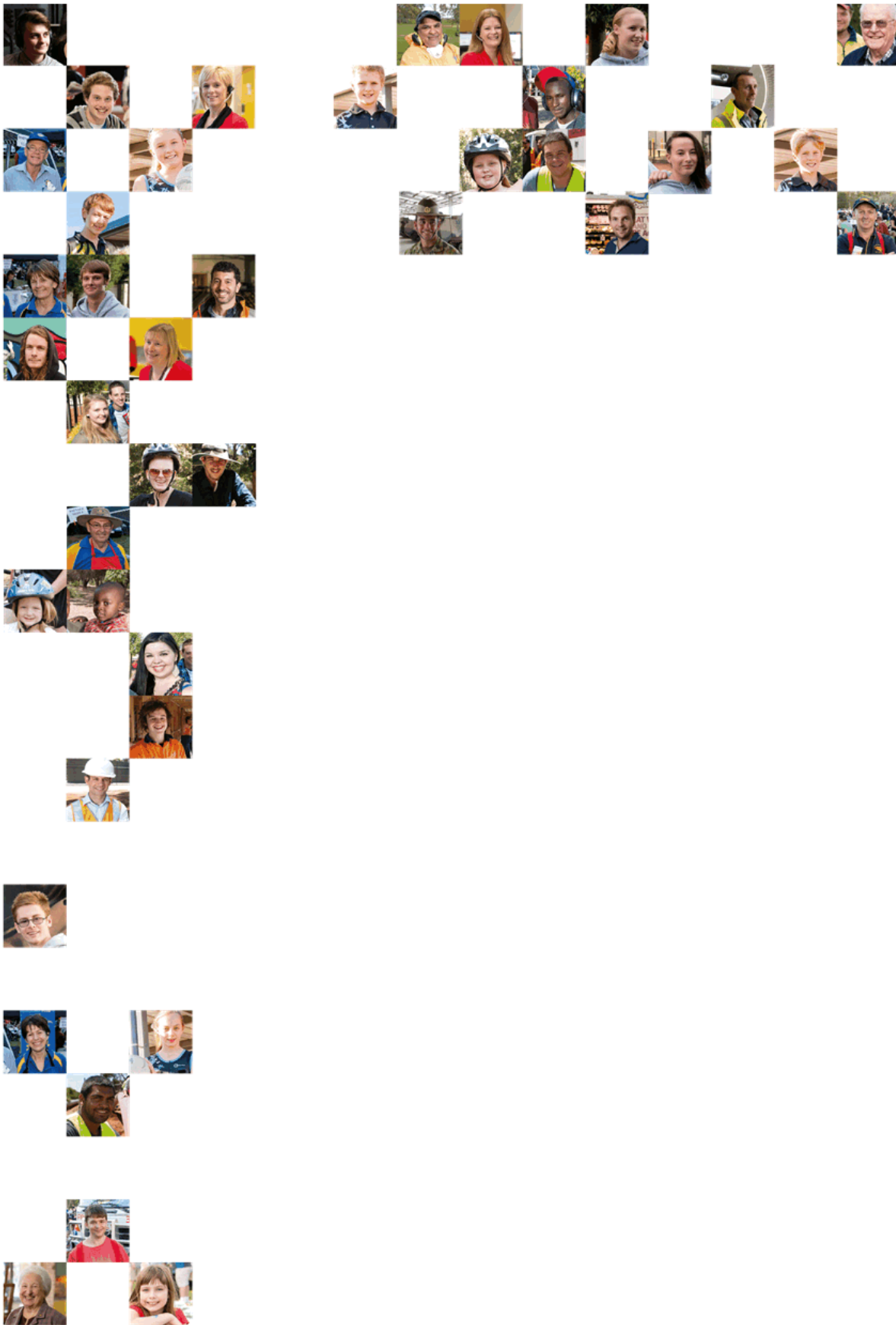
In accordance with the above and the City of Playford Public Consultation Policy this draft Annual Business Plan and Budget 2018/19 is open for a public consultation period from 2-22 May 2018.

During this time the following activities will be undertaken:

- Adverts in local newspapers advising the community that the draft Plan is available for consultation
- Draft Plan & Feedback Forms available at Customer Care locations
- Draft Plan and online Feedback Form available on Council's website
- Public Meeting to be held on 22 May 2018 as part of the Ordinary Council meeting

See [www.playford.sa.gov.au/BusinessPlans](http://www.playford.sa.gov.au/BusinessPlans) for more information.





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# 1. FOREWORD

**TO BE ADDED POST CONSULTATION**

## 2. EXECUTIVE SUMMARY

This Annual Business Plan and Budget is a continuation of our Smart City, Connected Community approach outlined in the 2016 Strategic Plan. This approach will enable Council to connect our community by providing new opportunities, better service our community needs, and improve our services and the efficiency of our operations. We will seek investment that provides a return to our community and by doing so we will safeguard Council's financial sustainability.

We are continuing to invest in our community to support our aim of transforming our City into one that will attract investment and new businesses, create jobs and improve its spaces and places for people to live, work, play and learn.

We have an ambitious strategic agenda and know that the transformational work we are undertaking cannot be accomplished in a single year. To this end a longer term outlook has been considered and a three year planning horizon developed. This robust, multi-year planning tool provides context for our day-to-day and year-to-year decision making. It ensures that the decisions we make within a specific budget year do not undermine Council's long-term strategic direction and financial sustainability.

This 2018/19 Annual Business Plan and Budget has been developed to ensure that we maximise the delivery of our Strategic Plan, while staying within acceptable financial parameters and aligning with our community's capacity to pay.

Our community have told us that they are concerned about our debt levels and we remain committed to managing our costs and maximising our income. We will ensure we remain financially sustainable whilst strategically repaying old debt.

We will continue to invest in our CBD which is being remodelled into an entertainment and cultural hub complete with a new hotel, restaurants, cafes, ice rink, medical centre and government services. The CBD will provide increased economic activity in the area as well as increased employment opportunities both during and post-construction. The heart of our City will provide more opportunities for our residents, business and visitors to connect. Together the CBD, Health and Sports Precincts are the drivers to position Playford into the future economy and act as catalysts for the attraction of commercial investment in our region, ultimately alleviating the reliance on Council's residential rate base.

Our investments into these projects will have no foreseeable long term impact on Council's operating costs and are projected to provide a positive return to Council, over and above the significant economic and social impact they will provide for our community.

We know our community values city presentation, community programs, health and environment services, sports and recreation programs, regulatory services and customer care. These 'business as usual' services will continue to be delivered to a high standard and we will continue to provide for the renewal and replacement costs of existing assets such as sealed and unsealed roads, kerbing, footpath, stormwater pipes, buildings and playgrounds.

Again this year, Council is striving to minimise the impact of rate rises in the community. A 3.0% rate increase comprises the General Index of 2.3% which covers inflationary costs, 0.4% to cover cost shifting through legislative changes and additional compliance requirements imposed by the State Government, and 0.3% to part fund some new and enhanced services. Further new and enhanced services will be delivered using savings that have been realised by our Continuous Improvement methodology over the last year.

Overall 16 new community services or assets will be introduced to progress our Strategic Plan, including redevelopment of the Grenville Centre, road and footpath upgrades, improved clubrooms at Kalara Reserve, and the upgrade of Virginia Main Street. All of these projects will be delivered within a 3.0% rate rise.

An additional five projects will be funded from growth revenue and cash contributions from developers, including Greater Edinburgh Parks outfall drainage through the Northern Connector, Roads to Recovery and minor stormwater works.

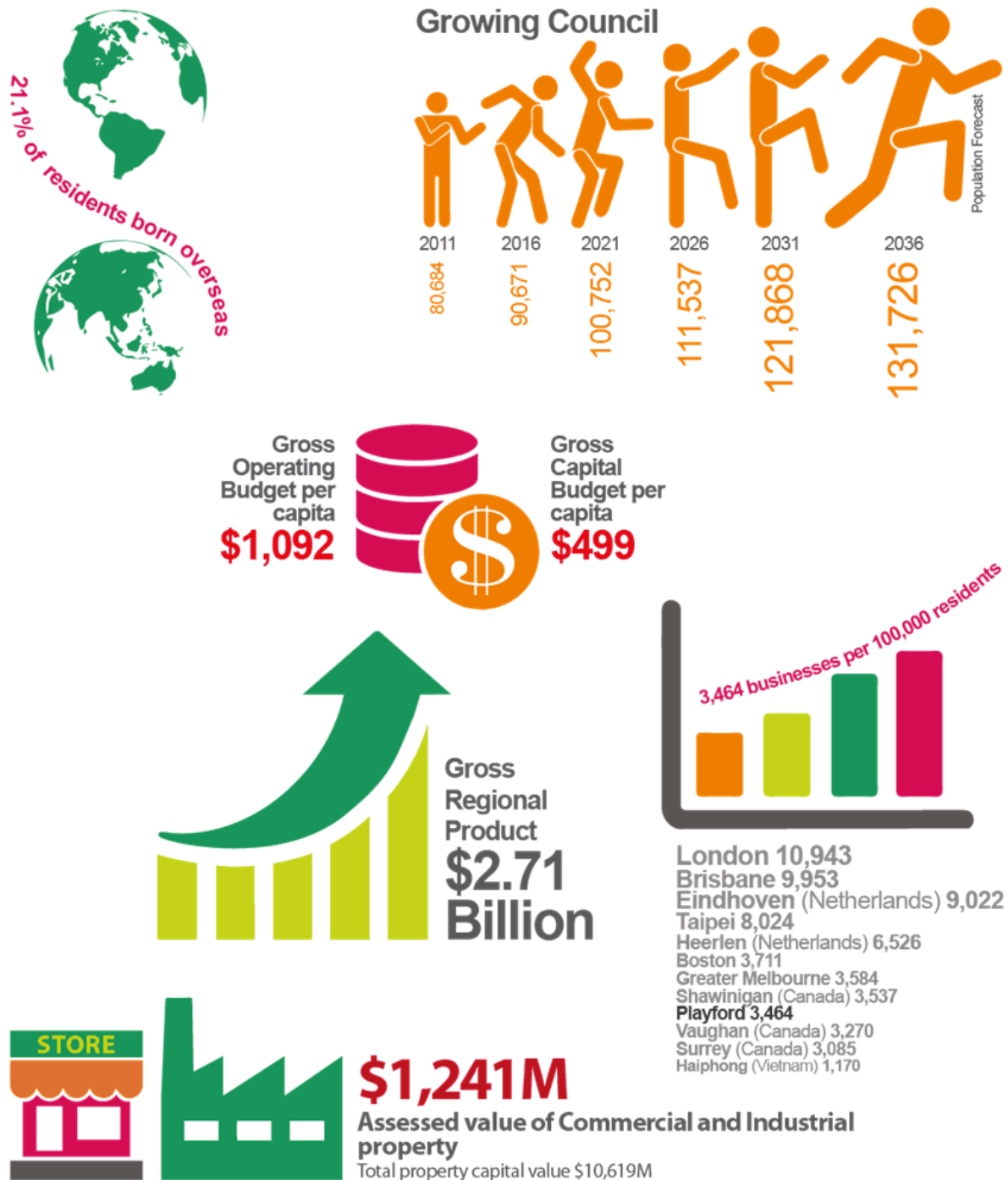
This Annual Business Plan and Budget continues to build on the work we have already commenced to stimulate our region through new sources of employment, investment and infrastructure development whilst ensuring our community continue to receive high quality service delivery. More information on the existing and new services and programs that Council will deliver in the next 12 months can be found on the following pages.



### 3. PLAYFORD, SMART CITY CONNECTED COMMUNITY

Located some 30 kilometres north of Adelaide, the City of Playford is one of the fastest growing outer metropolitan areas in Australia.

Home to more than 90,000 people, our region covers 345 square kilometres, accounting for much of Adelaide's northern perimeter. Extending from the Adelaide Hills in the east to the Gulf St Vincent in the west, much of Playford's population is concentrated around the suburban centre of Elizabeth. Beyond this urbanised heart is a unique blend of open spaces, natural waterways, biodiversity and prime agricultural land.





**16,117**

plants  
distributed to  
the community  
in 2016/17  
18 per 100 residents



**Tonnes of CO<sub>2</sub>  
emissions  
per capita**

Barcelona 2.4  
London 4.9  
Buenos Aires 4.4  
Amsterdam 5.5  
Toronto 7.3  
**Playford 9.2**  
Boston 9.3  
Dubai 20.2  
Brisbane 20.8  
Melbourne 42.7

**97%**



of horticulture  
production is  
vegetables for  
human  
consumption



**ONE**

GIGALITRE  
of stormwater  
stored in  
2016/17



**2,299**

hectares of  
green area per  
100,000  
population



**78.8%**

full-time  
participation  
in secondary  
school education  
at age 16

**Future  
growth  
industries**



Digital  
economy



Health &  
Wellbeing

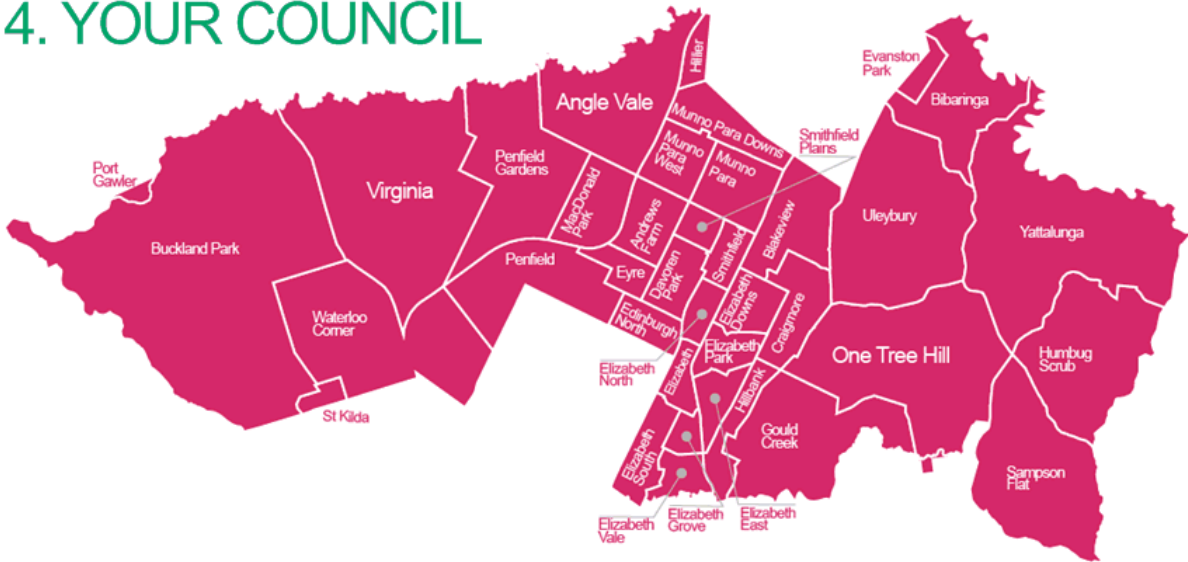


Defence



Horticulture

4. YOUR COUNCIL



	 <b>MAYOR</b> Glenn Docherty			
	 <b>WARD 1</b> Cr. Agapios (Peter) Rentoulis	 Cr. Carol Muzyk	 Cr. Dino Musolino	
	 <b>WARD 2</b> Cr. Gay Smallwood-Smith Deputy Mayor	 Cr. Esperanza (Jane) Onuzans	 Cr. Adam Sherwood	
	 <b>WARD 3</b> Cr. Andrew Craig	 Cr. Joe Federico		
	 <b>WARD 4</b> Cr. Max O'Rielly	 Cr. Denis Davey	 Cr. Shirley Halls	
	 <b>WARD 5</b> Cr. Marilyn Baker	 Cr. Michael Joy		
	 <b>WARD 6</b> Cr. Samantha Blake	 Cr. Duncan MacMillan		

## 5. OUR PLANS FOR THE FUTURE

### Playford Community Vision 2043

The Playford Community Vision 2043 has been developed by the Playford community and identifies its preferred vision for the growth of the City expected over the next 30 years, as determined by The 30 Year Plan for Greater Adelaide.

In 2012, Council undertook one of the most detailed and extensive community consultations in its history, and from this we were able to articulate the collective values and vision for how Playford will look and feel in 30 years. The vision is for Playford to be:

*“...the City of Opportunity, supporting the community’s hopes and aspirations to be vibrant, thriving and sustainable. It provides an enviable lifestyle that is connected, healthy, happy and proud, where each individual can take advantage of the many opportunities offered, making the City prosperous, liveable and happy.”*

The Playford Community Vision 2043 will facilitate the community, government and stakeholders working together on this shared vision.

### Strategic Plan

Council’s refocussed Strategic Plan was endorsed by Council in July 2016 and focusses on six Smart Programs which are key to the City of Playford progressing towards the community’s long-term vision of creating a more liveable, prosperous and happy City. The longer term strategies contained in our previous Strategic Plan (July 2014) are still relevant as illustrated in the diagram overleaf, however the latest Strategic Plan provides a more focused approach to delivering against those longer term strategies.

### Smart City, Connected Community

Six Smart Programs are identified in the Strategic Plan:

Smart Service Delivery

Smart Living

Smart Jobs & Education

Smart CBD

Smart Sports

Smart Health

These programs are a key focus for Council’s activities and influence budget prioritisation decisions and allocation of resources.

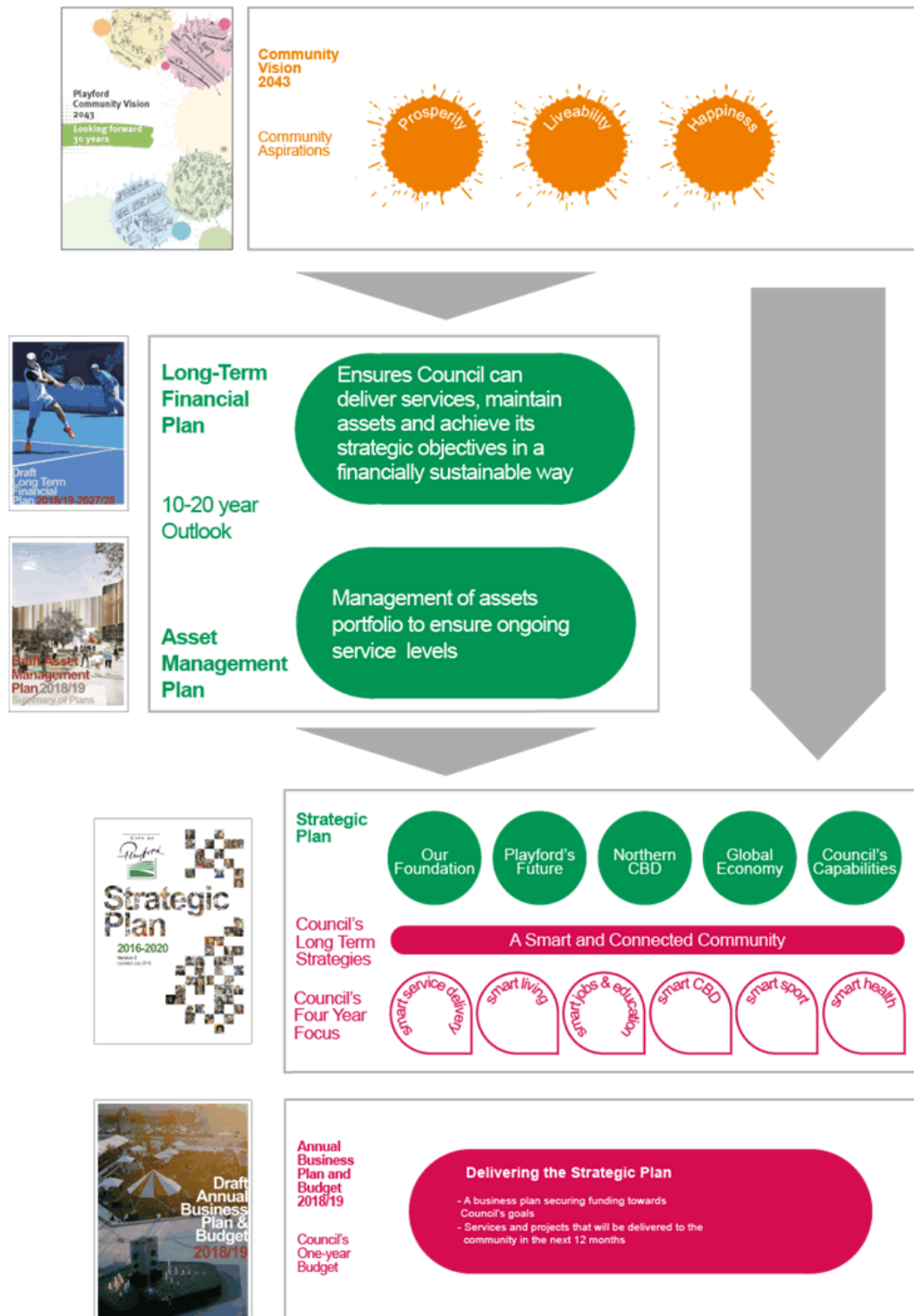
Collectively the Northern CBD, Playford City Health Precinct and Playford City Sports Precinct will be pivotal in enhancing the profile and vibrancy of the City, attracting greater commercial investment, expanding the range of services and facilities available within the City and enhancing job opportunities for the northern Adelaide community. Council will also maintain its focus on the future of jobs and education opportunities in Playford and the northern Adelaide region and will continue to actively lobby to ensure that benefits from the Northern Economic Plan flow to the local community and economy.

However, in pursuing these projects, Council will maintain its clear focus on continually improving its core service delivery and the overall liveability of the City.

### How does this document fit in with other Council documents?

For the purposes of the *Local Government Act 1999*, the documents included in the diagram below meet the requirements set out for the “strategic management plans” (S122) and the “annual business plan and budget” (S123) for the City of Playford.

This Annual Business Plan and Budget 2018/19 details the services and projects that will be funded in the next 12 months to deliver against Council's Strategic Plan and progress our Smart City, Connected Community agenda.





## 6. BUDGET SUMMARY

Council is pursuing an ambitious strategic agenda to transform our City. We are connecting our community by providing new opportunities, better servicing our community needs, improving our services and the efficiency of our operations. We are also investing in infrastructure that will drive economic growth and safeguard our financial future.

To support this agenda a longer term outlook has been considered and a three year planning horizon developed that acts as a robust, multi-year planning tool and is used as a context for day-to-day and year-to-year decision making.

It is with this three year planning horizon in mind that this 2018/19 Annual Business Plan & Budget has been formed, to identify those services and programs that will keep us on track for delivering on the Strategic Plan, to build in more robust financial management discipline, including debt management, and to address our community's expectations.

Council's budget is made up of a number of components.

### Capital Budget

This is Council's expenditure on projects that will create long-term assets.

In 2018/19 Council projects expenditure of \$71.736 million on capital projects

Asset Management Plans - capital renewal	\$25.301M
Projects commenced in 2017/18	\$10.503M
New Capital Projects for 2018/19	\$27.816M
Donated Assets (physical resources received free of charge)	\$8.116M
<b>TOTAL</b>	<b>\$71.736M</b>

### Operating Budget

Council's day-to-day operating budget allows for:

1. The delivery of capital projects, and;
2. The delivery of community services/assets

Council's Community Services/Assets can be categorised as below:

- Existing Services/Assets
- Maintaining Existing Service Standards
- Cost Pressures or State Government Cost Shifting
- Reserves Growth
- New and Enhanced Community Services/Assets

### What do we fund?

#### Existing Services

Council's existing services make up approximately 96% of our overall budget. Service Standards articulate the service Council delivers and the benefits the community can expect to receive. Costings of the services are detailed further in section 7.

### *Cost Pressures / State Government Cost Shifting*

Each year council is impacted to some extent by cost shifting through legislative changes and additional compliance requirements by the State Government.

### *New & Enhanced Services*

Council has identified a number of new and enhanced services which will drive the progress of our Smart Programs as outlined in the refocused Strategic Plan.

## **How do we fund our Community Services and Assets?**

### *Base Budget and General Index*

Each year Council strives to balance our community's needs with their ability and willingness to pay for current, new and enhanced services. Our Community Services/Assets are primarily funded through rates; however we have a number of other funding sources such as Growth Revenue and Continuous Improvement savings which we can use to lessen the burden of a rate increase for our community.

In 2018/19 Council's operating budget delivers an increase in services of \$1.167 million which ordinarily would equate to a rate increase of 1.6%. However, through the use of these other funding sources Council is able to deliver this benefit with only a 0.3% rate increase.

### *Rates*

Each year Council needs to take into account the inflationary impacts on the delivery of existing services. This General Index component of our budget is the average of South Australia Wage Price Index and the Consumer Price Index South Australia (CPI). The General Index for 2018/19 equates to 2.3% rate increase.

### *Rate Increases*

Rate increases are calculated as an increase on overall rate revenue. These are a traditional funding mechanism used for the provision of new and enhanced services, as well as cost pressure or cost shifting. These increases are over and above the General Index component. In 2018/19 one cost pressure has been identified which relates to State Government imposed costs, equating to 0.4% rate increase.

### *Growth / Reserves Funded*

Council also has access to growth revenue and cash contributions from developers in relation to open space reserve contribution, social and stormwater infrastructure deed agreements, construction of footpaths and kerbs, and street-tree planting. In 2018/19, \$5.66 million of capital and \$242k of operating revenue has been allocated towards five eligible infrastructure projects.

### *Continuous Improvement*

In 2011 Council endorsed a five year Efficiency and Effectiveness Program with the objective to deliver a dividend improvement of \$9 million by the end of the 2015/16 financial year.

In 2016 Council endorsed the implementation of a Continuous Improvement methodology to be delivered in the operations of Council to ensure that efficiency and effectiveness processes become a sustainable part of our business. In the last 12 months over \$0.9 million of savings have been realised as part of this Continuous Improvement Program.

The 2018/19 budget process identified 16 new and enhanced services that Council wished to fund. As noted above the introduction of any new or enhanced services usually results in an associated increase in rates to cover the costs for delivering those services. However to ensure that Council can continue to deliver adequate and value for money services to the community, the Continuous Improvement Savings of \$0.9million will be allocated to pay for the operating component of the new services without the need to raise rates. The operating budget of \$0.9 million supports the delivery of \$12.722 million in capital projects.



Long Term Financial Plan 2018/19	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Continuous Improvement Target	0.5%	0.5%	0.8%	1.0%	1.0%	1.0%
	\$M	\$M	\$M	\$M	\$M	\$M
Annual Savings Target 2016-17	0.470	0.740	1.000	1.100	1.100	1.100
Cumulative Savings Target	0.470	1.200	2.200	3.300	4.400	4.400
Annual Actual savings	0.813	1.487	-	-	-	-
<b>Revised Cumulative Target</b>	0.813	2.300	3.050	3.800	4.564	4.564
Cumulative Actual Savings Allocated to Services	0.283	1.317	2.257	2.257	2.257	2.257
Cumulative Actual Savings Held for future allocation	0.530	0.983	0.043	-	-	-
Savings to be identified for future allocation	-	-	0.750	0.750	0.764	-
Cumulative Savings allocated to operating result	-	-	-	0.793	1.543	2.307

The table below shows how our services and assets will be funded in 2018/19:

What do we need to fund?	How it will be funded?	Equivalent Rate Increase	Operating Expenditure
Existing Services	Existing Base Budget	-	\$101.724M
Maintain Existing Service Standards	General Index (Rate Increase)	2.3%	\$1.684M
Cost pressures / State Government Cost Shifting	Rate Increase	0.4%	\$0.275M
Reserves Growth	Growth Revenue	1.2%	\$0.897M
New & Enhanced Services	Rate Increase & Continuous Improvement Savings	1.6%	\$1.167M
TOTAL			\$105.747M

### Financial Sustainability Initiatives

These are projects that link to Council's longer term strategy of Building Our Capabilities by improving our financial performance, innovation and skills in partnership development and advocacy to resource and guide the achievement of the Strategic Plan.

Our three year planning horizon identified the need for old debt to be managed down strategically over time. Council has a responsibility to continuously review its assets to identify any that are surplus to its needs and to drive this strategy money raised from the sale of this land will be used to repay old debt.

### Self-funded services and assets

In addition to the services and assets mentioned above Council is investing in projects that pay for themselves over time and bring a return on investment. These projects are funded through a combination of short term borrowings and investment returns and do not have an impact on the community in terms of a rate increase.

Continuing the transformational work that is already taking place in the CBD further Investment Decisions have been identified for the area. These projects will have no foreseeable long term

impact on Council's operating costs and are projected to provide a positive return to Council. Projects include:

- Retail & Residential options for the CBD
- Office Building for State Government tenant
- Main North Road Median Strip Upgrade
- Facilitation of a Medical Centre development
- Facilitation of a Hotel development
- Associated CBD Land Sales

Other Investment Decisions for 2018/19 are the continuation of Playford Alive and Playford's Recycled Water Business plus two new projects identified:

- Greater Edinburgh Parks Stormwater Trunk Outfall
- 112 Coventry Road Rejuvenation

### Key Budget Data

Item	Budget 2018/19
Operating income	\$102.860M
Operating expenses	\$105.747M
Operating result	\$(2.887)M
Net borrowing balance	\$164.642M

See Section 9 for further information on this budget data

## 7. DELIVERING THE STRATEGIC PLAN



### Smart Service Delivery

*The Smart Service Delivery Program is about continuing to provide for the changing needs and expectations of our diverse community, delivering the services that they require.*

*It means making the most of our community's existing strengths, talents and diversity, as well as working smarter to connect our community with each other to contribute to overall community wellbeing and the economic life of the City.*

*Council will increasingly need to use innovative problem solving approaches and smart technological solutions to ensure we make best use of our available resources to meet these demands.*

#### Outcomes

- 1.1. High quality services and amenities
- 1.2. Improved service delivery
- 1.3. Working smarter with our community
- 1.4. Enhanced City presentation, community pride and reputation

#### Between July 2016 and June 2020 we have said we will...

- Continue to improve our City presentation ensuring our open space assets are maintained in an attractive way.
- Improve our service delivery to add value to the wellbeing of the community.
- Maintain our infrastructure and assets engendering a sense of pride and encouraging investment in the City.
- Continually look for ways to work smarter and “do more with less” for our community and improve their satisfaction with our services
- Continually monitor the services and infrastructure we provide, and adjust them where needed
- Seek smart ways to connect our community with other organisations who can meet their needs, in the case of services that Council does not provide.
- Lead by example by collaborating with other service providers, focussing on improving the overall end benefit for our community within our collective resources.

## What will we fund in 2018/19?

EXISTING SERVICES		Net Operating Budget \$ '000
Service Standard	Community Outcome	
Club Development and Access to Sporting Facilities	Engage with clubs/user groups to maximise opportunities for effective management, administration, compliance and utilisation of Council's social capital assets for community access and benefit.	768
Community Development	Support knowledge and skills development of communities and families	1,410
Community Inclusion	Connecting older or vulnerable people to the community through community services and programs.	821
Community Venues	City of Playford's own community venues which are accessible to the community, are well equipped to cater for a diverse range of events and offer a high quality experience.	1,575
Customer Service	Provision of efficient, prompt and accurate customer information and transactional services.	2,818
Environmental Health	Enhance the quality of life of our community through the assessment, improvement and prevention of factors that pose a risk to human health.	1,451
Environmental Sustainability	To enhance environmental outcomes and protect environmental assets in collaboration with our community.	373
Event Management	Provide event management services for events that celebrate and promote the sense of being part of the community.	990
Graffiti Operations	A clean and attractive city with a reduction in overall visible graffiti. This is achieved by proactively removing graffiti from Council assets and engaging community in graffiti reduction initiatives.	384
Health Initiatives & Playford Community Food Cooperatives	Support the community to actively participate in maintaining and improving their health and well-being by adopting healthy lifestyle with a focus on healthy eating and physical activity	678
Illegal Dumping	The collection and disposal of illegally dumped rubbish in urban and rural areas throughout the City.	1,364
Immunisation	Provision of immunisation services to minimise the incidence of vaccine preventable diseases. Four components for Immunisation: School, New Arrival Refugee Immunisation (NARI), Public and Business Services	389
Kerbside Waste	To maintain public health, we provide our community with the ability to dispose of waste in an environmentally responsible manner. The kerbside waste management service includes household waste, recycling, green organics and hard waste.	13,004

EXISTING SERVICES		Net Operating Budget \$ '000
Service Standard	Community Outcome	
Library	The Library Service provides access to information, technology, educational programs, cultural engagement, local history, social interactions, entertainment and leisure to the local and state communities.	3,867
Parks & Reserves	Parks and reserves provide opportunities for social interaction and physical activity, which contribute to mental and physical benefits and positively impacts on health and wellbeing of Playford residents and visitors.	9,519
Rapid Response	A rapid response to urgent situations that represent an immediate risk to our community in a public space. The primary objective is to make the situation safe. Work may then be referred onto other teams to be completed.	840
Regulatory Services	Enhance the quality of life of our community by maintaining several key regulatory requirements to minimise the risk to public safety.	431
Rural Road Maintenance	A programmed, proactive approach to undertake regular road maintenance in rural areas, based on risk. This is to enable a safe and connected community.	6,182
Sportsfield Maintenance	The service provides fit for purpose sportsfield and furnishings that offer an opportunity for the community to engage and participate in sporting activities and a healthy lifestyle.	5,781
Stormwater Network Maintenance	The stormwater network provides for the collection and transportation of stormwater throughout the City of Playford. Maintenance of the network mitigates the risk of flooding to properties; prevents localised flooding and property damage.	4,474
Urban Streetscape Maintenance	Streetscape is the term given to the collective appearance and usage of all footpaths, pedestrian zones, verges, kerbs, signage, roads, gardens and trees along a street. Safety and City presentation is achieved by providing safe pedestrian access, a safe, orderly urban road network and improved appearance of street frontages	29,950
Volunteer Strategy Development	Building strong communities through volunteering and provide a range of resources and services to support volunteering activity.	183
<b>TOTAL</b>		<b>87,252</b>
CAPITAL PROJECTS CONTINUING FROM 2017/18		CAPITAL BUDGET \$'000
Growing Council's Recycled Water Business	This project will enable Council to secure water sources for all existing customers, expand its commercial business and potentially supply recycled water to other reserves within council and future external customers.	2,611

Angle Vale Community Sports centre Delivery – Female Change Rooms	This project will deliver female change rooms to service the existing netball courts and planned junior oval.	412
Outstanding Liabilities – Developer Funded Assets	This project will complete the installation of outstanding assets in new development area by delivering 6 km of new concrete and block pave footpaths.	180
School and Pedestrian Crossing Facilities	This project will deliver signalised facilities such as koala and wombat crossing dependent on the identified need.	90
<b>TOTAL</b>		<b>3,293</b>

ASSET MANAGEMENT PLAN		Net Capital Budget \$ '000
Category	Assets Covered	
Transport	Road pavement and seal, unsealed roads, kerbing, car parks, pedestrian bridges, other road structures	12,307
Stormwater	Pipes, pits, headwalls and trash racks, wetland infrastructure and other drainage structures	833
Footpaths	Footpaths/ cycleways (along roads and within reserves)	3,484
Buildings	Council owned buildings and storage sheds either occupied by Council or others	3,525
Parks and Recreation	Irrigation, playgrounds, park furniture and oval lighting	1,970
Information Technology	IT equipment and assets such as computers, printers, servers	600
Fleet	Cars, trucks, utes, heavy equipment and other vehicle types	2,582
<b>TOTAL</b>		<b>25,301</b>



2018/19 BUDGET INITIATIVES		Capital Budget \$'000	Net Operating Budget \$'000
Project	Description		
<i>State Government Cost Shifting</i>			
Waste Levy	In 2016 the State Government announced increases to its Landfill Levy which Council pays on the tonnes of material disposed to landfill. The planned increase takes the levy from \$62/tonne at start of 2016/17 to \$103/tonne within four years. Council will be liable to pay for these increases in 2018/19 to cover increases to the SA Waste Levy on all material disposed of via the kerbside collection and Council's clean-up operations to maintain Service Standards.	-	275
ICT Minor Works	This includes additional capital for the provision of new computer hardware to support the operations of Councils service delivery.	32	8
Smart Working Program	The project involves digitising City of Playford processes to create efficiencies and a more customer focused council. This Program will result in a customer centric website, digitisation, process improvements and mobility.	288	-
Business Continuity - Phone, Touchpoint & Webchat	This project will migrate the existing physical phone system to a cloud based system allowing Council to run the contact centre from any physical location across the state, to mitigate any risks to our service delivery during emergency events such as fires and floods. The will ensure increased customer satisfaction and a more resilient service level.	-	60
Road Safety Audits	This project will provide Council with the appropriate data for managing our road safety risks and identify high risk locations for motorists and pedestrians. A number of Road Safety Audits on both urban and rural roads will be carried out in the City together with road survey data to determine vehicle volumes and speed.	-	10
Local Government Elections 2018	This project will deliver the "Enrol, Nominate, Vote" marketing and promotional material for the 2018 Local Government elections. Funding includes the Local Government Association (LGA) costs associated with the campaign and other costs incurred with the Electoral Commission of SA (ECSA) for undertaking the operation of the election such as count, postal vote preparation, dissemination and return.	-	257
<b>TOTAL</b>		<b>320</b>	<b>610</b>





*The Smart Living Program is about Council playing its part to make the City more liveable and more connected. This means that as our older suburbs age and our population and urban footprint expands, we will find innovative ways to renew and 'future proof' the liveability of our neighbourhoods. This also means ensuring our community has access to smart technologies that further add to their quality of life.*

### Outcomes

- 2.1 Smart development and urban renewal
- 2.2 Enhanced City presentation, community pride and reputation
- 2.3 Liveable neighbourhoods

### Between July 2016 and June 2020 we have said we will...

- Continue to deliver the Playford Alive urban renewal project and be on track to finalise it by 2022.
- Pursue innovative solutions for renewing our other older suburbs and increasing the diversity of housing choices.
- Develop city-wide structure plans to guide the development of smart, liveable and connected neighbourhoods and employment zones.
- Safeguard the delivery of these plans with clear infrastructure agreements between Council, landholders, developers and other levels of Government.
- Advocate for investment to improve the ease of commute and movement on our public transport system.
- Encourage climate ready, sustainable and efficient building techniques to create more liveable communities.
- Advocate for essential infrastructure such as the electrification of the Adelaide-Gawler train line and the NBN.
- Promote the inclusion of smart technologies in new developments as well as greater focus on urban green space and natural environments to cope with climate impacts.
- Expand the use of recycled water to existing and new Council reserves.

## What will we fund in 2018/19?

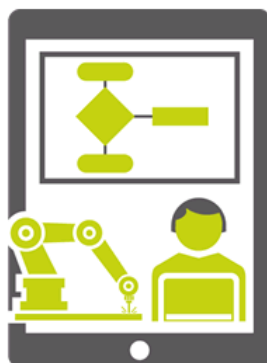
EXISTING SERVICES		Net Operating Budget \$ '000
Service Standard	Community Outcome	
Development Services	Responsive services that facilitate safe and desired city development by assessing development, providing advice and ensuring that development is compliant.	4,753
CAPITAL PROJECTS CONTINUING FROM 2017/18		Capital Budget \$'000
Playford Alive – Crittenden Road Bridge Crossing	This project will complete the connection between Andrews Farm and Smithfield Plains following an existing road reserve alignment across Smith Creek, to provide improved accessibility for the community to access services in the locality.	1,486
Playford Alive	In 2018/19 the Playford Alive Urban Renewal Project will continue to deliver public realm works in association with Renewal SA staged development works in the 'critical mass' areas. These works will provide improved streetscapes, footpaths, verge treatments, street trees and Council reserve upgrades in Precinct 2 including the completion of Webster Reserve.	900
Deed Delivery and Infrastructure Design for Playford Growth Areas Project	Following the completion of Stormwater Management Plans, this project will deliver signed Final Deeds to Landholders and Council. Designs will be produced for key pieces of infrastructure identified as critical for unlocking areas for development.	260
<b>TOTAL</b>		<b>2,646</b>

2018/19 BUDGET INITIATIVES		Capital Budget \$'000	Net Operating Budget \$'000
Project	Description		
112 Coventry Road Rejuvenation	The former Para WorkLinks site is being repurposed as a vibrant community hub, housing Council supported services along with social enterprises, government agencies and local businesses. The site will offer opportunities to engage local people, organisations and businesses to collaborate and actively participate in tackling social challenges, while stimulating the economy. This funding will deliver DDA compliant toilets to the site.	180	-38

GEP Stormwater Trunk Outfall BBRF Bid	The project will deliver a 16 m3/s capacity drain from Port Wakefield Road to an ocean outfall near St Kilda, and provide the ability to re-zone portions of Greater Edinburgh Parks land for industrial development. A Building Better Regions Fund grant application was made in December 2017 to contribute to the costs of this project.	2,200	155
Deed Delivery & Infrastructure Design for Playford Growth Areas	Following the signing of Stormwater Management Plans this project will deliver signed Final Deeds for Landowners and Council. Designs will be produced for key pieces of infrastructure identified as critical for unlocking areas for development.	-	-
Stormwater Minor Works	This project will address nuisance problems with stormwater at Quintrell Road and Andrews Road. Pipes, culverts and swale drains will be installed at the identified sites, as well as drainage solutions that solve the problem at each site and restore the level of service to an acceptable level.	379	22
Strategic Land Purchase	This strategic land purchase will support and progress the delivery of the desired outcomes of the Smart Living Program.	3,800	220
Road Upgrade Program – Roads to Recovery and Supplementary Local Roads	The Road Upgrades Program progressively upgrades roads impacted by urban development, as well as providing for the installation of traffic safety devices and signage on a prioritised basis across the city. For 2018/19 the priority road in this category is Brandis Road, which will be delivered over two financial years.	2,240	-
City-wide Smart City Infrastructure	This project supports Council's Smart City, Connected Community Strategy. The development and implementation of key infrastructure projects will be undertaken based on community engagement and alignment of other capital works projects such as the expansion of 10 Giga Bit Playford, Public Wi-Fi, Smart City Lab and other projects highlighted in the Smart City Framework.	66	17
DDA Program	Councils are legally required to progressively upgrade their infrastructure to ensure that 100% of all bus stops are DDA compliant by December 2022. This project will allow for a further 50-60 bus stop pads annually to be updated to DDA compliance, which keeps Council on track to reach 100% compliance by 2022. DDA reactionary work will also be undertaken.	240	27
Footpath Upgrade Program	This ongoing program incorporates the old Missing Links Program, new footpaths, footpaths to be upgraded and shared path requirements identified in the City of Playford Cycling and Walking Strategy. The present rate of funding achieves construction of approximately 4.5km annually subject to widths and construction types.	1,081	121
Fund my Neighbourhood – Blakeview Path	Fund My Neighbourhood is a new participatory budgeting initiative introduced by the State Government in the 2017 State Budget. The Blakeview Paths project was successful in receiving funding and involves the sealing of approximately 1km of shared path to provide a more walking and cycling friendly neighbourhood.	228	18

Gig City	Gig City is a superfast internet program connecting innovation precincts across the State. In addition to a connection to the Stretton Centre, Council has been short listed to connect the Northern Sound System and the Advanced Additive Metals Precinct. To maximise these connections the sites must be curated to be able to support and develop the use of these networks. Pilot projects will be developed with GigCity and IgniteSA .	58	-
Kalara Reserve Clubrooms	This project will upgrade the existing facilities at Kalara Reserve, home to Andrews Farm Soccer Club. In addition to Asset Management Plan improvements this funding will assist in upgrading the kitchen, the installation of a new DDA compliant toilet and construction of a new storage shed.	86	11
Public Lighting Upgrade	This ongoing program will meet the needs of present and future demand in urban and rural areas of the city with a particular emphasis on the rural intersections with high collision rates. Improved lighting technology will be delivered and resulting in long-term tariff reductions.	167	18
Road Upgrade Program – Black Spot	The overall Road Upgrades Program progressively upgrades roads impacted by urban development, as well as provides for the installation of traffic safety devices and signage on a prioritised basis across the City. The priority Black Spot locations for 2018/19 include Robert/ King Road and Ryan/Tozer Road intersections.	1,211	86
Road Upgrade Program – Non-growth Areas	The program includes the delivery of regulatory sign installations, safety bars and forward traffic designs, traffic control devices and pedestrian facilities. This infrastructure will enable our community to travel safely on our roads and footpaths across the City.	277	30
Rural Roads Sealing Program	This on-going project will meet the needs of present and future growth of rural areas of the city. Approximately 4-6 roads/ section of road will be constructed each year from the rural road sealing priority list.	1,081	121
Sport & Recreation Minor Works	This funding will enable Council to respond to requests for minor improvements to our sporting clubs and sport grounds, and deliver 4-5 small infrastructure projects such as back stop nets and shelters.	65	8
Virginia Main Street	This project will improve the pedestrian environment on Virginia Main Street, including wider footpaths, new street furniture, two pedestrian crossings, gateway/entrance statements, indented parking bays, tree planting, public Wi-Fi and extensive stormwater works to reduce current and future flooding issues. Extensive external stakeholder engagement will be involved in the delivery of this project.	2,652	183

City-wide Stormwater Management Planning	A stormwater management plan for each of the City's Catchments: the Smith Creek Catchment and the Adams Creek and Greater Edinburgh Parks Catchment will be developed to provide a comprehensive and defensible program of works and identify trigger points necessary to facilitate City growth, enhance the environment and reduce risk of flooding.	-	210
Playford Gateway Concept Planning	This project will plan for the upgrade of landscape and recreation amenities along the Main North Road Corridor, to improve city appearance, community pride and the public perception of the City of Playford.	-	45
<b>TOTAL</b>		<b>16,011</b>	<b>1,254</b>



## Smart Jobs & Education

*Our Smart Jobs and Education Program is about Council leading by example and advocating to other organisations to support the diversification of our local economy and improve the employment prospects for our community – both in the immediate future as we face the closure of GM Holden and in the longer-term as the local industrial base transitions. This includes providing the right environment for investment and business attraction. It also means connecting our community with the right skills and education they need to play their part in the transitioning economy.*

### Outcomes

- 3.1 Growth and diversification of local jobs matched with relevant education and training
- 3.2 Commercial and industrial growth
- 3.3 Sustainable economic transformation
- 3.4 International market connections

### Between July 2016 and June 2020 we have said we will...

- Foster local job creation via the Stretton Centre, using its agility and access to the best thinkers, networks, research and industry. Programs and research conducted through the Stretton Centre will ensure that education and training choices available to Playford residents better match the future job opportunities within the region.
- Increase our focus on providing entry level work opportunities, work experience and live training sites for local job seekers. Wherever practical, Council will update/refocus our existing services to include educational and/or employment outcomes and connections.
- Continue to encourage commercial and industrial growth in the city through targeted rating policy and incentives.
- Assist our business community to explore green and low carbon growth opportunities in response to climate change.
- Support the up-skilling and sustainable growth of the food sector in the Adelaide Plains Food and Wine Region.
- Continue to strengthen our connections with key international markets, including China.
- Introduce smart regional stormwater management to maximise economic return and jobs growth in industrial and horticultural enterprises.



## What will we fund in 2018/19?

EXISTING SERVICES		Net Operating Budget \$ '000
Service Standard	Community Outcome	
Business Support & Industry Development	Facilitate business and industry development opportunities and liaise with other government and community supported agencies to generate local employment and to help businesses relocate or existing businesses to expand and prosper.	1,976

2018/19 BUDGET INITIATIVES		Capital Budget \$'000	Net Operating Budget \$'000
Project	Description		
GEP Trunk Outfall Drainage through Northern Connector at Robinson Road	The Northern Connector Expressway, currently under construction, crosses the path of the proposed Greater Edinburgh Parks (GEP) Stormwater Trunk Outfall. To preserve the option of a drainage outfall for GEP, Council has had to negotiate with DPTI for the inclusion of larger capacity 'cross drainage' through the Northern Connector immediately south of St Kilda Road. This will contribute to development facilitation in GEP.	283	-
HortEx Partnership	To support the horticulture industry the City of Playford will lease the Virginia Horticulture Centre to HortEx under a "pepper corn" rent arrangement. An additional \$25,000 pa will be provided to support HortEx in achieving the objectives of the Partnership agreement as well as a commitment of up to \$50,000 pa additional funding to leverage private, Federal and/or State funding for agreed projects.	-	75
Creative Industries Precinct	This project will create a creative industries youth precinct and live training site to be globally competitive in creating employment pathways through collaboration with industry.	-	42
TOTAL		283	117



## Smart CBD

*The Smart CBD Program relates to Council's long term strategy for the re-development and expansion of the Elizabeth Regional Centre. In the longer term Elizabeth can expect to be home to a number of facilities and services such as hospitals, specialist health services, a university, major art gallery, significant retail services, medium to high density commercial offices, peak business organisations, the head offices for various organisations and high density housing in the form of multi-storey apartments.*

*Over the next four years the first stages of this longer term plan will be realised.*

### Outcomes

- 4.1 Expanded range of local services
- 4.2 Growth and diversification of local jobs in the CBD
- 4.3 Greater housing choice
- 4.4 Increased social connections
- 4.5 Commercial growth

### Between July 2016 and June 2020 we have said we will...

- Undertake the development of Prince George Plaza as well as an associated multi-storey carpark to service the expanding CBD.
- Upgrade Fremont Park.
- Construct a new Grenville Centre.
- Establish a mixed use multi-storey building to showcase the sustainability and potential of the area, and increase the residential population.
- Activate existing and new public spaces with art, cultural activities and other events.



## What will we fund in 2018/19?

CAPITAL PROJECTS CONTINUING FROM 2017/18		Capital Budget \$'000	
Northern CBD Carpark	This project will deliver a multi-level car park to meet the majority of the parking needs in Stage 1.	3,700	-
<b>TOTAL</b>		<b>3,700</b>	

2018/19 BUDGET INITIATIVES		Capital Budget \$'000	Net Operating Budget \$'000
Project	Description		
Investment Decisions	Northern CBD Creating a Northern CBD at Elizabeth will be transformational in terms of the vibrancy derived from the economic activity that will be generated from the construction and employment activity associated with the proposed development. However it is the potential for economic diversity through increased employment opportunities and greater retail activity that will be created from the infrastructure that is to be developed that will be the lasting legacy for our community. As part of the CBD project 12 proposed allotments were identified for consideration for development options.		
Retail & Residential	Development of retail and residential options.	4,927	(144)
State Government Building	Development of an office building for a potential State Government tenant.		
Main North Road Media Strip Upgrade	An entry statement to the Northern CBD will be developed with turfed median and sculpture to improve the aesthetics of the area. This will have a positive impact on the interest of investors and developers to the area and result in expanded commercial and industrial growth.		
Medical Centre	Construction of a multi storey medical hub, providing jobs for both during construction and ongoing.		
Hotel	Facilitation for the development of a new 4.5 ★ hotel.		
Grenville & Aged Care	This project will construct a new Grenville Centre, comprised of an Integrated Mixed Use Building and Community Centre. The design will incorporate current and future requirements as well as service improvements.	5,189 *Includes \$1.8M funding from Asset Management Plan	458
Northern CBD Strategic Investigations	Ongoing strategic investigations are required to complement the finalisation of Stage 1, as well as inform Council's next steps towards its long-term CBD strategy. Likely priorities include: strategic land investigations; updated retail, commercial and residential market analyses; and planning for parking, traffic and stormwater infrastructure interventions.	-	45
<b>TOTAL</b>		<b>10,116</b>	<b>359</b>



**Smart  
Sports**

*Council has a long term vision to create the Playford City Sports Precinct, a fifty hectare development adjacent to the Elizabeth Regional Centre providing local community, state and national level sports facilities. The Smart Sport Program is about creating a focus on healthy communities and promoting greater participation in sport and physical activity. It will also support the renewal of adjoining suburbs.*

### Outcomes

- 5.1 Enhanced community pride and reputation
- 5.2 Healthy and socially connected community
- 5.3 Access to elite sporting facilities

### Between July 2016 and June 2020 we have said we will...

- Complete the lawn bowls and tennis facilities
- Ensure ongoing operation of existing clubs affected by construction of the Sports Precinct
- Undertake planning for further stages of the precinct including a softball complex and further soccer facilities

**What will we fund in 2018/19?**

CAPITAL PROJECTS CONTINUING FROM 2017/18		Capital Budget \$'000
Playford Sports Precinct	This project will deliver Ridley Loop active recreation path including park furniture and signage throughout the precinct.	864
TOTAL		864



*In the longer term Playford will see the expansion of the area around the Lyell McEwin Hospital into a key precinct featuring tertiary training, research, allied health facilities and residential accommodation, serving the needs of not only northern Adelaide, but regional areas beyond. The precinct will have potential links to advanced manufacturing in assistive devices in health, aged and disability.*

*The Smart Health Program is about Council raising the profile and amenity of the precinct and facilitating new investment.*

### Outcomes

- 6.1 Access to quality, local health services
- 6.2 Increased employment opportunities in health, disability and aged sectors

### Between July 2016 and June 2020 we have said we will...

- Complete the sale of the Mark Road land within the Playford City Health Precinct to see it developed in accordance with the precinct master plan.
- Commence public realm improvements within the precinct including signage and streetscape upgrades
- Provide new car parking and a traffic management review
- Facilitate private investment in the precinct and encourage upgrade of the Elizabeth Vale Shopping Centre
- Investigate high street activities on Haydown Road
- Support community-based health care services including the National Disability Insurance Scheme

### What will we fund in 2018/19?

2018/19 BUDGET INITIATIVES		Capital Budget \$'000	Net Operating Budget \$'000
Project	Description		
Lyell McEwin Hospital Strategic Investigations	This project will facilitate the development of facilities, infrastructure and services around the Lyell McEwin Hospital (LMH) featuring tertiary training, research, allied health facilities, private hospital, redeveloped shopping facilities and residential accommodation. Finding will allow for a DPA to occur across the precinct to facilitate greater development opportunities.	-	55
<b>TOTAL</b>		<b>-</b>	<b>55</b>

## 8. MEASURES AND TARGETS

### ORGANISATIONAL PERFORMANCE MEASURES

Organisational Performance Measures are set by Council to monitor our achievements against our overall strategic goals and to provide focus areas for staff in their day-to-day service delivery.

The measures relate to the areas of community interest, organisational accountability and key organisational priorities and fulfil our obligations under Section 123 of the *Local Government Act 1999*.

The Annual Resident Satisfaction Survey acts as the primary mechanism for gathering the results of our work in these areas.

Council has been undertaking this survey for a number of years and the graph below illustrates a 72% for overall satisfaction with the City of Playford. On average our residents have given us a rating of 3.63 out of 5 for the last 11 surveys since 2005.



Council undertakes an annual Resident Satisfaction Survey to better understand the views of our community in order to meet its needs and aspirations for a prosperous, liveable and happy City. The 2017 survey sought to examine community attitudes and perceptions towards current and future services provided by Council and explored residents responses to 39 service areas.

All measures have remained steady compared to 2016. Due to a change in methodology in 2015, scores taken from 2014 and earlier have been recalculated to fit a 5 point scale in order to compare against the 2016 results.

The 2018 results will be available by September 2018 and will be reported and monitored in the 2018/19 Annual Report and the Quarterly Organisational Performance Report in 2018/19.

Measure	2017	2016	2015	2014	2013	2012	2011	2010
Overall satisfaction with Council	3.68	3.76	3.57	3.35	3.50	3.50	3.60	3.65
Overall satisfaction with Council's level of customer service	3.83	3.95	3.76	3.90	3.90	4.00	3.80	3.60
Presentation of the City	3.56	3.64	3.57	3.50	3.45	3.45	3.35	N/A
Planning for the future	3.55	3.56	3.55	3.30	3.45	3.45	3.50	2.90
Being open and accountable to the community	3.36	3.25	3.32	3.00	3.25	3.20	3.30	2.85
Community input to Council decision-making	3.25	3.16	3.23	2.80	3.05	3.05	2.95	2.60
Council provide value for money for the rates paid	2.98	2.94	3.00	2.60	2.85	2.65	2.80	2.85

Indicator	Measure	2016/17 Result	2017/18 Target	2018/19 Target
Overall Council Satisfaction	Overall customer satisfaction with the City of Playford as an organisation	3.68	An overall score between 3.00 – 3.59 (Moderate Satisfaction)	An overall score between 3.00 – 3.59 (Moderate Satisfaction)
City-wide Presentation	Customer Satisfaction with the level of appearance of public realms <sup>1</sup>	3.56	Achievement of a 3.50 score	Achievement of a 3.50 score
Customer Service <sup>2</sup>	Satisfaction rating with the level of customer service experience	3.83	An overall score between 3.60 – 3.89 (Moderately High Satisfaction)	An overall score between 3.60 – 3.89 (Moderately High Satisfaction)
Accountability	Satisfaction rating with Council being open and accountable to the community in its operations	3.36	An overall score between 3.00 – 3.59 (Moderate Satisfaction)	An overall score between 3.00 – 3.59 (Moderate Satisfaction)
Community Engagement	Satisfaction rating with how Council invites community participation in decision making	3.25	An overall score between 3.00 – 3.59 (Moderate Satisfaction)	An overall score between 3.00 – 3.59 (Moderate Satisfaction)
Managing Growth	Customer rating for how Council plans for the future	3.55	An overall score between 3.00 – 3.59 (Moderate Satisfaction)	An overall score between 3.00 – 3.59 (Moderate Satisfaction)
Continuous Improvement	Customer satisfaction with value for money <sup>3</sup>	2.98	Identification of \$440k in savings	Identification of \$700k in savings

1. This measure of the appearance of public realms aggregates seven (7) customer satisfaction measures including: maintenance of parks, gardens and playgrounds, effectiveness of graffiti and vandalism control, general appearance of the City, verge maintenance, cleanliness of streets, maintenance of side road and footpaths.

2. Customer service refers to the way Council deals with, takes care of and responds to its customers.

3. Value for money refers to the value residents believe they get from their rates or fee for services.



Key to rating bands:

#### Interpreting the Mean Score (1 – 5)

1.99 or lower	Very low satisfaction	3.60 - 3.89	Moderately high satisfaction
2.00 - 2.49	Low satisfaction	3.90 - 4.19	High satisfaction
2.50 - 2.99	Moderately low satisfaction	4.20 - 4.49	Very high satisfaction
3.00 - 3.59	Moderate satisfaction	4.50 +	Extremely high satisfaction

## FINANCIAL INDICATORS

In May 2016, Council approved five financial indicators and targets to assess its financial sustainability. The ratios used provide a key focus on the health of City of Playford in terms of:

- Financial Performance
- Asset sustainability
- Debt management

Financial sustainability is achieved when Council can deliver the services it provides to the community at an agreed and consistent standard across a long period, without the need for significant rate increases or significant service reductions, whilst maintaining intergenerational equity.

Financial sustainability enables Council to:

- Deliver and maintain intergenerational equity
- Maintain a solid and healthy financial position
- Maintain a degree of stability and predictability for future rate increases
- Manage its debt levels

Council's financial indicators include the three Local Government Association's (LGA) mandatory reporting requirements.

Council's short term position is adversely affected by grants that are committed to capital projects but recognised in operating revenue. Excluding these abnormal items, Council's operating surplus indicator normalises in the medium to long term.

In the short to medium timeframe Council's debt grows due to capital expenditure associated with key projects throughout the City of Playford which will help to create jobs and investment. These include development of the Northern CBD and the Playford City Sports Precinct. As these projects are completed, debt begins to return to normal levels. Note that the Interest Expense Ratio is somewhat linked to debt levels and improves as debt is repaid.

The Operating Result in Years 2 to 4 is largely caused by reductions in grant funding. From Year 4 onwards, as continuous improvement savings offset losses in grant funding, Council begins to produce surpluses. In the long term, Council will need to consistently operate in a surplus to ensure it is able to fund the replacement of ageing infrastructure when required.

The table overleaf shows the 2017/18 Revised Budget and 2018/19 Budget estimate for these indicators. Council is forecasting all budgeted ratios to be within the ranges adopted by Council in the medium to long term.

## PRIMARY FINANCIAL INDICATORS

Financial Indicator	Explanation	Target	2017/18 Revised Budget	2018/19 Budget	5 Year Average
Operating Surplus Ratio	This ratio is designed to highlight the financial performance for the year and is a key indicator for financial sustainability. The ratio expresses the operating result as a percentage of Council's total income.	0%-10%	(6.2%)	(2.8)%	(0.4)%
Net Financial Liabilities Ratio	This ratio shows financial liabilities as a percentage of Operating Income.	50%-160% Operating Income	164.6%	177.2%	154.4%
Asset Renewal Funding Ratio	This ratio shows whether or not Council is replacing assets at the rate as required in the Asset Management Plan.	Between 90% and 110%	83.6%	110.1%	87.2%
Interest Expense Ratio	This ratio shows how much discretionary income is used to pay interest on borrowings	3%-10% of discretionary income	7.5%	8.6%	7.2%
Cash Flow from Operations Ratio	The cash generated each year from operations compared to the 20 year average requirements in the Asset Management Plan. This ratio measures whether Council is generating enough cash from its operations to cover the replacement of assets over time.	Between 90% and 110% and not less than 100%	56.4%	83.7%	102.1%

### *Operating Surplus Ratio*

The ratio for the 2017/18 Revised Budget is largely due to \$5.9 million paid in 2016/17. The ratio for the 2018/19 Budget is below the lower threshold set for this ratio. The result largely reflects Council running a structural deficit and the use of continuous improvement savings to deliver increased services without the need for a rate rise. As continuous improvements savings are realised and Council moves to a structural surplus, this ratio begins to normalise within the target range.

### *Net Financial Liabilities Ratios*

The ratio is currently within the target range. The 2018/19 Budget reflects investment in key projects.

### *Asset Renewal Funding Ratio*

The 2017/18 result is marginally below the lower end of the target range, due to carryovers. 2018/19 reflects the intention to fully spend funds set aside for the Asset Management Plan and 2017/18 carryovers.

### *Interest Expense Ratio*

Notwithstanding the significant investment in the City via debt, the ratio is within the target range.

### *Cashflow from Operations Ratio*

The 2017/18 results is below the Council's target range, which is largely due to \$5.9 million paid in 2016/17. The 2018/19 result is marginally below the target range and the five year average reflects the Council operating in surplus.

## 9. BUDGETED FINANCIAL STATEMENTS AND EXPLANATIONS

### FINANCIAL SUMMARY

2018/19 Budget \$'000	
Operating Income	102,860
Operating Expenditure	105,747
Operating Result	(2,887)

Council's budget deficit is \$2.887 million, which reflects the budget required to deliver existing services to agreed service standards as well as the new and enhanced services as detailed in this plan. The variation to the 2017/18 revised budget deficit of \$5.865 million for 2017-18 is largely caused by \$5.981 million Financial Assistance Grant paid in 2016/17. The adjusted budget projection is break even. The movement from an adjusted 2017-18 break even result to \$2.849 million deficit in 2018-19 is largely due to the re-investment of continuous improvement savings into new services. In addition, reductions in Roads to Recovery grant funding and increases in employee costs have also contributed to a deficit result. The increase in employee costs is the combined result of Enterprise Agreement changes, new positions (funded partially by saving in contractors and growth) and employment of apprentices. Council is committed to returning to operating surplus as a key strategy of the Council's long-term financial sustainability.

### STATEMENT OF COMPREHENSIVE INCOME

Resource Group	Revised Budget 2017/18	Budget 2018/19	Increase (Decrease) \$'000	Increase (Decrease) %
<b>Income</b>				
Rates	75,410	78,196	2,786	3.6%
Statutory Charges	2,123	1,961	(162)	(8.3%)
User Charges	5,212	5,305	93	1.8%
Investment Income	90	104	14	13.5%
Reimbursements	902	793	(109)	(13.7%)
Other Income	373	219	(154)	(70.3%)
Grants, Subsidies and Contributions	10,795	15,992	5,197	32.5%
Net Gain – Joint Ventures & Associates	290	290	0	0%
Revenue Total	95,195	102,860	7,665	7.5%

### **RATES INCOME - \$78.2 MILLION**

Increases in council rates allow Council to meet the community service delivery expectations and achieve its Long Term Financial Plan objectives. The 2018/19 Budget includes the following:

- A rates increase of 3.0% based on the General Index of 2.3% and a further 0.7% for external cost pressures and new and enhanced services.
- Additional rate income of \$0.9 million from new developments in the City and Commercial Rating Strategy reduction of \$0.407 million
- A levy for Natural Resources Management collected on behalf of the Adelaide and Mount Lofty Ranges Natural Resources Management Board (\$1.1 million). Once collected this is paid over with no impact on the bottom line.

### **STATUTORY CHARGES - \$2.0 MILLION**

Statutory charges are fees for the provision of regulatory services. They are associated with the granting of a permit or license or with the regulation of an activity, including Development Act fees, parking fines and dog registration fees.

Most fees are set by State Government legislation and administered by Council.

Council is notified of the fee amounts in late June of each year and these will be adopted by Council in July 2018.

The 2018/19 Budget includes a minor decrease of 0.6% from \$2.1 million in 2017/18 to \$2.0 million in 2018/19.

### **USER CHARGES - \$5.3 MILLION**

User charges income is received from individuals, sporting groups and various other bodies that utilise user pay services and hire or lease Council owned property.

Council also receives commercial activity income from the operation of the theatres, café, function centre and the Northern Sound System, with a minor amount coming from the hiring of Council facilities for functions or meetings.

User charges for 2018/19 have increased by \$0.1 million from \$5.2 million in 2017/18 to \$5.3 million.

### **INVESTMENT INCOME - \$0.1 MILLION**

Council's interest revenue of \$104,000 is predominantly interest received from cash investments and is an increase of \$14,000 over income budgeted to be received in 2017/18 (\$90,000).

Council's approach to treasury management has moved towards the mixed use of traditional credit foncier loans (which have fixed half yearly repayments of principal and interest) and variable loans that allow principal to be repaid when cash funds are available – providing flexibility whilst reducing interest expense but also reducing interest income.

### **REIMBURSEMENT - \$0.8 MILLION**

Reimbursement income consists of all reimbursements paid to Council by insurance companies, ratepayers, developers and other tiers of government.

There is a projected decrease of \$0.1 million or 13.5% over the reimbursement income budgeted to be received in 2017/18 which contains one-off bonuses.

### **OTHER INCOME - \$0.2 MILLION**

Other Income is comprised of donations, sponsorships, income from private works, and other miscellaneous receipts, and varies from year to year.



Other income is budgeted to decrease by \$0.2 million from \$0.4 million in 2017/18 to \$0.2 million in 2018/19.

### GRANTS, SUBSIDIES AND CONTRIBUTIONS - \$16 MILLION

Grants, subsidies and contributions is income received from Federal and State governments in addition to contributions from developers. Revenue received specifically to fund the construction or purchase of new or upgraded assets is included in a separate section of the Financial Statement.

Grants, subsidies and contributions income has increase by \$5.2 million, from \$10.8 million to \$16 million largely due to \$5.9 million paid in 2016/17 and a reduction of Roads to Recovery funding to be received in 2018/19.

### OPERATING EXPENSE BY CATEGORY

Resource Group	Revised Budget 2017/18 \$'000	Budget 2018/19 \$'000	Increase (Decrease) \$'000	Increase (Decrease) %
Expense				
Employee Costs	39,763	40,443	680	1.7%
Contracts, Material and Other	37,383	38,767	1,384	3.6%
Finance Costs	5,703	6,720	1,017	15.1%
Depreciation	18,137	19,743	1,606	8.1%
Share of Loss on Associates and Joint Ventures	74	74	0	0
Expense Total	101,060	105,747	4,687	4.4%

### EMPLOYEE COSTS - \$40.4 MILLION

Employee costs include base salary and all relevant on-costs, such as superannuation and work cover, as well as agency labour costs. The budget covers recurrent labour, project labour and externally funded labour.

Employee costs are budgeted to increase by \$0.7 million, from \$39.8 million to \$40.4 million. The increase in employee costs is the combined result of Enterprise Agreement changes, new positions (funded partially by savings in contractors and growth), increased allowance for maternity leave and employment of apprentices.

### MATERIALS, CONTRACTS AND OTHER EXPENSES - \$38.8 MILLION

Materials cover many different expenses of Council including utility payments for water and electricity, library books and consumable materials.

Contracts covers costs such as contractors, waste collection, equipment hire, software license fees, consultants and operating lease payments.

Other Expenditure includes audit and legal fees, contributions, communication expenses, insurance

and registration, levies paid to other organisations, elected member allowances, advertising, fringe benefits tax, training and travel expenses.

Materials, Contracts and other expenses are budgeted to increase by \$1.4 million largely due to the impact of the new and enhanced services and cost pressures which are being funded via rate rises.

### **FINANCE COSTS - \$6.7 MILLION**

Finance Costs include interest payable on borrowings and finance leases and other banking charges. Council is budgeting for an increase of \$1.0 million from the budget of \$5.7 million in 2017/18 to \$6.7 million in 2018/19. This is largely the result of increased debt associated with investment in key projects.

Council's treasury management allows principal to be repaid when surplus funds are available to reduce interest expenses whenever possible. Long term effects of increases in interest rates have been somewhat mitigated by the fixing of a large proportion of debt at historically low rates.

### **DEPRECIATION - \$19.7 MILLION**

Depreciation is a non-cash expense that recognises the systematic allocation of the service potential (cost or replacement value) of an asset over its useful life. Over the long-term, depreciation represents the minimum amount which, on average, Council needs to allocate each year towards asset replacement. This is a different concept from maintenance expenditure, which is the amount Council needs to spend each year to ensure that its assets last as long as planned.

Depreciation is increasing by \$1.6 million or 8.1% from the 2017/18 budgeted depreciation of \$18.1 million to \$19.7 million in 2018/19. This is a result of the completion of key projects.

### **LOSS ON ASSOCIATES AND JOINT VENTURES - \$0.1 MILLION**

Council's share of the Northern Adelaide Waste Management Authority (NAWMA) and Gawler River Floodplain Management Authority (GRFMA) will result in a net loss in 2017/18, based on advice from the Authorities. The losses are largely a result of an impairment in the financial statements for the 2017/18 year only. The NAWMA result is projected to return to surplus in 2018/19.

## **FINANCIAL STATEMENTS**

### **CASH FLOW STATEMENT**

Net cash from financing activities shows \$24 million to be provided in 2018/19, a decrease on 2017/18 of \$8.3 million due to the completion of significant capital works in the CBD of the North and Playford City Sports Precinct.

### **BALANCE SHEET**

Total Non-Current Assets are projected to rise to \$1,313 million in 2018/19. This is an increase of \$79.6 million, largely the result of the capital expenditure program and revaluation of assets.

Total borrowings are projected to increase to \$164.6 million in 2018/19. This level of borrowings is within acceptable limits and required to fund the capital works program. Please see the financial indicator section for more information.



## UNIFORM PRESENTATION OF FINANCES

### OPERATING SURPLUS / (DEFICIT)

The operating surplus or deficit indicates the extent to which income is sufficient, or insufficient, to fund the cost of services. A surplus indicates Council is raising enough operating income to cover its operating expenses whereas a deficit indicates it is not.

### NET OUTLAYS ON EXISTING ASSETS

This is expenditure that returns the service potential of existing assets back towards their original level. Consistent negative outlays on existing assets indicate that, overall, existing assets may be deteriorating as expenditure on their renewal or replacement is less than the rate of depreciation.

### NET OUTLAYS ON NEW AND UPGRADED ASSETS

Outlays on new and upgraded assets indicate the net cost to Council of acquiring or creating new assets. Outlays on new or upgraded assets will increase depreciation and maintenance expenses in future periods.

### NET LENDING / (BORROWING) FOR FINANCIAL YEAR

Net Lending, if a positive result, indicates that Council will reduce its level of borrowings over the period. Net Borrowings, if a negative result, means Council is required to borrow additional funds increasing the level of net borrowings over the period.

## Financial Statements

### Budgeted Statement of Comprehensive Income For the year ended 30 June 2018

2016/17 Actual Results \$000's		2017/18 Original Budget \$000's	2017/18 Revised Budget * \$000's	2018/19 Budget \$000's
	<b>INCOME</b>			
71,505	Rates Revenues	74,530	75,410	78,196
1,934	Statutory Charges	2,063	2,123	1,961
3,416	User Charges	5,186	5,212	5,305
34	Investment Income	90	90	104
1,309	Reimbursements	777	902	793
227	Other Income	251	373	219
21,956	Grants, Subsidies & Contributions	15,131	10,795	15,992
16	Net Gain - Equity Accounted Council Businesses	290	290	290
100,397	<b>TOTAL INCOME</b>	98,318	95,195	102,860
	<b>EXPENSES</b>			
37,297	Employee costs	38,702	39,763	40,443
32,399	Materials, Contracts & Other Expenses	38,215	37,383	38,767
4,561	Finance costs	5,703	5,703	6,720
17,277	Depreciation	18,137	18,137	19,743
77	Net Loss - Equity Accounted Council Businesses	74	74	74
91,611	<b>TOTAL EXPENSES</b>	100,831	101,060	105,747
8,786	<b>Operating Surplus / (Deficit)</b>	(2,513)	(5,865)	(2,887)
(5,222)	Asset Disposal & Fair Value Adjustments	12,745	4,576	18,613
7,029	Amounts Received Specifically for New or Upgraded Assets	5,063	6,893	2,607
3,963	Physical Resources Received Free of Charge	7,938	7,938	8,116
14,556	<b>NET SURPLUS / (DEFICIT) transferred to Equity Statement</b>	23,233	13,542	26,449
	<b>Other Comprehensive Income</b>			
117,573	Changes in Revaluation Surplus - I,PP&E	15,160	25,889	27,577
117,539	<b>Total Other Comprehensive Income</b>	15,160	25,889	27,577
132,095	<b>TOTAL COMPREHENSIVE INCOME</b>	38,393	39,431	54,026

\* Revised Budget adopted by Council on 27 March 2018

**City of Playford****Budgeted Balance Sheet  
For the year ended 30 June 2018**

<b>2016/17 Actual Results \$000's</b>		<b>2017/18 Original Budget \$000's</b>	<b>2017/18 Revised Budget * \$000's</b>	<b>2018/19 Budget \$000's</b>
	<b>CURRENT ASSETS</b>			
3,101	Cash and Cash Equivalents	1,491	1,538	1,558
7,650	Trade & Other Receivables	7,552	7,552	7,902
166	Inventories	129	129	132
-	Other current assets	-	-	-
10,917	<b>TOTAL CURRENT ASSETS</b>	9,172	9,219	9,592
	<b>NON-CURRENT ASSETS</b>			
365	Financial Assets	403	365	365
7,879	Equity Accounted Investments in Council Businesses	7,614	7,555	7,555
1,125,604	Infrastructure, Property, Plant & Equipment	1,221,880	1,199,020	1,278,602
26,732	Other Non-Current Assets	15,766	26,732	26,732
1,160,580	<b>TOTAL NON-CURRENT ASSETS</b>	1,245,663	1,233,672	1,313,254
1,171,497	<b>TOTAL ASSETS</b>	1,254,835	1,242,891	1,322,846
	<b>CURRENT LIABILITIES</b>			
20,616	Trade & other payables	20,304	20,304	21,921
6,500	Borrowings	15,140	22,892	26,036
4,468	Short-term provisions	4,357	4,357	4,632
31,584	<b>TOTAL CURRENT LIABILITIES</b>	39,801	47,553	52,589
	<b>NON-CURRENT LIABILITIES</b>			
101,801	Long-term borrowings	127,418	117,715	138,606
818	Long-term provisions	929	899	901
102,619	<b>TOTAL NON-CURRENT LIABILITIES</b>	128,347	118,614	139,507
134,203	<b>TOTAL LIABILITIES</b>	168,148	166,167	192,096
1,037,294	<b>NET ASSETS</b>	1,086,687	1,076,724	1,130,750
	<b>EQUITY</b>			
428,449	Accumulated Surplus	453,306	443,707	470,072
601,107	Asset Revaluation Reserve	628,573	626,995	654,572
7,738	Other Reserves	4,808	6,022	6,106
1,037,294	<b>TOTAL EQUITY</b>	1,086,687	1,076,724	1,130,750

\* Revised Budget adopted by Council on 27 March 2018

## City of Playford

Budgeted Statement of Changes in Equity  
For the year ended 30 June 2018

2015/16 Actual Results		2016/17 Original Budget	2016/17 Revised Budget*	2017/18 Budget
\$000's		\$000's	\$000's	\$000's
	<b>ACCUMULATED SURPLUS</b>			
412,861	Balance at end of previous reporting period	427,747	428,449	443,707
14,556	Net Surplus (Deficit) for year	23,233	13,542	26,449
	<b>Other Comprehensive Income</b>			
(34)	Share of other comprehensive income - joint ventures and associates	-	-	-
2,136	Transfers from other Reserves	2,901	2,189	338
(1,070)	Transfers to Other Reserves	(575)	(473)	(422)
<b>428,449</b>	<b>Balance at end of reporting period</b>	<b>453,306</b>	<b>443,707</b>	<b>470,072</b>
	<b>ASSET REVALUATION RESERVE</b>			
483,534	Balance at end of previous reporting period	613,413	601,106	626,995
	<b>Other Comprehensive Income</b>			
117,573	Gain on revaluation of infrastructure, property, plant & equipment	15,160	25,889	27,577
-	Impairment (expense) / recoupments offset to asset revaluation reserve	-	-	-
<b>601,107</b>	<b>Balance at end of reporting period</b>	<b>628,573</b>	<b>626,995</b>	<b>654,572</b>
	<b>OTHER RESERVES</b>			
8,804	Balance at end of previous reporting period	7,134	7,738	6,022
1,070	Transfers from accumulated surplus	575	473	422
(2,136)	Transfers to accumulated surplus	(2,901)	(2,189)	(338)
<b>7,738</b>	<b>Balance at end of reporting period</b>	<b>4,808</b>	<b>6,022</b>	<b>6,106</b>
<b>1,037,294</b>	<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>1,086,687</b>	<b>1,076,724</b>	<b>1,130,750</b>
428,449	Accumulated Surplus	453,306	443,707	470,072
608,845	Reserves	633,381	633,017	660,678
<b>1,037,294</b>	<b>TOTAL EQUITY AT END OF REPORTING PERIOD</b>	<b>1,086,687</b>	<b>1,076,724</b>	<b>1,130,750</b>

\* Revised Budget adopted by Council on 27 March 2018

**City of Playford**  
**Budgeted Statement of Cash Flows**  
**For the year ended 30 June 2018**

2016/17 Actual Results \$000's		2017/18 Original Budget \$000's	2017/18 Revised Budget * \$000's	2018/19 Budget \$000's
Inflows / (Outflows)		Inflows / (Outflows)	Inflows / (Outflows)	Inflows / (Outflows)
	<b>CASHFLOWS FROM OPERATING ACTIVITIES</b>			
	<b>Receipts</b>			
34	Investment Receipts	90	90	104
104,732	Operating Receipts	96,113	96,843	101,951
	<b>Payments</b>			
(4,561)	Finance Payments	(5,703)	(5,703)	(6,720)
(73,533)	Operating Payments to Suppliers and Employees	(76,658)	(78,841)	(76,938)
26,672	<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	13,842	12,389	18,397
	<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
	<b>Receipts</b>			
40,800	Proceeds from borrowings	27,184	59,131	46,927
	<b>Payments</b>			
(25,789)	Repayment of borrowings	(7,982)	(26,825)	(22,892)
15,011	<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	19,202	32,306	24,035
	<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>			
	<b>Receipts</b>			
1,035	Sale of Replaced Assets	1,145	1,145	1,101
162	Sale of Surplus Assets	11,600	3,400	17,500
7,029	Amounts Received Specifically for New/Upgraded Assets	5,063	6,893	2,607
30	Repayments of Loans by Community Groups	-	-	-
	<b>Payments</b>			
(15,709)	Expenditure on Renewal/Replacement of Assets	(17,640)	(16,729)	(25,301)
(32,990)	Expenditure on New/Upgraded Assets	(33,125)	(40,967)	(38,319)
(16)	Loans Made to Community Groups	-	-	-
(40,459)	<b>NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES</b>	(32,957)	(46,258)	(42,412)
1,224	<b>NET INCREASE (DECREASE) IN CASH HELD</b>	87	(1,563)	20
1,877	<b>CASH AT BEGINNING OF REPORTING PERIOD</b>	1,404	3,101	1,538
3,101	<b>PROJECTED CASH AT END OF REPORTING PERIOD</b>	1,491	1,538	1,558

\* Revised Budget adopted by Council on 27 March 2018

**City of Playford**  
**Budgeted Uniform Presentation of Finances**  
**For the year ended 30 June 2018**

2016/17 Actual Results \$000's		2017/18 Original Budget \$000's	2017/18 Revised Budget * \$000's	2018/19 Budget \$000's
100,397	Operating income	98,318	95,195	102,860
(91,611)	Less: Operating expenditure	(100,831)	(101,060)	(105,747)
8,786	<b>Operating Surplus / (Deficit)</b>	<b>(2,513)</b>	<b>(5,865)</b>	<b>(2,887)</b>
	Less: Net outlays on existing assets			
15,709	Capital expenditure on renewal and replacement of existing assets	17,640	16,729	25,301
(17,277)	Less: Depreciation	(18,137)	(18,137)	(19,743)
(1,035)	Less: Proceeds from sale of replaced assets	(1,145)	(1,145)	(1,101)
(2,603)	<b>Net Outlays on Existing Assets</b>	<b>(1,642)</b>	<b>(2,553)</b>	<b>4,457</b>
	Less: Net outlays on new and upgraded assets			
32,990	Capital expenditure on new and upgraded assets	33,125	40,967	38,319
(7,029)	Less: Grants and contributions specifically for new and upgraded assets	(5,063)	(6,893)	(2,607)
(162)	Less: Proceeds from sale of surplus assets	(11,600)	(3,400)	(17,500)
25,799	<b>Outlays on New and Upgraded Assets</b>	<b>16,462</b>	<b>30,674</b>	<b>18,212</b>
(14,410)	<b>NET LENDING / (BORROWING) FOR FINANCIAL YEAR</b>	<b>(17,333)</b>	<b>(33,986)</b>	<b>(25,556)</b>



# 10. APPENDIX - CITY OF PLAYFORD RATING POLICY 2018/19

## Rating Policy 2018/19

### 1. Policy Statement

In South Australia, council rates are a form of property tax levied by Local Government, as the primary source of funding for the many mandatory and discretionary services provided by councils. Rates are administered by each council in line with the Local Government Act 1999 which allows some flexibility for each council to make decisions to suit its local community. This document sets out the City of Playford policy for setting and collecting rates from its community.

### 2. Scope

This policy applies to all ratepayers, residential, commercial and industrial, within the City of Playford.

### 3. Definitions

**Act** is the Local Government Act 1999


**Capital Value** means the capital amount that an unencumbered estate of fee simple in the land might reasonably be expected to realise upon sale, but if the value of the land has been enhanced by trees planted on the land (other than commercial plantations), or trees preserved on the land for the purpose of shelter or ornament, the capital value must be determined as if the value of the land had not been so enhanced; as defined in the Valuation of Land Act 1971.

**Council** is the City of Playford

**Commercial Properties** are commercial and industrial properties.

- Commercial properties include shops, offices and any other commercial land use within the meaning of Regulation 14 of the Local Government (General) Regulations 2013.
- Industrial properties include land uses of light industry and any other industrial use within the meaning of Regulation 14 of the Local Government (General) Regulations 2013.

**Commercial Rating Strategy** is the Council approved (June 2014) Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business. The City of Playford's Commercial Rating Strategy rate reductions will occur in the year following a year in which a surplus occurs.

	Policy N°:	Leave blank for future use	Version N°:	1
	ECM Document Set N°	Insert ECM Document Set Number	Initial Date of Adoption:	27/6/2018
	Authorised by:	Council	Date of Current Version:	27/6/2017
	Document Maintained by:	Finance	Next Review Date:	June 2018

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**Councillor** is a person appointed or elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Fixed Charge** is a component of rates applied equally to all rateable properties irrespective of land use and capital value.

**Differential Rate** is a variable component of rates, calculated on a rate in the dollar basis, according to land use, i.e. for different categories of rateable land. There are two categories of differential rates used by Council:

- Commercial and Industrial Rate – applied to all Commercial or Industrial Properties;
- General Rate – applied to all other properties (including residential, primary production, vacant land and other land uses).

**Valuer** is the State Valuation Office.

#### 4. Legislation and References

In determining a suitable rating policy the Council has considered the following:

- City of Playford Strategic Plan
- 2017/18 Annual Business Plan and Budget
- City of Playford Long Term Financial Plan
- The Local Government Act 1999 (as amended), “the Act”
- The Local Government (Financial Management) Regulations (as amended)
- Natural Resource Management Act 2004
- Valuation of Land Act 1971

#### 5. Policy

##### *Rates in the City of Playford*

Rates are not fees for services. They constitute a system of taxation for Local Government purposes. Council considers the fairest and most equitable method of charging rates to our community is through the combined use of a fixed charge component and a variable rate per rateable property. Pursuant to Sections 152(1)(c), 153(1)(b) and 156(1)(c) of the Act.

##### Fixed Charge

Council considers a Fixed Charge to be the most fair and equitable means of ensuring that all ratepayers contribute equally to the administration of Council’s services and the development and maintenance of the community’s infrastructure.

The Council is unable to raise more than 50% of total rate revenue by the imposition of a fixed charge component of general rates in the 2018/19 financial year as per Section 151(10) of the Act.

##### Differential Rate

In addition to a fixed charge, Council can apply a variable rate according to the location of land, or

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the use of land (residential, commercial, industrial etc.).

In the City of Playford a differential rate is declared based on land use prescribed by Regulation 14 of the Local Government (General) Regulations 2013.

The differential general rate for rateable land that has a Commercial or Industrial land use has a higher rate in the dollar than properties that are subject to a lower differential General Rate. This difference is on the basis that:

- a. Commercial/Industrial Properties pay rates out of pre tax revenue; and
- b. Commercial/Industrial Properties have a greater impact on core Council infrastructure.

### *Commercial Rating Strategy*

In June 2014, Council approved the Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business. The Commercial Rating Strategy forms part of a greater objective to encourage business development and employment opportunities in the City.

The City of Playford is aiming to gradually reduce rates by up to 40 per cent in a staged approach, balancing the demands from business for rate relief with the needs from residential rate payers for Council to continue to provide a sustainable level of services.

The City of Playford's Commercial Rating Strategy rate reductions will occur in the year following a year in which a surplus occurs. The impact of the Commercial Rating Strategy on individual business rates remains subject to changes in property valuations.

### *Method Used to Value Land*

All land within a council area, except land specifically exempt (e.g. Crown land, council owned land), is rateable.

Under Section 148(1) of the Act, rates can be assessed against any piece or section of land subject to separate ownership or occupation. Section 148(2) of the Act provides that decisions in regards to the basis on which rates are assessed must be made fairly and in accordance with principles and practices that apply on a uniform basis across the area of council. In accordance with these principles the Council assesses rates based on land ownership.

The City of Playford uses Capital Value (as supplied by the State Valuation Office each year) as the basis for valuing land within the Council area.

Council considers that this method of valuing land provides the fairest method of distributing the rate burden across all ratepayers on the following basis:

- Rates constitute a system of taxation and the equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth;
- Property value is a relatively good indicator of wealth, and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

Council adopted the Capital Valuations made by Council's Valuer, the State Valuation Office, as

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effective on 1 July 2018 for the purposes of 2018/19 rating and in development of the annual budget.

If you are dissatisfied with the valuation made by the State Valuation Office your rates notice will include information about how to object to the valuation. The Council has no role in this process. The lodgement of an objection does not change the due date for the payment of rates.

Certain properties may be eligible for a "notional value" under the Valuation of Land Act 1971. This may apply if the property is your principal place of residence and its value is enhanced by unrealised subdivision potential or a different potential land use. A notional value is generally less than the capital value and therefore would result in reduced rates. An application for a notional value must be made to the State Valuation Office.

### *Objections to Land Use classification*

Land use is the basis to levy the differential rates described above. If a ratepayer believes that a particular property has been wrongly classified as to its land use then the ratepayer may object to that land use by writing to Council within 60 days of being notified. The objection must set out the basis for the objection and details of the land use that should be attributed to that property.

Council will then review the objection by requesting the Valuer to reassess the property and, upon receiving the Valuer's recommendation, make a decision regarding the objection.

A ratepayer, if not satisfied with the council decision (as advised by Valuer), also has the right to appeal against Council's decision to the Land and Valuation Court.

### *Natural Resource Management Levy*

The Council is required under the Natural Resource Management Act 2004 to make a specified contribution to the Adelaide and Mount Lofty Ranges Natural Resources Management Board. It does so by imposing a separate rate against all rateable properties within the Council area.

This separate rate is effectively a State tax that Councils are required to collect, and return to a State Government agency, the local Natural Resources Management Board. Council does not retain any of the revenue, nor calculate the amount required or determine how the revenue is spent.

The Natural Resources Management levy is declared as a separate rate and appears separately on rate notices. Any questions in relation to the Natural Resources Management levy should be directed to the Adelaide and Mount Lofty Ranges Natural Resources Management Board on (08) 8273 9100 or visit the website [www.amlnrm.sa.gov.au](http://www.amlnrm.sa.gov.au).

### *Rates Cap*

The Local Government Act 1999 Section 153(3) requires a council to decide each year whether to apply a maximum rate increase (or a rates cap) to a ratepayers principal place of residence.

A cap is applied to provide relief against a substantial change in rates payable incurred due to rapid changes in valuations.

The Council has determined that it will not apply a maximum increase (rates cap) for the General Rate to be charged on rateable land constituting the principal place of residence of a principal ratepayer.

### *Pensioner Concessions and State Beneficiaries of Concessions*

From 1 July 2015 Council concessions have been replaced with the new State Government cost of

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living concession for pensioners.

For further information, please contact Department for Communities and Social Inclusion (DCIS) on 1800 307 758 or visit the website [www.sa.gov.au/concessions](http://www.sa.gov.au/concessions).

### *Rate Relief*

Council applies rate remissions, postponements and rebates in accordance with the Act and its Rate Relief Policy.

An application form for rate relief is available from Council's Customer Service Centres and the website.

#### Remission of Rates – Hardship

Section 182 of the Local Government Act 1999 permits a council to postpone or give remission on rates due to hardship and other defined reasons.

#### Seniors Postponement

Section 182A of the Local Government Act 1999 provides for postponement of rates for seniors.

It is a system designed to assist senior citizens who may find themselves in the situation of being asset rich and cash poor by allowing them to postpone annual rates amounts greater than \$500. At least \$500 of the annual Council rates payable must be paid as it falls due, but any amount in excess of \$500 per year may be postponed for an indefinite period (up until the property is sold). Further information about the Seniors Rate Postponement Scheme is available on Council's website.

#### Rebates

Sections 159-166 of the Local Government Act 1999 requires councils to rebate the rates payable on some land.

Pursuant to Sections 159 (3) and 166(1) of the Act the Council grants a discretionary rebate of rates of 10% in respect of land with a land use attribution of category 1 (residential), category 7 (primary production), category 8 (vacant land) and category 9 (other) land use and zoned rural.

Pursuant to Sections 159 (3) and 166(1) of the Act the Council grants a discretionary rebate of rates of 10% in respect of land impacted by the Playford Growth Areas (Angle Vale, Playford North Extension, Virginia) Development Plan Amendment and Buckland Park Urban Growth Development Plan Amendment until the deposit of the final plan with the Lands Title Office.

Pursuant to Section 159 (3) and 166(1)(m)(ii) of the Act Council provides relief on land that is zoned commercial located within the townships of Angle Vale, One Tree Hill and Virginia so that the rates payable in 2018/19 amount to no more than 10% above the rates that would have been payable in 2017/18 in respect of the relevant land if Council's rating structure had not changed in July 2010 (excluding the effects of valuation movements, changes in land use and the annual general rates increase set by Council as part of the annual budget process).

### *Payment of Rates*

Council will collect rates quarterly on the dates Gazetted as below:

- 3 September 2018

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- 3 December 2018
- 1 March 2019
- 3 June 2019

Rates may be paid in person at Council's Customer Service Centres or by any method detailed on the rates notice.

A ratepayer who will, or is likely to, experience difficulty with meeting the standard arrangements is invited to contact a Council rates officer to discuss alternative payment arrangements. Such enquiries are treated with the strictest confidence.

### *Late Payment of Rates*

The Local Government Act 1999 provides that councils must impose a penalty of 2% on any payment for rates, whether by instalment or otherwise, that is not paid on or before the due date. A payment that is late is then charged a prescribed interest rate for each month it continues to be late.

When Council receives a payment in respect of overdue rates Council applies the money received in accordance with Section 183 of the Local Government Act 1999 as follows:

- first – to satisfy any costs awarded in connection with court proceedings;
- second – to satisfy any interest costs;
- third – in payment of any fines imposed;
- fourth – in payment of rates, in chronological order (starting with the oldest account first).

### *Non-Payment of Rates*

Section 184 of the Local Government Act 1999 provides that a council may sell any property to recover outstanding rates where the rates have been in arrears for three years or more.

### *Disclaimer*

A rate cannot be challenged on the basis of non-compliance with this policy and must be paid in accordance with the required payment provisions.

Where a ratepayer believes that Council has failed to properly apply this policy it should raise the matter with Council.

## *6. Responsibilities*

Rates Officers

## *7. Relevance to Strategic Plan*

### 1: Smart Service Delivery Program

- Outcome 1.1 High quality services and amenities
- Outcome 1.2 Improved service delivery
- Outcome 1.3 Working smarter with our community
- Outcome 1.4 Enhanced City presentation, community pride and reputation

### 2: Smart Living Program

- Outcome 2.1 Smart development and urban renewal
- Outcome 2.2 Enhanced City presentation, community pride and reputation

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Outcome 2.3 Liveable neighbourhoods

### 3: Smart Jobs & Education Program

Outcome 3.1 Growth and diversification of local jobs matched with relevant education and training

Outcome 3.2 Commercial and industrial growth

Outcome 3.3 Sustainable economic transformation

Outcome 3.4 International market connections

### 4: Smart CBD Program

Outcome 4.1 Expanded range of local services

Outcome 4.2 Growth and diversification of local jobs in the CBD

Outcome 4.3 Greater housing choice

Outcome 4.4 Increased social connections

Outcome 4.5 Commercial Growth

### 5: Smart Sport Program

Outcome 5.1 Enhanced community pride and reputation

Outcome 5.2 Healthy and socially connected community

Outcome 5.3 Access to elite sporting facilities

### 6: Smart Health Program

Outcome 6.1 Access to quality, local health services

Outcome 6.2 Increased employment opportunities in health, disability and aged sectors

## 8. Supporting Documentation

## 9. Approval and Change History

Document Name	Link / DW #
City of Playford 2017/18 Annual Business Plan and Budget	
City of Playford Long term Financial Plan	
Commercial Rating Strategy	
Rate Relief Policy	
Rates Procedures	

Policy ID	Version	Approval Date	Approval by	Change
				Supersedes Rating Policy 2016/17

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**City of Playford**  
**Annual Business Plan & Budget 2018/19**

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Cover Picture: New Tennis Centre as part of the Playford City Sports Precinct

Draft Long Term Financial Plan 2018-19 / 2027-2028

Date: XX June 2018

Endorsed by: Ordinary Council

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This document forms part of the Plan Section of  
the City of Playford Business Planning Framework

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# 1. EXECUTIVE SUMMARY

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The City of Playford's Long Term Financial Plan (LTFP) ensures Council can deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.

Historically the LTFP been used as a compliance tool providing financial outputs on Council approved decisions. Over the previous 12 months the LTFP model has been further developed into a more robust decision making tool. Working as a scenario based model, it can now be utilised to assess the financial implications of decisions over the long term. In addition, it is used as a means to check that each decision is considered holistically in the Council's current financial context and aligns with the finance strategy.

The LTFP accounts for the long term impact of delivery in line with the strategic plan. Year one of this plan forms the basis of the 2018/19 Annual Business Plan.

In developing the LTFP there are some assumptions made on influences such as Consumer Price Index (CPI), interest rates, market conditions and valuations. The plan therefore includes a sensitivity analysis detailing some of the potential risks associated with these assumptions and external factors to ensure our plan is robust enough to deal with any impact in these areas.

As a final output the LTFP delivers a comprehensive set of financial indicators and statements as per legislative requirements. It is worth noting that the LTFP is a projective report based on information known at the time. As such the process of review of the LTFP is iterative and can change as new or updated information is presented.

Overall the LTFP provides clarity and guidance to ensure that all Council decisions are aligned with some higher level financial parameters and our Strategic Plan. The LTFP confirms that Council has the financial capacity to meet its long term commitments.



“Council has the financial capacity to meet its long term commitments”

## 2. FINANCIAL PLANNING CONTEXT AND ASSUMPTIONS

---

The formation of the Long Term Financial Plan (LTFP) considers various aspects which include, but are not limited to:

- Updated financial information for maintaining existing service levels
- Cost drivers such as Consumer Price Index (CPI) and interest rates.
- Rate revenue changes
- Budget cost pressures
- Impact of cost shifting through legislative changes, additional compliance requirements by the State Government.
- Growth impact
- Ensuring infrastructure and buildings are replaced as required by Council's Asset Management Plan.
- Investments and benefits associated with continuous improvement
- Impacts of any changes to Government grant funding, including prepayments.
- Development of new and enhanced services and assets
- Implementation of financial sustainability initiatives
- Alignment with the delivery of the approved Strategic Plan.

### MAINTENANCE OF EXISTING SERVICE LEVELS

The LTFP is based on a "business as usual" assumption, which means that the Council will continue to provide existing services at the current service levels.

Any variances to the service standards, external cost pressures and any service efficiencies are managed via separate approvals during the annual business planning process inclusive of community consultation.

Therefore, the "business as usual" assumption does not take into account any changes in direction or service levels in response to community expectations and needs, legislative requirements, or changing economic conditions.

### COST DRIVERS

There are three main cost drivers for the LTFP – Consumer Price Index (CPI), interest rates and Wage Price Index (WPI).

The information for these drivers is based on published Australian Bureau of Statistics data or other independent data sources such as Deloitte Access Economics Business Outlook. The assumptions are also subject to review by Council's Corporate Governance Committee.

CPI rates are applied to the majority of costs excluding salaries and wages to account for the cost of living increases which are likely to apply over time. Interest rates are applied to all variable borrowings in line with our treasury management policy.

With regards to salaries and wages, the LTFP reflects the Enterprise Agreement increase of 2.5% for year 1 and estimated future increases of 0.5% above CPI each year thereafter. The LTFP excludes the superannuation guarantee increases above 9.5% from 2021-22, however this will be closely monitored in future LTFP reviews.



The application of cost drivers is a standard process in financial projections and allows for consideration of the change in the value and steady economic conditions over time.

## RATE REVENUES

The LTFP ensures that the application of the approved Rating Policy is consistent across the 10 year plan. As such the rate revenues are increased each year of the plan by the General Index. The General Index is calculated as an average of the Consumer Price Index and the Wage Price Index as explained in the Rating Policy. Should any changes occur with the policy, they would directly impact future versions of the LTFP.

The LTFP includes the following forecast rates increases:

Year	Estimated General Index Increase	Cost Shifting	Increase for new services	Total Increase
2018/19	2.3%	0.4%	0.3%	3.0%
2019/20	2.5%		0.6% #	3.1%
2020/21	2.7%		0.7% #	3.4%
2021/22	2.8%		0.0%	2.8%
# Annual Programs projections guide only subject to Council Approval in future years				

With LTFP now being aligned to a three year delivery plan, the future estimates on potential rate increases over the next two years are a guide only. As per legislation any rate increase would have to be considered via the annual business planning process for the relevant year.

## COST PRESSURES AND COST SHIFTING

The cost of services is subject to external pressures such as economic and government changes. In 2016, the State Government approved the increase of the Waste Levy which has directly impacted the cost of Council's waste management services. In 2017, the State Government shifted the responsibility of the Nuisance and Litter Act to Local Government which has also resulted in a direct cost impact for Council. Council's ability to respond to such pressures cannot to be absorbed into current budgets without adversely impacting current service standards. As such these pressures create a direct cost impact for the community.

## PLAYFORD GROWTH AREAS

It is predicted that the northern urban fringe of Adelaide will experience the most rapid growth of any area in South Australia over the medium to long term.

The LTFP includes detailed predictions of growth based on development approvals and expected rates of land release as well as consideration of the State Government's 30-year Plan for Greater Adelaide.

The rate of growth of the City has a number of financial impacts, including:

- Developer contributions recorded as revenue in the income statement in accordance with accounting standards whilst the funds are being used to fund the construction of capital infrastructure (often in later years).
- Additional rate revenue resulting from new residents and businesses and additional expenditures to provide services.
- The value of assets increasing significantly over time, with infrastructure such as roads, footpaths and parks being donated to Council from developers once construction is complete.
- Maintenance costs to service and replace these large amounts of infrastructure placing an increasing financial pressure on Council's budget.



The LTFP ensures the Council is not reliant on growth to maintain a strong sustainable financial position. The following table provides a summary of residential growth rate income included in the LTFP.

Long Term Financial Plan 2018/19		Rates Residential - Growth (\$'000)
Year 1	2018/19	897
Year 2	2019/20	983
Year 3	2020/21	1,059
Year 4	2021/22	1,110
Year 5	2022/23	1,207
Year 6	2023/24	1,175
Year 7	2024/25	1,169
Year 8	2025/26	1,253
Year 9	2026/27	1,337
Year 10	2027/28	1,391

In addition, Council entered into agreements between landowners, Council and the State Government for the expansion of the Virginia and Angle Vale townships and the Playford North Extension area. These agreements ensure roads, drainage, parks and community buildings will be constructed to support the growth of 9,597 new dwellings over the next 20 years.

### ASSET MANAGEMENT PLAN

The LTFP provides for continued funding of the asset replacement program that matches the Asset Management Plan. This will ensure Council's infrastructure is replaced when required and maintained to existing standards.

The LTFP includes investment in replacement and renewal of existing assets as defined in the Asset Management Plan comprising of \$219.7 million over the 10 year period including:

- Renewal of roads, kerbs, drainage and other transport assets \$108.7 million
- Replacement of footpaths and streetscape assets \$30.7 million
- Replacement of buildings \$16.3 million
- Replacement of fleet and plant assets \$39 million
- Renewal of playgrounds, irrigation and other park structures \$18.3 million
- Renewal of corporate assets \$6.3 million

### CONTINUOUS IMPROVEMENT

After a successful 5 year targeted Efficiency and Effectiveness program, in 2016 Council endorsed the implementation of a continuous improvement methodology to be delivered in the operations of the Council. Council endorsed the allocation of \$600,000 of the program savings to be invested annually in ongoing continuous improvement delivery. The annual targeted savings will be in the range of 0.5% to 1% of Council's operating expenditure and will improve the financial position from 2017-18.

Long Term Financial Plan 2018/19	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Continuous Improvement Target	0.5%	0.5%	0.8%	1.0%	1.0%	1.0%
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Annual Savings Target 2016-17	0.470	0.740	1.000	1.100	1.100	1.100
Cumulative Savings Target	0.470	1.200	2.200	3.300	4.400	4.400
Annual Actual savings	0.813	1.487				
<b>Revised Cumulative Target</b>	<b>0.813</b>	<b>2.300</b>	<b>3.050</b>	<b>3.800</b>	<b>4.564</b>	<b>4.564</b>
Cumulative Actual Savings Allocated to Services	0.283	1.317	2.257	2.257	2.257	2.257
Cumulative Actual Savings Held for future allocation	0.530	0.983	0.043			
Savings to be identified for future allocation	-	-	0.750	0.750	0.764	
Cumulative Savings allocated to operating result	-	-	-	0.793	1.543	2.307

Since 2016, Council has identified and realised a further \$2.3 million of savings. In 2016/17, Council reallocated \$0.3 million of these savings to fund new services, in 2017/18 an additional \$1.0 million was allocated to new and enhanced services and in the 2018/19 Annual Business Plan Council there is a further allocation of \$1.0 million to new and enhanced services. The benefit of allocating these savings to services is a reduced rate burden to provide these new or enhances services to the community.

The program aims to achieve further savings over the next 3 years of \$0.8 million each year. These savings are yet to be identified and the Plan accounts for the realisation of these savings in the year following their identification. The Plan also assumes that these savings will return to the operating result directly as opposed to being re-invested into new services as that decision will be subject to Council consideration in each of the relevant years.

## GOVERNMENT GRANT FUNDING

A substantial portion of Council's revenue is directly related to Government funding. The most significant of those funding streams is the Federal Governments Financial Assistance Grants (FAG's). The Australian Accounting Standards applying to Local Government require disclosure of these grants as income in the year that they are received. The LTFP assumes that these funds will all be paid in the year to which they relate. However, in 2016/17 Council received a payment of \$5.982 million (equivalent to half of the 2017-18 Financial Assistance Grants) in June 2017. Essentially this means the operating surplus in 2016-17 was artificially inflated by \$5.982 million and artificially deflated by \$5.982 million in 2017-18.

At this point we don't anticipate a further receipt in advance of the Financial Assistance Grants.

## CAPITAL PROJECTS

The LTFP in conjunction with the Annual Business Plan cover capital expenditure on new and enhanced assets. Over the 10 year period this equates to \$122.1 million of capital expenditure including:

- New Grenville Centre \$5.1 million (including \$1.8 million funded from Assets Management Plan)
- Northern CBD \$33.7 million
- Playford Alive \$9.1 million
- Kerbing, drainage and water business \$9.7 million
- Footpath and Public Lighting Upgrade Program \$1.2 million
- New assets to service the community \$15.5 million
- Road Upgrade Program, Rural Roads, Virginia Main Street Upgrade \$7.5 million
- Growth Deeds Traffic Infrastructure \$8.4 million
- Growth Deeds Stormwater Infrastructure \$29.8 million
- Strategic Land Purchases \$3.8 million

The full summary of 2018-19 new and enhanced capital expenditure is provided in the capital projects section of the Annual Business Plan.

## CAPITAL INVESTMENT DECISIONS

Council may also be considering a number of investment decisions in 2018-19. Investment decisions relate to those new services require capital outlay upfront with capital and/or operating returns to materialise in the future. These investments have the ability to be self-funded over time thereby allowing Council to bring new services to the community that are not funded via a rate increase. Investment decisions produce substantial benefits to the community such as:

- Relief on the pressure to raise rates as investments generate a broadening of our rate base
- New services to the community
- Future positive financial returns
- Equity across generations

Investment decisions have a projective nature and as such come with some risks. Council has ensured that these risks are minimised via our Risk Management Framework. An analysis of the financial impact of the main risks is detailed further in Section 4 of this report.

The investment decisions included in the plan to date are:

- Playford's Recycled Water Business
- Rejuvenation of 112 Coventry Road site
- Northern CBD
- Greater Edinburgh Parks Stormwater Truck Outfall.

## FINANCIAL SUSTAINABILITY INITIATIVES

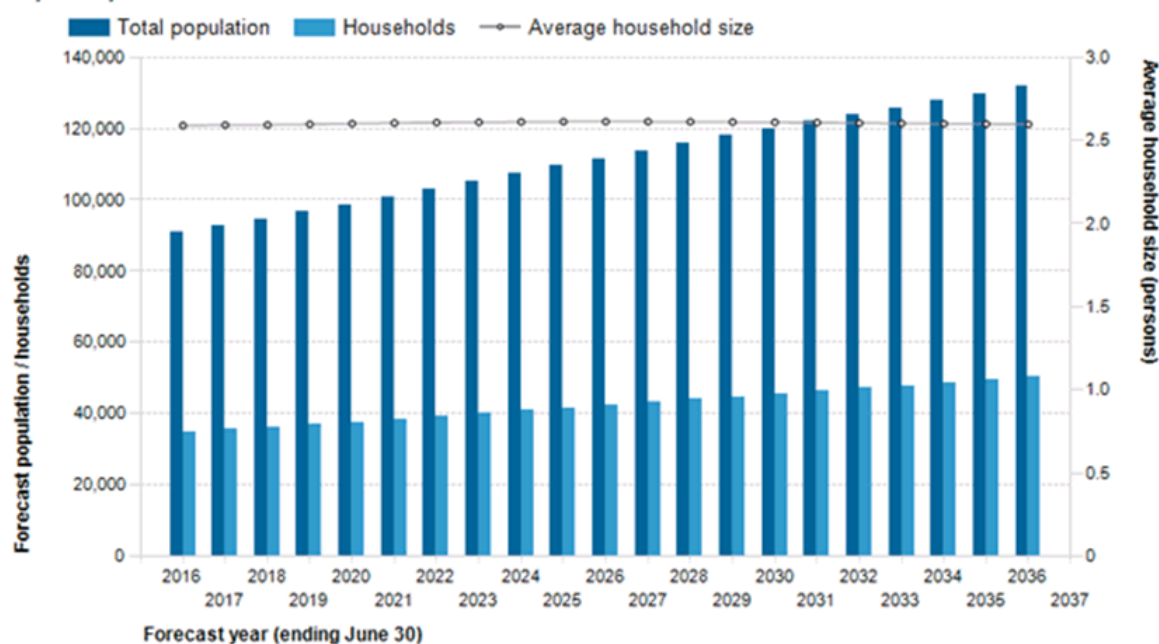
Recent analysis of debt levels and improvement of the debt management strategy has identified the desire to reduce council's debt. In doing so, it provides greater capacity for Council to manage future growth. The Plan includes some estimates on the strategic sale of surplus land sites whereby Council has deemed them to be surplus to current and future requirements. The proceeds on these sales have been directed at older debt levels and are not to be directed to future investment.

### 3. CEO STATEMENT ON FINANCIAL SUSTAINABILITY

City of Playford has been growing since its formation in 1997. After 20 years of historical growth Playford is still projected to experience long periods of higher than average growth. The City Of Playford is due to increase from 36,637 dwellings to over 52,217 dwellings in the next 20 years.

#### Forecast population, households and average household size

City of Playford



Population and household forecasts, 2016 to 2036, prepared by .id the population experts, December 2017.

.id the population experts

Financial sustainability is key to ensuring that Council is able to continue to effectively manage this growth for the benefit of its existing residents and for those generations to come.

This Plan has direct links to all Council strategic plans including the Playford Community Vision 2043, Asset Management Plan, Strategic Plan, Annual Business Plan and Budget, and provides a map for a clear and positive financial outlook for the future.

#### WHAT IS FINANCIAL SUSTAINABILITY

In 2005, an independent inquiry into the financial sustainability of local government was undertaken by the Local Government Association (LGA). Following this inquiry, the following definition was adopted at the LGA's General Meeting held in 2006:

"Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."

This definition was subsequently adopted by the Australian Local Government Association by resolution at its National Assembly Meeting in December 2006.

In simple terms, the principle of financial sustainability is that each generation 'pays their way' for the services and assets that they consume. This is also known as intergenerational equity and occurs when Council records a breakeven operating result (i.e. where day to day expenses are equal to day to day income).

Where Council records operating deficits, it means that future generations will be subsidising the current costs of services and will be responsible for addressing the issue of funding the replacement of worn out assets.

## FINANCE STRATEGY

Councils' finance strategy is based on achieving a long term financial position that is able to deliver planned services, manage debt and support and promote the growth of the city.

The Long Term Financial Plan (LTFP) modelling provides a high level budget framework to guide us when preparing the budget detail and ensure we understand the future impact of decisions made today.

The modelling assumes that Council will continue to use debt in the short term and longer term as a mechanism for funding new or enhanced assets as a way of achieving inter-generational equity.

The finance strategy is based on key parameters regarding sustainability and are used as a guiding principle for assessing the financial impact of all decisions. These are:

### Break-even operating result as defined by the LGA

Council draws closer to this in the early years of the LTFP. Years of substantial deficit are most often linked to the impact of Financial Assistance Grants payment timing as described in section 2. Improvement over the next 3 years is due to the impact of the Continuous Improvement savings being directed to the operating position as well as the implementation of financial sustainability initiatives. Furthermore, Council intends to reduce the reliance on income sources that cannot be influenced such as grant funding. This will strengthen the sustainability of our future operating position.

### Debt Management Strategy

Effective debt management provides security on Councils financial sustainability. The LGA prescribes debt as a suitable way to provide intergenerational equity to ensure that all generations share the responsibility for the assets and services they consume. Debt management therefore requires an understanding of debt purpose, debt profile e.g. fixed or variable and a clear repayment strategy. Management of these key areas ensures that debt is sustainable regardless of the level.

### Asset Growth Management

Council accepts responsibility for providing a high standard of assets and services to the community. In doing so, it is essential to have strong financial management surrounding asset growth. In order to provide assets Council must ensure that the assets are funded. Traditionally this funding has been largely reliant on rate increases. While this funding pathway is still relevant, Council has taken on the responsibility of trying to alleviate this reliance by assessing other assets and means to fund them. As a result the focus on investment assets has increased. These assets are self-funded and require little or no reliance on ratepayer funding whilst still addressing the issue of intergenerational equity as the returns are delivered over time.

Overall the finance strategy underpins the Council's ability to deliver on financial sustainability. This Long Term Financial Plan projects that Council is well equipped to manage the demands of a growing council for years to come.



## LONG TERM FINANCIAL PLAN RESULTS

The LTFP forecasts a solid improvement in Council's financial position and performance over time. In the short to medium timeframe Council's debt grows due to capital expenditure associated with key projects throughout the City, which will help to create jobs and increase external investment. These include development of the Northern CBD and the Playford City Sports Precinct. As these projects are completed, debt begins to reduce as returns increase. The Operating Result in Year 2 to 4 is largely caused by reductions in grant funding. From Year 5 onwards, as continuous improvement savings offset losses in grant funding, Council begins to produce surpluses.

Long Term Financial Plan 2018/19	Current 2017/18 \$mill	Year 1 2018/19 \$mill	Year 2 2019/20 \$mill	Year 3 2020/21 \$mill	Year 4 2021/22 \$mill	Year 5 2022/23 \$mill	5 Year Average \$mill	10 Year Average
Operating Income	95.2	102.9	106.7	111.7	118.8	122.3	112.5	124.0
Operating Expenditure	101.1	105.7	108.3	112.1	114.9	118.3	111.9	120.6
<b>Operating Result - Surplus (Deficit)</b>	<b>(5.9)</b>	<b>(2.9)</b>	<b>(1.6)</b>	<b>(0.5)</b>	<b>3.9</b>	<b>4.1</b>	<b>0.6</b>	<b>3.5</b>
Closing Balance Borrowings	140.6	164.6	177.8	149.6	143.3	140.1	155.1	138.3

Council is forecasting budgeted ratios within the ranges adopted by Council in the medium to long term.

The following table list the financial indicators that Council uses in assessing financial sustainability.

Long Term Financial Plan 2018/19	Current 2017/18 %	Year 1 2018/19 %	Year 2 2019/20 %	Year 3 2020/21 %	Year 4 2021/22 %	Year 5 2022/23 %	5 Year Average %	10 Year Average %
Operating Surplus Ratio (0-10%)	(6.2%)	(2.8%)	(1.5%)	(0.4%)	3.3%	3.3%	0.4%	2.5%
Cash Flow From Operations Ratio (90-110%)	56.4%	83.7%	83.8%	98.5%	119.6%	125.0%	102.1%	124.1%
Asset Renewal Funding Ratio (90-110%)	83.6%	110.1%	89.9%	75.8%	85.7%	74.5%	87.2%	92.5%
Net Financial Liabilities Ratio (50-160%)	164.6%	177.2%	182.5%	149.3%	134.8%	128.3%	154.4%	128.5%
Interest Expense Ratio (3-10%)	7.5%	8.6%	7.6%	7.5%	6.7%	5.9%	7.2%	5.9%

The above averages indicate that Council anticipates borrowings to improve over the next 10 years and along with a \$543 million increase in the levels of property, plant and equipment in the balance sheet. The positive signs in the balance sheet are reflective of growth, continuous improvement and Council's commitment to financial sustainability.



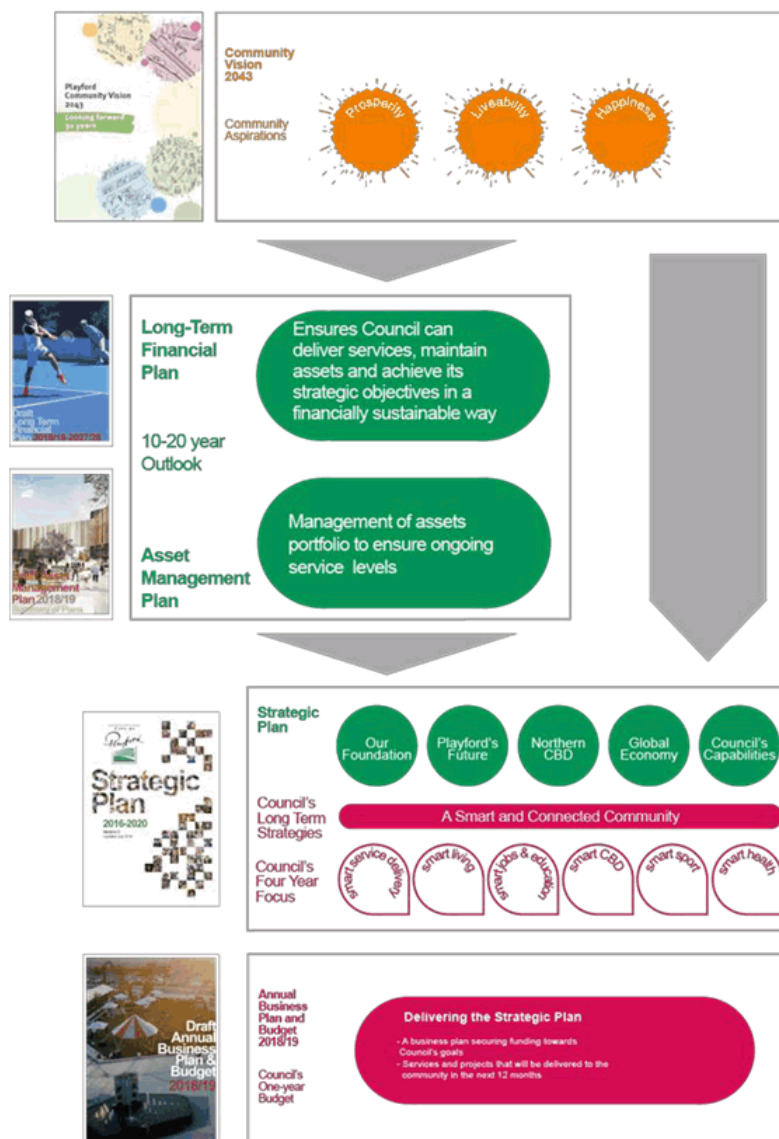
### 3. STRATEGIC PLANNING CONTEXT

The documents included in the diagram below meet the requirements of the Local Government Act 1999 for “strategic management plans (Section 122) and the “annual business plan and budget” (Section 123) for the City of Playford.

The Playford Community Vision 2043 has been developed by the Playford community and identifies its preferred vision for the growth of the City over the next 30 years.

Council’s refocused Strategic Plan was endorsed by Council in July 2016 and focusses on six Smart Programs which are key to the City of Playford progressing towards the community’s long-term vision of creating a more liveable, prosperous and happy City. The longer term strategies contained in our previous Strategic Plan (July 2014) are still relevant, however the latest Strategic Plan provides a more focused approach to delivering against those longer term strategies.

This Annual Business Plan and Budget 2018/19 details the services and projects that will be funded in the next 12 months to deliver against Council’s Strategic Plan and progress our Smart City, Connected Community agenda.



## LEGISLATIVE COMPLIANCE

Long term financial plans of at least 10 years are mandated by the South Australian Local Government Act (1999) and South Australian Local Government (Financial Management) Regulations (2011) Regulation 5. The Long Term Financial Plan must include:

- Financial statements that are prepared in accordance with the South Australian Local Government model financial statements.
- Uniform presentation of finances.
- Estimates of Operating Surplus Ratio, Asset Renewal Funding Ratio and Net Financial Liabilities Ratio.

To ensure openness and accountability, this plan includes all of the above statutory requirements as well as all of the SA Local Government sector agreed financial indicators and some additional financial indicators developed by Council.

## 4. ANALYSIS OF RISKS ASSOCIATED WITH THE LONG TERM FINANCIAL PLAN

---

Delivering on the LTFP's 10-year targets is subject to certain inherent risks and influences, including:

- Unforeseen economic changes or circumstances
- Unforeseen political changes or circumstances
- Market conditions and cost pressures

The following analysis highlights the key risks within the LTFP and separates them into two categories: variable risks that are modelled within a sensitivity analysis and those risks that are unlikely to create long-term variability to the reported results. In order to minimise the inherent risks of the LTFP Council reviews and updates the LTFP on a regular basis.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council. The LTFP should be viewed as a guide to future actions or opportunities, which in turn encourages the Council to think about the future impact of decisions on the Council's long term financial sustainability.

## 4.1. EXTERNAL INFLUENCES AND RISKS

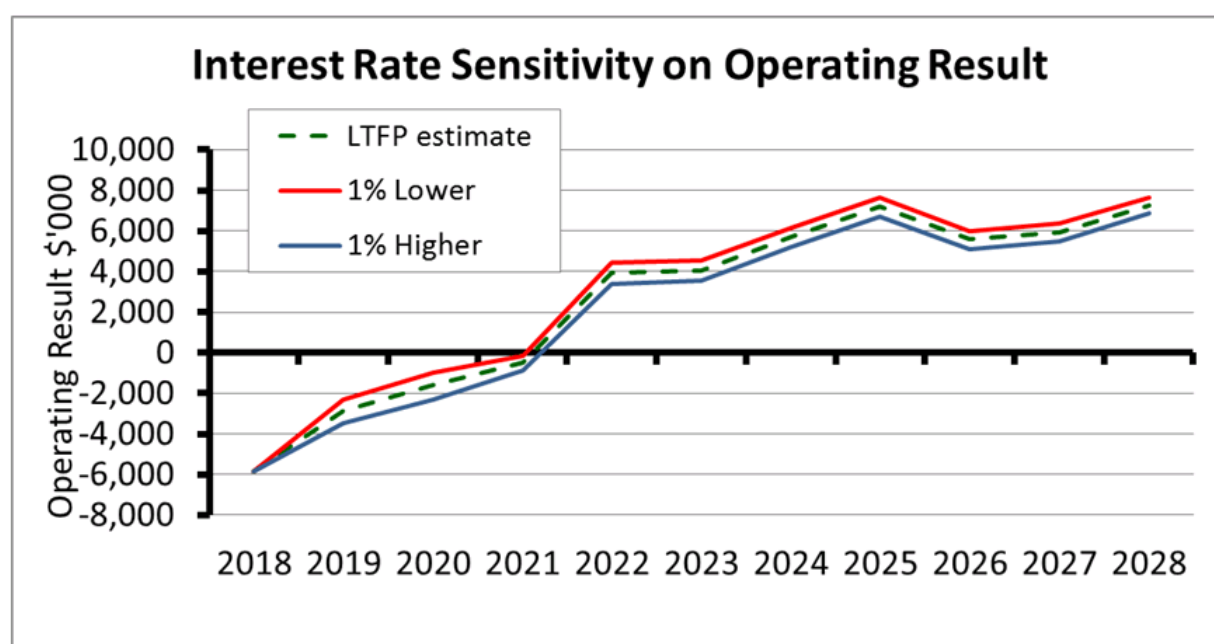
The following risks are highlighted as having the highest sensitivity to movement. The long-term financial plan includes a “medium” based approach with a low and high scenario being modelled on the operating result for each of the risks below.

### INTEREST RATES

Movements in interest rates have the potential to substantially affect the delivery of the LTFP. The plan includes interest rates of approximately 6.0% over the life of the plan.

Any change from this will have the following notable impacts on Council’s operating result:

- 1% increase in average interest rates over the life of the LTFP would result in the 10 year forecast operating surplus reducing by \$0.4 million by the final year of the LTFP.
- 1% decrease in average interest rates would result in the operating surplus increasing by \$0.4 million by the final year of the LTFP.

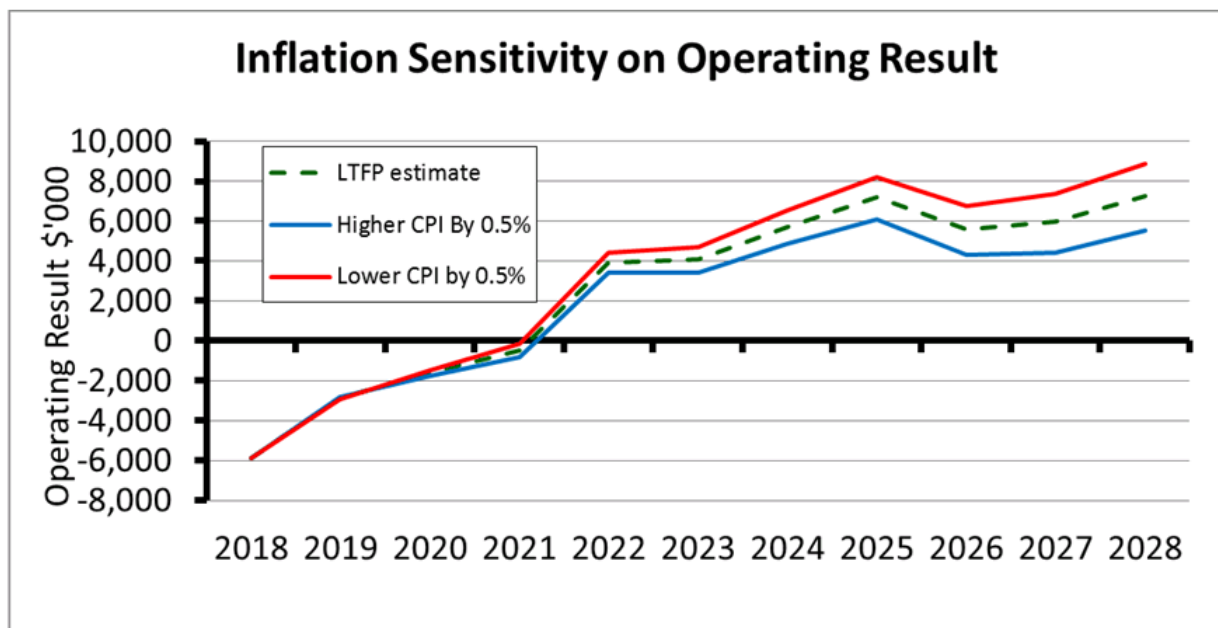


### CONSUMER PRICE INDEX (ALL ADELAIDE)

The Consumer Price Index (CPI) is regarded as Australia’s key measure of household inflation. It is designed to provide a general measure of price inflation for the Australian household sector as a whole. Assumptions about future CPI movements are based on data projected by Deloitte Access Economics, however, as with interest rate forecasts, future CPI rates are only best estimates.

Movement in CPI impacts on rate increases, expenditure on services and asset replacement costs. The LTFP includes CPI of 2.3% for 2018-19, and for year 2-10 forecasts range from 2.2% to 2.5%.

The sensitivity analysis below highlights the impact of inflation on Council’s operating result.



### STATE GOVERNMENT CHANGES TO PUBLIC HOUSING

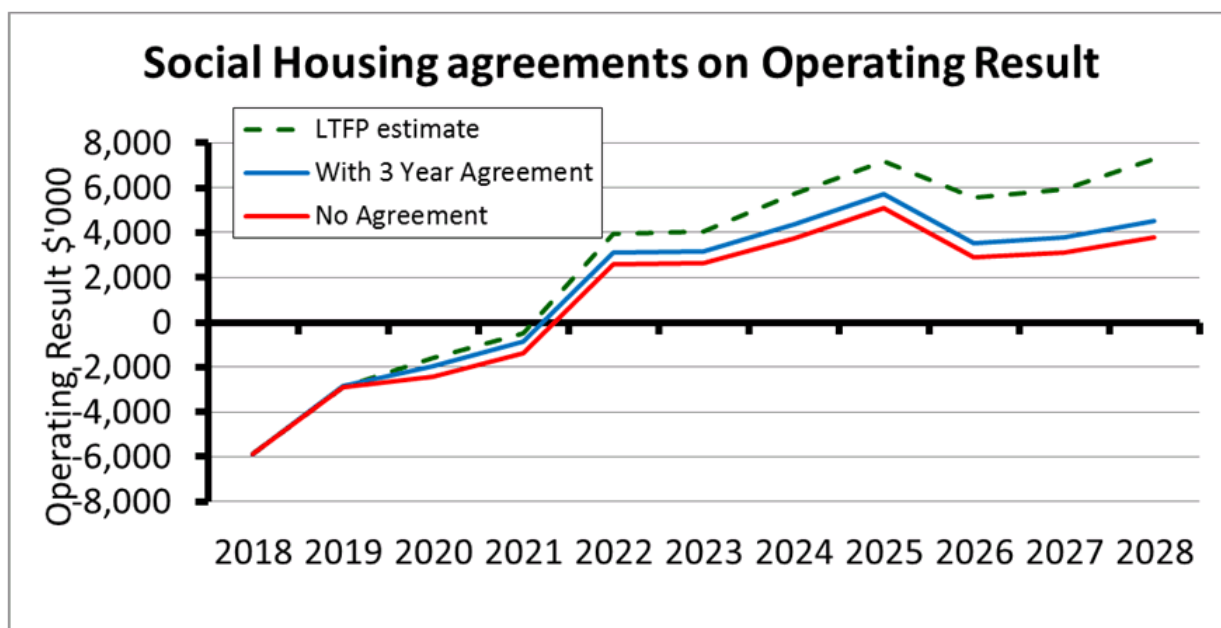
The South Australian Housing Trust currently owns over 3,535 properties in the City of Playford. In 2015 the State Government transferred (approximately 480 homes) of public housing owned and controlled by the SA Housing Trust to a Community Housing Provider (CHP). Anglicare has been announced as the CHP to manage these properties and have advised Council they will continue to pay rates. Legislation, however, mandates Council to provide a 75% rate rebate to any houses controlled by CHPs. This rebate is not applicable to State Government controlled housing.

The State Government has assured Council that it will not be financially impacted by this decision for the three year lease, so the additional rebate has not been included in the plan.

The sensitivity analysis below highlights the impact of requirement to provide 75% rate rebate on Council's operating result.

Overall scenario assumption – 500 houses transfer every two years

- Scenario Assumption “with 3 Year agreement” receives 100% for first 3 years for each transfer, and then only receives 25%. (10 year total impact \$9.0 million – 2,980 homes transferred)
- Scenario Assumption “No agreement” received 100% for first transfer, 25% for each additional transfer. (10 year total impact \$15.4 million – 2,980 homes transferred)

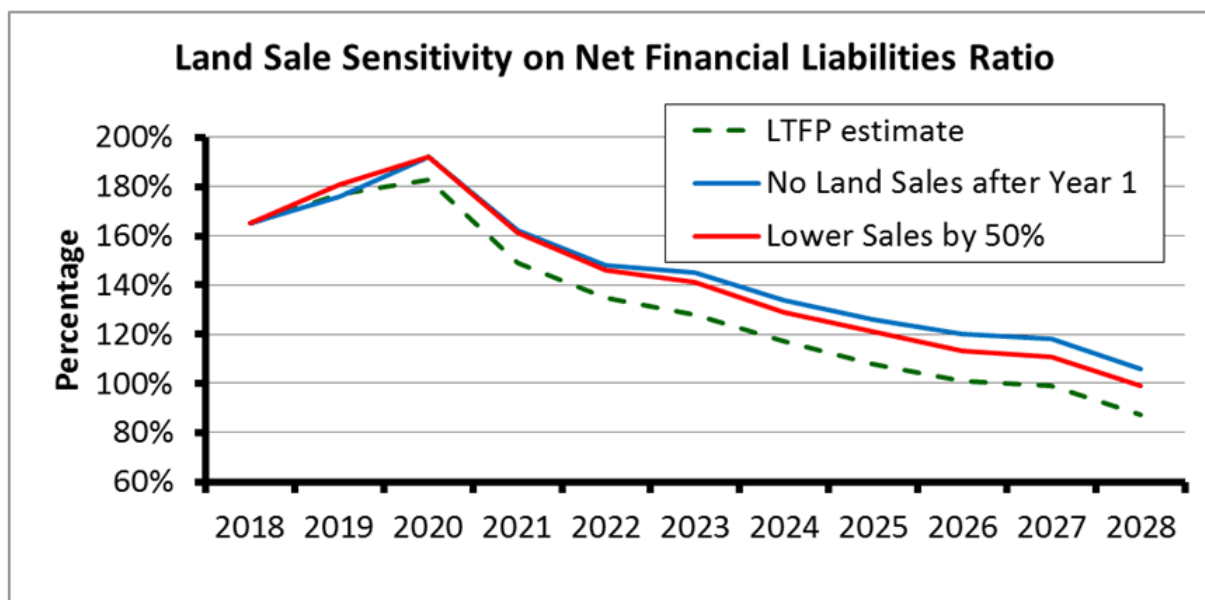


## DISPOSAL OF SURPLUS LAND

The sensitivity analysis below highlights the impact of movements in potential surplus land sales revenue on the LTFP. The plan includes land sales of approximately \$35 million over the life of the plan.

Any change from this will have the following impacts on Council's operating result:

- 50% decrease in land sales revenue average over the life of the LTFP would result in the 10 year forecast net financial liabilities increase by 14% by the final year of the LTFP.
- No land sales after year 1 the LTFP would result in the 10 year forecast net financial liabilities increase by 22% by the final year of the LTFP.



## POTENTIAL RATE CAPPING

Of all the potential future risks to the Long Term Financial Plan perhaps the biggest is Rate Capping. Rate Capping is being considered and could be introduced by the State Government, which would mean that the



Council's future ability to generate income and provide services to the community would be restricted. The introduction of rate capping could mean no new services without approval from the State Government; this would include initiatives in the 2018/2019 budget.

Rate capping does not recognise the impact on revenue from externally imposed decisions from different levels of government e.g. cost shifting, non-indexation of grants to cover inflation, increase in levies and additional regulatory requirements. Council would need to apply for exemptions to cover such costs which could be a costly and time consuming process. Council already provides transparency when setting rates and consults with the community.

## WASTE MANAGEMENT

Household waste management is one of the key services that Council provides, costing around 7% of the annual operating budget. Waste collection is managed through a partly Council-owned subsidiary of the Northern Adelaide Waste Management Authority (NAWMA).

Council faces a number of risks in relation to waste management such as future increases in the State's Solid Waste Levy and lower recycling commodity market due to China SWORD Policy shift, which is being felt across Australia and globally. NAWMA contracts out waste management services from many third party providers on behalf of member councils. NAWMA has mitigated some of the risk of future increases by securing long term contracts and closely monitoring the recycling commodity market.

On 4 July 2016 the State Government announced increases to its Landfill Levy, which Council pays on the tonnes of material disposed to landfill. The planned increase will take the Levy from \$62/tonne at the start of 2016-17 to \$103/tonne within four years. By 2019-20 the projected Landfill Levy payments by the City of Playford are over \$2million per year.

## NATURAL RESOURCES - FUEL

The amount of fuel required to operate Council's plant, equipment and pool vehicle fleet is substantial and movements in the price of fuel can significantly affect Council's financial position.

To help mitigate the rising cost of fuel Council operates a fuel efficient car fleet by purchasing diesel vehicles. Council's heavy plant and equipment is also specified with the most economical and environmentally sensitive Euro V diesel engines.

This plan assumes that any increase in the price of fuel will be funded with an inflationary increase in rate revenue.

## NATURAL RESOURCES – WATER

A critical element of Council's prosperity is the provision of a sustainable water supply that can be used to provide a high level of amenity to the City's parks and gardens.

Council is continuing to expand its Recycled Water Business to secure alternative water sources to mains water with reticulated storm water for its parks and sporting grounds as well as introducing efficient irrigation and landscaping techniques and processes. Council is working with schools, industry and other potential users regarding the sale of reticulated storm water to provide a revenue stream offsetting the costs of maintaining the infrastructure.

To ensure that Council is not reliant on returns from this project, Council has not included savings from the sale of water for internal use in the LTFP assumptions.

## ELECTRICITY

The City of Playford like all South Australians continues to be impacted by a volatile national electricity market.

To help mitigate the rising cost and use of electricity Council has invested heavily in renewable energy and continues to look for energy reductions e.g. using improved public lighting technology. Council has been able to secure competitive electricity contracts to mitigate some of the risk of future increases.

This Plan assumes that any increase in the price of electricity will be funded with an inflationary increase in rate revenue.

## VARIABLE CLIMATIC CONDITIONS

From year to year changes in weather conditions can affect Council's operating result, given that high rainfall could result in the need for further park and verge maintenance and lower rainfall may result in higher water charges.

The impacts of extreme events such as flooding or bush fire also create unexpected budget burdens. Council has a risk management action plan in place to mitigate these risks.

## RISK MANAGEMENT

Council does not insure its road and drainage infrastructure. The risk associated with this is the significant cost associated with unscheduled repairs or replacement that may occur due to unforeseen circumstances such as extreme weather events. Council accepts this risk because the cost of mitigating it through insuring these assets is too high.

## 4.2. INTERNAL INFLUENCES AND RISKS

### INFRASTRUCTURE ASSET MANAGEMENT

Local Government is an extremely asset intensive industry. Council has around \$1.2 billion of assets, which rises to \$1.7 billion over the next 10 years. The amount that Council expends to maintain these assets is critical to ensuring that they perform and deliver the services as intended for their full useful life.

Infrastructure assets are a significant part of the Council's operations with depreciation alone accounting for an average of 19% of the Council's annual operating budget over the 10 year plan. Including the cost of maintaining and operating these assets this number is significantly higher. The LTFP is dependent on the quality of information provided in Council's Asset Management Plan (AMP).

The AMP ensures Council's infrastructure, buildings and other assets are managed to an appropriate standard. The AMP highlights, based on condition ratings, when and what assets require replacement and forecasts how that can be achieved in a financially sustainable manner.

The AMP also estimates the levels of depreciation required for assets based on asset age, obsolescence and condition rating. Any change to the AMP estimates would have a significant impact on Council's operating result.

### INVESTMENT DECISIONS – NORTHERN CBD

The City of Playford (Playford) has committed to ensuring that Elizabeth will secure its place as the CBD of the North: the place to go for retail, arts and entertainment, commerce, government and social services, sport, health, education and training. This concept was endorsed by Council on 27 August 2013.

As part of the 2016-17 budget Council funded CBD stage 1 Civil Construction which is included in the LTFP and supported by a prudential review. The project consisted of the creation of 12 fully serviced development allotments, new street and streetscape infrastructure and Prince George Plaza.

In December 2016 the first private development in the CBD was secured, with a deal for a \$20 million medical clinic and professional offices. The sale of this allotment is included in the LTFP. Several other high profile

commercial and retail investors are in discussion with the Council about joining the growth in the Playford CBD, while an ice sports arena has also been proposed for the precinct.

Council's Smart CBD Program, outlined in the refocused Strategic Plan, relates to the redevelopment and expansion of Elizabeth Regional Centre to provide an expanded range of local services to support our growing community.

A number of projects have been identified for the redevelopment, including:

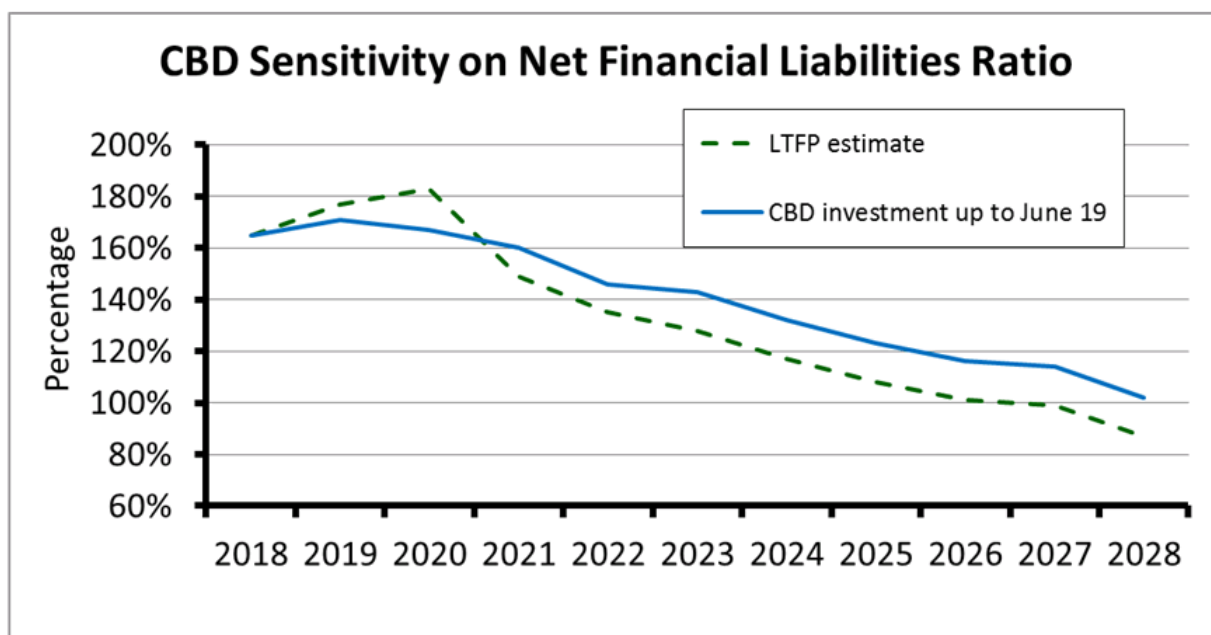
- Retail and Residential options for the CBD
- Office Building for State Government tenant
- Main North Road Median Strip Upgrade
- Facilitation of Medical Centre development
- Facilitation of Hotel development
- Associated CBD Land Sales

The sensitivity analysis below highlights the impact of future CBD investments by both private and Council investment on Council's operating result. Overall scenario assumptions include:-

- Future land sales and additional rate revenue from potential investments
- 5 key CBD projects totalling \$33.7 million
- Additional borrowings

A holistic feasibility for the entire CBD is being developed to understand the ongoing impacts. Any future investment by Council will be subject to additional Prudential Reviews in line with Section 48 of the Local Government Act 1999 and /or Feasibility Studies prior to Council approval.

The financial projections contained within the scenario provide an indication of the Council's possible direction and financial capacity rather than predicting the future financial performance and position of the Council.

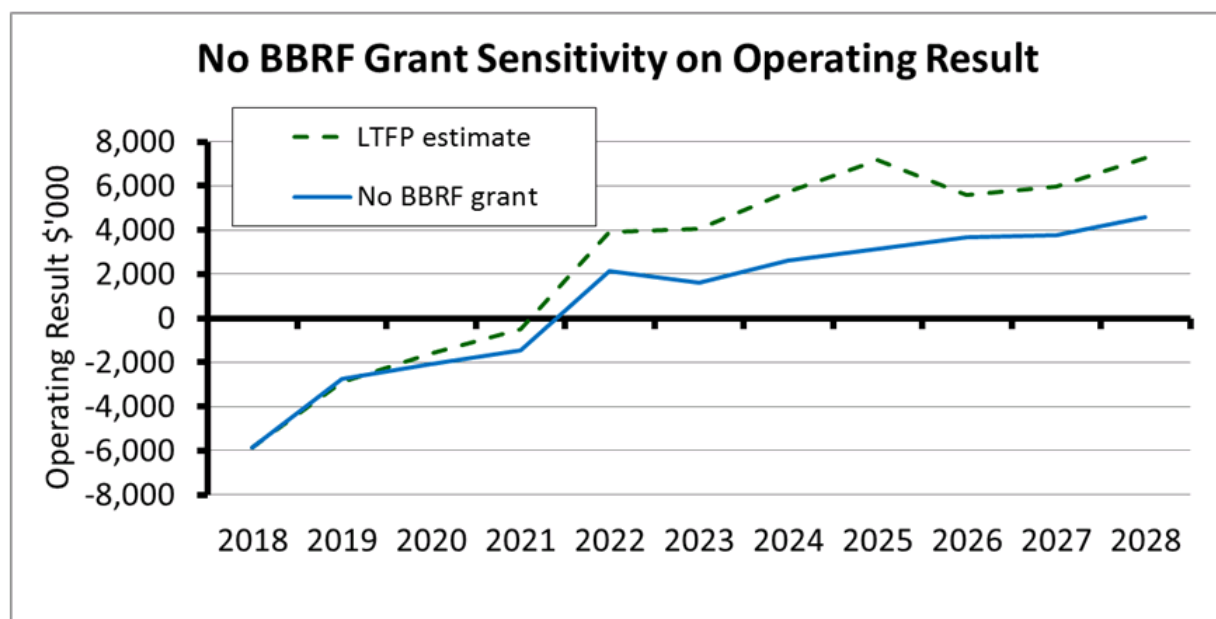


## INVESTMENT DECISIONS – GREATER EDINBURGH PARKS STORMWATER

The City of Playford has recently completed a Greater Edinburgh Parks Stormwater Management Strategy, which has identified stormwater infrastructure that will need to be constructed over the next few decades to allow development of this catchment. A stormwater development contributions process is to be set up with the aim of development funding this entire GEP regional stormwater infrastructure in the long term. Nevertheless, Council will need to debt fund a portion of this work in the early years, in order to establish some of the basic elements so that development can proceed and so that the long term drainage pattern is established.

In December 2017 Council submitted a Building Better Regions Fund (BBRF) grant application for a GEP Trunk Outfall (a large capacity drain from Port Wakefield Road to the coast).

The sensitivity analysis below highlights the impact if the BBRF bid and other projects do not proceed and the impact on LTFP. Any change from this will have the following impacts on Council's operating result:



## 5. FINANCIAL PLAN SUMMARY

The following section provides an overview of the key financial data and ratios resulting from the plan.

Long Term Financial Plan 2018/19	Current 2017/18 \$mill	Year 1 2018/19 \$mill	Year 2 2019/20 \$mill	Year 3 2020/21 \$mill	Year 4 2021/22 \$mill	Year 5 2022/23 \$mill	Year 6 2023/24 \$mill	Year 7 2024/25 \$mill	Year 8 2025/26 \$mill	Year 9 2026/27 \$mill	Year 10 2027/28 \$mill	10 Year Average
Operating Income	95.2	102.9	106.7	111.7	118.8	122.3	126.8	132.1	134.7	139.6	144.9	124.0
Operating Expenditure	101.1	105.7	108.3	112.1	114.9	118.3	121.1	124.9	129.1	133.7	137.6	120.6
<b>Operating Result - Surplus (Deficit)</b>	<b>(5.9)</b>	<b>(2.9)</b>	<b>(1.6)</b>	<b>(0.5)</b>	<b>3.9</b>	<b>4.1</b>	<b>5.7</b>	<b>7.2</b>	<b>5.6</b>	<b>6.0</b>	<b>7.3</b>	<b>3.5</b>
Closing Balance Borrowings	140.6	164.6	177.8	149.6	143.3	140.1	131.7	126.5	119.4	121.3	109.0	138.3
Rates increase above general index	1.0%	0.7%	0.6% #	0.7% #	-	-	-	-	-	-	-	
Estimated General Index	1.4%	2.3%	2.5%	2.7%	2.8%	2.9%	2.7%	2.7%	2.9%	3.0%	2.9%	2.7%
# Annual Programs projections guide only subject to Council Approval in future years												

### 5.1. KEY FINANCIAL DATA SUMMARY

#### OPERATING RESULT

The Council's budget projection for 2017-18 is a deficit of \$5.9 million, which reflects the budget required to deliver existing services to agreed service standards. This is largely due the Financial Assistance Grants prepayment. The adjusted budget projection is break even. The movement from an adjusted 2017-18 break even result to \$2.9 million deficit in 2018-19 is largely due to the re-investment of continuous improvement savings into new services. In addition, reductions in Roads to Recovery grant funding and increases in employee costs have also contributed to a deficit result. The increase in employee costs is the combined result of Enterprise Agreement changes, new positions (funded partially by saving in contractors and growth) and employment of apprentices. Council is committed to returning to operating surplus as a key strategy of the Council's long-term financial sustainability.

#### CLOSING BALANCE BORROWINGS

The LTFP shows that borrowings increase over the next few years mainly due the capital expenditure associated with the CBD of the North, Rural Road Sealing and New Footpath Programs, Stormwater Infrastructure and the Playford City Sports Precinct. After initial years of borrowing, Councils long term borrowings reduce over time. This is due to the investment decisions requiring initial capital outlays with capital and operating returns to be delivered over time. The interest on borrowings is also within Council's Interest Expense ratio of 10%.

## RESERVES POLICY

The Long Term Financial Plan includes the existing Council policy that all funds collected for reserves can be applied to offset borrowings.

The reserves currently held by Council and used to offset borrowings are:

- Open Space Reserve
- Playford Alive Initiatives Fund (committed to by the Playford Alive Steering Committee)
- Growth Areas Infrastructure Reserves

The reserve balances included in the long-term financial plan are as follows:

Long Term Financial Plan 2018/19	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Reserves Balance	6.0	6.1	6.5	7.1	8.4	7.9	9.3	10.4	11.3	12.2

Should these reserves not be used to offset borrowings, the key ratios affected by borrowings would remain within target at the following levels.

Long Term Financial Plan 2018/19	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
	%	%	%	%	%	%	%	%	%	%
Net Financial Liabilities Ratio (50-160%)	183%	189%	156%	142%	135%	124%	116%	110%	108%	95%

In 2018-19 through to 2019-20 the ratio exceeds Council's adopted maximum target range but reduces over the life of the plan.



## 5.2. FINANCIAL INDICATORS SUMMARY

The following table provides a summary of Council's financial indicators. This table provides the best approach to comparing Council's performance from year to year, given the effects of inflation and growth.

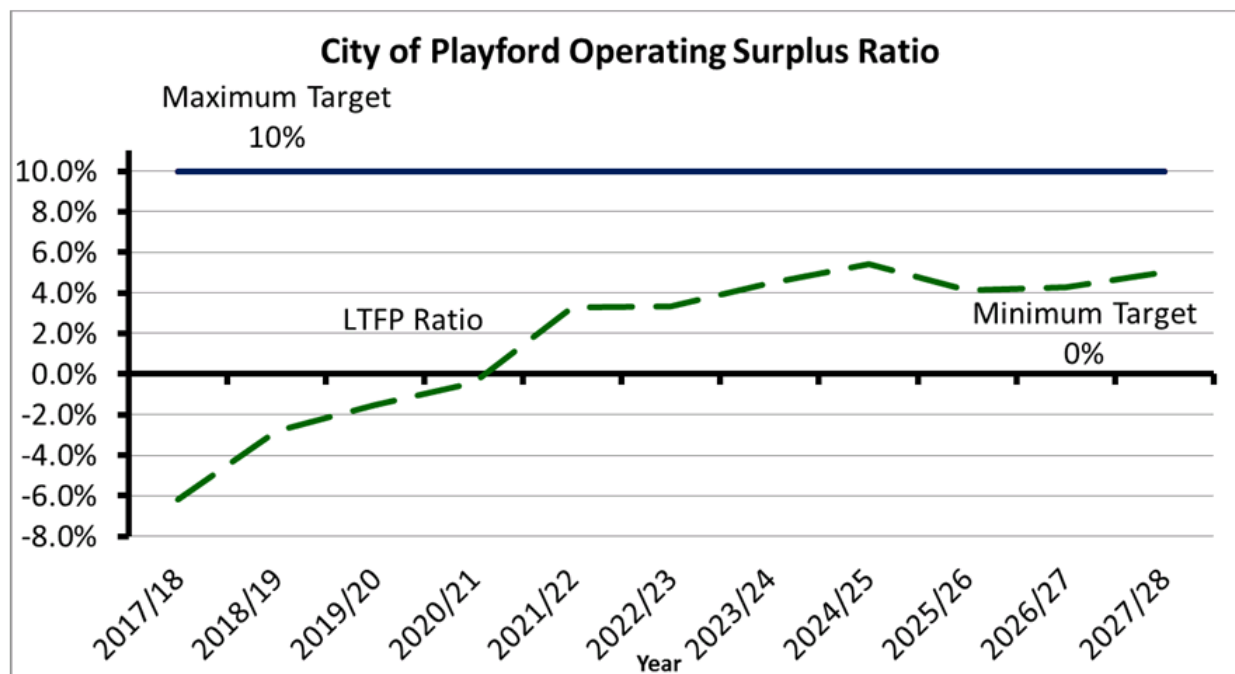
Long Term Financial Plan 2018/19	Current	Year 1	Year 2	Year 3	Year 4	Year 5	5 Year Average	Year 6	Year 7	Year 8	Year 9	Year 10	10 Year Average
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
	%	%	%	%	%	%	%	%	%	%	%	%	%
Operating Surplus Ratio (0-10%)	(6.2%)	(2.8%)	(1.5%)	(0.4%)	3.3%	3.3%	0.4%	4.5%	5.4%	4.1%	4.3%	5.0%	2.5%
Cash Flow From Operations Ratio (90-110%)	56.4%	83.7%	83.8%	98.5%	119.6%	125.0%	102.1%	136.2%	145.5%	142.1%	148.4%	157.7%	124.1%
Asset Renewal Funding Ratio (90-110%)	83.6%	110.1%	89.9%	75.8%	85.7%	74.5%	87.2%	102.4%	104.2%	88.3%	92.7%	101.7%	92.5%
Net Financial Liabilities Ratio (50-160%)	164.6%	177.2%	182.5%	149.3%	134.8%	128.3%	154.4%	117.2%	108.5%	101.2%	99.0%	87.0%	128.5%
Interest Expense Ratio (3-10%)	7.5%	8.6%	7.6%	7.5%	6.7%	5.9%	7.2%	5.1%	4.9%	4.6%	4.5%	3.9%	5.9%

*A detailed discussion of all financial indicators is included in Section 6*

## 6. FINANCIAL INDICATORS

Council has adopted five key ratios and targets as part of its Financial Sustainability Ratio and Targets Policy.

### 6.1. FINANCIAL INDICATOR 1 - OPERATING SURPLUS RATIO



#### Calculated:

Operating Result / Total Operating Income

#### Purpose:

This ratio is designed to highlight the financial performance for the year and is a key indicator for financial sustainability. The ratio expresses the operating result as a percentage of Council's total income.

A positive result on this ratio indicates that current residents are able to fully fund the cost of services provided to them by Council. It also suggests the income available to fund capital or repay debt. A negative result indicates that Council is operating at a level beyond their means which will present long term financial issues.

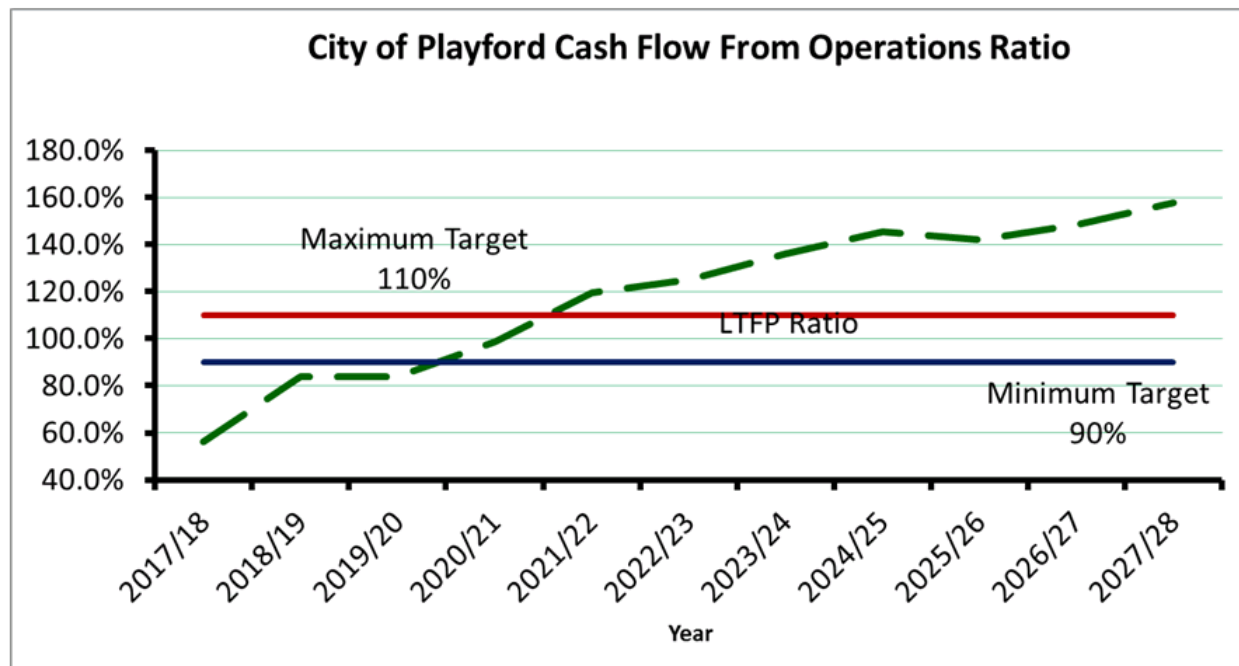
#### Target:

Council does not specifically target an operating deficit or a large operating surplus, both of these results negatively affecting intergenerational equity. Council has adopted a target ratio between 0% and 10%.

#### Long Term Financial Plan Commentary:

Council's short term position is adversely affected by inclusion of grants that are committed to capital. Council's operating surplus indicator normalises in the medium to long term as continuous improvement services are realised, financial sustainability initiatives are implemented and Council moves to a structural surplus. Council is committed to returning to an operating surplus as a key strategy of the Council's long-term financial sustainability.

## 6.2. FINANCIAL INDICATOR 2 - CASH FLOW FROM OPERATIONS RATIO



*Calculated as:*

Cash Flow from Operations / Asset Management Plan Replacement Annuity

*Purpose:*

This ratio measures whether Council is generating enough cash from its operations to cover the replacement of assets over time. This ensures that Council is delivering intergenerational equity and also provides the capacity to repay the borrowings used to fund the large capital cost over time from a sustainable income source, thus putting Council in a position to be able to re-borrow funds for asset replacement in the future.

*Target:*

The target range is designed to accommodate annual variation, but in general Council should be targeting around 100%, to ensure enough cash from operations is available to cover the replacement of assets over time. This enables the delivery of intergenerational equity and a sustainable use of borrowings that can be repaid over the life of the asset and re-borrowed when the replacement is due. Council has adopted a target ratio between 90% and 110%.

A lower ratio indicates that Council is not generating enough cash from operations to cover asset replacement (less than 100%) and one of two things is potentially happening, neither of which is desirable. Namely:

- Council is running down the condition of its assets by not replacing them at the rate they need to be replaced (declining service levels); or
- Council is funding the replacement of assets from unsustainable sources of income that will lead to an increasing level of borrowings over time.

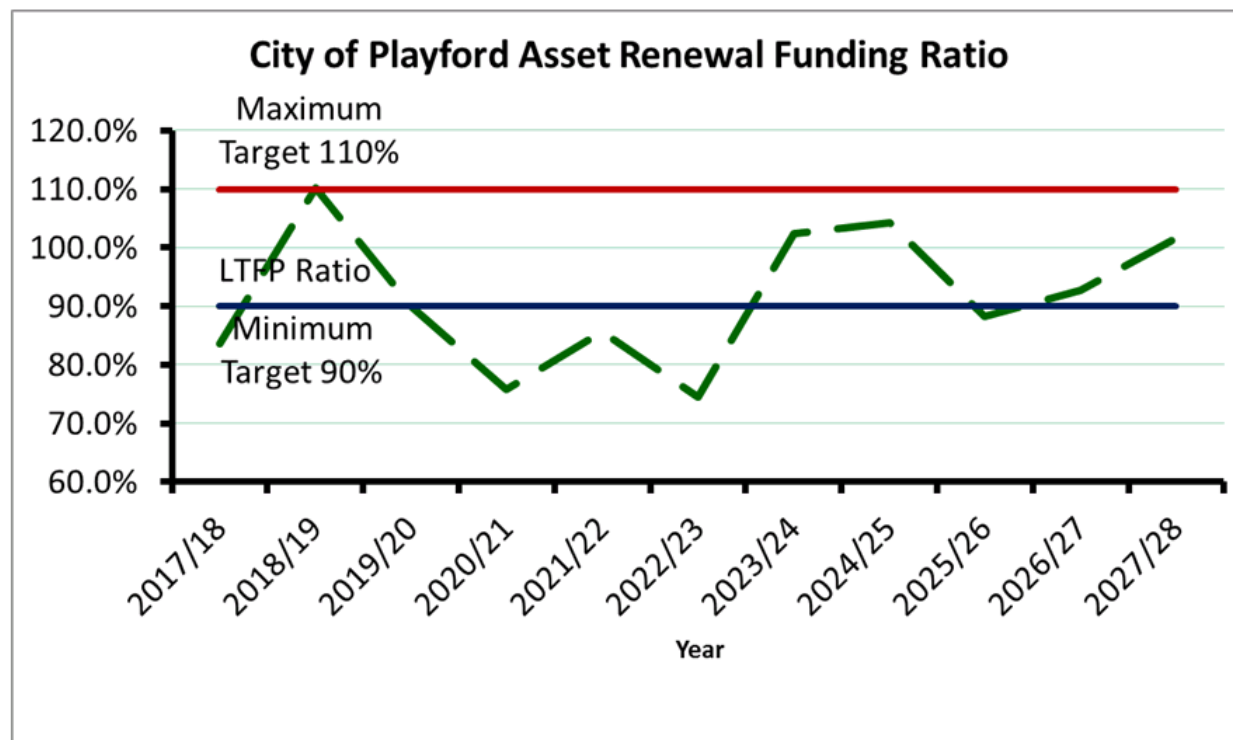
*Long Term Financial Plan Commentary:*

Council's Cash Flow from Operations Ratio improves over the life of the plan. The ratio is within the target range from year 3, which reflects Council putting reserves aside to replace new assets received from developers through

growth township areas. While the impact of these developer contributions appears favourable they are committed to long term capital expenditure and this will normalise as the growth area infrastructure commences.

Over the next 10 years Council will receive approximately \$92 million of road and infrastructure assets that will require replacement over the next 20 to 50 years. Unless sufficient reserves are set aside, Council will be unable to fund the replacement of this infrastructure as it ages.

### 6.3. FINANCIAL INDICATOR 3 - ASSET RENEWAL FUNDING RATIO



*Calculated as:*

Amount spent on the replacement of assets, (net of sale proceeds from replaced assets) / Amount Planned to be spent in Asset Management Plan (AMP)

*Purpose:*

This is a measure of the extent to which Council is replacing assets at a rate that ensures consistent service delivery as determined by the Asset Management Plans (AMPs).

Council's AMPs determine, for the given level of service, when assets need to be replaced to ensure that level of service is maintained. If Council is achieving close to 100% for this measure then it is maintaining the current service levels delivered by assets. This ratio simply measures if Council is performing the required work to replace assets and maintain the level of service.

*Target:*

In general, Council should be targeting around 100% of the replacement works determined by the Asset Management Plans to ensure consistent service delivery.

A lower ratio suggests that Council is not maintaining assets and infrastructure in order to optimize asset lives. A higher ratio suggests that Council is replacing assets earlier than needed. Council has adopted a target ratio between 90% and 110%.

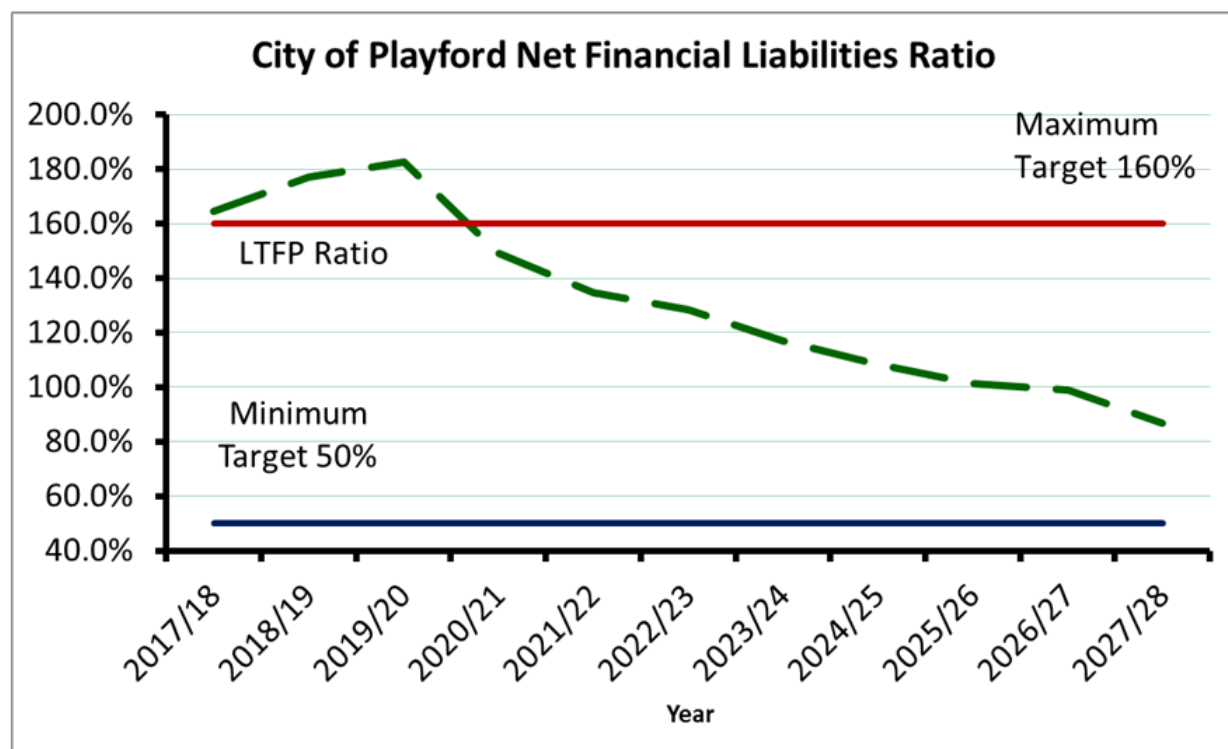
*Long Term Financial Plan Commentary:*

In 2017-18 the ratio is 6.4% below the minimum target range due to program delays and it also anticipated that years 3 to 5 will also be below the target range then returns to the target range for the remainder of the plan. It is important to note that assets are replaced based on condition and as a result fluctuations on the cycle of replacement are normal. The LTFP takes a longer term view on asset replacement to ensure it does not interfere with cash flow over the life of the plan.

Council prepares its Asset Management Plans over a 20 year period. The Asset Management Plans detail the renewal and replacement requirements of all assets, and Council is to fund 100% of these requirements in accordance with the plan.

The Asset Management Plan schedule has been included in the LTFP with indexation resulting in 100% for the life of the plan.

## 6.4. FINANCIAL INDICATOR 4 - NET FINANCIAL LIABILITIES RATIO

*Calculated as:*

Net financial liabilities/ Total Operating Income

Net financial liabilities are total liabilities less cash and other financial assets readily convertible to cash.

*Purpose:*

This ratio measures the extent to which Council is managing its debt. It's a broader measure of debt than simply looking at borrowing levels. It highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. The ratio expresses the amount as a percentage of Council's total income as prescribed by the LGA.

A steady ratio means council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond their means and can't generate the income required to service assets and operations.

The level of debt affects the amount of interest that Council pays, and so this ratio is considered in conjunction with the Interest Expense Ratio (ratio 5).

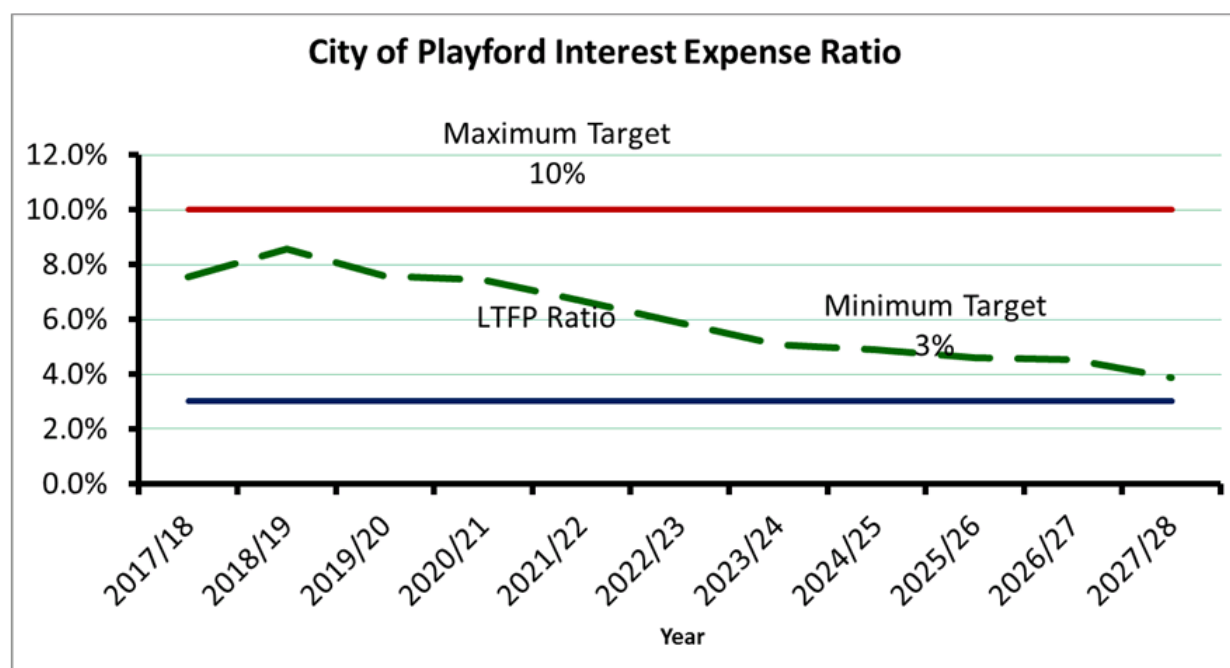
*Target:*

In order to ensure this target is meaningful it needs to be set and aligned with the planning strategy of the Council. If Council is in a significant development stage then a higher range may be acceptable. The target needs to be flexible based on community needs and long term financial sustainability. Council has adopted a target ratio between 50% and 160%.

*Long Term Financial Plan Commentary:*

Council's net financial liabilities decrease as benefits associated with continuous improvement initiatives, land sales and investments initiatives and return to operating surplus.

## 6.5. FINANCIAL INDICATOR 5 - INTEREST EXPENSE RATIO

*Calculated as:*

Interest Expense less Interest Income / General Rate Income (less NRM levy)



*Purpose:*

This ratio measures the affordability of Council's debt and articulates the proportion of Council's general rate income that is being used to service debt. This is strongly linked both to interest rates and the level of debt and so should be considered in conjunction with financial indicator 4 – Net Financial Liabilities Ratio.

*Target:*

Interest expense greater than 10% of general rate revenue is considered to be an unacceptable level of servicing costs for borrowings. The target indicates Council's ability to afford the level of debt, as well as continue operations as usual.

A higher percentage means that more of Council's revenue is required to pay for debt rather than paying for community services and other benefits, which may require higher rate rises to maintain service standards.

If Council is in a significant development stage then a higher range may be acceptable and aligned with the planning strategy of the Council. Council has adopted a target ratio between 3% and 10%.

*Long Term Financial Plan Commentary:*

Over the period of the plan Council's projected cost of borrowings remains below the maximum target of 10% adopted by Council under the assumption that interest rates remain at or lower than 6.9% over the life of the plan.

Council's interest costs increase to Year 3 then remain relatively stable as a portion of general rate income.

## 7. FINANCIAL STATEMENTS

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### UNIFORM PRESENTATION OF FINANCES

The uniform presentation of finances statement provides a high level summary of both operating and capital investment activities enabling comparisons between councils.

### STATEMENT OF COMPREHENSIVE INCOME

The statement of comprehensive income presents the operating income, expenses and result. It also presents those amounts that are classified as capital income and other comprehensive income. It is based on the model financial statements as required under the Local Government Act 1999. Amounts included within this statement are used to calculate a number of the financial indicators that assist in assessing our financial performance and viability over time.

### BALANCE SHEET

The balance sheet provides a projection of total 'community wealth' (total equity). The balance sheet summarises our financial worth at a specific point in time including assets, liabilities and net equity. Amounts included within the balance sheet are used to calculate a number of the financial indicators that assist in assessing our financial position and viability over time.

### STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity is used to illustrate the movement between the equity shown in the balance sheet at the beginning of an accounting period and the equity at the end of a period. It also provides details of reserves currently held including forecast movements.

## STATEMENT OF CASH FLOWS

The statement of cash flows forecasts incoming and outgoing cash for the financial year. It also explains changes in the balance sheet and statement of comprehensive income affected by cash and cash equivalents. The statement is useful in determining the short term viability of Council, particularly our ability to meet cash commitments.

## 7.1 PROJECTED FINANCIAL STATEMENTS 2018-19 / 2027-28

PROJECTED UNIFORM PRESENTATION OF FINANCES	Current 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenues	95,195	102,860	106,662	111,663	118,805	122,324	126,831	132,124	134,692	139,620	144,881
less Operating Expenses	(101,060)	(105,747)	(108,271)	(112,148)	(114,877)	(118,257)	(121,121)	(124,942)	(129,124)	(133,668)	(137,614)
OPERATING SURPLUS/(DEFICIT)	(5,865)	(2,887)	(1,609)	(485)	3,928	4,067	5,710	7,182	5,568	5,952	7,267
Capital Expenditure on Renewal/Replacement of Existing Asset	(16,729)	(25,301)	(22,146)	(18,190)	(20,931)	(17,243)	(24,751)	(23,962)	(21,206)	(21,614)	(24,365)
Depreciation	18,137	19,743	20,677	21,897	22,560	23,407	24,104	24,782	25,499	26,545	27,327
Proceeds from Sale of Replaced Assets	1,145	1,101	2,388	1,533	2,109	873	2,260	1,073	1,815	1,257	2,017
LESS - NET OUTLAYS ON EXISTING ASSETS	2,553	(4,457)	919	5,240	3,738	7,037	1,613	1,893	6,108	6,188	4,979
Capital Expenditure on New/Upgraded Assets	(40,967)	(38,319)	(24,501)	(20,082)	(2,066)	(11,651)	0	(4,765)	(5,661)	(15,074)	0
Amounts Received Specifically for New/Upgraded Assets	6,893	2,607	700	700	0	0	0	0	0	0	0
Proceeds from Sale of Surplus Assets	3,400	17,500	12,100	42,600	1,000	3,831	1,000	1,000	1,000	1,000	0
LESS - NET OUTLAYS ON NEW/UPGRADED ASSETS	(30,674)	(18,212)	(11,701)	23,218	(1,066)	(7,820)	1,000	(3,765)	(4,661)	(14,074)	0
NET LENDING (BORROWING)	(33,986)	(25,556)	(12,391)	27,973	6,600	3,284	8,323	5,310	7,015	(1,934)	12,246

PROJECTED STATEMENT OF COMPREHENSIVE INCOME	Current 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>INCOME</b>											
Rates	75,410	78,196	81,799	85,610	89,600	93,268	96,857	100,553	104,571	108,808	113,114
Statutory Charges	2,123	1,961	2,004	2,053	2,104	2,155	2,203	2,254	2,310	2,368	2,423
User Charges	5,212	5,305	6,150	6,408	6,665	6,827	6,978	7,136	7,314	7,497	7,674
Grants, Subsidies & Contributions	10,795	15,992	15,475	16,326	19,140	18,748	19,444	20,800	19,080	19,495	20,190
Investment Income	90	104	73	80	83	86	85	91	98	102	102
Reimbursements	902	793	811	831	852	873	892	912	935	959	981
Other Income	373	219	224	229	235	241	246	252	258	265	271
Net gain - joint ventures & associates	290	290	126	126	126	126	126	126	126	126	126
<b>TOTAL INCOME</b>	<b>95,195</b>	<b>102,860</b>	<b>106,662</b>	<b>111,663</b>	<b>118,805</b>	<b>122,324</b>	<b>126,831</b>	<b>132,124</b>	<b>134,692</b>	<b>139,620</b>	<b>144,881</b>
<b>EXPENSES</b>											
Employee Costs	39,763	40,443	42,038	43,544	45,285	47,084	48,802	50,588	52,562	54,625	56,672
Materials, Contracts & Other Expenses	37,383	38,767	39,285	40,255	40,962	42,181	43,186	44,554	46,131	47,470	49,120
Finance Costs	5,703	6,720	6,197	6,378	5,996	5,511	4,955	4,944	4,858	4,954	4,421
Depreciation	18,137	19,743	20,677	21,897	22,560	23,407	24,104	24,782	25,499	26,545	27,327
Net loss - joint ventures & associates	74	74	74	74	74	74	74	74	74	74	74
<b>TOTAL EXPENSES</b>	<b>101,060</b>	<b>105,747</b>	<b>108,271</b>	<b>112,148</b>	<b>114,877</b>	<b>118,257</b>	<b>121,121</b>	<b>124,942</b>	<b>129,124</b>	<b>133,668</b>	<b>137,614</b>
<b>OPERATING SURPLUS (DEFICIT)</b>	<b>(5,865)</b>	<b>(2,887)</b>	<b>(1,609)</b>	<b>(485)</b>	<b>3,928</b>	<b>4,067</b>	<b>5,710</b>	<b>7,182</b>	<b>5,568</b>	<b>5,952</b>	<b>7,267</b>
Net Gain (Loss) on Disposal or Revaluation of Assets	4,576	18,613	14,488	44,133	3,009	4,703	3,261	2,074	2,815	2,259	2,017
Non Operating Items - Associates & Joint Ventures	0	0	0	0	0	0	0	0	0	0	0
Amounts Rec'd Specifically for New/Upgraded Assets	6,893	2,607	700	700	0	0	0	0	0	0	0
Physical Resources Received Free of Charge	7,938	8,116	8,321	8,547	8,790	9,042	9,287	9,534	9,807	10,102	10,398
<b>TOTAL CAPITAL REVENUES</b>	<b>19,407</b>	<b>29,336</b>	<b>23,509</b>	<b>53,380</b>	<b>11,799</b>	<b>13,745</b>	<b>12,548</b>	<b>11,608</b>	<b>12,622</b>	<b>12,361</b>	<b>12,415</b>
<b>NET SURPLUS (DEFICIT)</b>	<b>13,542</b>	<b>26,449</b>	<b>21,900</b>	<b>52,895</b>	<b>15,727</b>	<b>17,812</b>	<b>18,258</b>	<b>18,790</b>	<b>18,190</b>	<b>18,313</b>	<b>19,682</b>





PROJECTED BALANCE SHEET	Current 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Current Assets</b>											
Cash & Equivalent Assets	1,538	1,558	1,625	1,675	1,743	1,820	1,900	1,953	2,031	2,101	2,182
Trade & Other Receivables	7,552	7,902	8,256	8,631	9,035	9,434	9,796	10,165	10,554	10,967	11,385
Inventories	129	132	135	138	141	144	147	150	154	158	162
<b>TOTAL CURRENT ASSETS</b>	<b>9,219</b>	<b>9,592</b>	<b>10,016</b>	<b>10,444</b>	<b>10,919</b>	<b>11,398</b>	<b>11,843</b>	<b>12,268</b>	<b>12,739</b>	<b>13,226</b>	<b>13,729</b>
<b>Non-Current Assets</b>											
Receivables	365	365	365	365	365	365	365	365	365	365	365
Equity Accounted Investments in Council Businesses	7,555	7,555	7,555	7,555	7,555	7,555	7,555	7,555	7,555	7,555	7,555
Infrastructure, Property, Plant & Equipment	1,199,020	1,278,602	1,341,112	1,398,813	1,442,647	1,492,041	1,534,689	1,582,907	1,633,698	1,695,114	1,742,292
Other Non-Current Assets	26,732	26,732	26,732	26,732	26,732	26,732	26,732	26,732	26,732	26,732	26,732
<b>TOTAL NON-CURRENT ASSETS</b>	<b>1,233,672</b>	<b>1,313,254</b>	<b>1,375,764</b>	<b>1,433,465</b>	<b>1,477,299</b>	<b>1,526,693</b>	<b>1,569,341</b>	<b>1,617,559</b>	<b>1,668,350</b>	<b>1,729,766</b>	<b>1,776,944</b>
<b>TOTAL ASSETS</b>	<b>1,242,891</b>	<b>1,322,846</b>	<b>1,385,780</b>	<b>1,443,909</b>	<b>1,488,218</b>	<b>1,538,091</b>	<b>1,581,184</b>	<b>1,629,827</b>	<b>1,681,089</b>	<b>1,742,992</b>	<b>1,790,673</b>
<b>Current Liabilities</b>											
Trade & Other Payables	20,304	21,921	21,496	21,853	21,938	22,085	22,335	22,471	22,751	23,004	23,205
Short-term Provisions	4,357	4,632	4,711	4,932	5,103	5,319	5,506	5,711	5,932	6,166	6,396
Short-term Borrowings	22,892	26,036	49,372	6,705	13,175	8,354	8,576	8,510	13,190	12,220	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>47,553</b>	<b>52,589</b>	<b>75,579</b>	<b>33,490</b>	<b>40,216</b>	<b>35,758</b>	<b>36,417</b>	<b>36,692</b>	<b>41,873</b>	<b>41,390</b>	<b>29,601</b>
<b>Non-Current Liabilities</b>											
Long-term Provisions	899	901	943	973	1,014	1,053	1,092	1,132	1,176	1,222	1,268
Long-term Borrowings	117,715	138,606	128,389	142,903	130,111	131,725	123,149	117,949	106,180	109,038	109,038
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>118,614</b>	<b>139,507</b>	<b>129,332</b>	<b>143,876</b>	<b>131,125</b>	<b>132,778</b>	<b>124,241</b>	<b>119,081</b>	<b>107,356</b>	<b>110,260</b>	<b>110,306</b>
<b>TOTAL LIABILITIES</b>	<b>166,167</b>	<b>192,096</b>	<b>204,911</b>	<b>177,366</b>	<b>171,341</b>	<b>168,536</b>	<b>160,658</b>	<b>155,773</b>	<b>149,229</b>	<b>151,650</b>	<b>139,907</b>
<b>NET ASSETS</b>	<b>1,076,724</b>	<b>1,130,750</b>	<b>1,180,869</b>	<b>1,266,543</b>	<b>1,316,877</b>	<b>1,369,555</b>	<b>1,420,526</b>	<b>1,474,054</b>	<b>1,531,860</b>	<b>1,591,342</b>	<b>1,650,766</b>
<b>Equity</b>											
Accumulated Surplus	443,707	470,072	491,561	543,829	558,323	576,565	593,481	611,197	628,463	645,862	666,274
Asset Revaluation Reserve	626,995	654,572	682,791	715,570	750,177	785,043	817,756	852,494	892,110	933,279	973,021
Other Reserves	6,022	6,106	6,517	7,144	8,377	7,947	9,289	10,363	11,287	12,201	11,471
<b>TOTAL EQUITY</b>	<b>1,076,724</b>	<b>1,130,750</b>	<b>1,180,869</b>	<b>1,266,543</b>	<b>1,316,877</b>	<b>1,369,555</b>	<b>1,420,526</b>	<b>1,474,054</b>	<b>1,531,860</b>	<b>1,591,342</b>	<b>1,650,766</b>

PROJECTED STATEMENT OF CHANGES IN EQUITY	Current 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>ACCUMULATED SURPLUS</b>											
Balance at End of Previous Reporting Period	428,449	443,707	470,072	491,561	543,829	558,323	576,565	593,481	611,197	628,463	645,862
Net Surplus (deficit) for year	13,542	26,449	21,900	52,895	15,727	17,812	18,258	18,790	18,190	18,313	19,682
Transfers from Other Reserves (excl Asset Reval Res)	2,189	338	517	545	25	1,750	25	25	25	25	1,750
Transfers to Other Reserves (excl Asset Reval Res)	(473)	(422)	(928)	(1,172)	(1,258)	(1,320)	(1,367)	(1,099)	(949)	(939)	(1,020)
Balance at End of Reporting Period	443,707	470,072	491,561	543,829	558,323	576,565	593,481	611,197	628,463	645,862	666,274
<b>ASSET REVALUATION RESERVE</b>											
Balance at End of Previous Reporting Period	601,106	626,995	654,572	682,791	715,570	750,177	785,043	817,756	852,494	892,110	933,279
Gain (Loss) on revaluation of Infrastructure, Property, Plant &	25,889	27,577	28,219	32,779	34,607	34,866	32,713	34,738	39,616	41,169	39,742
Balance at End of Reporting Period	626,995	654,572	682,791	715,570	750,177	785,043	817,756	852,494	892,110	933,279	973,021
<b>OTHER RESERVES</b>											
Balance at End of Previous Reporting Period	6,022	6,106	6,517	7,144	8,377	7,947	9,289	10,363	11,287	12,201	11,471
Balance at End of Reporting Period	6,022	6,106	6,517	7,144	8,377	7,947	9,289	10,363	11,287	12,201	11,471
<b>Total Equity</b>	<b>1,076,724</b>	<b>1,130,750</b>	<b>1,180,869</b>	<b>1,266,543</b>	<b>1,316,877</b>	<b>1,369,555</b>	<b>1,420,526</b>	<b>1,474,054</b>	<b>1,531,860</b>	<b>1,591,342</b>	<b>1,650,766</b>
Represented by											
Accumulated Surplus	443,707	470,072	491,561	543,829	558,323	576,565	593,481	611,197	628,463	645,862	666,274
Reserves	633,017	660,678	689,308	722,714	758,554	792,990	827,045	862,857	903,397	945,480	984,492
<b>Total Equity</b>	<b>1,076,724</b>	<b>1,130,750</b>	<b>1,180,869</b>	<b>1,266,543</b>	<b>1,316,877</b>	<b>1,369,555</b>	<b>1,420,526</b>	<b>1,474,054</b>	<b>1,531,860</b>	<b>1,591,342</b>	<b>1,650,766</b>



PROJECTED CASH FLOW STATEMENT	Current 2017/18	Year 1 2018/19	Year 2 2019/20	Year 3 2020/21	Year 4 2021/22	Year 5 2022/23	Year 6 2023/24	Year 7 2024/25	Year 8 2025/26	Year 9 2026/27	Year 10 2027/28
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Cash Flows from Operating Activities</b>											
<b>RECEIPTS</b>											
Investment Receipts	90	104	73	80	83	86	85	91	98	102	102
Operating Receipts	96,843	101,951	106,557	111,081	118,445	121,821	126,471	131,683	134,279	139,162	144,411
<b>PAYMENTS</b>											
Finance Payments	(5,703)	(6,720)	(6,197)	(6,378)	(5,996)	(5,511)	(4,955)	(4,944)	(4,858)	(4,954)	(4,421)
Operating Payments	(78,841)	(76,938)	(82,026)	(83,141)	(86,254)	(88,922)	(91,676)	(94,857)	(98,300)	(101,697)	(105,443)
<b>NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	<b>12,389</b>	<b>18,397</b>	<b>18,407</b>	<b>21,642</b>	<b>26,278</b>	<b>27,474</b>	<b>29,925</b>	<b>31,973</b>	<b>31,219</b>	<b>32,613</b>	<b>34,649</b>
<b>Cash Flows from Financing Activities</b>											
<b>RECEIPTS</b>											
Proceeds from Borrowings	59,131	46,927	39,155	21,219	383	9,968	0	3,310	1,421	15,078	0
<b>PAYMENTS</b>											
Repayments of Borrowings	(26,825)	(22,892)	(26,036)	(49,372)	(6,705)	(13,175)	(8,354)	(8,576)	(8,510)	(13,190)	(12,220)
<b>NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>	<b>32,306</b>	<b>24,035</b>	<b>13,119</b>	<b>(28,153)</b>	<b>(6,322)</b>	<b>(3,207)</b>	<b>(8,354)</b>	<b>(5,266)</b>	<b>(7,089)</b>	<b>1,888</b>	<b>(12,220)</b>
<b>Cash Flows from Investing Activities</b>											
<b>RECEIPTS</b>											
Amounts Specifically for New/Upgraded Assets	6,893	2,607	700	700	0	0	0	0	0	0	0
Repayments of Loans by Community Groups	0	0	0	0	0	0	0	0	0	0	0
Sale of Renewed/Replaced Assets	1,145	1,101	2,388	1,533	2,109	873	2,260	1,073	1,815	1,257	2,017
Sale of Surplus Assets	3,400	17,500	12,100	42,600	1,000	3,831	1,000	1,000	1,000	1,000	0
<b>PAYMENTS</b>											
Expenditure on Renewal/Replacement of Assets	(16,729)	(25,301)	(22,146)	(18,190)	(20,931)	(17,243)	(24,751)	(23,962)	(21,206)	(21,614)	(24,365)
Expenditure on New/Upgraded Assets	(40,967)	(38,319)	(24,501)	(20,082)	(2,066)	(11,651)	0	(4,765)	(5,661)	(15,074)	0
Capital Contributed to Associated Entities											
<b>NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	<b>(46,258)</b>	<b>(42,412)</b>	<b>(31,459)</b>	<b>6,561</b>	<b>(19,888)</b>	<b>(24,190)</b>	<b>(21,491)</b>	<b>(26,654)</b>	<b>(24,052)</b>	<b>(34,431)</b>	<b>(22,348)</b>
<b>Net Increase/(Decrease) in Cash and Investments</b>	<b>(1,563)</b>	<b>20</b>	<b>67</b>	<b>50</b>	<b>68</b>	<b>77</b>	<b>80</b>	<b>53</b>	<b>78</b>	<b>70</b>	<b>81</b>
<b>Bank Overdraft</b>											
<b>Cash and Investments at the Beginning of Year</b>	<b>3,101</b>	<b>1,538</b>	<b>1,558</b>	<b>1,625</b>	<b>1,675</b>	<b>1,743</b>	<b>1,820</b>	<b>1,900</b>	<b>1,953</b>	<b>2,031</b>	<b>2,101</b>
<b>CASH AND INVESTMENTS AT THE END OF YEAR</b>	<b>1,538</b>	<b>1,558</b>	<b>1,625</b>	<b>1,675</b>	<b>1,743</b>	<b>1,820</b>	<b>1,900</b>	<b>1,953</b>	<b>2,031</b>	<b>2,101</b>	<b>2,182</b>



Document Control		<div></div>			
Document ID: 59_04_070905_Igasa_iamp template v11					
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	March 2010	Version 1	Paul Alberton	Paul Alberton	Peter Oye
2	March 2011	Version 2	Paul Alberton	Paul Alberton	Peter Oye
3	April 2013	Version 3	Paul Alberton	Paul Alberton	Mal Hemmerling
4	February 2015	Version 4	Ashley Curtis	Paul Alberton	Mal Hemmerling
5	April 2016	Version 5	Lam Vuong	Paul Alberton	James Pollock
6	March 2017	Version 6	Lam Vuong	Paul Alberton	James Pollock
8	February 2018	Version 7	Luke Harris	Paul Alberton	James Pollock

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Asset Management Plan 2018-19

Date: 24/04/2018

Endorsed by: City of Playford

Produced by City of Playford

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This document forms part of the Plan Section of the City of Playford Business Planning Framework



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## EXECUTIVE SUMMARY

### WHAT COUNCIL PROVIDES

City of Playford has a significant portfolio of community assets under its care and control. These assets form an integral part of providing services to the community which support the governance and accountability of Council. These services are provided in partnership with end users to enable a systematic process of capturing, organising, sharing and using information to enable us to meet our strategic objectives and deliver services to our Community.

Sound asset management is a key to the financial sustainability of the City of Playford. The Council has an obligation to ensure that current assets are managed efficiently and effectively and that decisions regarding the acquisition of new assets and the sale and maintenance of current assets are undertaken in an open and transparent fashion. The management of assets cannot be done in isolation and needs to consider financial, social and environmental factors in decision making.

Most importantly, the assets that Council is responsible for are community assets and as such the service level provided by each asset must be set in recognition of the feedback received from the various customer survey avenues.

### ASSET BASED SERVICES PROVIDED BY COUNCIL

City of Playford owns and is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities to the community. Asset Management Plans have been developed to ensure that Council continues to provide effective and comprehensive management of its asset portfolios. Plans have been completed for the following asset portfolios:

- Buildings
- Fleet
- Footpaths
- Information Technology
- Parks & Recreation
- Stormwater
- Transportation

This document has been prepared as a summary of the above plans.

Asset Management Plans (AMP) are reviewed during the annual budget preparation and amended to recognise any changes in service levels and / or resources available to provide those services as a result of the budget decision process.

The City of Playford has continued to improve our data collection and condition rating accuracy.

### WHAT DOES IT COST?

The projected outlays necessary to provide the services covered by this AMP includes operations, maintenance, renewal and upgrade of existing assets over the 10 year planning period is \$592m or \$59.2m on average per year.



## PLANS FOR THE FUTURE

City of Playford plans to operate and maintain the assets network to achieve the following strategic objectives.

1. Ensure the assets network is maintained at a safe and functional standard as set out in this Asset Management Plan.
2. Provide rapid response to assets issues.
3. Comply with the Disability & Discrimination Act (DDA).
4. Reduce the level of risk exposure to Council and ensure the network complements Council's strategies.
5. Meet community expectations in a financially sustainable manner via improved risk management, legislative compliance and management processes.
6. Prompt wider community participation and engagement in local community activities.

## MEASURING OUR PERFORMANCE

### *Quality*

Assets will be maintained in a reasonably usable condition. Defects found or reported that are outside our service standard will be repaired. Maintenance response service levels are in the detailed AM plans.

### *Function*

Assets will be managed to function at a required service level. The Council's intent is that an appropriate Asset Management System is maintained to facilitate this service level.

The main consequence of the service function of our assets is the sustainable provision of built assets that contribute to community wellbeing.

### *Safety*

We monitor all Assets and prioritise and repair defects in accordance with our inspection schedule to ensure they are safe and fully operational.

## CONFIDENCE LEVELS

This AMP is based on medium level of confidence information.

## THE NEXT STEPS

These actions resulting from this Asset Management Plan are:

- Review data management quality procedures and seek improvements.
- Maintain Geographic Information System data regarding assets.
- Develop criteria for risk treatment.
- Assess asset capacity and condition rating.
- Communicate public responsibilities with respect to environmental care.
- Research international best practice.
- Improve collaboration with SA LGA Asset Management Network (SALGAMN) and other associated bodies.
- Develop better processes for capturing new and disposed assets, to ensure they are recorded into the asset register.
- Investigate maintenance and operating procedures, costs at an asset level.

- Move towards service driven asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed community service levels.
- Incorporate revaluations of Assets and develop the migration of the information into the asset register.
- Develop a Corporate process to determine a ranking system across all of its Assets, to assist in the prioritisation of expenditure.
- Review internal communication procedures for works approval undertaken by external organisations.

Accuracy of future financial forecasts may be improved in future revisions of this Asset Management Plan by the above actions.

## GROWTH

A significant challenge for the City of Playford is the current and forecast growth of the City. As reinforced by the 30 Year Plan for Greater Adelaide, the northern region is the designated growth corridor for Adelaide. Asset growth via developer contributions at ever increasing service standards (to meet customer expectations in the competitive real estate market), add millions of dollars to the asset life cycle cost each year. Coupled with this is the need for Council to construct social assets such as sporting and other community facilities.

## QUESTIONS YOU MAY HAVE

### *What is an Asset Management Plan?*

Asset management planning is a comprehensive process to ensure delivery of services from assets is provided in a financially sustainable manner.

Asset management plan details information about assets including actions required to provide an agreed level of service in the most cost effective manner. The plan defines the services to be provided, how the services are provided and what funds are required to provide the services.

Playford CC - Report 1 - Executive Summary AM Plan (Playford All 2019_S1_V1)	(\$000)
10 year total cost [10 yr Ops, Maint, Renewal & Upgrade Proj Exp]	<b>\$592,026</b>
10 year average cost	<b>\$59,203</b>
10 year total LTFP budget [10 yr Ops, Maint, Renewal & Upgrade LTFP Budget]	<b>\$592,023</b>
10 year average LTFP budget	<b>\$59,202</b>
10 year AM financial indicator	<b>100%</b>
10 year average funding shortfall	<b>\$0</b>

## 2. INTRODUCTION

### 2.1. BACKGROUND

This document has been developed as a summary of the Asset Management Plans (AMPs) developed by the City of Playford. The Plans cover the following Asset Groups:

AMP	Assets Covered
Transportation	Road pavement & seal, unsealed roads, kerbing car parks, pedestrian bridges, other road structures.
Stormwater	Pipes, pits, headwalls & trash racks, Wetland infrastructure and other drainage structures.
Footpaths	Footpaths / cycle ways (along roads and within reserves).
Buildings	Council owned buildings & storage sheds either occupied by Council or others.
Parks and Recreation	Irrigation, playgrounds, park furniture and oval lighting.
Information Technology	IT equipment and assets such as computers, printers, servers.
Fleet	Cars, trucks, utes, heavy equipment and other vehicle types.

The AMPs are extensive technical documents of approximately 54 pages each so the detail cannot be included in this summary.

The plans themselves contain the results of the data analysis pertinent to the specific asset group. It should be noted that the Asset Management Plans do not cover every category of asset or *green* assets such as trees, sports field turf, etc. While some assets, such as office furniture, do not have a separate Asset Management Plan, the combined capital value is recorded for financial purposes.

These asset management plans follow the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual<sup>1</sup>.

The assets covered by this asset management plan are shown in Table 2.1. These assets are used to provide the assets network to its community.

<sup>1</sup> IPWEA, 2011, Sec 4.2.6, Example of an Asset Management Plan Structure, pp 4| 24 – 27.

Table 2.1: Assets covered by this Plan

Subcategory	Asset	Dimension	Renewal \$
Transportation	Car park	302,586 m <sup>2</sup>	9,091,044
	Kerb	1,124 km	64,785,094
	Structures	7,355 ea.	26,439,073
	Sealed Road	799 km	401,267,073
	Unsealed Road	71 km	4,232,797
Stormwater	Pipes	462,081 m	117,382,979
	Pits	12,412 ea.	31,531,008
	Other Capture	82,362 m	7,505,087
	Water Delivery	384,528 m	20,113,990
Footpaths	Footpaths	724 km	88,654,831
	Other	7,728 ea.	1,805,041
Buildings	Community	43 ea.	39,743,429
	Corporate	42 ea.	41,484,101
	Other	43 ea.	999,814
	Public Toilet	19 ea.	1,863,156
	Sporting	50 ea.	43,232,831
Parks & Recreation	Irrigation	366 ea.	16,930,304
	Playground	94 ea.	6,893,061
	Other Structures	2,497 ea.	22,996,811
Information Technology		1,770 ea.	3,113,106
Fleet	Vehicles	194 ea.	14,070,509
	Trailers	72 ea.	705,988
	Plant	70 ea.	575,957

These assets have a renewal value of \$965,417,084.

#### Assumptions

This Plan is based on current service level and indexed 2017/2018 dollars. It does not take into consideration any new equipment or systems that may be implemented over the coming year.

Key stakeholders in the preparation and implementation of this are:

Assets & Project Management	Governance and Asset Management Strategies
Councillors/Board Members	<ul style="list-style-type: none"> <li>Represent needs of community/shareholders.</li> <li>Allocate resources to meet the organisation's objectives in providing services while managing risks.</li> <li>Ensure organisation is financially sustainable.</li> </ul>
CEO/General Manager	<ul style="list-style-type: none"> <li>Manage organisation operational activities and future planning strategic direction.</li> </ul>
Operational Teams	<ul style="list-style-type: none"> <li>Design, documentations, capital work projects.</li> <li>Operational and service levels, data information and analysis.</li> </ul>
Finance Team	<ul style="list-style-type: none"> <li>Long Term Financial Plans and operational financial data.</li> </ul>
Community & Ratepayers	<ul style="list-style-type: none"> <li>End user of services.</li> </ul>

## 2.2. STEWARDSHIP

A principal role of Council is the provision of services to its community. Some of these services are provided by assets. Council's goal in managing assets is to meet the required level of service in the most cost-effective manner for present and future consumers.

The objective of the Asset Management Plans (AMPs) is to enable responsible management of assets (and services provided from assets), compliance with regulatory requirements, and to communicate funding required to provide required levels of service for the lowest whole of life cost.

The key elements of asset management are:

- Taking a total life cycle approach.
- Developing cost effective management strategies for the long term.
- Providing a defined level of service and monitoring performance.
- Understanding and meeting the demands of growth through demand management and asset investment.
- Managing risks associated with asset failures.
- Sustainable use of physical resources.
- Continuous improvement in asset management practices.

The asset management plan is to be read in conjunction with the organisation's other strategic documents as follows:

- Strategic Plan.
- Long Term Financial Plan 2018/19 – 2027/28.
- Playford Community Vision 2043.

## 2.3. PLAN FRAMEWORK

Key elements of the plan are:

- Levels of service – specifies the services and levels of service provided by Council.
- Future demand – how this will impact on future service delivery.
- Life cycle management – how Council will manage its existing and future assets to provide the required services.
- Financial summary – what funds are required to provide the required services.
- Asset management practices.
- Monitoring – how the plan will be monitored to ensure it meets Council's objectives.
- Asset Management Improvement Plan.

## 2.4. CORE AND ADVANCED ASSET MANAGEMENT

This Asset Management Plan is prepared as a 'core' asset management plan in accordance with the International Infrastructure Management Manual. It is prepared to meet minimum legislative and organisational requirements for sustainable service delivery and long term financial planning and reporting. Core asset management is a 'top down' approach where analysis is applied at the 'system' or 'network' level.

Future revisions of this will move towards 'advanced' asset management using a 'bottom up' approach for gathering asset information for individual assets to support the optimisation of activities and programs to meet agreed service levels.

## 2.5. COMMUNITY CONSULTATION

This 'core' asset management plan is prepared to facilitate community consultation initially through feedback on public display of the draft AMP prior to adoption by Council.



### 3. LEVELS OF SERVICE

#### 3.1. CUSTOMER RESEARCH AND EXPECTATIONS

The City of Playford has been undertaking an independent evaluation of Council services through a Resident Satisfaction Survey since 2001.

##### *Objectives*

The broad objectives of the Resident Satisfaction Survey include:

- Assessing and establishing the community's priorities and satisfaction in relation to Council activities, services and facilities.
- Identifying the community's overall satisfaction with Council's performance.
- Identifying the community's level of satisfaction with regards to contact they have had with Council staff.

##### *Methodology*

Micromex Research, together with City of Playford Council developed the questionnaire. The sample consisted of a total 601 households via computer assisted telephone interviews (CATI). The survey was conducted in July 2017.

#### SUMMARY RESULTS:

The Resident Satisfaction Survey carried out in 2017 evaluated Council's service delivery for the 2016/17 financial year against these goals. In January 2014, Council endorsed its new Strategic Plan and future Resident Satisfaction Surveys and results will be reported according to the five strategies in that document.

##### 2013 – 2017 Resident Satisfaction Survey Measures

Interpreting the Mean Score	
1.99 or lower	Very low satisfaction
2.00 – 2.49	Low satisfaction
2.50 – 2.99	Moderately low satisfaction
3.00 – 3.59	Moderate satisfaction
3.60 – 3.89	Moderately high satisfaction
3.90 – 4.19	High satisfaction
4.20 – 4.49	Very high satisfaction
4.50 +	Extremely high satisfaction

##### Key Performance Indicators – Year-on-Year Change

Measures	Mean Score (1-5)				
	2013	2014	2015	2016	2017
Overall Satisfaction with Council	3.50	3.35	3.57	3.76	3.68
Planning for the future	3.45	3.30	3.55	3.56	3.55
Being open & accountable to the community	3.25	3.00	3.32	3.25	3.36
Community input to Council decision-making	3.05	2.80	3.23	3.16	3.25
Council provide value for money for the rates paid	2.85	2.60	3.00	2.94	2.98
Presentation of the City	3.45	3.50	3.57	3.64	3.56
Overall satisfaction with Council's level of customer service	3.90	3.90	3.76	3.95	3.83

Council uses this information in developing the Strategic Management Plan and in allocation of resources in the budget.



### 3.2. STRATEGIC AND CORPORATE GOALS

The current vision and goals of the Council are outlined in the Strategic Plan as aligned with the Playford Community Vision 2043.

The AMPs have been developed in accordance with the strategies outlined. The table below summarises the key strategic points.

*Table 3.2. Council Strategies that are addressed in this Plan*

Goal Plan	Objective
Our foundations – services, city presentation and community pride	<ul style="list-style-type: none"> <li>- Liveable City with mix of services and facilities</li> <li>- Environmental responsibility</li> <li>- Attractive and sustainable open spaces</li> <li>- Improved Visual amenity</li> <li>- Enhanced reputation</li> </ul>
Securing Playford's future and building value	<ul style="list-style-type: none"> <li>- Well planned and sustainable City</li> <li>- Diversified and expanding economic base</li> </ul>
Elizabeth, Adelaide's northern CBD	<ul style="list-style-type: none"> <li>- Provision of CBD facilities and services</li> <li>- Vibrant, walkable and cosmopolitan lifestyle</li> <li>- Opportunities for social interactions</li> </ul>
Securing Playford's future in the global economy	<ul style="list-style-type: none"> <li>- Key economic drive of the State</li> <li>- Robust local economy with local job opportunities</li> <li>- Part of Southern Food Bowl with national and international links</li> <li>- Re-focused manufacturing to support economic growth in the north of the State</li> </ul>
Building our capabilities	<ul style="list-style-type: none"> <li>- Highly performing organisation</li> <li>- Delivering value for money services</li> <li>- Effective government and private sector partnerships</li> </ul>

### 3.3 LEGISLATIVE REQUIREMENTS

Council has to meet many legislative requirements including Australian and State legislation and State regulations. These include those listed in Table 3.3 below and in the detailed asset plans:

Table 3.3. Legislative Requirements

Legislation	Requirement
Local Government Act	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a Long Term Financial Plan supported by Asset Management Plans for sustainable service delivery.
Local Government Act-Annual Reporting Section 428(2)(d)	(d) A report of the condition of the public works, under the control of City of Playford as at the end of that year together with: (i) An estimate (at current values) of the amount of money required to bring the works up to a satisfactory standard; and (ii) An estimate (at current values) of the annual expense of maintain the works at that standard; and (iii) The City of Playford's programme for maintenance for that year in respect of the works.
Australian Accounting Standards	Set out the financial reporting standards relating to. Inter alia, the (re)valuation and depreciation of Assets.
Disability Discrimination Act (DDA)	To ensure, as far as practicable, that persons with disabilities have the same rights to equality before the law as the rest of the community.
WHS Act 2012	To secure the health, safety and welfare of persons at work. To eliminate, at their source, risks to the health, safety and welfare of persons at work. To protect the public against risks to health or safety arising out of or in connection with the activities of persons at work, or the use of operation of various types of plant.
Community Land Management Act	Section 194 The Act places obligations and responsibilities on City of Playford to manage community land for the current and future benefit of the community.

### 3.4. CURRENT LEVELS OF SERVICE

Asset managers plan, implement and control technical service levels to influence the customer service levels.<sup>2</sup>

Service levels are the result of balancing community need with the cost of providing the service at a given level of satisfaction. In most cases a decision to provide an increased level of service will require additional funding to provide the service. Alternatively, a decision to reduce funding will generally result in lower service levels.

Service levels have been developed on two parameters for each of the AMPs:

- Community levels of service
- Technical levels of service.

Community levels of service are performance measures developed from the customer's perspective (how they *receive* the service).

Technical service levels are performance measures used in *providing* the service using technical terms.

Technical levels of service are planned, implemented and controlled, in order to influence the customer service levels. The customer and technical dimensions are usually (but not always) dependant on each other, such that high technical quality contributes to high service quality.

<sup>2</sup> IPWEA, 2011, IIMM, p 2.22

Various levels of service have been developed for each of the AMPs based on our current service provision. These are contained in the detailed asset management plans and will be further developed with improved measures and reporting in future revisions of the AMPs. Performance reporting is the responsibility of, and is available from, the Senior Managers of each asset portfolio. Some measures are reported within Council's quarterly performance reports whereas others are utilised within teams as operational performance management tools.

*Below are example levels of service for Irrigation contained within the Parks & Recreation AMP:*

Key Performance Measure	Level of Service / Outcome	Performance Measure Process
COMMUNITY LEVELS OF SERVICE		
Quality	To ensure all equipment is operating efficiently.	CRS or Inspection.
Function	To irrigate an area so that it meets service function of the reserve.	Inspection and Recreation strategy.
Environmental	Operation within SA Water restrictions.	Meter reading, IPOS Code of Practice.
Safety	No sprinkler tripping hazards.	CRS or Inspection.
TECHNICAL LEVELS OF SERVICE		
Condition	To provide appropriate sustainable irrigation network.	Audits and CRS.
Resource allocation	To provide an irrigation network in a cost effective manner for the total life of the asset.	Compliance with budget.

Council is currently in the process of reviewing service levels and changes made will be reflected in future plans.

### 3.5. DESIRED LEVELS OF SERVICE

At present, indications of desired levels of service are obtained from various sources including the LGASA Customer Satisfaction survey, resident's feedback to Councillors and staff, service requests and correspondence.

## 4. FUTURE DEMAND

### 4.1. DEMAND DRIVERS

Drivers affecting demand include, but are not limited to: population change, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, and environmental awareness.

### 4.2. DEMAND FORECAST

Playford continues to experience new residential development, most recently in Angle Vale, Blakeview, Eyre, Munno Para and Munno Para West. The most significant gains in population are expected in Angle Vale, Blakeview, Eyre, Munno Para, Munno Para West, Munno Para Downs and Virginia. The forecast population growth rates are higher than household growth across the LGA, as a result of the increasing number of people per household.

There is a need to resolve a range of issues to manage the growth in a way that it retains City of Playford as a desirable location in which to live. Such issues include, but are not limited to: land availability, infrastructure, regional facilities, industrial land, employment opportunities, and transport.

### 4.3. DEMAND IMPACT ON ASSETS

Demand factor trends and impacts on service delivery are summarised in Table 4.3

*Table 4.3. Demand Factors, Projections and Impact on Services*

Demand factor	Present position	Projection	Impact on services
Population	Resources are allocated to what we can fund or provide, not service driven.	The population increase is projected to be 41,055 persons over 20 years.	Population growth will increase traffic volumes and demand for more shared use paths and parks.
New land Divisions	Rapid increase in demand for residential land and infrastructure	Land development is expected in Buckland Park and Playford North	Increase in demand for maintenance of parks and associated infrastructure.
Climate Change	Climate change is not currently factored into decision making.	Temperature rise. Rainfall decrease. Rise in sea level.	Potential for decrease in rainfall to affect ground movements in reactive soils and therefore potentially increase park hazards or defects.



#### 4.4. DEMAND MANAGEMENT PLAN

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices include non-asset solutions, insuring against risks and managing failures.

Non-asset solutions focus on providing the required service without the need for the organisation to own the assets and management actions including reducing demand for the service, reducing the level of service (allowing some assets to deteriorate beyond current service levels) or educating customers to accept appropriate asset failures<sup>3</sup>. Examples of non-asset solutions include providing services from existing infrastructure such as aquatic centres and libraries that may be in another community area or public toilets provided in commercial premises.

Opportunities identified to date for demand management are contained in the detailed plans. Further opportunities will be developed in future revisions of this plan.

#### 4.5. ASSET PROGRAMS TO MEET DEMAND

Changes to the size and scope of City of Playford's Assets network is an ongoing issue that can be driven by changes in work practices, technology, and growth. Acquiring these new assets will commit City of Playford to fund ongoing operations and maintenance costs for the period that the service provided from the assets is required. City of Playford would need to increase annual maintenance budgets to ensure sufficient maintenance funds over the life cycle of all newly created assets.

Figure 1. Upgrade and New Assets to meet Demand

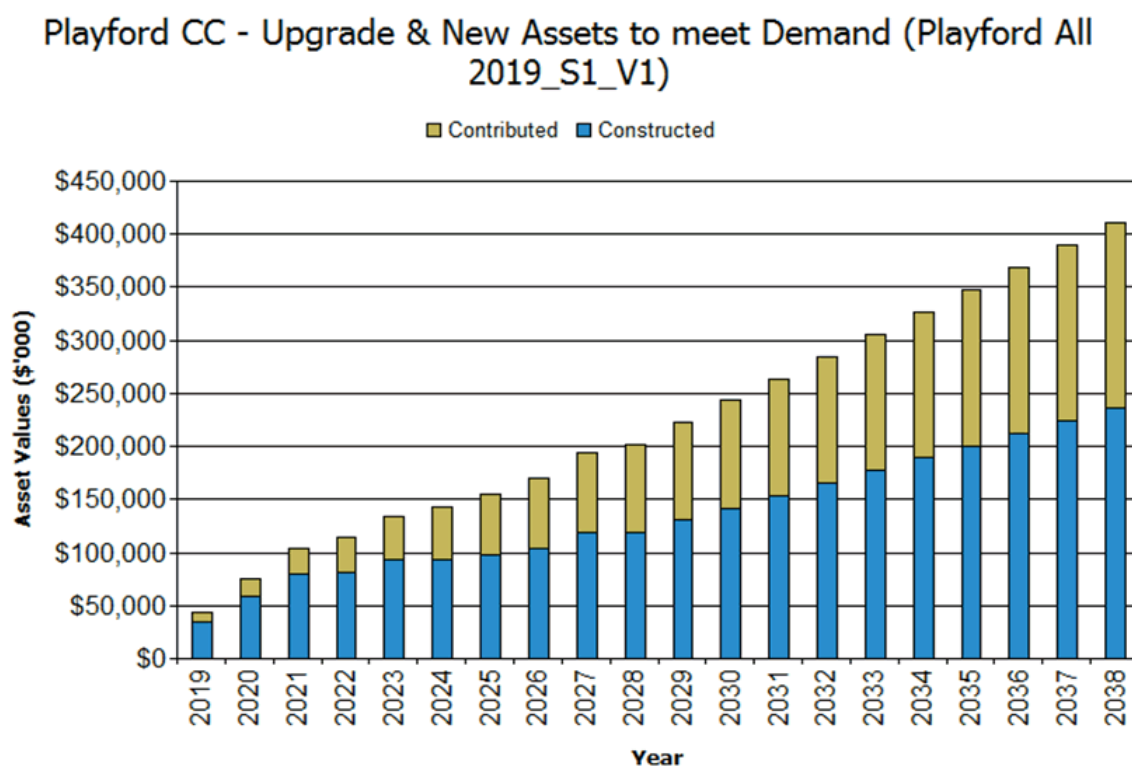


Figure 1 shows a linear growth over the 20-year period. Acquiring these new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

<sup>3</sup> IPWEA, 2011, IIMM, Table 3.4.1, p 3|58.

## 5. LIFECYCLE MANAGEMENT PLAN

The Lifecycle Management Plan details how Council plans to manage and operate the assets at the agreed levels of service (defined in Section 3) while optimising life cycle costs.

### 5.1. BACKGROUND DATA

This data covers currently owned assets. Many of City of Playford's Assets are nearing the end of their useful life. Therefore, careful monitoring of those assets with low condition rating at a detailed component level is necessary to manage appropriate service provision and associated risk.

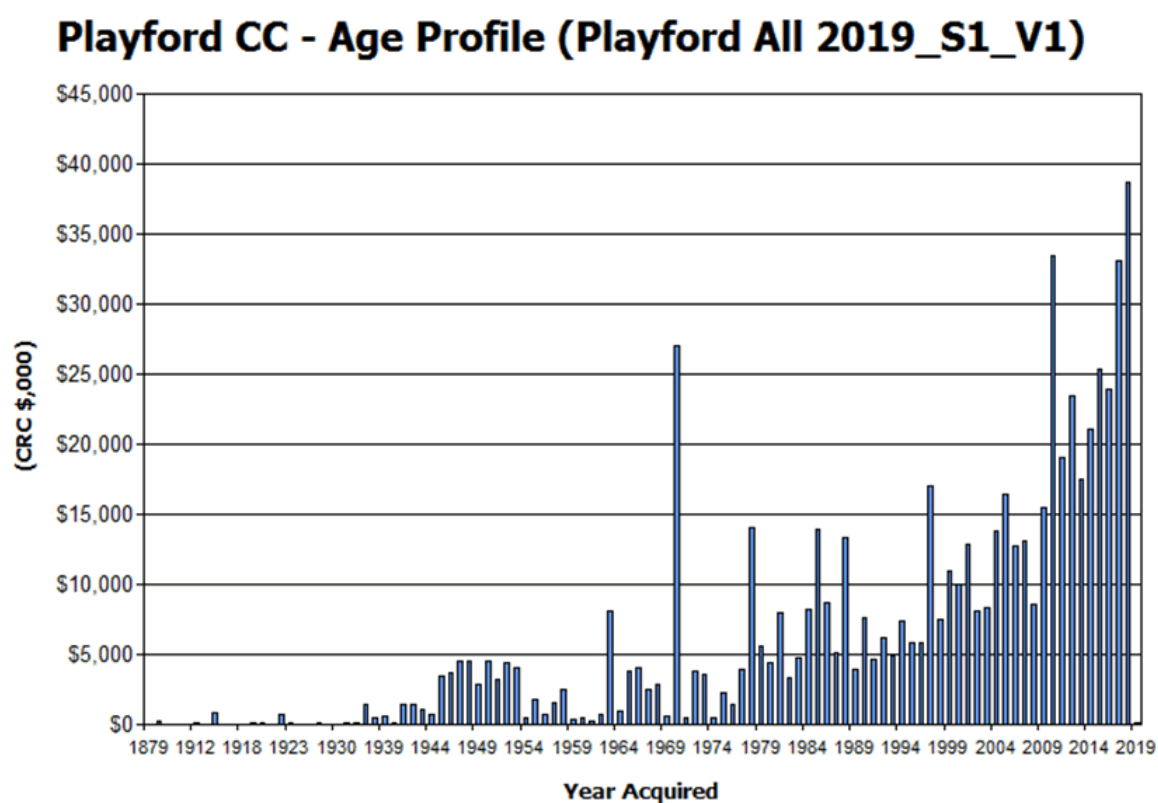
#### 5.1.1. PHYSICAL PARAMETERS

The Council owned assets covered by this are shown in Table 2.1.

The useful life of an asset is defined as a period over which a depreciable asset is expected to be fully utilised. This period can be significantly impacted by City of Playford's maintenance practices.

The age profile of Council's assets is shown in Figure 2.

Figure 2. Asset Age Profile



#### 5.1.2. ASSET CAPACITY AND PERFORMANCE

Council's services are generally provided to meet design standards where these are available.

Service deficiencies are identified from Customer Requests and regular safety and technical inspections undertaken by City of Playford employees.

## Playford CC - Condition Profile (Playford All 2019\_S1\_V1)

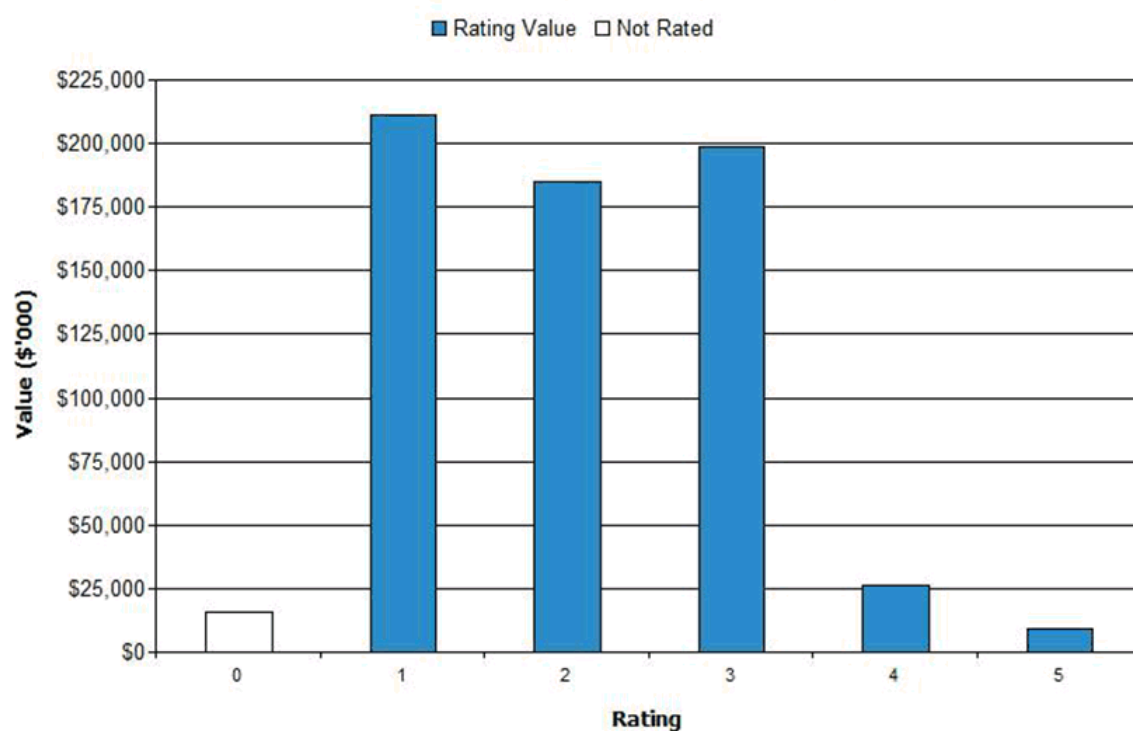


Table 5.1.2. Condition Profile

Condition Profile Breakdown		
Rating Value	Description	Value (\$'000)
1	As new	211,083
2	Minor deterioration	185,243
3	Fair condition	198,448
4	Poor condition	26,320
5	Requires renewal	9,188
0	Not rated	15,702

### 5.1.3. ASSET VALUATIONS

The value of assets as at 2017/2018 covered by this is summarised below. Assets were last revalued in 2016/17. Assets are listed at replacement rates.

Playford CC - Report 2 - Section 5.1.4 Valuations (Playford All 2019)	
Asset Values	('(\$000))
Current Replacement Cost	\$891,595
Depreciable Amount	\$885,176
Depreciated Replacement Cost	\$613,236
Annual Depreciation Expense	\$17,616
Rate of Annual Asset Consumption	2.0%
Rate of Annual Asset Renewal	2.8%
Rate of Annual Asset Upgrade	3.9%
Rate of Asset Upgrade (Including Contributed Assets)	4.8%
Asset renewals as percentage of consumption	138.6%
Percentage Increase in asset stock	4.8%

Council's sustainability reporting reports the rate of annual asset consumption and compares this to asset renewal and asset upgrade and expansion.

Various ratios of asset consumption and expenditure have been prepared to help guide and gauge asset management performance and trends over time.

In the 2018/19 financial year the organisation plans to renew assets at close to 138.6% of the rate they are being consumed. Asset stock will increase by 4.8% in the year due to upgrades and contributed assets arising from development activity.

### 5.2. RISK MANAGEMENT PLAN

An assessment of risks<sup>4</sup> associated with service delivery from assets has identified critical risks to Council. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Risk has been considered in the context of Asset Management for the following reasons:

- Determination about the rehabilitation, replacement or disposal of an asset should be based on the 'critical failure mode' established from risk management principles.
- To target maintenance plans, capital plans and investigations.
- To enable condition assessment to be focused on the critical mode of failure.
- The reduction or avoidance of risk needs to be quantified as a benefit when making decisions.
- Cost of actions to reduce risk need to be balanced against benefits achieved.

Risks that may prevent, degrade or delay service delivery have been identified in workshops by Council staff.

<sup>4</sup> Reference to Councils' Risk Management strategies and controls

The risk assessment process identifies the likelihood of the risk event occurring, the consequences should the event occur, develops a risk rating, evaluates the risk and develops a risk treatment plan for non-acceptable risks.

Critical risks, being those assessed as 'Very High' - requiring immediate corrective action and 'High' – requiring prioritised corrective action identified in the Risk Management Plan are summarised in the detailed plans.

### 5.3. ROUTINE OPERATIONS AND MAINTENANCE PLAN

Routine maintenance is the regular ongoing work that is necessary to keep assets operating, including instances where portions of the asset fail and need immediate repair to make the asset operational again.

#### 5.3.1. OPERATIONS AND MAINTENANCE PLAN

Operations activities affect service levels including quality and function through street sweeping and grass mowing frequency, intensity and spacing of street lights and cleaning frequency and opening hours of building and other facilities.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. Maintenance may be classified into reactive, planned and specific maintenance work activities.

Reactive maintenance is unplanned repair work carried out in response to service requests and management/supervisory directions.

Planned maintenance is repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown experience, prioritising, scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

Specific maintenance is replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacing air conditioning units, etc. This work falls below the capital/maintenance threshold but may require a specific budget allocation.

Expected maintenance expenditure is shown in Table 5.3.1.

*Table 5.3.1. Expected Maintenance Expenditure*

Maintenance Expenditure	
Reactive	Planned/Specific
\$1,109,742	\$9,796,975

Planned maintenance work is 90% of total maintenance expenditure.

Maintenance expenditure levels are considered to be adequate to meet projected service levels, which may be less than or equal to current service levels. Where maintenance expenditure levels are such that will result in a lesser level of service, the service consequences and service risks have been identified and service consequences highlighted in this AMP and service risks considered in the Risk Management Plan.

Assessment and prioritisation of reactive maintenance is undertaken by Council staff using experience and judgement.

### 5.3.2 OPERATIONS AND MAINTENANCE STRATEGIES

The organisation will operate and maintain assets to provide the defined level of service to approved budgets in the most cost-efficient manner. The operation and maintenance activities include:

- Scheduling operations activities to deliver the defined level of service in the most efficient manner
- Undertaking maintenance activities through a planned maintenance system to reduce maintenance costs and improve maintenance outcomes. Undertake cost-benefit analysis to determine the most cost-effective split between planned and unplanned maintenance activities (at least 70% planned as measured by cost).
- Maintain a current asset risk register for assets and present service risks associated with providing services from assets and reporting Very High and High risks and residual risks after treatment to management and Council.
- Review current and required skills base and implement workforce training and development to meet required operations and maintenance needs.
- Review asset utilisation to identify underutilised assets and appropriate remedies, and over utilised assets and customer demand management options.
- Maintain a current hierarchy of critical assets and required operations and maintenance activities.
- Develop and regularly review appropriate emergency response capability.
- Review management of operations and maintenance activities to ensure Council is obtaining best value for resources used.
- Review and make improvements to the collection and allocation of costings to asset classes
- As we evolve from core Asset Management to advance Asset Management predictive modelling. Programmed maintenance will be a key element in driving Whole of Life Asset Management. Below is a diagram driving efficiency in City of Playford maintenance of assets.





### *Asset hierarchy*

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The organisation's service hierarchy are to be reviewed in future plans.

### *Critical Assets*

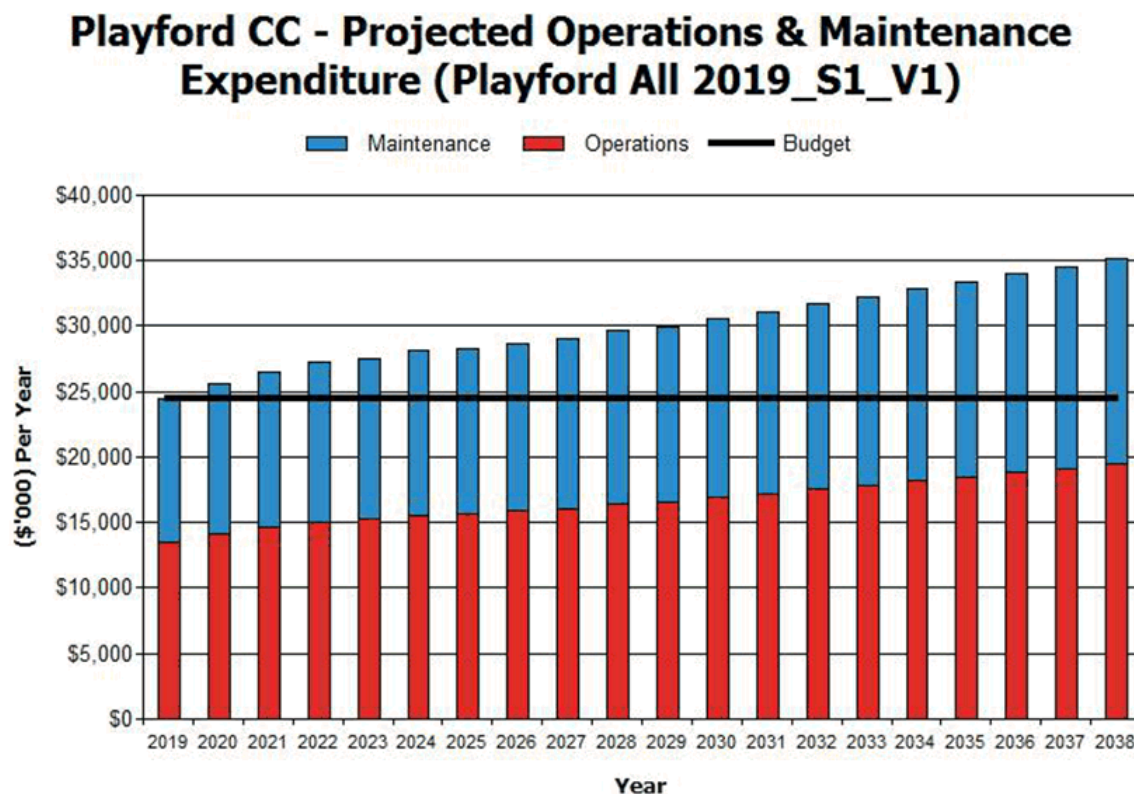
Critical assets are those assets which have a high consequence of failure but not necessarily a high likelihood of failure. By identifying critical assets and critical failure modes, organisations can target and refine investigative activities, maintenance plans and capital expenditure plans at the appropriate time.

Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities are to be reviewed in future plans.

### 5.3.3 SUMMARY OF FUTURE OPERATIONS AND MAINTENANCE EXPENDITURES

Future operations and maintenance expenditure is forecast to trend in line with the value of the asset stock as shown in Figure 4. Note that all costs are shown in indexed 2016/17 dollar values.

Figure 4. Projected Operations and Maintenance Expenditure



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded is to be included in the risk assessment process in the Assets Risk Management Plan.

Maintenance is funded from Council's operating budget and grants where available. This is further discussed in Section 6.2.

### 5.4. RENEWAL/ REPLACEMENT PLAN

Renewal expenditure is major work which does not increase the asset's design capacity but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is upgrade / expansion or new works expenditure.

### 5.4.1. RENEWAL PLAN

Assets requiring renewal are identified from estimates of remaining life obtained from the asset register through the '*Renewal Model*'. Candidate proposals are inspected to verify accuracy of remaining life estimate and to develop a preliminary renewal estimate.

Assets requiring renewal / replacement are identified from one of three methods provided in the 'Expenditure Template'.

- Method 1 uses Asset Register data to project the renewal costs using acquisition year and useful life to determine the renewal year, or
- Method 2 uses capital renewal expenditure projections from external condition modelling systems (such as Pavement Management Systems), or
- Method 3 uses a combination of average *network renewals* plus *defect repairs* in the *Renewal Plan* and *Defect Repair Plan* worksheets on the 'Expenditure template'.

Method 1 was used for this asset management plan.

The useful lives of assets used to develop projected asset renewal expenditures are detailed in the individual plans.

### 5.4.2. RENEWAL AND REPLACEMENT STRATEGIES

The organisation will plan capital renewal and replacement projects to meet level of service objectives and minimise infrastructure service risks by:

- Planning and scheduling renewal projects to deliver the defined level of service in the most efficient manner.
- Undertaking project scoping for all capital renewal and replacement projects to identify:
  - the service delivery 'deficiency', present risk and optimum time for renewal/replacement,
  - the project objectives to rectify the deficiency,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - and evaluate the options against evaluation criteria adopted by Council, and
  - select the best option to be included in capital renewal programs.
- Using 'low cost' renewal methods (cost of renewal is less than replacement) wherever possible.
- Maintain a current infrastructure risk register for assets and service risks associated with providing services from infrastructure assets and reporting Very High and High risks and residual risks after treatment to management and Council.
- Review current and required skills base and implement workforce training and development to meet required construction and renewal needs.
- Maintain a current hierarchy of critical assets and capital renewal treatments and timings required.
- Review management of capital renewal and replacement activities to ensure Council is obtaining best value for resources used.

#### *Renewal ranking criteria*

Asset renewal and replacement is typically undertaken to either:

- Ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate (e.g. replacing a bridge that has a 5 t load limit), or
- To ensure the infrastructure is of sufficient quality to meet the service requirements (e.g. roughness of a road).<sup>5</sup>

It is possible to get some indication of capital renewal and replacement priorities by identifying assets or asset groups that:

- Have a high consequence of failure.
- Have a high utilisation and subsequent impact on users would be greatest.
- The total value represents the greatest net value to the organisation.
- Have the highest average age relative to their expected lives.
- Are identified in the AMP as key cost factors.
- Have high operational or maintenance costs, and
- Where replacement with modern equivalent assets would yield material savings.<sup>6</sup>

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.4.2.

<sup>5</sup> IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

<sup>6</sup> Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

Table 5.4.2. Renewal Priority Ranking Criteria

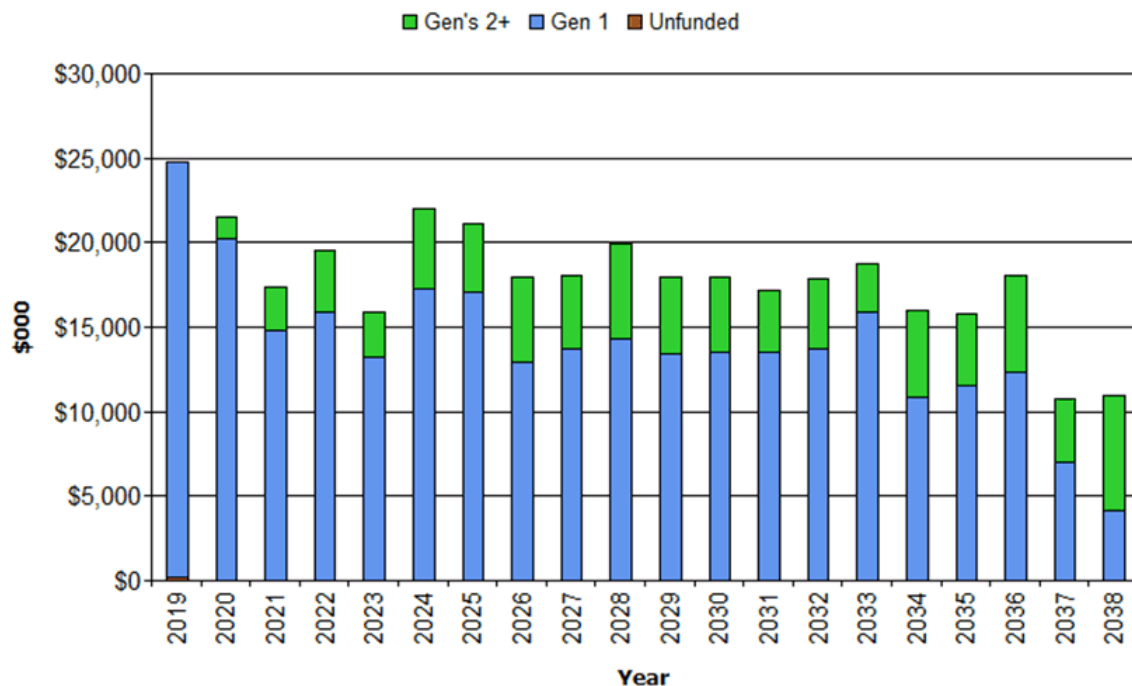
Criteria	Weighting
Alignment with Council's strategic objectives.	25 %
Funding within 10 Year Financial Plan	25 %
Current Service Level	30 %
Legislative requirements	20 %

### 5.4.3. SUMMARY OF FUTURE RENEWAL EXPENDITURE

Projected future renewal expenditures are summarised in Figure 5. Note that all costs are shown in indexed 2016/17 dollar values.

Figure 5. Projected Capital Renewal and Replacement Expenditure

### Playford CC - Projected Capital Renewal Expenditure (Playford All 2019\_S1\_V1)



Gen 1 represents the first time those assets reach expiry, Gen 2 the second.

Deferred renewal, i.e. those assets identified for renewal but not scheduled for renewal in the current capital works programs, are to be rescheduled and included in future work plans. This most frequently occurs when timing of the renewal of an asset is adjusted to align with the timing of strategic projects such as a major upgrade or Lighthouse Project.

## 5.5. CREATION/ ACQUISITION / UPGRADE PLAN

New works are those works that create a new asset that did not previously exist or works which upgrade or improve an existing asset beyond its existing capacity. They may result from growth, social or environmental needs.

### 5.5.1. SELECTION CRITERIA

New assets and upgrade / expansion of existing assets are identified from various sources such as councillor or service requests, proposals identified by strategic plans or partnerships with other organisations. Candidate proposals are inspected to verify need and to develop a preliminary renewal estimate. Verified proposals are ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed below.

*Table 5.5.1. New Assets Priority Ranking Criteria*

Criteria	Weighting
Alignment with Council Plan and Goal Committee Priorities	30%
Funding within 10 Year Financial Plan	20%
Current Service Level	30%
Legislative WHS	20%

### 5.5.2. CAPITAL INVESTMENT STRATEGIES

The organisation will plan capital upgrade and new projects to meet level of service objectives by:

- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner.
- Undertake project scoping for all capital upgrade/new projects to identify:
  - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new asset,
  - the project objectives to rectify the deficiency including value management for major projects,
  - the range of options, estimated capital and life cycle costs for each options that could address the service deficiency,
  - management of risks associated with alternative options,
  - and evaluate the options against evaluation criteria adopted by Council, and
  - select the best option to be included in capital upgrade/new programs.
- Review current and required skills base and implement training and development to meet required construction and project management needs.
- Review management of capital project management activities to ensure Council is obtaining best value for resources used.

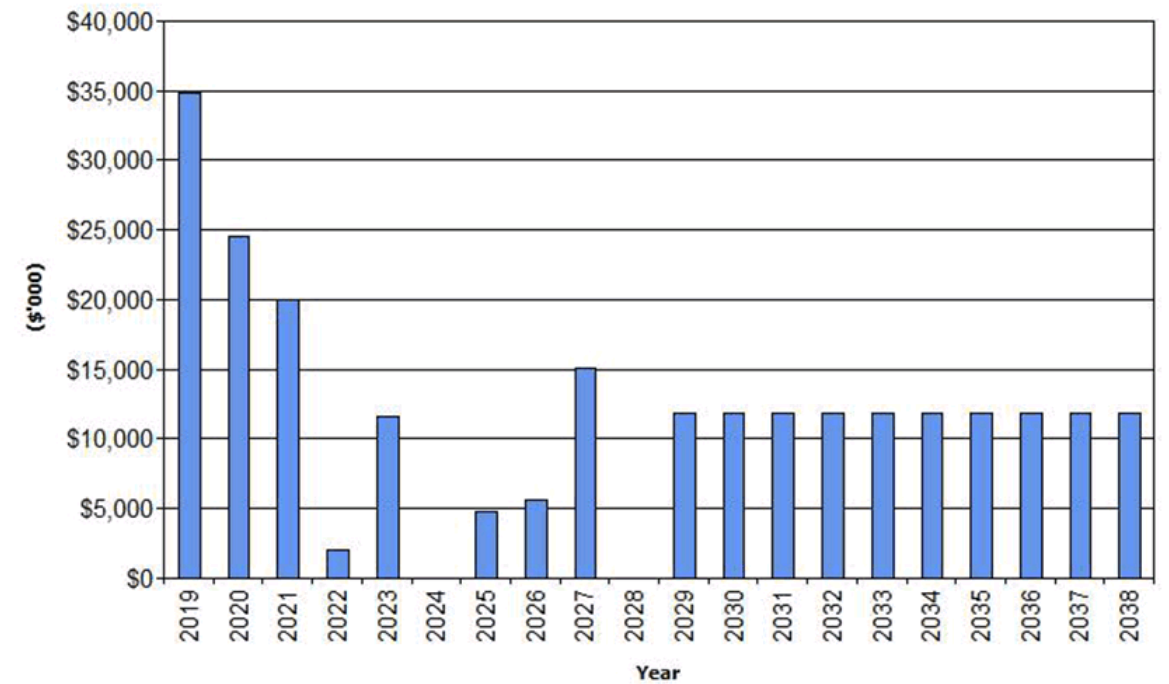


5.5.3 SUMMARY OF FUTURE UPGRADE / NEW ASSETS EXPENDITURE

Planned upgrade / new asset expenditures are summarised in figure 6. All costs are shown in indexed 2017/2018 dollar values.

Figure 6. Planned Capital Upgrade / New Asset Expenditure

Playford CC - Projected Capital Upgrade/New Expenditure  
(Playford All 2019\_S1\_V1)



New assets and services are to be funded from Council’s capital works program and grants where available. This is further discussed in Section 6.2.

## 5.6. DISPOSAL PLAN

Disposal includes any activity associated with disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. These assets will be further reinvestigated to determine the required levels of service and see what options are available for alternate service delivery, if any. Any revenue gained from asset disposals is accommodated in the organisation's long term financial plan.

Where cash flow projections from asset disposals are not available, these will be developed in future revisions of this AMP.

*Table 5.6. Assets identified for Disposal*

Asset	Reason for Disposal	Timing
Angle Vale Pre-School (excluding land sales)	Redevelopment of site and alternative site use	2018/19
Andrews Road CT-6195/344 DP115603 A1003 and A1006	Align with adjacent development	2018/19

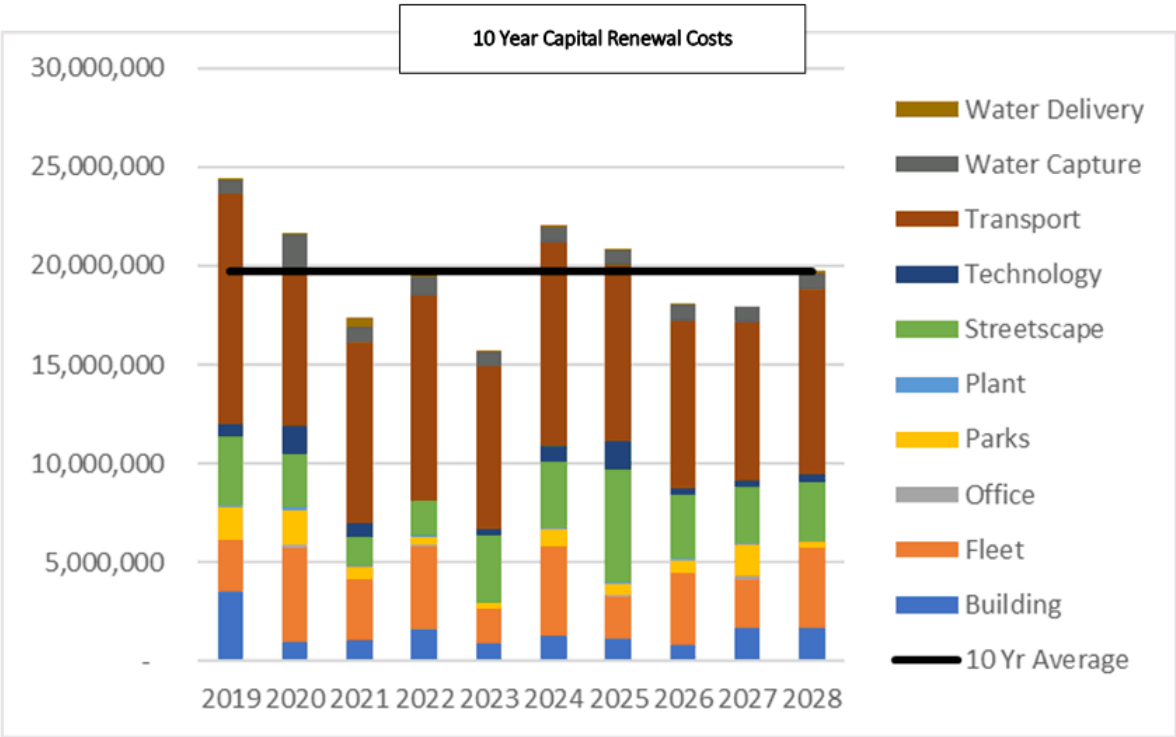
6. FINANCIAL SUMMARY

This section contains the financial requirements resulting from all the information presented in the previous sections of this plan. The financial projections will be improved as further information becomes available on desired levels of service and current and projected future asset performance.

The development of a long term (20 year) Asset Renewal Plan for all Assets from the AMPs provides a direct input into Council’s Long Term Financial Plan. This is a key outcome from Asset Management development within the City of Playford as it provides a forecast of what finances the City requires to be sustainable over the longer term.

Levels of service that the community requires are applied to detailed asset data within each AMP. This enables service-based decisions in the development of a sustainable Long Term Financial Plan.

The Graph below shows the annual asset renewal requirements:

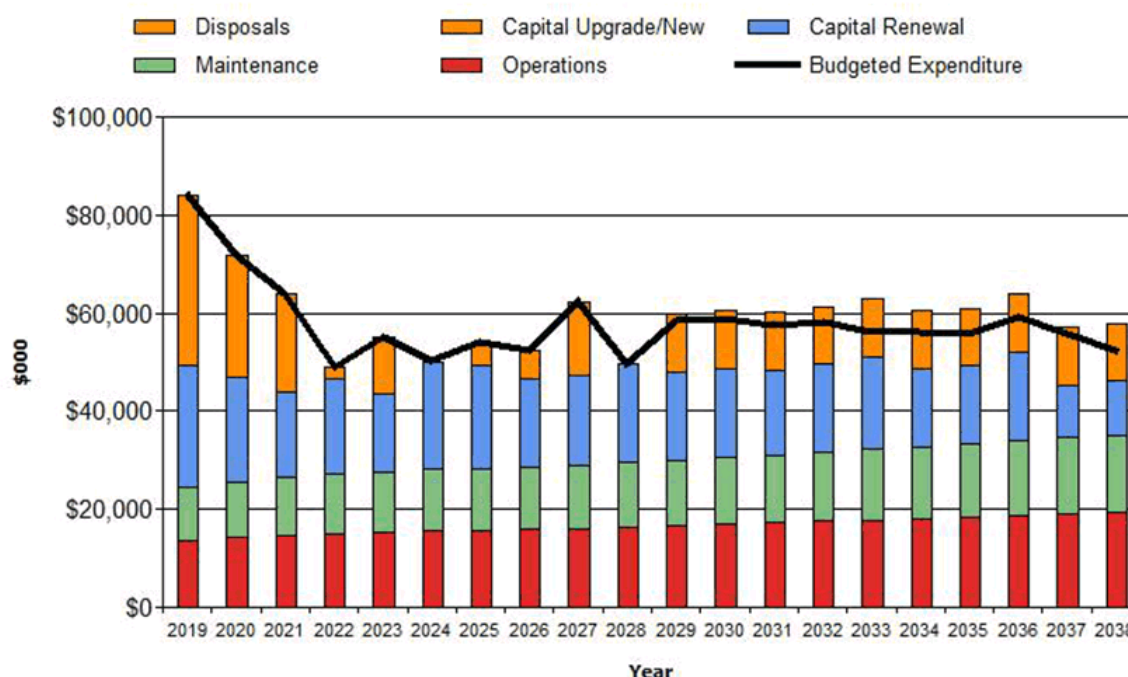


## 6.1. FINANCIAL STATEMENTS AND PROJECTIONS

The financial projections are shown in Figure 7 for planned operating (operations and maintenance) and capital expenditure (renewal and upgrade/expansion/new assets).

Figure 7. Planned Operating and Capital Expenditure

### Playford CC - Projected Operating and Capital Expenditure (Playford All 2019\_S1\_V1)



Note that all costs are shown in indexed 2017/18 dollar values.

### 6.1.1 SUSTAINABILITY OF SERVICE DELIVERY

There are four key indicators for service delivery sustainability that have been considered in the analysis of the services provided by this asset category, these being the asset renewal funding ratio, long term life cycle costs/expenditures and medium term projected / budgeted expenditures over 5 and 10 years of the planning period.

#### Asset Renewal Funding Ratio

The Asset Renewal Funding Ratio<sup>7</sup> is the most important indicator and reveals that over the next 10 years, the organisation is forecasting to the target of 95-100% of the funds required for the optimal renewal and replacement of its assets.

#### Long Term - Life Cycle Cost

Life cycle costs (or whole of life costs) are the average costs that are required to sustain the service levels over the asset life cycle. Life cycle costs include operations and maintenance expenditure and asset consumption (depreciation expense). The life cycle cost for the services covered in this AMP is \$45m per year (average operations and maintenance expenditure plus depreciation expense projected over 10 years).

Life cycle costs can be compared to life cycle expenditure to give an initial indicator of affordability of projected service levels when considered with age profiles. Life cycle expenditure includes operations,

<sup>7</sup> AIFMG, 2009, Financial Sustainability Indicator 8, Sec 2.6, p 2.18

maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of asset renewals. The life cycle expenditure over the 10 year planning period is \$44m per year (average operations and maintenance plus capital renewal budgeted expenditure in LTFP over 10 years).

A shortfall between life cycle cost and life cycle expenditure is the life cycle gap. The life cycle gap for services covered by this AMP is \$-1.037m per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 98% of life cycle costs (see further explanation below).

The life cycle costs and life cycle expenditure comparison highlights any difference between present outlays and the average cost of providing the service over the long term. If the life cycle expenditure is less than that life cycle cost, it is most likely that outlays will need to be increased or cuts in services made in the future.

Knowing the extent and timing of any required increase in outlays and the service consequences if funding is not available will assist organisations in providing services to their communities in a financially sustainable manner. This is the purpose of the AMPs and LTFP.

#### *Medium term – 10 year financial planning period*

This AMP identifies the projected operations, maintenance and capital renewal expenditures required to provide an agreed level of service to the community over a 10 year period. This provides input into 10 year financial and funding plans aimed at providing the required services in a sustainable manner.

These projected expenditures may be compared to budgeted expenditures in the 10 year period to identify any funding shortfall. In a core AMP, a gap is generally due to increasing asset renewals for ageing assets.

The projected operations, maintenance and capital renewal expenditure required over the 10 year planning period is \$47m on average per year.

Estimated (budget) operations, maintenance and renewal LTFP is \$44m on average per. This indicates that Council expects to have 93% of the projected expenditures needed to provide the services documented in the AMP.

#### *Medium Term – 5 year financial planning period*

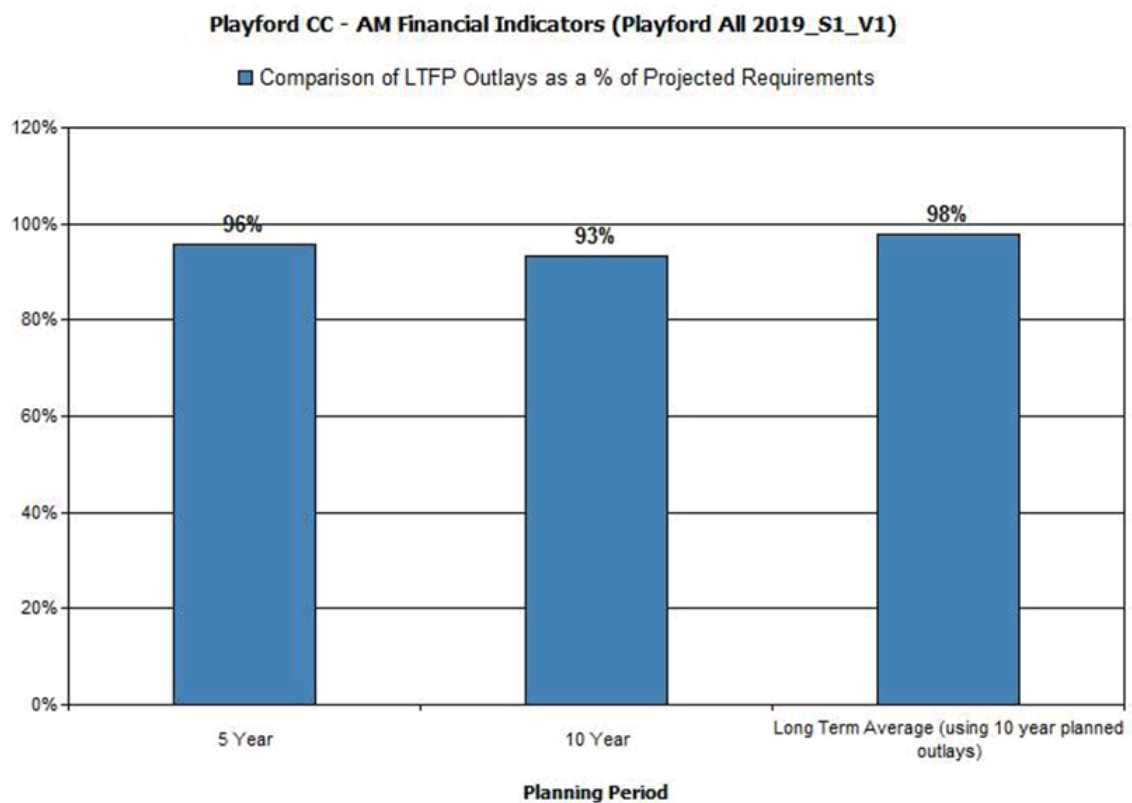
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$46m on average per year.

Estimated (budget) operations, maintenance and LTFP is \$44m on average per year. This indicates that Council expects to have 96% of projected expenditures required to provide the services shown in this asset management plan.

#### *Asset management financial indicators*

Figure 7a shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

Figure 7a: Asset Management Financial Indicators

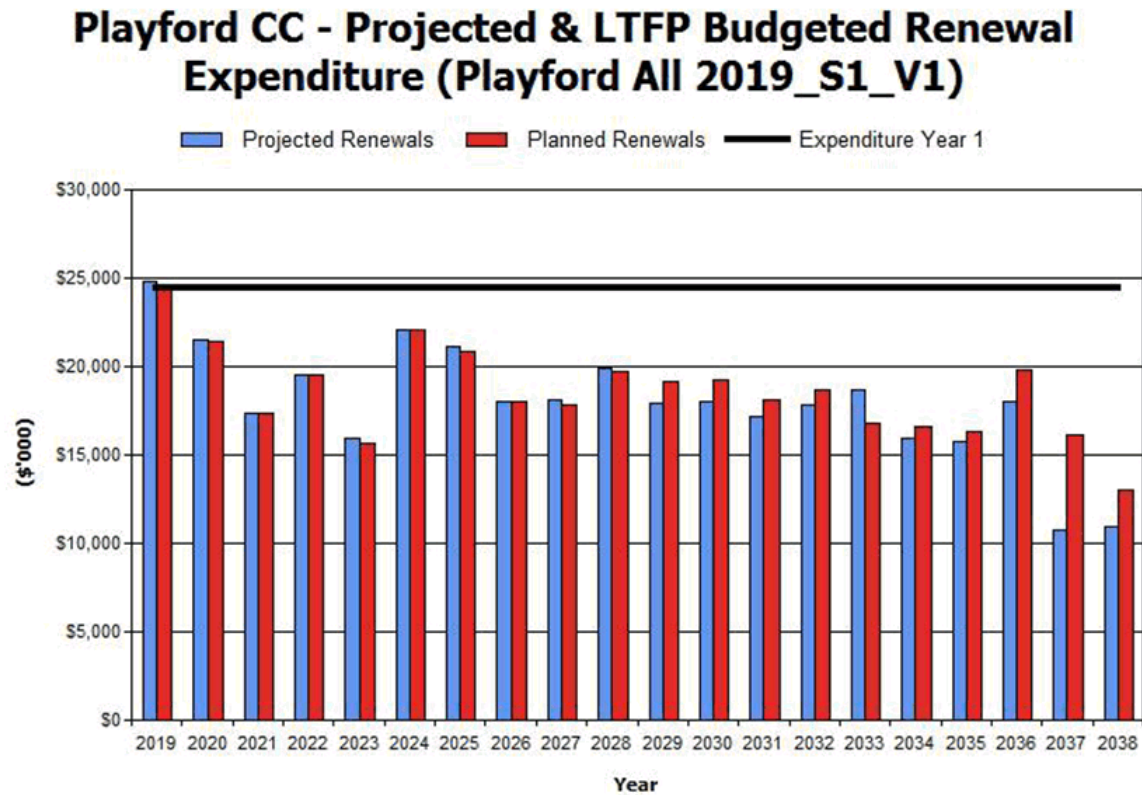


The above graph reflects that Council is in a strong sustainable position as the results are close to the 100% target for these measures. Providing services from assets in a sustainable manner requires the matching and managing of service levels, risks, projected expenditures and financing to achieve a financial indicator of approximately 1.0 for the first years of the asset management plan and ideally over the 10 year life of the Long Term Financial Plan.

Figure 8 shows the projected asset renewals in the 20 year planning period from the asset register. The projected asset renewals are compared to planned renewal expenditure in the capital works program and capital renewal expenditure in year 1 of the planning period as shown in Figure 8.



Figure 8. Projected and Planned Renewals and Current Renewal Expenditure



Report 4, Table 6.1.1 shows the shortfall between projected renewal and replacement expenditures and expenditure accommodated in Long Term Financial Plan.

Table 6.1.1: Projected and LTFP Budgeted Renewals and Financing Shortfall

Year End	Projected Renewals	LTFP Renewal Budget	Renewal Financing	Cumulative Shortfall
Jun-30	(\$'000)	(\$'000)	Shortfall (- gap, + surplus) (\$'000)	(- gap, + surplus) (\$'000)
2019	24784	24419	-365	-365
2020	21501	21499	-52	-417
2021	17349	17349	0	-416
2022	19495	19495	0	-416
2023	15899	15690	-209	-625
2024	22030	22030	0	-625
2025	21145	20803	-342	-967
2026	18008	18013	5	-962
2027	18084	17794	-290	-1252
2028	19916	19729	-187	-1439

Providing services in a sustainable manner will require matching of projected asset renewal and replacement expenditure to meet agreed service levels with the corresponding capital works program accommodated in the long term financial plan.

A gap between projected asset renewal/replacement expenditure and amounts accommodated in the LTFP indicates that further work is required on reviewing service levels in the AM Plan (including possibly revising the LTFP) before finalising the asset management plan to manage required service levels and funding to eliminate any funding gap.

We will manage the 'gap' by developing this asset management plan to provide guidance on future service levels and resources required to provide these services, and review future services, service levels and costs with the community.

Table 6.1.2 shows the projected expenditures for the 10 year long term financial plan.

Table 6.1.2: Projected Expenditures for Long Term Financial Plan (\$000)

Year	Operations	Maintenance	Projected		Capital	Disposals
			Capital Renewal		Upgrade/New	
2019	\$ 13,520	\$ 10,907	\$ 24,784	\$ 34,901	\$ -	-
2020	\$ 14,171	\$ 11,432	\$ 21,501	\$ 24,501	\$ -	-
2021	\$ 14,665	\$ 11,831	\$ 17,349	\$ 19,942	\$ -	-
2022	\$ 15,091	\$ 12,175	\$ 19,495	\$ 2,066	\$ -	-
2023	\$ 15,248	\$ 12,301	\$ 15,899	\$ 11,651	\$ -	-
2024	\$ 15,551	\$ 12,545	\$ 22,030	\$ 0	\$ -	-
2025	\$ 15,678	\$ 12,648	\$ 21,145	\$ 4,765	\$ -	-
2026	\$ 15,879	\$ 12,810	\$ 18,008	\$ 5,661	\$ -	-
2027	\$ 16,094	\$ 12,983	\$ 18,084	\$ 15,074	\$ -	-
2028	\$ 16,453	\$ 13,273	\$ 19,916	\$ 0	\$ -	-

## 6.2. FUNDING STRATEGY

Projected expenditure identified in Section 6.1 is to be funded from Council's operating and capital budgets. The funding strategy is detailed in the Council's 10 Year Long Term Financial Plan.

Achieving the financial strategy will require informing the Long Term Financial Plan and link our asset provision to the service delivery and developing growth and future demand modelling.

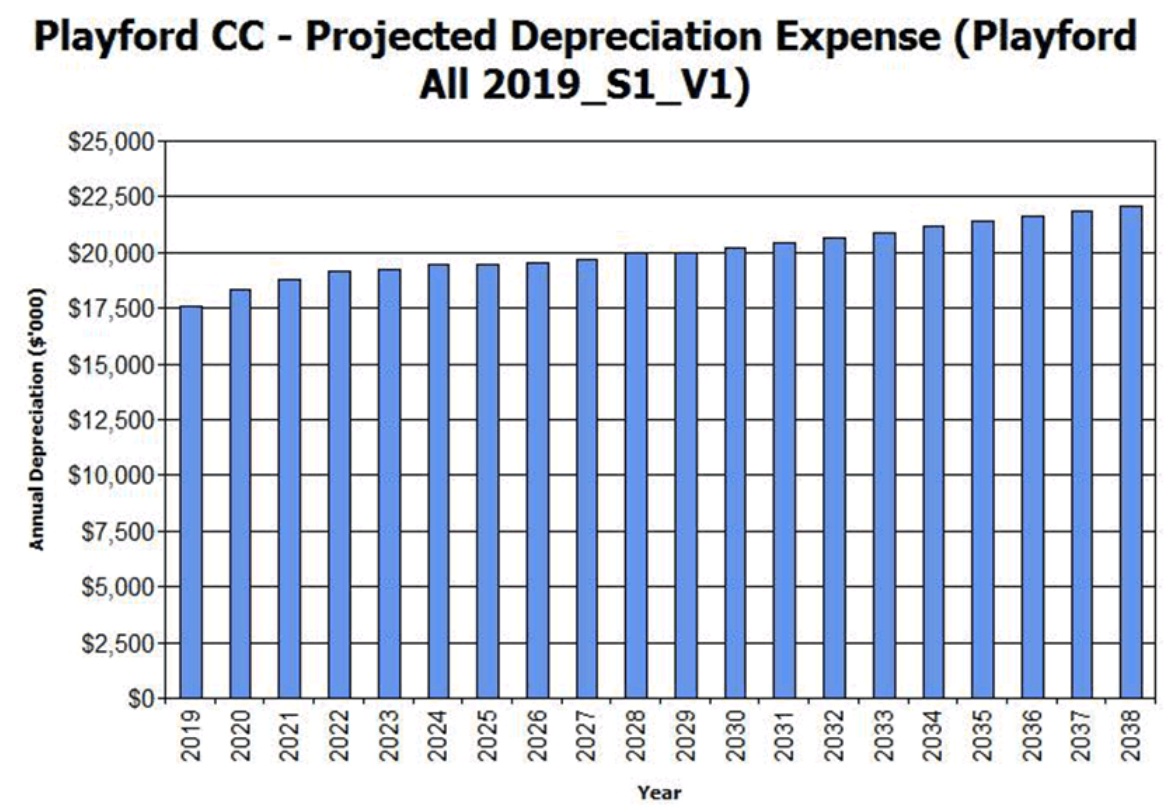
## 6.3. VALUATION FORECASTS

Asset values are forecast to increase as additional assets are added to the asset stock from construction and acquisition by Council and from assets constructed by land developers and others and donated to Council. Figure 9 shows the projected replacement cost asset values over the planning period in indexed 2016/2017 dollar values.

Figure 9 shows the projected replacement cost asset values over the planning period.

Depreciation expense values are forecast in line with asset values as shown in Figure 10.

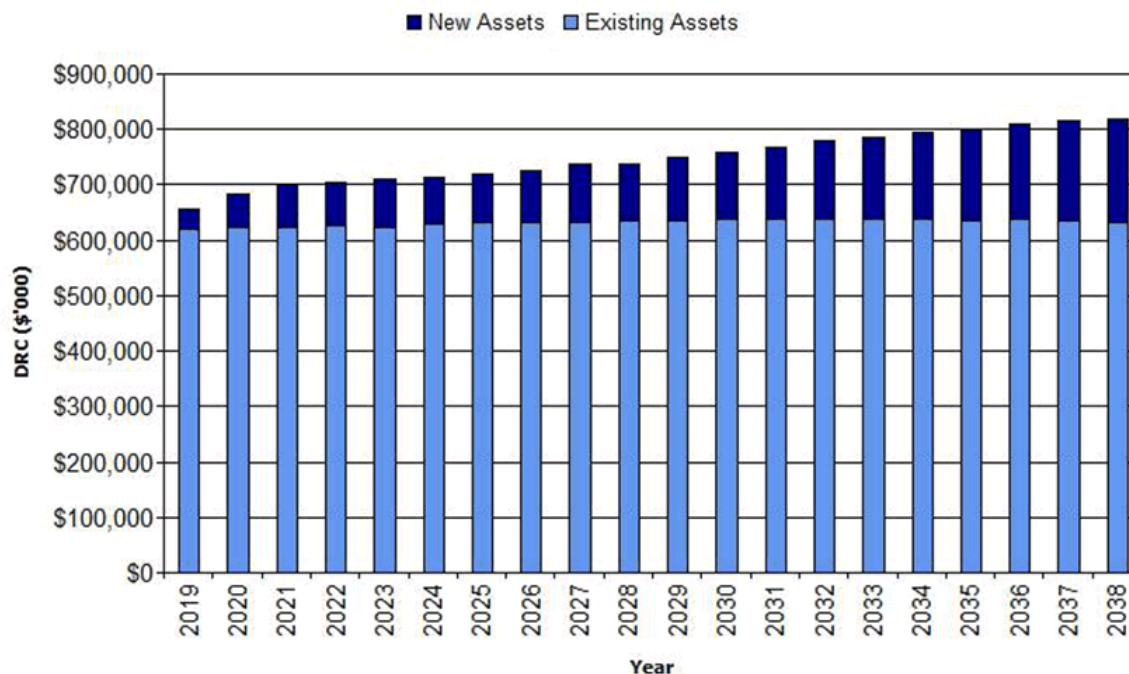
Figure 10. Projected Depreciation Expense



The depreciated replacement cost (current replacement cost less accumulated depreciation) will vary over the forecast period depending on the rates of addition of new assets, disposal of old assets and consumption and renewal of existing assets. Forecast of the assets’ depreciated replacement cost is shown in figure 11.

Figure 11. Projected Depreciated Replacement Cost

### Playford CC - Projected Depreciated Replacement Cost (Playford All 2019\_S1\_V1)



#### 6.4. KEY ASSUMPTIONS MADE IN FINANCIAL FORECASTS

This section details the key assumptions made in presenting the information contained in this Asset Management Plan and in preparing forecasts of required operating and capital expenditure and asset values, depreciation expense and carrying amount estimates. It is presented to enable readers to gain an understanding of the levels of confidence in the data behind the financial forecasts.

Key assumptions made in this Asset Management Plan and risks that may change are shown in the detailed plans.

Accuracy of future financial forecasts may be improved in future revisions of this Asset Management Plan by the following actions:

- Undertaking regular defect surveys.
- Improved tracking of operation / maintenance and rehabilitation costs.
- Centralised asset management and data analysis.
- Asset audit and improved data collection.
- Improved analysis in growth and demand factors.

## 6.5. FORECAST RELIABILITY AND CONFIDENCE

The expenditure and valuations projections in this AM Plan are based on best available data. Currency and accuracy of data is critical to effective asset and financial management. Data confidence is classified on a 5 level scale<sup>8</sup> in accordance with Table 6.5.

Table 6.5: Data Confidence Grading System

Confidence Grade	Description
A Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and recognised as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AM Plan is shown in Table 6.5.1.

<sup>8</sup> IPWEA, 2011, IIMM, Table 2.4.6, p 2|59.

Table 6.5.1: Data Confidence Assessment for Data used in AMP

Data	Confidence Assessment	Comments
Demand drivers	Uncertain	To be addressed
Growth projections	Reliable	
Operations expenditures	Reliable	
Maintenance expenditures	Reliable	
Projected renewal expenditures.	Reliable	
Asset values	Reliable	
Asset residual values	Reliable	
Asset useful lives	Reliable	
Condition modelling	Reliable	
Network renewals	Reliable	
Defect repairs	Uncertain	To be addressed
Upgrade/New expenditures	Uncertain	To be addressed
Disposal expenditures	Reliable	

Over all data sources the data confidence is assessed as reliable confidence level for data used in the preparation of this AMP.



## 7. PLAN IMPROVEMENT AND MONITORING

### 7.1. IMPROVEMENT PROGRAM

The asset management improvement plan generated from this AMP is shown in Table 7.2.

Table 7.2. Improvement Plan

#### CORPORATE ASSET MANAGEMENT

Task No	Task	Responsibility	Resources Required	Plan Due date
1.	Move towards service driven asset management using asset information to support the optimisation of activities and programs to meet agreed community service levels	Senior Manager Capital Works & Assets	Current Resources	2018/19
2.	Implement and develop a Strategic Asset Management tool (Assetic) for greater predictive modelling and scenario testing.	Manager - Assets & Projects	Current Resources	2018/19
3.	Define current technical and community based service levels for all asset classes	Senior Manager Capital Works & Assets	Current Resources	2018/19
4.	Develop an asset management strategy / roadmap to move towards 'advanced' asset management.	Senior Manager Capital Works & Assets	Current Resources	2018/19
5.	Align asset management outcomes to the smart working program	Senior Manager Capital Works & Assets	Current Resources	2018/19
6.	Conduct cyclic Revaluation and External Audit every 4 years of all assets within our financial and asset management systems.	Senior Manager Capital Works & Assets	Required Budget	Ongoing
7.	Identify surplus Assets and develop disposal strategies.	Senior Manager Capital Works & Assets	Current Resources	Ongoing

## BUILDINGS

Task No	Task	Responsibility	Resources Required	Plan Due date
1.	Undertake an external audit of buildings recording condition, component details and useful lives.	Senior Manager Asset Operations	Requires budget	2018/19
2.	Undertake a strategic review of community needs which require building services.	Senior Manager Capital Works & Assets	Current Resources	2019/20
3.	Develop more synergistic renewal strategies for Building and Park Assets that take a whole of facility view.	Senior Manager Capital Works & Assets	Current Resources	2018/19
4.	Review building asset register to ensure data aligns with the Smart Working Mobility Project requirements.	Manager - Assets & Projects	Current Resources	2018/19
5.	Develop minimum guidelines for plans and specifications for Clubs undertaking enhancements to Council buildings.	Senior Manager Asset Operations	Current Resources	Completed
6.	Review internal service provision maintenance and renewal rates against industry benchmarks to ensure continuous improvement in service delivery.	Senior Manager Asset Operations	Current Resources	2018/19
7.	Undertake compliance works program identified in the building data collection project.	Senior Manager Asset Operations	Current Resources	Ongoing

## PARKS &amp; RECREATION

Task No	Task	Responsibility	Resources Required	Plan Due date
1.	Develop maintenance and service levels in line with the reserve hierarchy.	Manager - Assets & Projects	Current Resources	2018/19
2.	Review the need for other Parks & Recreation Assets (e.g. Significant trees, landscaping, etc.) in future revisions of the plan.	Senior Manager Capital Works & Assets	Current Resources	2018/19
		Senior Manager City Operations		
3.	Review parks & recreation asset register to ensure data aligns with the Smart Working Mobility Project requirements.	Manager - Assets & Projects	Current Resources	2018/19

## CIVIL TRANSPORTATION

Task No	Task	Responsibility	Resources Required	Plan Due date
1.	Develop service levels for all asset categories.	Senior Manager Planning and Quality	Current Resources	2018/19
2.	Continue to undertake annual condition assessments of the road network.	Manager - Assets & Projects	Current Resources	Ongoing
3.	Review transportation assets to ensure data aligns with the Smart Working Mobility Project requirements.	Manager - Assets & Projects	Current Resources	2018/19
4.	Review accuracy of current unit rates	Manager - Assets & Projects	Current Resources	2018/19
5.	Develop a plan for proactive maintenance and renewal works, including recording all costs against each job.	Senior Manager City Operations	Current Resources	Plan complete, costs against each job to be completed through the smart working program 2018/19.
6.	Ensure greater utilisation of condition data to drive better maintenance outcomes	Manager - Assets & Projects Manager - Roads & Stormwater	Current Resources	2018/19

## INFORMATION COMMUNICATION TECHNOLOGY

Task No	Task	Responsibility	Resources Required	Plan Due date
1.	Review process to develop a model to support decision making in regard to leasing or purchasing of Assets	Manager ICT	Current Resources	2018/19
2.	Hardware audit and data capture	Manager ICT	Current Resources	Completed
3.	Develop a process for asset purchase and disposal	Manager ICT	Current Resources	2018/19
4.	Software audit & data capture	Manager ICT	Current Resources	Completed
5.	Develop a process for asset purchase and disposal	Manager ICT	Current Resources	Completed
6.	Review process to develop a model to support decision making in regard to leasing or purchasing of Assets	Manager ICT	Current Resources	2018/19
7.	Develop tools to assist Growth Modelling for technology assets	Manager ICT	Current Resources	2019/20
8.	Develop model to redefine Service Levels	Manager ICT	Current Resources	2019/20

## FLEET

Task No	Task	Responsibility	Resources Required	Plan Due date
1.	Investigate Utilisation and develop benchmarks.	Senior Manager Asset Operations	Current Resources	2018/19
2.	Undertake a major review of fleet asset management plan on a 2 year cycle	Senior Manager Asset Operations	Current Resources	2018/19
3.	Review of risk management plan detailed in section 5.2	Senior Manager Asset Operations	Current Resources	Complete

### 7.3. MONITORING AND REVIEW PROCEDURES

This AMP will be reviewed during annual budget planning processes as part of the Annual Business Plan, and amended to recognise any material changes in service levels and/or resources available to provide those services as a result of budget decisions.

The AMP will be updated annually to ensure it represents the current service level, asset values, projected operations, maintenance, capital renewal and replacement, capital upgrade/new and asset disposal expenditures and projected expenditure values incorporated into the Council's long term financial plan.

The AMP has a life of 4 years (Council election cycle) and is due for complete revision and updating within 12 months of each Council election.

### 7.4. PERFORMANCE MEASURES

The effectiveness of the AMP can be measured in the following ways:

- The degree to which the required projected expenditures identified in this AMP are incorporated into the organisation's LTFP.
- The degree to which 1 to 5 year detailed works programs, budgets, business plans and organisational structures take into account the overarching works program trends provided by the AMP.
- The degree to which the existing and projected service levels and service consequences (what we cannot do), risks and residual risks are incorporated into the organisation's Strategic Plan and associated plans.
- The Asset Renewal Funding Ratio achieving the target of 1.0.



## 8. REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/IIMM](http://www.ipwea.org.au/IIMM)
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- IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, [www.ipwea.org.au/IIMM](http://www.ipwea.org.au/IIMM)
- City of Playford 'Strategic Plan',
- City of Playford, 'Annual Business Plan'.

## 9. APPENDICES

Appendix A      Abbreviations

Appendix B      Glossary

## APPENDIX A ABBREVIATIONS

<b>AAAC</b>	Average annual asset consumption
<b>AM</b>	Asset management
<b>AMP</b>	Asset management plan
<b>ARI</b>	Average recurrence interval
<b>ASC</b>	Annual service cost
<b>BOD</b>	Biochemical (biological) oxygen demand
<b>CRC</b>	Current replacement cost
<b>CWMS</b>	Community wastewater management systems
<b>DA</b>	Depreciable amount
<b>DRC</b>	Depreciated replacement cost
<b>EF</b>	Earthworks/formation
<b>IRMP</b>	Infrastructure risk management plan
<b>LCC</b>	Life Cycle cost
<b>LCE</b>	Life cycle expenditure
<b>LTFP</b>	Long term financial plan
<b>MMS</b>	Maintenance management system
<b>PCI</b>	Pavement condition index
<b>RV</b>	Residual value
<b>SoA</b>	State of the Assets
<b>SS</b>	Suspended solids
<b>vph</b>	Vehicles per hour
<b>WDCRC</b>	Written down current replacement cost

## APPENDIX B GLOSSARY

### Annual service cost (ASC)

#### 1) Reporting actual cost

The annual (accrual) cost of providing a service including operations, maintenance, depreciation, finance/opportunity and disposal costs less revenue.

#### 2) For investment analysis and budgeting

An estimate of the cost that would be tendered, per annum, if tenders were called for the supply of a service to a performance specification for a fixed term. The Annual Service Cost includes operations, maintenance, depreciation, finance / opportunity and disposal costs, less revenue.

### Asset

A resource controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the entity. Infrastructure assets are a sub-class of property, plant and equipment which are non-current assets with a life greater than 12 months and enable services to be provided.

### Asset category

Sub-group of assets within a class hierarchy for financial reporting and management purposes.

### Asset class

A group of assets having a similar nature or function in the operations of an entity, and which, for purposes of disclosure, is shown as a single item without supplementary disclosure.

### Asset condition assessment

The process of continuous or periodic inspection, assessment, measurement and interpretation of the resultant data to indicate the condition of a specific asset so as to determine the need for some preventative or remedial action.

### Asset hierarchy

A framework for segmenting an asset base into appropriate classifications. The asset hierarchy can be based on asset function or asset type or a combination of the two.

### Asset management (AM)

The combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

### Asset renewal funding ratio

The ratio of the net present value of asset renewal funding accommodated over a 10 year period in a long term financial plan relative to the net present value of projected capital renewal expenditures identified in an asset management plan for the same period [AIFMG Financial Sustainability Indicator No 8].

### Average annual asset consumption (AAAC)\*

The amount of an organisation's asset base consumed during a reporting period (generally a year). This may be calculated by dividing the depreciable amount by the useful life (or total future economic benefits/service potential) and totalled for each and every asset OR by dividing the carrying amount (depreciated replacement cost) by the remaining useful life (or remaining future economic benefits/service potential) and totalled for each and every asset in an asset category or class.

### Borrowings

A borrowing or loan is a contractual obligation of the borrowing entity to deliver cash or another financial asset to the lending entity over a specified period of time or at a specified point in time, to cover both the initial capital provided and the cost of the interest incurred for providing this capital. A borrowing or loan provides the means for the borrowing entity to finance outlays (typically physical assets) when it has insufficient funds of its own to do so, and for the lending entity to make a financial return, normally in the form of interest revenue, on the funding provided.

### Capital expenditure

Relatively large (material) expenditure, which has benefits, expected to last for more than 12 months. Capital expenditure includes renewal, expansion and upgrade. Where capital projects involve a combination of renewal, expansion and/or upgrade expenditures, the total project cost needs to be allocated accordingly.

#### Capital expenditure - expansion

Expenditure that extends the capacity of an existing asset to provide benefits, at the same standard as is currently enjoyed by existing beneficiaries, to a new group of users. It is discretionary expenditure, which increases future operations and maintenance costs, because it increases the organisation's asset base, but may be associated with additional revenue from the new user group, e.g. extending a drainage or road network, the provision of an oval or park in a new suburb for new residents.

#### Capital expenditure - new

Expenditure which creates a new asset providing a new service/output that did not exist beforehand. As it increases service potential it may impact revenue and will increase future operations and maintenance expenditure.

#### Capital expenditure - renewal

Expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally. It is periodically required expenditure, relatively large (material) in value compared with the value of the components or sub-components of the asset being renewed. As it reinstates existing service potential, it generally has no impact on revenue, but may reduce

future operations and maintenance expenditure if completed at the optimum time, e.g. resurfacing or resheeting a material part of a road network, replacing a material section of a drainage network with pipes of the same capacity, resurfacing an oval.

**Capital expenditure - upgrade**

Expenditure, which enhances an existing asset to provide a higher level of service or expenditure that will increase the life of the asset beyond that which it had originally. Upgrade expenditure is discretionary and often does not result in additional revenue unless direct user charges apply. It will increase operations and maintenance expenditure in the future because of the increase in the organisation's asset base, e.g. widening the sealed area of an existing road, replacing drainage pipes with pipes of a greater capacity, enlarging a grandstand at a sporting facility.

**Capital funding**

Funding to pay for capital expenditure.

**Capital grants**

Monies received generally tied to the specific projects for which they are granted, which are often upgrade and/or expansion or new investment proposals.

**Capital investment expenditure**

See capital expenditure definition

**Capitalisation threshold**

The value of expenditure on non-current assets above which the expenditure is recognised as capital expenditure and below which the expenditure is charged as an expense in the year of acquisition.

**Carrying amount**

The amount at which an asset is recognised after deducting any accumulated depreciation / amortisation and accumulated impairment losses thereon.

**Class of assets**

See asset class definition

**Component**

Specific parts of an asset having independent physical or functional identity and having specific attributes such as different life expectancy, maintenance regimes, risk or criticality.

**Core asset management**

Asset management which relies primarily on the use of an asset register, maintenance management systems, job resource management, inventory control, condition assessment, simple risk assessment and defined levels of service, in order to establish alternative treatment options and long-term cashflow predictions. Priorities are usually established on the basis of financial return gained by carrying out the work (rather than detailed risk analysis and optimised decision-making).

**Cost of an asset**

The amount of cash or cash equivalents paid or the fair value of the consideration given to acquire an asset at the time of its acquisition or construction, including any costs necessary to place the asset into service. This includes one-off design and project management costs.

**Critical assets**

Assets for which the financial, business or service level consequences of failure are sufficiently severe to justify proactive inspection and rehabilitation. Critical assets have a lower threshold for action than non-critical assets.

**Current replacement cost (CRC)**

The cost the entity would incur to acquire the asset on the reporting date. The cost is measured by reference to the lowest cost at which the gross future economic benefits could be obtained in the normal course of business or the minimum it would cost, to replace the existing asset with a technologically modern equivalent new asset (not a second hand one) with the same economic benefits (gross service potential) allowing for any differences in the quantity and quality of output and in operating costs.

**Deferred maintenance**

The shortfall in rehabilitation work undertaken relative to that required to maintain the service potential of an asset.

**Depreciable amount**

The cost of an asset, or other amount substituted for its cost, less its residual value.

**Depreciated replacement cost (DRC)**

The current replacement cost (CRC) of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

**Depreciation / amortisation**

The systematic allocation of the depreciable amount (service potential) of an asset over its useful life.

**Economic life**

See useful life definition.

**Expenditure**

The spending of money on goods and services. Expenditure includes recurrent and capital outlays.

**Expenses**

Decreases in economic benefits during the accounting period in the form of outflows or depletions of assets or increases in liabilities that result in decreases in equity, other than those relating to distributions to equity participants.

**Fair value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction.

**Financing gap**

A financing gap exists whenever an entity has insufficient capacity to finance asset renewal and other expenditure necessary to be able to appropriately maintain the range and level of services its existing asset stock was originally designed and intended to deliver. The service capability of the existing asset stock should be determined assuming no additional operating revenue, productivity improvements, or net financial liabilities above levels currently planned or projected. A current financing gap means service levels have already or are currently falling. A projected financing gap if not addressed will result in a future diminution of existing service levels.

**Heritage asset**

An asset with historic, artistic, scientific, technological, geographical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture and this purpose is central to the objectives of the entity holding it.

**Impairment Loss**

The amount by which the carrying amount of an asset exceeds its recoverable amount.

**Infrastructure assets**

Physical assets that contribute to meeting the needs of organisations or the need for access to major economic and social facilities and services, e.g. roads, drainage, footpaths and cycleways. These are typically large, interconnected networks or portfolios of composite assets. The components of these assets may be separately maintained, renewed or replaced individually so that the required level and standard of service from the network of assets is continuously sustained. Generally the components and hence the assets have long lives. They are fixed in place and are often have no separate market value.

**Investment property**

Property held to earn rentals or for capital appreciation or both, rather than for:

- (a) use in the production or supply of goods or services or for administrative purposes; or
- (b) sale in the ordinary course of business.

**Key performance indicator**

A qualitative or quantitative measure of a service or activity used to compare actual performance against a standard or other target. Performance indicators commonly relate to statutory limits, safety, responsiveness, cost, comfort, asset performance, reliability, efficiency, environmental protection and customer satisfaction.

**Level of service**

The defined service quality for a particular service/activity against which service performance may be measured. Service levels usually relate to quality, quantity, reliability, responsiveness, environmental impact, acceptability and cost.

**Life Cycle Cost \***

**1. Total LCC** The total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

**2. Average LCC** The life cycle cost (LCC) is average cost to provide the service over the longest asset life cycle. It comprises average operations, maintenance expenditure plus asset consumption expense, represented by depreciation expense projected over 10 years. The Life Cycle Cost does not indicate the funds required to provide the service in a particular year.

**Life Cycle Expenditure**

The Life Cycle Expenditure (LCE) is the average operations, maintenance and capital renewal expenditure accommodated in the long term financial plan over 10 years. Life Cycle Expenditure may be compared to average Life Cycle Cost to give an initial indicator of affordability of projected service levels when considered with asset age profiles.

**Loans / borrowings**

See borrowings.

**Maintenance**

All actions necessary for retaining an asset as near as practicable to an appropriate service condition, including regular ongoing day-to-day work necessary to keep assets operating, e.g. road patching but excluding rehabilitation or renewal. It is operating expenditure required to ensure that the asset reaches its expected useful life.

**• Planned maintenance**

Repair work that is identified and managed through a maintenance management system (MMS). MMS activities include inspection, assessing the condition against failure/breakdown criteria/experience, prioritising scheduling, actioning the work and reporting what was done to develop a maintenance history and improve maintenance and service delivery performance.

- **Reactive maintenance:** Unplanned repair work that is carried out in response to service requests and management/ supervisory directions.
- **Specific maintenance:** Maintenance work to repair components or replace sub-components that need to be identified as a specific maintenance item in the maintenance budget.
- **Unplanned maintenance:** Corrective work required in the short-term to restore an asset to



working condition so it can continue to deliver the required service or to maintain its level of security and integrity.

#### **Maintenance expenditure \***

Recurrent expenditure, which is periodically or regularly required as part of the anticipated schedule of works required to ensure that the asset achieves its useful life and provides the required level of service. It is expenditure, which was anticipated in determining the asset's useful life.

#### **Materiality**

The notion of materiality guides the margin of error acceptable, the degree of precision required and the extent of the disclosure required when preparing general purpose financial reports. Information is material if its omission, misstatement or non-disclosure has the potential, individually or collectively, to influence the economic decisions of users taken on the basis of the financial report or affect the discharge of accountability by the management or governing body of the entity.

#### **Modern equivalent asset**

Assets that replicate what is in existence with the most cost-effective asset performing the same level of service. It is the most cost efficient, currently available asset which will provide the same stream of services as the existing asset is capable of producing. It allows for technology changes and, improvements and efficiencies in production and installation techniques

#### **Net present value (NPV)**

The value to the organisation of the cash flows associated with an asset, liability, activity or event calculated using a discount rate to reflect the time value of money. It is the net amount of discounted total cash inflows after deducting the value of the discounted total cash outflows arising from e.g. the continued use and subsequent disposal of the asset after deducting the value of the discounted total cash outflows.

#### **Non-revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are not expected to generate any savings or revenue to the Council, e.g. parks and playgrounds, footpaths, roads and bridges, libraries, etc.

#### **Operations**

Regular activities to provide services such as public health, safety and amenity, e.g. street sweeping, grass mowing and street lighting.

#### **Operating expenditure**

Recurrent expenditure, which is continuously required to provide a service. In common use the term typically includes, e.g. power, fuel, staff, plant equipment, on-costs and overheads but excludes maintenance and depreciation. Maintenance and depreciation is on the other hand included in operating expenses.

#### **Operating expense**

The gross outflow of economic benefits, being cash and non-cash items, during the period arising in the course of ordinary activities of an entity when those outflows result in decreases in equity, other than decreases relating to distributions to equity participants.

#### **Operating expenses**

Recurrent expenses continuously required to provide a service, including power, fuel, staff, plant equipment, maintenance, depreciation, on-costs and overheads.

#### **Operations, maintenance and renewal financing ratio**

Ratio of estimated budget to projected expenditure for operations, maintenance and renewal of assets over a defined time (e.g. 5, 10 and 15 years).

#### **Operations, maintenance and renewal gap**

Difference between budgeted expenditures in a long term financial plan (or estimated future budgets in absence of a long term financial plan) and projected expenditures for operations, maintenance and renewal of assets to achieve/maintain specified service levels, totalled over a defined time (e.g. 5, 10 and 15 years).

#### **Pavement management system (PMS)**

A systematic process for measuring and predicting the condition of road pavements and wearing surfaces over time and recommending corrective actions.

#### **PMS Score**

A measure of condition of a road segment determined from a Pavement Management System.

#### **Rate of annual asset consumption \***

The ratio of annual asset consumption relative to the depreciable amount of the assets. It measures the amount of the consumable parts of assets that are consumed in a period (depreciation) expressed as a percentage of the depreciable amount.

#### **Rate of annual asset renewal \***

The ratio of asset renewal and replacement expenditure relative to depreciable amount for a period. It measures whether assets are being replaced at the rate they are wearing out with capital renewal expenditure expressed as a percentage of depreciable amount (capital renewal expenditure/DA).

#### **Rate of annual asset upgrade/new \***

A measure of the rate at which assets are being upgraded and expanded per annum with capital upgrade/new expenditure expressed as a percentage of depreciable amount (capital upgrade/expansion expenditure/DA).

#### **Recoverable amount**

The higher of an asset's fair value, less costs to sell and its value in use.

**Recurrent expenditure**

Relatively small (immaterial) expenditure or that which has benefits expected to last less than 12 months. Recurrent expenditure includes operations and maintenance expenditure.

**Recurrent funding**

Funding to pay for recurrent expenditure.

**Rehabilitation**

See capital renewal expenditure definition above.

**Remaining useful life**

The time remaining until an asset ceases to provide the required service level or economic usefulness. Age plus remaining useful life is useful life.

**Renewal**

See capital renewal expenditure definition above.

**Residual value**

The estimated amount that an entity would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

**Revenue generating investments**

Investments for the provision of goods and services to sustain or improve services to the community that are expected to generate some savings or revenue to offset operating costs, e.g. public halls and theatres, childcare centres, sporting and recreation facilities, tourist information centres, etc.

**Risk management**

The application of a formal process to the range of possible values relating to key factors associated with a risk in order to determine the resultant ranges of outcomes and their probability of occurrence.

**Section or segment**

A self-contained part or piece of an infrastructure asset.

**Service potential**

The total future service capacity of an asset. It is normally determined by reference to the operating capacity and economic life of an asset. A measure of service potential is used in the not-for-profit sector/public sector to value assets, particularly those not producing a cash flow.

**Service potential remaining**

A measure of the future economic benefits remaining in assets. It may be expressed in dollar values (Fair Value) or as a percentage of total anticipated future economic benefits. It is also a measure of the percentage of the asset's potential to provide services that are still available for use in providing services (Depreciated Replacement Cost/Depreciable Amount).

**Specific Maintenance**

Replacement of higher value components/sub-components of assets that is undertaken on a regular cycle including repainting, replacement of air conditioning equipment, etc. This work generally falls below the capital/ maintenance threshold and needs to be identified in a specific maintenance budget allocation.

**Strategic Longer-Term Plan**

A plan covering the term of office of councillors (4 years minimum) reflecting the needs of the community for the foreseeable future. It brings together the detailed requirements in the Council's longer-term plans such as the asset management plan and the long-term financial plan. The plan is prepared in consultation with the community and details where the Council is at that point in time, where it wants to go, how it is going to get there, mechanisms for monitoring the achievement of the outcomes and how the plan will be resourced.

**Sub-component**

Smaller individual parts that make up a component part.

**Useful life**

Either:

- (a) the period over which an asset is expected to be available for use by an entity, or
- (b) the number of production or similar units expected to be obtained from the asset by the entity.

It is estimated or expected time between placing the asset into service and removing it from service, or the estimated period of time over which the future economic benefits embodied in a depreciable asset, are expected to be consumed by the Council.

**Value in Use**

The present value of future cash flows expected to be derived from an asset or cash generating unit. It is deemed to be depreciated replacement cost (DRC) for those assets whose future economic benefits are not primarily dependent on the asset's ability to generate net cash inflows, where the entity would, if deprived of the asset, replace its remaining future economic benefits.

Source: IPWEA, 2009, Glossary

Additional and modified glossary items shown \*



# Asset Management Policy

[playford.sa.gov.au](http://playford.sa.gov.au)



## Asset management policy

*This policy is set by Council for use by the community and council administration*

ECM Document Set No.: 2986660

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Version No.: 1.0

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Date of Current Version: 09/03/2018

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Responsible Team: Assets & Projects

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Initial Date of Adoption 26/06/2018

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Last Reviewed N/A

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Authorised By Council

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Resolution No.:

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Date of Next Review 26/06/2022

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## 1. Purpose

To set the guidelines for implementing consistent asset management practice and procedure throughout the City of Playford.

To ensure adequate provision is made for the long-term management of Council assets by:

- Ensuring that Council's assets are provided in a sustainable manner, with the appropriate levels of service to residents, visitors and the environment.
- Safeguarding Council assets by implementing appropriate asset management strategies and appropriate financial resources for those assets.
- Creating awareness amongst employees and elected members of their responsibilities for the creation and management of sustainable assets.
- Meeting legislative requirements for asset management.
- Ensuring resources and operational capabilities are identified, and responsibility for asset management is allocated.
- Demonstrating transparent and responsible asset management processes that align with demonstrated best practice.
- Ensuring an integrated approach across all teams in asset management service delivery.
- Ensuring Council's asset management practices are aligned with the strategic direction.

## 2. Scope

This policy applies to Council's non-current assets within the City of Playford that are owned, managed and/or under the care control of Council.

Asset Management at Council is the combination of management, financial, economic and technical practices applied to physical assets, with the objective of meeting the required levels of service in the most cost-effective and fit for purpose manner.

This policy applies to all physical assets owned or controlled by Council. Asset categories covered by this policy are categorised as follows:

- Roads, Bridges & Major Culverts
- Stormwater infrastructure
- Footpaths & pathways
- Buildings
- Parks & Recreation
- Land
- Information Technology
- Other physical assets such as fleet, plant & equipment

Note: This policy does not include intangible assets, people, intellectual property and financial instruments.

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### 3. Legislation and References

#### Local Government Act, 1999

Section 99(1)(g) - the function of the Chief Executive Officer includes to ensure that the assets and resources of the council are properly managed and maintained.

Section 122 - Council must develop and adopt an Infrastructure and Asset Management Plan.

#### Australian Accounting Standards:

- AASB 116 Property, Plant and Equipment
- AASB 136 Impairment of Assets
- AASB 13 Fair Value Measurement

#### 2016 – 2020 Smart City, Connected Community Strategic Plan

4.2. Strategy 2 - Securing Playford's Future and Building Value

#### Long Term Financial Plan

The City of Playford's Long Term Financial Plan (LTFP) ensures Council can deliver services, maintain assets and achieve its strategic objectives in a financially sustainable manner.

### 4. Definitions

**Assets** are resources controlled by the City of Playford as a result of past events and from which future economic benefits or service potential are expected to flow to the City of Playford. An essential characteristic of an asset is that the City of Playford must have control over the future economic benefits or service such that it is able to enjoy those benefits or services and deny or regulate the access of others to the benefits.

**Asset Class** is an asset class is a grouping of assets of a similar nature and use.

**Asset Management** is the combination of management, financial, economic, engineering and other practices applied to physical assets with the objective of providing the required level of service in the most cost effective manner.

**Asset Management Plan** encompasses all the assets under the City's control, identify asset service standards, and contain long-term projections of asset maintenance, rehabilitation and replacement costs.

**Asset Management Strategy** provides a road map for improving the efficient management of Council's assets.

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**Councillor** is a person appointed or elected by the electors of a particular ward, as a representative of the ward in the City of Playford.

**Depreciation** is the mechanism by which the depreciable amount of an asset is expensed over its service life. It represents the amount by which the future economic benefits provided by the asset are being consumed over a period of time.

**Employee** is a person employed by the Organisation on an ongoing or fixed term full time, part time and/or long-term casual basis

**Level of Service** is the defined quality and quantity of services to meet community expectations delivered by Council. In the context of asset management, this applies to assets such as parks and reserves, roads and infrastructure, buildings, drainage, natural areas and traffic and transportation.

**Life Cycle** of activities through which an asset progresses whilst retaining an identity as a particular asset, i.e. from planning and design through to decommissioning or disposal

**Life Cycle Cost** is the total cost of an asset throughout its life including planning, design, construction, acquisition, operation, maintenance, rehabilitation and disposal costs.

**Non-current assets** are assets which are not easily convertible to cash or not expected to become cash within the next year. Examples include land, buildings, roads, drainage and other infrastructure.

**Organisation** is the local government entity known as City of Playford.

**Renewal** is expenditure on an existing asset or on replacing an existing asset, which returns the service capability of the asset up to that which it had originally.

**Service life** is the period that an asset is expected to be available for use by City of Playford

## 5. Policy

### Principles

The following principles will be used by Council to guide Asset Management planning and decision making:

- All relevant legislative requirements together with political, social and economic environments are to be taken into account in asset management.
- Preparation of an Asset Management Strategy which details how this policy is to be implemented;
- Asset Management Plans will be developed for major service/asset categories. The plans will be informed by community consultation and financial planning and reporting.
- Agreed service levels defined in adopted Asset Management Plans and the effectiveness of the current assets to provide that level of service will form the basis of future asset renewal plans and annual budget estimates.
- Current and desired levels of service are defined for asset based services that consider: community expectations; legislative and technical requirements; the cost of service and economic, environmental and social sustainability
- An inspection regime will be used as part of asset management to ensure agreed service levels are maintained and to identify asset renewal priorities.
- Assets are managed to achieve the lowest possible whole-of-life cost whilst controlling exposure to risk and level of service.
- Systematic and cyclic reviews will be applied to all asset classes to ensure assets are managed, valued and depreciated in accordance with accepted industry practices and applicable Australian Standards.
- Strategic and targeted expansion of the asset base will be undertaken where the benefits to the Community justify the whole of life costs.
- Developer contributed assets will comply with current engineering standards to ensure they do not become an unnecessary burden on the community.
- A planned approach is taken to the impacts of growth and demographic change through demand management and asset investment using an agreed growth and demographic model.
- Actively identifying and disposing of those assets that are determined to be underutilised, at the end of their useful lives, subject to consultation with the community and determining the impact of non-replacement on the community.
- Utilisation of technological advances relevant to asset management.
- Improving maintenance and rehabilitation practices and ensuring it is in a manner, which is acceptable to the community in terms of financial burden, safety, quality, impact on the environment, need and Council's ability to fund those works.
- Future life cycle costs will be reported and considered in decisions relating to new services and assets and upgrading of existing services and assets.
- Monitoring its performance in accordance with measures developed as part of its Asset Management Strategy.
- Assets under the control of Council are identified and recorded in a register with the level of detail and accuracy being based on:
  - (1) Statutory requirements; and then
  - (2) Risk management requirements; and then
  - (3) cost/benefit.
- Council will undertake a comprehensive review of its infrastructure and asset management plans within 2 years after each general election of the Council.

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## 6. Responsibilities

**Councillors** adopt the policy and ensure sufficient resources are applied to effectively manage the assets.

**The Chief Executive Officer** has overall responsibility for developing asset management business processes, systems, organisational policies and procedures and reporting on the status and effectiveness of asset management within Council.

**General Managers and Senior Managers** are responsible for developing asset management plans, implementing asset management business processes, systems, organisational policies and procedures.

**Managers** will be held accountable for the management of assets within their areas of responsibility as determined under the asset management plans and Council's documented programs and services (organisation chart).

**Employees** will be tasked with delivering the levels of service defined in the various asset management plans and will be responsible for the timely completion of activities contained within these plans.

**Asset Management Department** is accountable for developing and maintaining Asset Management Plans, providing professional advice and comment to other departments of Council in relation to asset management and developing and maintaining an Asset Management Information System to facilitate efficient and effective asset management.

## 7. Relevance to Strategic Plan

4.2. Strategy 2 - Securing Playford's Future and Building Value

## 8. Accessibility

This Policy and supporting documentation can be found on City of Playford's website and internal intranet Click

## 9. Feedback

We invite your feedback on this policy which can be directed to the 'Senior Manager Capital Works & Assets' - [playford@playford.sa.gov.au](mailto:playford@playford.sa.gov.au).

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**10. Approval and Change History**

Version	Approval Date	Approval by	Change
1.0	09/03/2018	Paul Alberton	

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# **COMMITTEE WORKPLAN**

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**8.1 Monthly Review of Committee Work Plan**

**Attachments :** 1. Corporate Governance Committee Work Plan May

**Why is this matter before the Council or Committee?**

**Presenter:** Mr Sam Green

**Purpose:** To provide the Committee with the upcoming work plan.

**Duration:** 5 mins



[illegible]