



CONFIDENTIAL ORDINARY COUNCIL MEETING

CONFIDENTIAL MATTERS

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Released 26 April 2022

16.1 NAWMA KERBSIDE WASTE COLLECTION CONTRACT

Contact Person: Rachel Paterson

Why is this matter confidential?

Subject to an order pursuant to Sections 90 (3) (j) (k) of the Local Government Act 1999, this matter is confidential because it provides a detailed analysis of tenders and contractual arrangements relating to a large commercial contract, currently totaling \$8.7million per annum. This information has been provided in confidence by NAWMA to the City of Playford for consideration.

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

No action – this motion passed in the open section

B. THE BUSINESS MATTER**16.1 NAWMA KERBSIDE WASTE COLLECTION CONTRACT**

Contact Person: Rachel Paterson

See Attachment No: 1. NAWMA Board Report - Kerbside Waste Management Contract - Confidential

Why is this matter before the Council or Committee?

Matters which cannot be delegated to a Committee or Staff

Purpose

To seek council approval for NAWMA to enter into a new Kerbside Waste Management Collection Service contract as tendered and endorsed by the NAWMA Board.

STAFF RECOMMENDATION

That Council

1. Agrees with the recommendation from the NAWMA Board to award the contract for provision of a Kerbside Waste Management Collection Service to SUEZ Environment.
2. Instruct staff to notify NAWMA of Council's decision in order to allow progress of the contractual obligations.

COMMITTEE RESOLUTION**2419**

That Council

1. Agrees with the recommendation from the NAWMA Board to award the contract for provision of a Kerbside Waste Management Collection Service to SUEZ Environment.
2. Instruct staff to notify NAWMA of Council's decision in order to allow progress of the contractual obligations.

Relevance to Strategic Plan

Strategy 5. Building our capabilities

Outcome 5.2 Delivering value for money services

Relevance to Public Consultation Policy

Council has no specific legislative responsibility to consult with the community regarding this information.

Background

The Northern Adelaide Waste Management Authority (NAWMA) contracts kerbside waste management services from many third party providers, managing these contracts on behalf of their member councils. Both the hard waste collection contract and the current kerbside waste collection contract, encompassing the general waste (red-lidded bin), recycling (yellow-lidded bin) and organics (green-lidded bin), are due to end on 28 February 2017.

To allow an adequate lead-in time for these contracts, NAWMA has recently tendered both services via a process endorsed by its Board. The tender encompasses all residential waste collection services across the member and client Councils.

Attachment 1 contains the report to the NAWMA Board outlining the results of the tender process. The attachment provides detail on the process and findings.

NAWMA's Charter requires that contracts of this nature be approved by all of the constituent Councils. These are the City of Playford, City of Salisbury and the Town of Gawler.

This report provides an outline of the result of the tender process and its implications to the City of Playford. NAWMA also investigated carrying out the collection service in-house as part of due diligence in considering this service. However, the report commissioned to investigate it found no financial nor community benefit at this time given the results of the tender process. Therefore this option is not considered further. A summary of the findings into this option can be found on page three of the attachment.

Analysis of Issues

Key aspects that were considered within the tender process were:

Tender aspect	Brief outline of outcome
Value for money	Favourable. Discussed in further detail below
Environmental factors, focussing on the fuel type for trucks	Favourable. Outlined in the Attachment
Education support to residents	Favourable. Outlined in the Attachment
Contract management arrangements	Favourable. Outlined in the Attachment
Performance criteria – reiterating links to Council service expectations to the community	Favourable. Outlined in the Attachment. Reiterates Council's service expectations to its community via Service Standards.

These are considered positive criteria for inclusion, reflecting the City of Playford's interests in relation to providing high value services for its community.

Some issues and changes of note are:

- The contract is for a term of 8 years to 2025, which results in some site management issues for NAWMA to determine as its' current lease on the site is to 2022. However, NAWMA is aware of these and has various options available to it.
- The Hard Waste Collection has been rolled into the same contract, which was not the case previously. There are no service implications to residents, but this provides significant cost-savings to Council, with collection costs anticipated to reduce by one-third resulting in savings of around \$240,000 per year.
- The cost of providing bins (called MGBs) was amortised at a rate of approx. \$0.1226 per service, or at a cost of approx. \$360,650 per year from the beginning of the current contract nearly 7 years ago. The bins will be fully paid off at the end of this contract, meaning that this cost will no longer be imposed on Council within the waste management budget line.

Given that waste management costs are a significant portion of Council's annual budgets, the financial implications of the contract are a high priority issue.

Attachment 1 provides an overview of the financial implications from NAWMA's perspective. However, Council calculates its financial implications via slightly different processes, therefore staff have analysed the anticipated savings with a favourable outcome. The table below provides an outline of the anticipated budget savings to Council.

This table differs from Attachment 1 due to the way in which growth is considered in the financial calculations. NAWMA factors growth into its annual budgets, while Council considers growth via its internal processes. As growth is funded via Council's budget process, it has been taken out of the calculation of savings below.

	Current collection cost	Anticipated collection costs	Savings	
Waste	\$ 1,507,663	\$ 1,232,884	\$ 274,779	18%
Recycling	\$ 789,111	\$ 656,245	\$ 132,866	17%
Organics	\$ 345,151	\$ 265,173	\$ 79,978	23%
Hard waste	\$ 357,984	\$ 235,980	\$ 122,004	34%
Administration	\$ 49,500	\$ 49,500	\$ -	
Subtotal	\$ 3,049,409	\$ 2,439,783	\$ 609,626	20%
MGB costs	\$ 361,648	-	\$ 361,648	
Total	\$ 3,411,057	\$ 2,439,783	\$ 971,274	28%

Table 1: Comparison of current to anticipated collection costs, and the savings anticipated from the proposed contract as at 2017/18 ex-Growth.

Based on the Table above, the savings to Council from the proposed contract equate to around \$610,000 per year or a 20% reduction on the current waste collection costs (please note that waste disposal is not included in these figures as this is a separate cost).

The anticipated financial savings were looked at via growth projections, showing a continuing favourable trend.

In addition, Council will no longer be paying off the mobile wheelie bins (MGBs) purchased in 2009 resulting in an additional cost reduction of approximately \$360,000 per annum. This saving is not as a result of the new contract, but simply the result of paying off the loan to purchase to MGBs.

Options

Option 1

That Council

1. Agrees with the recommendation from the NAWMA Board to award the contract for provision of a Kerbside Waste Management Collection Service to SUEZ Environment.
2. Instruct staff to notify NAWMA of Council's decision in order to allow progress of the contractual obligations.

Option 2

That Council does not endorse the recommendation of the NAWMA Board and seeks clarification on the process and decision of the Board on this matter.

Analysis of Options

Option 1

This option will allow NAWMA's administration to establish the necessary processes for a smooth transition to the new contract, as per their current plans. The financial, community and environmental outcomes of the preferred contractor appear positive for the City of Playford community.

Option 2

This option indicates the Council has concerns with NAWMA's tender process or outcomes and will necessitate further discussions on what outcomes Council is aiming for. Implications may result in a need to re-tender and a shorter window for establishing contractual arrangements prior to the conclusion of the current contract in February 2017.

Financial Implications

Based on NAWMA's preferred contract outcome, the total reduction to the Waste Management Budget as of 2017/18 will be near to \$1million on current cost projections for the City of Playford. These savings will be factored into the appropriate Council budget management process when the 2017/18 budget is being considered and will need to be reflected in Council's Long-term Financial Plan.

As the contract is anticipated to commence in March 2017, Council may expect a partial cost reduction in the 2016/17 budget of approximately \$200,000+. These partial cost reductions will be considered and presented as part of the NAWMA Budget for 2016/17.

However, the full cost reductions will not be seen until the 2017/18 budget, at which time they will be included into the existing Council budget management process.

This is a positive outcome for Council particularly as the anticipated savings will be recurrent, allowing Council to make decisions on how it wishes to administer the savings found from 2017/18 onward.

Preferred Options and Justification

Option 1 is the preferred option. The factors considered via NAWMA's tendering process are in line with Council directions and interests. The outcomes from a financial, environmental and community outcome perspective appear positive.

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 16.1 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 16.1 is to be kept confidential.

STAFF RECOMMENDATION

That pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999 the Council orders that the following aspects of Item 16.1 be kept confidential:

- Report for Item 16.1 for a period of twelve (12) months from when NAWMA and the selected tenderer endorse the contract.
- Attachment(s) for Item 16.1 for a period of three (3) years from the date of the contract commencement, anticipated to be February 2020.
- Discussion for Item 16.1 for a period of twelve (12) months from when NAWMA and the selected tenderer endorse the contract, although this will need be subject to a review prior to release.
- Decision for Item 16.1 until NAWMA and the selected tenderer endorse the contract and NAWMA publicises the outcome.

OptionsOption 1

That pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999 the Council orders that the following aspects of Item 16.1 be kept confidential:

- Report for Item 16.1 for a period of twelve (12) months from when NAWMA and the selected tenderer endorse the contract.
- Attachment(s) for Item 16.1 for a period of three (3) years from the date of the contract commencement, anticipated to be February 2020.
- Discussion for Item 16.1 for a period of twelve (12) months from when NAWMA and the selected tenderer endorse the contract, although this will need be subject to a review prior to release.
- Decision for Item 16.1 until NAWMA and the selected tenderer endorse the contract and NAWMA publicises the outcome.

Option 2

The Council/Committee determines a different timeframe for any “in confidence” aspects of agenda item 16.1 to remain in confidence.

Analysis of OptionsOption 1

This item is excluded from the public on the basis that it relates to Sections 90 (3) (j) (k) of the Local Government Act 1999.

The report can be released after twelve months of endorsement by NAWMA and the selected tenderer as it contains information and calculations which would be included in Council's standard budgeting processes. It does not provide detail of per household costing.

The Attachment includes details of the contractual arrangements, particularly financial arrangements which can be used for commercial advantage by the preferred tenderer's

competitors. This information is anticipated to no longer have commercial competitive value three years into the contract period.

Depending on the nature of the discussion this should be available for release 12 months after the contract is endorsed by NAWMA and the selected tenderer. However, this should be reviewed prior to release to ensure no commercial advantage is given to another party, nor that the preferred tenderer is disadvantaged in a competitive market place as a result.

NAWMA needs to be notified of the Decision after this meeting, but for all other purposes, the decision should be confidential until made public by NAWMA.

Option 2

The Council may determine that certain or all aspects of agenda item 16.1 remain in confidence.

16.2 LOT 1013 PLAYFORD BLVD ELIZABETH - NORTHERN CBD PROJECT

Contact Person: Paul Alberton

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 relates to commercial information.

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

No action – this motion passed in the open section

B. THE BUSINESS MATTER

16.2 LOT 1013 PLAYFORD BLVD ELIZABETH - NORTHERN CBD PROJECT

Contact Person: Paul Alberton

See Attachment No: 1. Land information
2. Northern CBD Project - Current Concept Plan

Why is this matter before the Council or Committee?

Matters which cannot be delegated to a Committee or Staff

Purpose

For Council to endorse the purchase of Allotment 1013 Playford Boulevard (northern corner of Main North Road and Philip Highway intersection – see Attachment 1)

STAFF RECOMMENDATION

1. Council agrees to purchase Allotment 1013 Playford Boulevard, Elizabeth (CT 5936/473) from the Elizabeth Shopping Centre (owned by Vicinity Centres) for an agreed price of \$2.5 million.
2. The purchased land will be excluded from classification as community land in accordance with Section 193 of the Local Government Act 1999 and will be retained by Council as freehold land for use in Council's Northern CBD Project.

COMMITTEE RESOLUTION**2411**

- 1. Council agrees to purchase Allotment 1013 Playford Boulevard, Elizabeth (CT 5936/473) from the Elizabeth Shopping Centre (owned by Vicinity Centres) for an agreed price of \$2.5 million.**
- 2. The purchased land will be excluded from classification as community land in accordance with Section 193 of the Local Government Act 1999 and will be retained by Council as freehold land for use in Council's Northern CBD Project.**

Relevance to Strategic Plan

Strategy 3. Elizabeth, Adelaide's northern CBD

Outcome 3.1 Provision of CBD facilities and services

Relevance to Public Consultation Policy

There is no need to consult the community for this decision. A decision to purchase this land is consistent with Council's strategic goals to turn Elizabeth Regional Centre into Adelaide's Northern CBD.

Background

Repositioning Elizabeth as the CBD of the north will significantly improve the wellbeing of residents in northern Adelaide by increasing services, economic diversity, and housing choice.

Council's 30 Year Community Vision and Strategic Plan have made this a major objective for Council. Council made the decision in 2013 to use its own land located around the Civic Centre to initiate this transition. The Elizabeth Shopping Centre own Allotment 1013 Playford Boulevard (the Land) which abuts our Civic Centre land. Council was successful in gaining the Elizabeth Shopping Centre's support for the Northern CBD vision. Council gained the Elizabeth Shopping Centre's support to submit an application for Round 1 National Stronger Regions Funding (NSRF) for the purpose of getting our combined land ready for mixed-use multi-storey development with infrastructure and amenity improvements. This bid was successful with the Commonwealth Government committing \$2.75m towards the project.

The Elizabeth Shopping Centre is owned by Vicinity Centres, a recently merged retail group that is currently the 25th largest company in Australia. It became clear during the preparation of the NSRF application that Vicinity Centres share our vision, the scale or their organisation is too big and too retail focused to help us achieve the vision. Therefore Council staff initiated discussions to purchase the Land from Vicinity.

Analysis of Issues

It is highly unusual for the owners of large shopping centres to sell land which they own which may, at some stage in the future, be required to cater for future expansion. However Council was successfully in showing Vicinity Centres a mutually beneficial vision for Elizabeth that is bigger than just a suburban shopping centre.

Vicinity have agreed (subject to their board approval) to sell the Land to Council for \$2.5m with covenants to the effect that Council will:

- Not develop or sell the land for retail development with the exception of small scale main street retail on Playford Blvd.
- Allow Elizabeth Shopping Centre to have appropriate signage exposure on the corner of Main North Road and Philip Highway.

Understandably Vicinity requires some assurance that Council will develop the site in accordance with our vision for mixed-use multi-storey development consisting of apartments, offices, and small scale main street retail. It is also reasonable that the Elizabeth Shopping Centre will require some signage presence in this location given that the Northern CBD project will block site lines to the centre.

Taking ownership of this land will mean that Council can take full control of the project that we were successful in receiving National Stronger Regions Funding. It removes any risk that the Elizabeth Shopping Centre could sell the land for development that is undesirable for the Northern CBD Project. Strategically this will give Council significantly greater control over the project outcomes.

The intention is for Council to develop the Land along with its Civic Centre land and Ashfield Road site into 12 allotments (see Attachment 2) ready for mixed-use multi-storey development including infrastructure, services, amenity and a central public plaza. Council would then sell the individual allotments to developers for the envisaged development outcomes.

Council had valuations of the Land undertaken as part of its National Stronger Regions Funding Round 1 application. The land was valued in its current state at approximately \$230 per square metre. The agreed sale price is consistent with this valuation ($\$230 \times 10,893\text{m}^2 = \$2,505,390$). Council also had a potential valuation calculated for the land once it is developed in accordance with our NSRF project. This valuation estimated that the developed land would be valued at approximately \$550 per square metre.

In rough numbers the Land is 10,893 square metres in area and valued at \$2.5m. If Council develops the land in accordance with the NSRF application then it will cost Council \$2,842,175 (\$2,500,000 + \$342,175 for infrastructure) to create allotments 5-8 on Attachment 2, plus a service road, a small section of allotment 4, and necessary road and verge widening on both Main North Road and Philip Highway frontages. After the land development is complete Council will own 5,782m² of developable land worth approximately \$3,180,100. Council could either sell this land at valuation to realise a profit of \$680,000 (27.2% return minus borrowing costs), or at a reduced price to achieve better outcomes. This decision can be made on a site by site basis. Council can recoup this money while facilitating Northern CBD outcomes. Council will also benefit financially from the rate income received from the development outcomes.

Options

Option 1

1. Council agrees to purchase Allotment 1013 Playford Boulevard, Elizabeth (CT 5936/473) from the Elizabeth Shopping Centre (owned by Vicinity Centres) for an agreed price of \$2.5 million.
2. The purchased land will be excluded from classification as community land in accordance with Section 193 of the Local Government Act 1999 and will be retained by Council as freehold land for use in Council's Northern CBD Project.

Option 2

Council does not wish to purchase Allotment 1013 Playford Boulevard from the Elizabeth Shopping Centre (owned by Vicinity Centres).

Analysis of Options

Option 1

This is the most important decision Council has made to date regarding the Northern CBD Project. Taking ownership of this land will remove one of the biggest risks for Stage 1 of the project ensuring the project proceeds and achieves the right outcomes. Council is unlikely to get another chance to purchase this land, the price is reasonable, and we have \$2.75m of Commonwealth funding committed to assist Council make this land development ready. Council can expect to receive its investment back within 5-10 years along with development outcomes that will benefit the community. This decision is consistent with Council's 30 year community vision and Strategic Plan objectives to make Elizabeth the CBD of northern Adelaide.

Option 2

This decision would mean that Council would need to continue to work with Elizabeth Shopping Centre/Vicinity Centres to achieve outcomes on the Land. Vicinity Centres support our vision but by their own admission are not in the business of mixed-use development and are too large an organisation to give the project the attention it needs to be successful. As long as the land is owned by Elizabeth Shopping Centre there will always be the risk of the land remaining vacant indefinitely, or worse being used for undesirable development incompatible with Council's goals. This decision would not be in the best interests of progressing Council's northern CBD vision.

Financial Implications



Council committed \$3.24m towards the Northern CBD Project this financial year. Construction on the project is currently expected to commence in April 2016 and therefore it is unlikely that the full amount will be spent in the 2015/16 financial year. Instead of rolling these funds over to next financial year and asking for more money this year, it is proposed that \$2.5m of the \$3.24m be spent on the Land, meaning Council does not need to find additional money this financial year. A budget submission for the 2016/17 financial year will be made to replenish these funds for the project. While this does represent additional borrowing for Council, the borrowing is short term because Council will sell the land over the next 10 years recouping the funds.

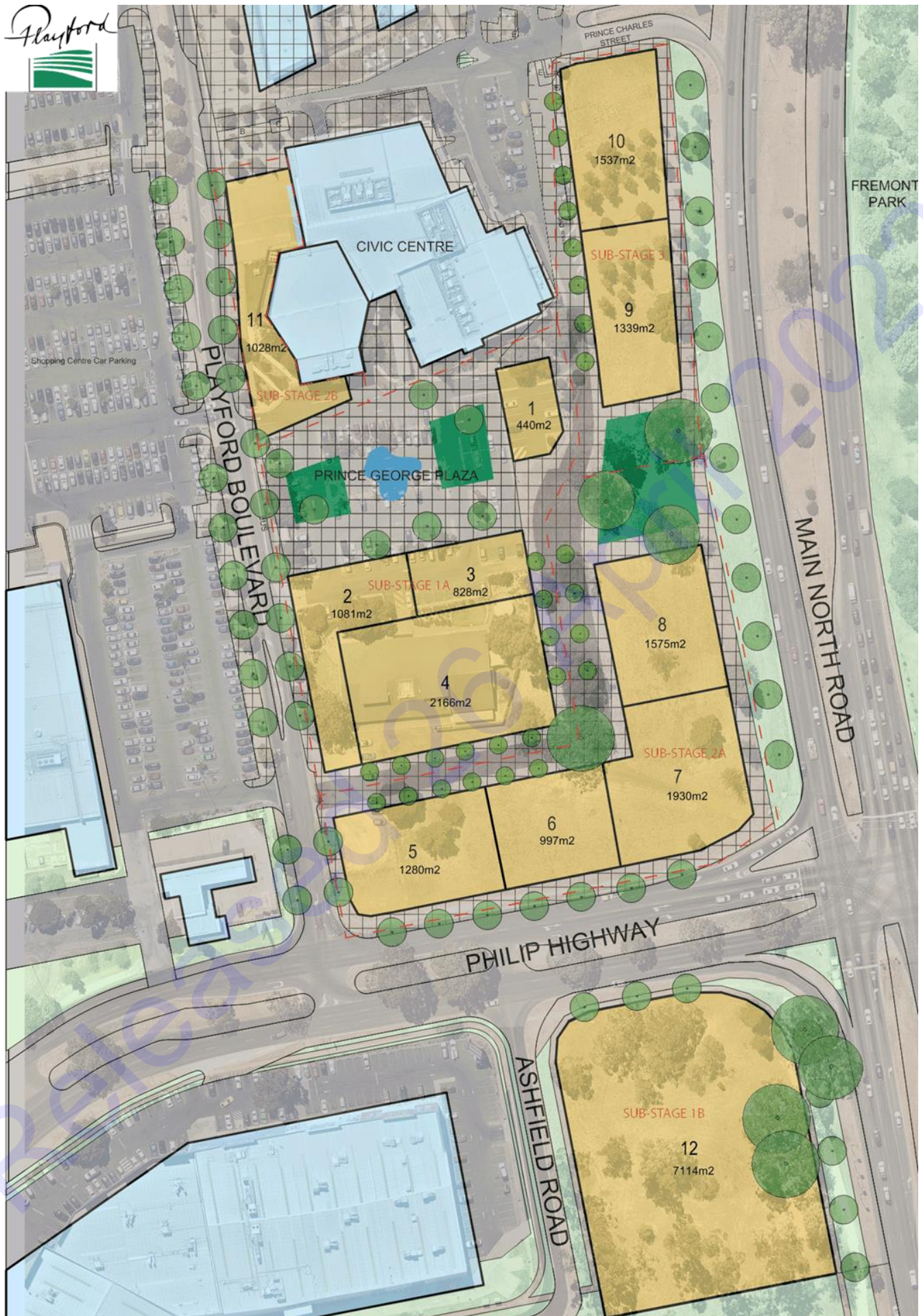
Preferred Options and Justification

Option 1 because it will give Council full control over Stage 1 of the Northern CBD project, it will deliver economic and social outcomes for the community and it will be cost positive for Council in the long run.

Land information - Allotment 1013 Playford Boulevard (CT 5936/473)



 Title Register Search LANDS TITLES OFFICE, ADELAIDE <small>For a Certificate of Title issued pursuant to the Real Property Act 1896</small>		LANDS TITLES OFFICE ADELAIDE SOUTH AUSTRALIA DIAGRAM FOR CERTIFICATE OF TITLE VOLUME 5936 FOLIO 473 SEARCH DATE : 07/11/2014 TIME : 10:07:36	
REGISTER SEARCH OF CERTIFICATE OF TITLE * VOLUME 5936 FOLIO 473 *			
COST : \$26.50 (GST exempt)	PARENT TITLE : CT 5471/128		
REGION : TMAIL	AUTHORITY : RTC 10160106		
AGENT : LHRP BOX NO : 000	DATE OF ISSUE : 28/02/2005		
SEARCHED ON : 07/11/2014 AT : 10:07:36	EDITION : 1		
REGISTERED PROPRIETOR IN FEE SIMPLE			
ELIZABETH CITY CENTRE PTY. LTD. OF CHADSTONE SHOPPING CENTRE 1341			
CHADSTONE ROAD CHADSTONE VIC 3148			
DESCRIPTION OF LAND			
ALLOTMENT 1013 DEPOSITED PLAN 66426			
IN THE AREA NAMED ELIZABETH			
HUNDRED OF MUNDO PARA			
EASEMENTS			
NIL			
SCHEDULE OF ENDORSEMENTS			
NIL			
NOTATIONS			
DOCUMENTS AFFECTING THIS TITLE			
NIL			
REGISTRAR-GENERAL'S NOTES			
CONTROLLED ACCESS ROAD VIDE PLAN 6			
			



C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 16.2 IS TO BE KEPT IN CONFIDENCE**Purpose**

To resolve how long agenda item 16.2 is to be kept confidential.

STAFF RECOMMENDATION

That pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999 the Council orders that the following aspects of Item 16.2 be kept confidential:

- Report for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Attachment(s) for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Discussion for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Decision for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Options**Option 1**

That pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999 the Council orders that the following aspects of Item 16.2 be kept confidential:

- Report for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Attachment(s) for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.
- Discussion for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Decision for Item 16.2 until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

Option 2

The Council/Committee determines a different timeframe for any “in confidence” aspects of agenda item 16.2 to remain in confidence.

Analysis of Options**Option 1**

This item is excluded from the public on the basis that it relates to Section 90 (3) (b) of the Local Government Act 1999.

It is recommended that the Report, Attachments 1 and 2, Discussion and Decision be held in confidence until negotiations have concluded, as determined by the Acting General Manager, Strategic Projects and Assets.

If the Council purchase the land, as per the staff recommendation, the release date for these aspects would be when the title has been issued to the Council as the new land owner. This ensures that the purchase remains confidential until the settlement has occurred, protecting both parties.

Option 2

The Council may determine that certain or all aspects of agenda item 16.2 remain in confidence as it sees fit.

Released 26 April 2022

16.3 APPOINTMENT OF EXTERNAL AUDITOR

Contact Person: Sam Green

Why is this matter confidential?

Subject to an order pursuant to Sections 90 (3) (b) (k) of the Local Government Act 1999, this matter is confidential because this matter concerns a tender for the provision of services and may prejudice the commercial position of the council.

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

No action – this motion passed in the open section

B. THE BUSINESS MATTER

16.3 APPOINTMENT OF EXTERNAL AUDITOR

Contact Person: Sam Green

See Attachment No: 1. Tender Evaluation Summary

Why is this matter before the Council or Committee?

Matters which cannot be delegated to a Committee or Staff

Purpose

To appoint the External Auditor for the next five years on a two year fixed term contract with three by one year extension terms at City of Playford's discretion.

STAFF RECOMMENDATION

In accordance with Section 128(2) of the Local Government Act, based on the recommendation of the Corporate Governance Committee, appoint Galpins Accountants Auditors and Business Consultants as the external auditor for the next five years on a two year fixed term contract with three by one year extension terms at City of Playford's discretion.

COMMITTEE RESOLUTION

2397

In accordance with Section 128(2) of the Local Government Act, based on the recommendation of the Corporate Governance Committee, appoint Galpins Accountants Auditors and Business Consultants as the external auditor for the next five years on a two year fixed term contract with three by one year extension terms at City of Playford's discretion.

Relevance to Strategic Plan

Strategy 5. Building our capabilities

Outcome 5.1 Highly performing organisation

Relevance to Public Consultation Policy

There is no requirement to consult with the community in respect to this matter.

Background

Council is required under Section 128 of the South Australia Local Government Act 1999 to appoint a suitably qualified person as its auditor. The auditor reports to Council on the General Purpose Financial Reports prepared annually in accordance with the Act.

The auditor is also required to report to Council on particular matters arising from the audit (Section 129). The auditor must specifically identify in the report any irregularity in the Council's accounting practices or the management of the Council's financial affairs identified by the auditor during the course of an audit.

The current contract for External Audit services expired after finalisation of the June 30th 2015 financial year.

Process

Council approached the market through a four-week Public Request for Tender to engage an experienced and qualified auditor for a fixed lump sum with a schedule of fees (for additional audit work required under the Act) for a two year term with an option to extend for a further three years.

An Evaluation Team was established with the following members:

- Martin White – Presiding Member Corporate Governance Committee
- Anthony Spartalis – Senior Manager Finance & Executive Officer Corporate Governance Committee
- Anita Futterer – Manager Finance

A value for money weighted matrix was prepared and used in the evaluation process. The evaluation team determined weightings prior to submissions being opened. In addition to matters of expected compliance, the following were considered for evaluation:

- Critical matters to be audited
- Industry experience, personnel and referees
- Proposed resources & team
- Methodology, innovation and the proposed approach
- Cost

Consideration was given to local suppliers who are cost competitive and meet the capabilities and requirements of the required service.

Tender responses were received from eight (8) well respected auditing firms. All submissions were of a high quality and based on the evaluation process, three respondents were shortlisted for reference checks:

- BDO Advisory (SA) Pty Ltd
- Bentleys (SA) Pty Ltd
- Galpins Accountants Auditors and Business Consultants (Galpins)

Each of the shortlisted respondents had rated well in most aspects, however, Galpins stood out in relation to feedback on their interaction with Council and their overall performance and professionalism.

Analysis of Issues

Under Section 128 (2) council will appoint the auditor on the recommendation of the council's audit committee. Council's audit committee (Corporate Governance Committee) was represented on the selection panel and, after an exhaustive tender process and shortlisting, a preferred tenderer was selected. The Corporate Governance Committee recommends Galpins Accountants Auditors and Business Consultants.

In discussion with Galpins regarding Council's preferred program, Galpins confirm that they can meet our requirements and have tentatively booked an initial meeting to work with Council to determine the detail to deliver our program within statutory timeframes.

Should Galpins not be appointed, we would necessarily need to go back to the other shortlisted proponents to select another firm. Best case is that one of the shortlisted parties accepts the appointment at their original cost and can accommodate our timeframes. Worst case is we have to go back to the broader group or re-advertise.

Options

Option 1

In accordance with Section 128(2) of the Local Government Act, based on the recommendation of the Corporate Governance Committee, appoint Galpins Accountants Auditors and Business Consultants as the external auditor for the next five years on a two year fixed term contract with three by one year extension terms at City of Playford's discretion.

Option 2

Reject the Corporate Governance Committee's recommendation and ask the selection panel to consider other candidates.

Financial Implications

Galpins are locked in at an agreed price which is within Budget.

Preferred Options and Justification

Option 1 to avoid potential increases in cost and significant re-work.

Proponent	Points of Difference	Concerns	Price
BDO	<ul style="list-style-type: none"> • Good Council experience • Well resourced • Good Internal Audit experience • Good feedback through reference checks 	<ul style="list-style-type: none"> • Council experience not necessarily in External Audit • Limited value-add • Depth in staff with relevant experience 	Lowest (\$29,500 pa)
Bentleys	<ul style="list-style-type: none"> • Good level of value-add initiatives • Well resourced • Good Internal Audit experience • Good feedback through reference checks 	<ul style="list-style-type: none"> • Experience weighted more toward Internal Audit 	Low (\$31,620 pa)
Newberry	<ul style="list-style-type: none"> • Existing Auditor with knowledge of Playford • Good industry experience 	<ul style="list-style-type: none"> • Limited detail in tender submission overall • Limited response on Critical Matters to be Audited 	Second highest (\$37,000)
Galpins	<ul style="list-style-type: none"> • Most positive reference checks • Most complete response • Clear, concise & easy to understand methodology & approach • High level of industry experience & links • Highest level of senior staff involvement • Good Internal Audit experience • Best response on Critical Matters to be Audited 	<ul style="list-style-type: none"> • No real concerns 	Average (\$34,000 pa)
Grant Thornton	<ul style="list-style-type: none"> • High level of detail around methodology & approach 	<ul style="list-style-type: none"> • Limited response on Critical Matters to be Audited • Lower level of involvement from senior staff 	Highest (\$38,500 pa)
HLB Mann Judd	<ul style="list-style-type: none"> • Good level of senior staff involvement • Good level of detail around methodology & approach 	<ul style="list-style-type: none"> • Silent on compliance to conditions of contract 	Above average (\$35,000 pa)
McDonald	<ul style="list-style-type: none"> • High level of senior staff involvement 	<ul style="list-style-type: none"> • Experience largely in auditing smaller councils • Limited staff resourcing 	Second lowest (\$30,000 pa)
UHY	<ul style="list-style-type: none"> • Reasonable level of industry experience as a firm 	<ul style="list-style-type: none"> • Principal based in Sydney • Little light on in regards to methodology & approach • Limited manager time/involvement • No Adelaide-based Registered Auditor 	High (\$36,100)

C. COUNCIL/COMMITTEE TO DECIDE HOW LONG ITEM 16.3 IS TO BE KEPT IN CONFIDENCE

Purpose

To resolve how long agenda item 16.3 is to be kept confidential.

STAFF RECOMMENDATION

That pursuant to Section 90(2) and Section 91(7) of the Local Government Act 1999 the Council orders that the following aspects of Item 16.3 be kept confidential:

- Report, Attachment(s), Discussion and Decision for Item 16.3 until Council appoints an appropriate party as its Auditor.

Released 26 April 2022

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