



**CONFIDENTIAL CORPORATE
GOVERNANCE COMMITTEE MEETING**

CONFIDENTIAL MATTERS

STAFF REPORTS

Matters for Information - Committee Only

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Released 30 April 2024

STAFF REPORTS

MATTERS TO BE CONSIDERED BY THE COMMITTEE ONLY

***Matters for Information -
Committee Only***

Confidential Matters

8.1 ROLLING REVALUATION UPDATE

Contact Person: Sam Green

Why is this matter confidential?

Subject to an order pursuant to Section 90(3)(b) of the *Local Government Act 1999*, This matter is Confidential because this report contains information which has been extracted from a current Council procurement process. Therefore, the report has commercially sensitive information.

A. COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

Responsible Executive Manager : Sam Green

Report Author : Trisca Price

Delegated Authority : Matters for Information

Attachments : 1. [Revaluation Cycle](#) - Extract from Asset Capitalisation and Accounting Guidelines

Purpose

The purpose of this report is to:

- Provide an update on progress of the current external valuation on Buildings and Other Structures as per cyclical revaluation 5 year plan.

STAFF RECOMMENDATION

The Committee:

1. Note that the external valuation of Council Assets – Buildings and Other Structures will be completed in 2023/24.

Relevance to Strategic Plan

Periodic external revaluation of Council assets and useful lives:

- Ensures compliance with Section 127(2)(b) of the *Local Government Act 1999* and Australian Accounting Standard AASB116 *Property, Plant and Equipment*.
- Provides transparent financial reporting to the community to demonstrate long term financial sustainability.
- Enables progressive, rather than a sudden, adjustment to rates.

Relevance to Community Engagement Policy

There is no requirement to consult with the community.

Background

Australian Accounting Standards require assets to be periodically independently revalued. Generally accepted accounting practice is for this to occur at least once every five years.

In February 2022 the committee supported the change to a 5 year cyclical external revaluation of Council assets rather than an external valuation across all asset classes in the same period. Based on the supported cycle (please refer to Attachment 1), Buildings and Other Structures are scheduled for an external revaluation in 2023/24.

Current Situation

External Revaluation

Councils current process is to undertake a revaluation of its assets every year in December allowing sufficient time for any impacts to be included in the Annual Business Plan, Strategic Asset Management Plan and Annual Financial Statements. Those assets that are not due for an external revaluation assessment will have an internal desktop approach applied where management review the unit rates, changes in the market and any external data to support required changes to existing asset values.

Staff are currently undertaking a procurement process to appoint a valuer to undertake the 2023/24 external revaluation with an application date of 1 December 2023. The proposed approach is via a select request for quote utilising Local Government Association Procurement Panel Agreement. The scope includes a revaluation of Buildings and Other Structures in accordance with accounting standards, valuation for insurance purposes, replacement cost for asset renewal and an independent assessment of associated economic useful lives. Grant funding is available from Councils insurers for asset valuations for Insurance purposes, which will be pursued, to assist with reducing councils cost associated with the revaluation.

Future Action

On completion of the revaluation a report will be provided at the February Corporate Governance Committee meeting, detailing the impact that the revaluation has had on Councils assets and associated depreciation expense, changes in useful life and any proposed budget adjustments.

City of Playford – Application Date January 2022

Next Review December 2024

5.7.4 Revaluation Timing

All assets will be revalued at least every five years by an external valuer with annual indexing and desktop revaluation every other year applied internally. CoP will assess at each reporting period that the carrying amount doesn't differ materially from the fair value at the end of the reporting period. The years in which an external valuation is not applied through a 5-year rolling period the desktop valuation will consist of a review of unit rates against current contracts and past years rates to determine the unit rate to be applied for desktop valuation. Where no price evidence is available an indexation will be applied using LGPI.

Asset Revaluation Cycle

		Year of implementation 2021-22		Rolling 5 year cycle									
Category	Revaluation	Year 1		Year 2		Year 3		Year 4		Year 5		Year 6	
		Current Reval Date	Reval Method	Next Reval Date	Reval Method	Next Reval Date	Reval Method	Next Reval Date	Reval Method	Next Reval Date	Reval Method	Next Reval Date	Reval Method
Land	Fair Value	1/07/2021	External	1/12/2022	Index	1/12/2023	Index	1/12/2024	Index	1/12/2025	Index	1/12/2026	External
Building & Other Structures	Fair Value	1/07/2021	External	1/12/2022	Index	1/12/2023	External	1/12/2024	Index	1/12/2025	Index	1/12/2026	Index
Infrastructure - Stormwater	Fair Value	1/07/2021	External	1/12/2022	Internal Replacement Cost	1/12/2023	Internal Replacement Cost	1/12/2024	External	1/12/2025	Internal Replacement Cost	1/12/2026	Internal Replacement Cost
Infrastructure - Streetscape	Fair Value	1/07/2021	External	1/12/2022	Internal Replacement Cost	1/12/2023	Internal Replacement Cost	1/12/2024	Internal Replacement Cost	1/12/2025	External	1/12/2026	Internal Replacement Cost
Infrastructure - Parks & Sportfields	Carried at Cost	1/07/2021	External	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Right-of-use Assets	Carried at Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plant & Equipment	Carried at Cost	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Useful life and Impairment review to be undertaken annually as per AASB116

Any Impairment would need to be reassessed each year and reversed when evidence supports the asset is no longer impaired

C. COMMITTEE TO DECIDE HOW LONG ITEM 8.1 IS TO BE KEPT IN CONFIDENCE

PURPOSE

To resolve how long agenda item 8.1 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of *the Local Government Act 1999*, the Committee orders that the following aspects of Item 8.1 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90(3)(b) of the *Local Government Act 1999*:

- Report for Item 8.1
- Minutes for Item 8.1

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of *the Local Government Act 1999*.

INFORMAL DISCUSSION

Confidential Matters

8.2 FINDINGS OF EXTERNAL AUDIT

Contact Person: Sam Green

Why is this matter confidential?

Subject to an order pursuant to Section 90(3)(b) of the *Local Government Act 1999*, this matter is confidential because it is a discussion between the Committee and the external Auditor to be held in confidence to provide assurance regarding preparation of financial statements.

A. COUNCIL/COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

Presenter: Mr Andrew Tickle

Purpose: Committee discussion with External Auditor regarding external audit

Duration: 30 Minutes

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 8.2 IS TO BE KEPT IN CONFIDENCE

PURPOSE

To resolve how long agenda item 8.2 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 8.2 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90(3)(b) of the *Local Government Act 1999*:

- Minutes for Item 8.2

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the *Local Government Act 1999*.

8.3 PRESENTATION ON SOCIAL INFRASTRUCTURE - RIVERLEA

Contact Person: Sam Green

Why is this matter confidential?

Subject to an order pursuant to Section 90(3)(b) of the *Local Government Act 1999*, this matter is confidential because Information included in the presentation is subject to confidential commercial negotiations.

A. COMMITTEE TO MOVE MOTION TO GO INTO CONFIDENCE

No action – this motion passed in the open section.

B. THE BUSINESS MATTER

Presenter: Samantha Grieve

Purpose: Present information to the Committee on the proposed social infrastructure project at Riverlea

Duration: 30 minutes

C. COMMITTEE TO DECIDE HOW LONG ITEM 8.3 IS TO BE KEPT IN CONFIDENCE

PURPOSE

To resolve how long agenda item 8.3 is to be kept confidential.

STAFF RECOMMENDATION

Pursuant to Section 91(7) of the *Local Government Act 1999*, the Committee orders that the following aspects of Item 8.3 be kept confidential in accordance with Committee's reasons to deal with this item in confidence pursuant to Section 90(3)(b) of the *Local Government Act 1999*:

- Presentation for Item 8.3

This order shall operate until the next scheduled annual review of confidential items by Council at which time this order will be reviewed and determined in accordance with Section 91(9)(a) of the *Local Government Act 1999*.