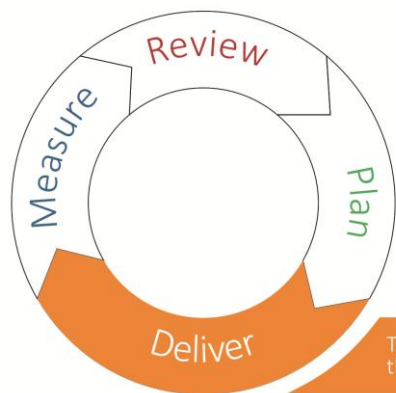




DRAFT STRATEGIC PLAN DELIVERY PROGRAM 2015/16-2018/19
Inclusive of 2015/16 Annual Business Plan and Budget



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

Title	Strategic Plan Delivery Program 2015/16-2018/19 Inclusive of 2015/16 Annual Business Plan and Budget
Author	Planning Strategy Business Unit
Team/ Area/Etc.	Planning Strategy Team
Date	23/04/2015
Link to City of Playford's Strategy	1, 2, 3, 4, 5
Link to Strategic Outcome	
Document Classification	
Link to other Documents	The 30-Year Plan for Greater Adelaide, Playford Community Vision 2043, Strategic Plan, Long Term Financial Plan, Asset Management Plan
Endorsed by	
Endorsement Date	00/00/2015



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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 Strategic Plan Delivery Program provides an opportunity for Council to articulate its plans and priorities for the next four years. The community are invited to take provide feedback on the draft Plan during a 21-day 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 Strategic Plan Delivery Program (inclusive of the Annual Business Plan and Budget 2015/16) is open for a 21-day public consultation period from 6-26 May 2015.

During this time the following activities will be undertaken:

- Adverts in local newspapers advising the community that the draft Plan is available for consultation
- Feedback form for written submissions
- Copies of draft Plan available at Customer Care locations
- Draft Plans and Feedback Forms available on Council's website
- Public Meeting to be held on 26 May 2015 prior to Ordinary Council meeting

See www.playford.sa.gov.au/businessplans for more information

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MAYOR AND CEO MESSAGE

Welcome

Welcome to Council's first Strategic Plan Delivery Program. This Program builds on our Community Vision 2043 and our Strategic Plan and articulates what Council needs to do in the next four years to make progress against our aspirations of prosperity, liveability and happiness.

Strategic Plan

Our Strategic Plan identified 21 Lighthouse Projects to collectively build the future of the City. Together these Lighthouse Projects provide the foundation for the future development of the City and will deliver benefits to the whole community. The inter-connections between the Lighthouse Projects will provide the level of economic activity needed to support investment and attract cash flow into the City.

Council has prioritised a number of Lighthouse Projects to focus on in the next four years and these are outlined in this document. We are looking to invest in those projects that will bring a return on investment to the City by creating local jobs and economic growth, and that contribute to the overall prosperity of the area.

What will we deliver in 2015/16?

The Annual Business Plan and Budget section of this document outlines the services and programs we will deliver to the community in the next 12 months.

Since amalgamation in 1997, Council has made significant progress in addressing what was an annual budget deficit of \$9.2 million. In 2015/16 this has reduced to a budgeted surplus of \$1.5 million. Part of this surplus will be used by Council to introduce a greater array of new services for community benefit.

We will continue to provide a broad range of services to our community with our recurrent budget of over \$91million delivering important social programs, critical community services and other resources.

These core serves are what keep the City ticking on a day-to-day basis, but they also have a wider contribution to the aspirations of the Playford Community Vision 2043 and the Strategic Plan.

To drive the growth of Playford, a range of new and enhanced services will be introduced in 2015/16. Work will progress on the expansion of the Elizabeth Regional Centre into the contemporary, environmentally sustainable CBD of the North that is supported by the regional Sports Precinct and Lyell McEwin Health Precinct.

To encourage investment in the City our Commercial Rating Strategy, endorsed in 2014, will be accelerated, along with other measures, to ensure that we improve the diversity of businesses in the City from all sectors. This diversity will increase the resilience of the local economy and improve the long term certainty of employment.

With a budget of \$44.4 million our Capital Works Program will continue to provide for the renewal or replacement of Council's existing assets as well as provide for the delivery of new or enhanced assets.

Your rates

In setting this years' rates Council has considered balancing community needs with its ability and willingness to pay for additional services. An average rate increase of 4.4% will apply for 2015/16, of which 2% represents the General Index (a composite measure of inflation and the movement in average weekly earnings).

This level of rates will allow Council to make significant progress towards implementation of the Lighthouse Projects, working towards the fulfilment of the community's vision for 2043 for Playford to be a prosperous, liveable and happy city.



Mayor Glenn Docherty



Tim Jackson, CEO

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PART 1 – ABOUT PLAYFORD



CITY PROFILE

YOUNG POPULATION

23% of the population were aged 15-29 years in 2011 with an increase of 39.2% from 2006.

DIVERSITY

3% of the population belongs to indigenous communities. 21.7% of residents were born overseas and came from 27 different countries.

EDUCATION

23.6% of the population completed Year 12 or equivalent and 37.9% completed Year 10. 19% has a Bachelor or a higher degree, 8.5 % an Advanced Diploma and 23 % achieved a Certificate Level.

SPORTS GROUNDS


The City has 15 sporting grounds used for football, soccer, cricket and netball among other sports. An Aquadome caters for aquatic sports and recreation.

GROWTH

Playford has one of the fastest population growth rates in SA (2.62%) . Our population has risen to 85,069 in 2013 and 2,174 new residents made Playford their home in 2013. (ABS ERP 2014)

VOLUNTEERING

12% of the population reported doing some form of voluntary work in 2011. Council counts on the collaboration of 560 registered volunteers who contributed approximately 72,000 hours which represent an economic value of approximately \$1.8 Million (Corporate Data).



The City of Playford is located in Adelaide's outer northern suburbs, about 30 kilometres from the Adelaide CBD.

AREA

Playford covers 345 square kilometres and is the second largest of South Australia's 19 metropolitan councils. At the same time it has the lowest population per hectare. Approximately 85% of the area is classified as open space.

AGRICULTURAL PRODUCTION

The total produce value reaches \$94 Million. Fresh Vegetables represent 82.5%, Nurseries and cut flowers 9%, Grapes 3.5% and others 5%. The industry employs 1% of the labor force.

There are 3059 local businesses in Playford and 28734 Local Jobs.

JOB

In 2011, 1 in 5 jobs were in the manufacturing sector (4,459). 3214 people worked in Retail, 4260 in Health Care and Social Services, 1009 in Construction, 1150 in Accommodation and Food Services and 1,083 in Public Administration and Safety.

GROSS REGIONAL PRODUCT

The City's GRP is \$2,66 Billion, what represents \$30,563 per capita. (NIEIR 2014)

WORKFORCE FIELDS OF QUALIFICATION

Manufacturing (16.5%), Administrative and Support Services (12%), Retail Trade (11.5%), Transport (11%), Accommodation (8.5%), Construction (8%) and Health care (7.5%) are among the main industries selected for further education.

WASTE

Residential waste was 10.1 Kg per household in 2013/14. (Corporate Data)

RECYCLING

34.3% of all kerbside waste collected in the City is recycled. (Corporate Data)

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YOUR COUNCILLORS



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City of Playford Ward Map

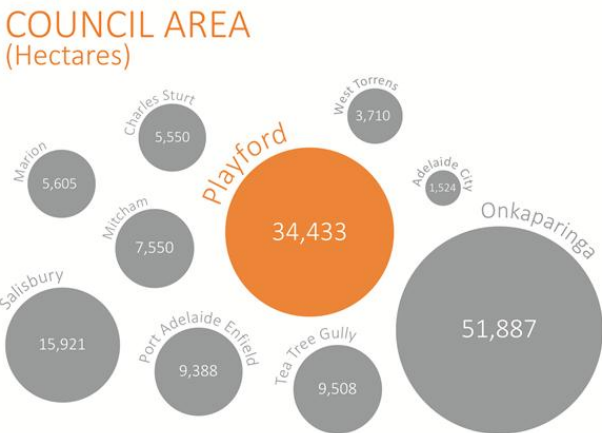


COUNCIL PROFILE

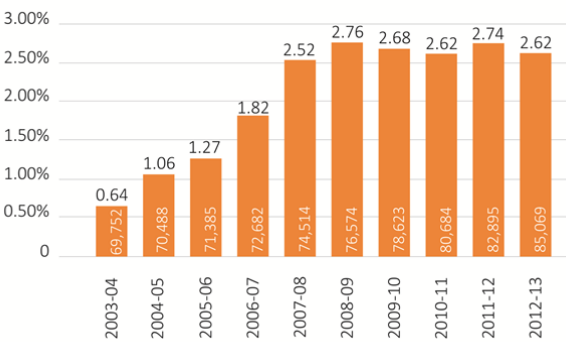
The following data analyses key influences on the City of Playford’s operational performance, rating policy and delivery of services. The data benchmarks Playford against a selection of other South Australian councils¹.

The City of Playford is the second largest of this group of councils comprising 34,433 hectares, around 85% of which is open space.

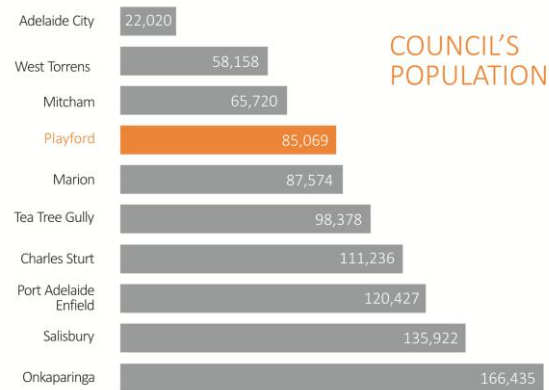
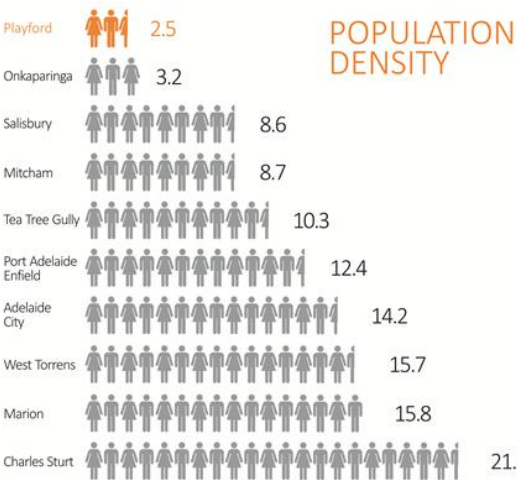
Although the City is experiencing a high growth rate of 2.68% average per year over the last 10 years, with a current population of 85,069 our population density is only 2.5 persons per hectare – the lowest of all councils in this group.



POPULATION GROWTH BY PERCENTAGE



The City of Playford faces a number of challenges in servicing a relatively low population in a large area. For example we have a higher percentage of hectares of open space and kilometres of sealed roads to maintain per 1’000 residents than other council areas.

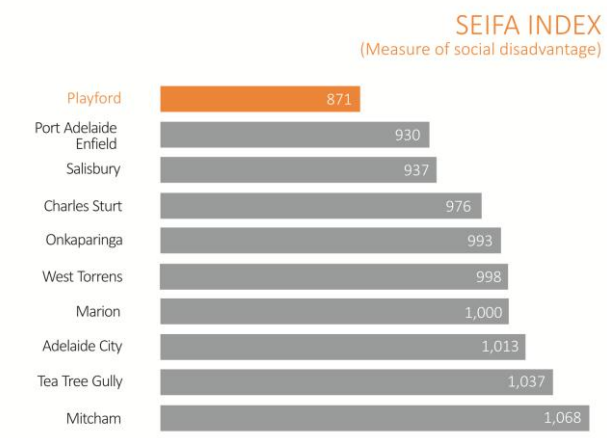
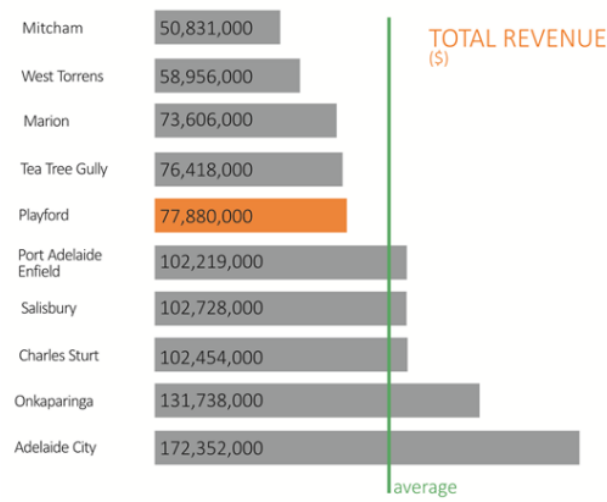


¹ This data compares the City of Playford against other former ‘Group 1’ Councils in South Australia including the Cities of Port Adelaide Enfield, Salisbury, Charles Sturt, Onkaparinga, West Torrens, Marion, Tea Tree Gully and Mitcham, and Adelaide City Council. Due to recent changes in groupings, the City of Playford now falls within Group 1B. This will be reflected in future years’ comparative data.

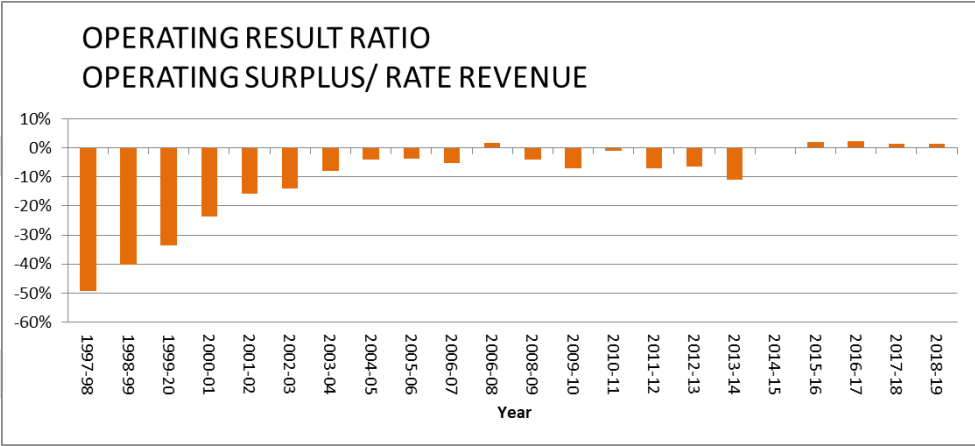
In addition to this, Council also has less money to spend on servicing our residents, with our total revenue falling below the average raised for the other councils.

The City of Playford experiences a high level of socio-economic disadvantage with our SEIFA Index score making us the most disadvantaged of these councils.

This level of disadvantage means that it is crucial that we continue to provide the breadth of community services to our residents. It is also a major consideration for Council in determining the level of rates each year in terms of balancing the community's needs with its ability and willingness to pay.



Since amalgamation in 1997 the City of Playford has run an operating deficit. Work has been taking place to reduce this deficit to reach breakeven in 2014/15 and a budgeted operating surplus of \$1.5 million in 2015/16.

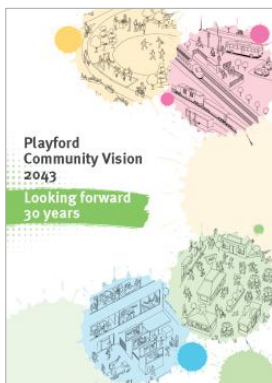


This turnaround from deficit to surplus has been achieved through sound financial management and will ensure that Council can continue to operate in a financially sustainable position going forward.

It is also important to note that this has been achieved with no loss of services to the community and indeed a large capital works program has been undertaken each year to meet the anticipated needs and demands for the future development of the City.

More on the operating surplus and how this will be used to support the future growth of the City can be found on Pages 27 and 30.

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

The Strategic Plan, adopted in January 2014, responds to the aspirations of prosperity, liveability and happiness in the Playford Community Vision 2043 and sets down what Council needs to do in the next five years and beyond to deliver this vision.

There are five strategies that collectively build the future of the City.

The first strategy sets the foundation for a liveable City connected socially and physically through ongoing improvement in its appearance and presentation, and the provision of new services, building in particular on the extensive investment made in water re-use across the City.

The second strategy ensures that the diverse services needed by future generations can be delivered based on appropriate uses of land in the City and the construction of essential infrastructure for future urban and economic development.

The third strategy provides for an expanding range of commercial, retail, cultural and education services needed to support a thriving and vibrant community through the development of the Elizabeth Regional Centre as Adelaide’s northern CBD. This will expand into the sports and health precincts, defence precinct, education and training precinct and on to the manufacturing zone at Greater Edinburgh Parks.

The fourth strategy broadens the economic base of the City by establishing next generation industries in advanced manufacturing, food and wine and associated supply chains to provide a long term employment base for our community and regional wealth creation.

The fifth strategy expresses the role that the City of Playford will play in the achievement of the Strategic Plan. It emphasises ongoing financial and operational performance and the central role that advocacy, partnerships and innovation will play in engaging all stakeholders in jointly contributing to the achievement of this Plan.

Visit www.playford.sa.gov.au for copies of the Playford Community Vision 2043 and the Strategic Plan.

STRATEGIC PLAN DELIVERY PROGRAM

This document – Council’s Strategic Plan Delivery Program – outlines Council’s intentions for delivering against its Strategic Plan over the next four years, between July 2015 and June 2019. Therefore, in terms of Council’s Business Planning Framework, it includes both ‘Plan’ and ‘Deliver’ components.

Part 1 provides the local context including a brief overview of the Playford community and Council.

Part 2 outlines the current strategic priorities that Council **plans** to progress over the next four years.

Part 3 provides further detail of what Council will **deliver** over the next 12 months - Council’s 2015/16 Annual Business Plan and Budget.

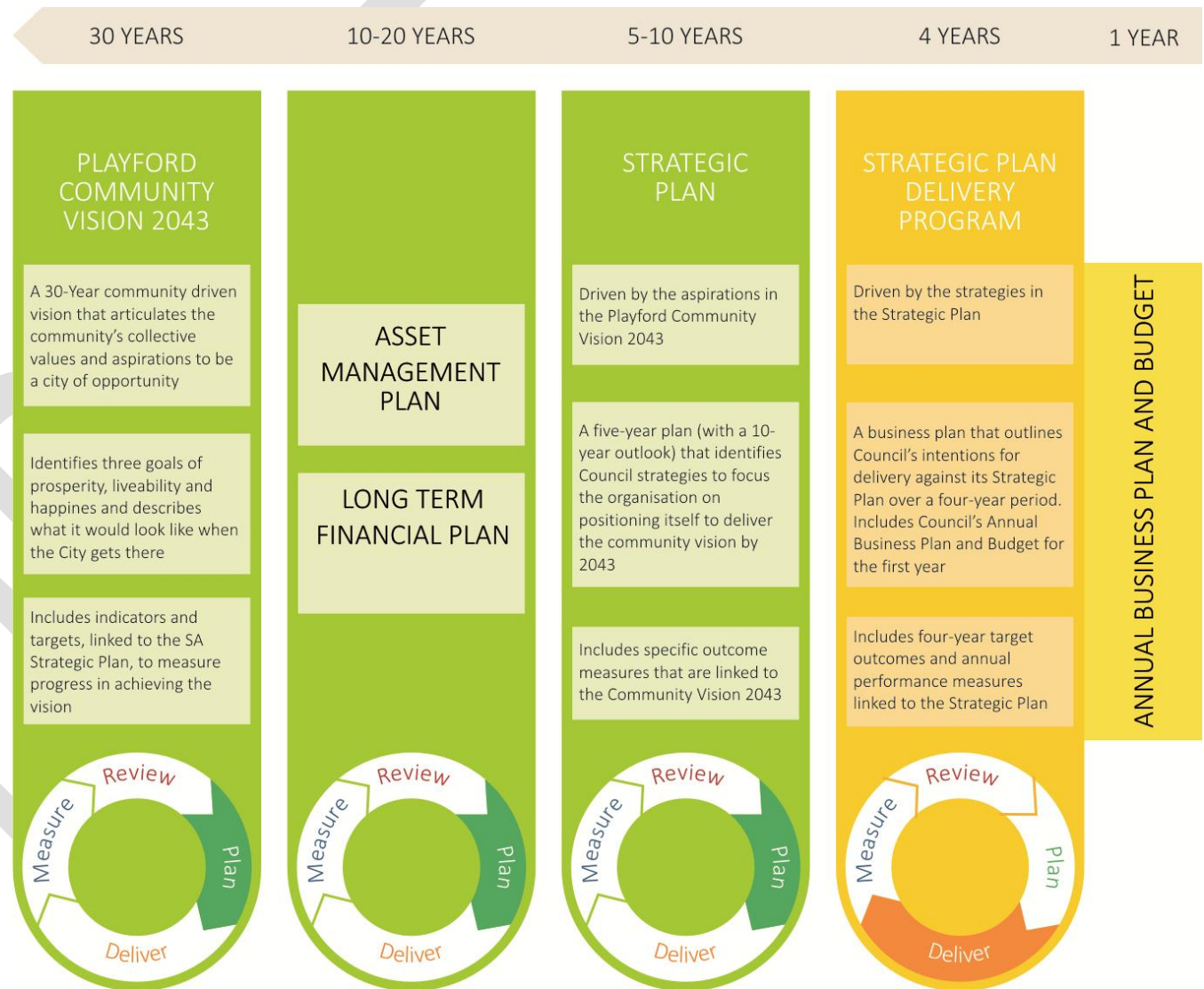
How does this document fit in with other Council documents?

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

Council’s current Strategic Plan was endorsed in January 2014 and is a five- to ten-year plan that identifies five key strategies to guide Council’s delivery against the Playford Community Vision 2043. Under each of the five strategies, the Strategic Plan lists the key Lighthouse Projects that will be critical to delivering that strategy. Part 2 of this Strategic Plan Delivery Program provides more detail around the next four years including the high priority Lighthouse Projects, the anticipated four-year outcomes and the investment that Council is planning to enable delivery. As Council can only

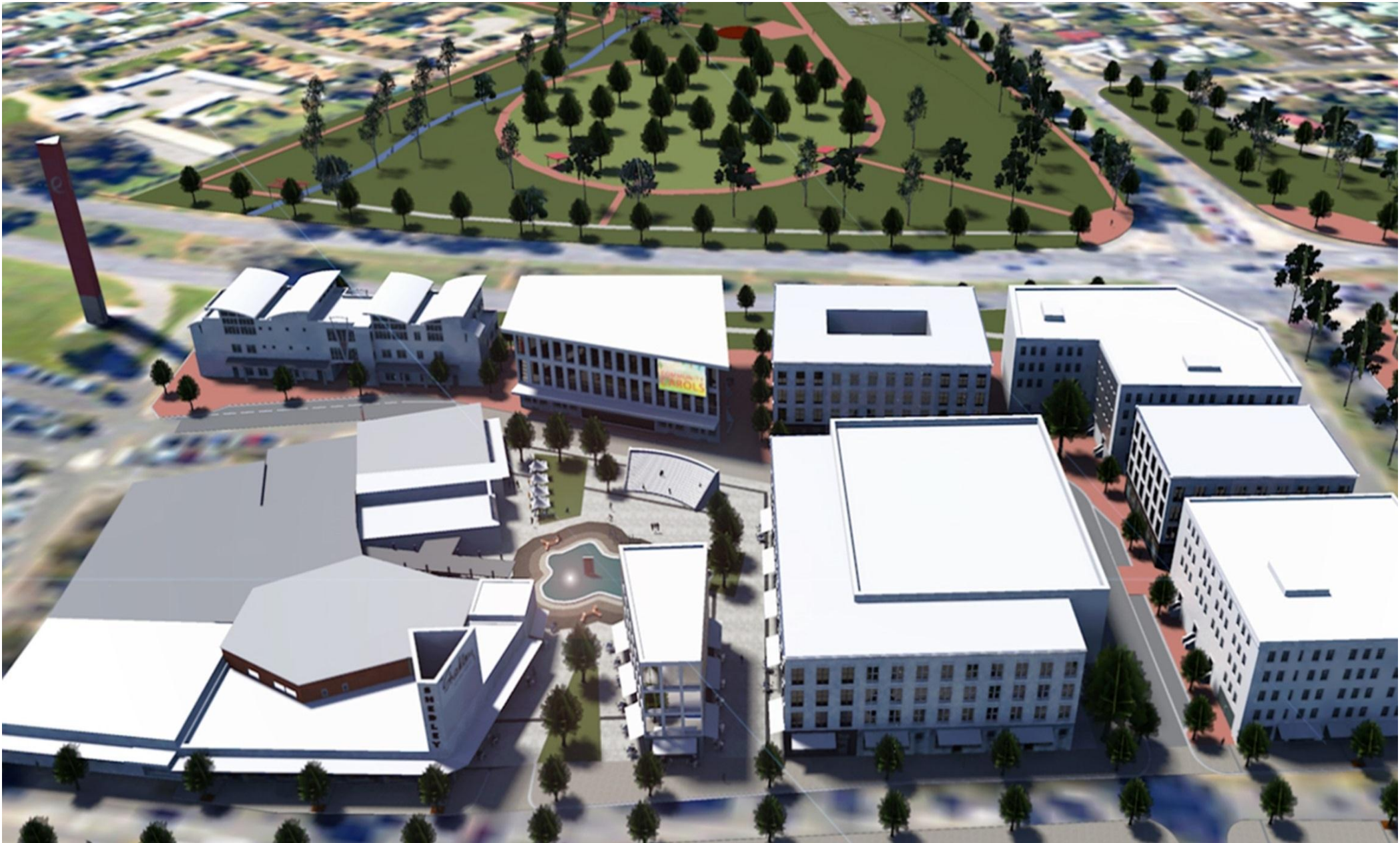
formally commit budget and resources for the coming twelve months, the information in Part 2 should be treated as indicative only. It is, of course, subject to change due to a range of factors as summarised in ‘The Challenges Ahead’.

Part 3 contains Council’s detailed Annual Business Plan and Budget for the 2015/16 financial year and, once endorsed, formally commits Council’s resources to delivering the stated services and projects.



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PART 2 – THE NEXT FOUR YEARS



DELIVERING ON THE STRATEGIC PLAN

Council's Strategic Plan was endorsed by the previously elected council members and identifies five strategies and 21 Lighthouse Projects which are key to Playford progressing towards the community's long-term vision of creating a more liveable, prosperous and happy City.

This section describes the progress that the current Council is aiming to make against each strategy and Lighthouse Project over the coming four years. It includes information on which of the Lighthouse Projects are the highest priorities for investment, and also the high-level financial issues associated with funding this investment.

Please note, while this section foreshadows the priority areas for investment over the coming four years, there are many variables that can impact year-to-year on relative priorities and available resources (both internal and external to Council). For this reason, the information provided for 2016/17 – 2018/19 in this section should be taken as indicative only, and does not represent a formal commitment of Council at this time. Part 3 of this document details Council's Annual Business Plan and Budget for the 2015/16 financial year.

PRIORITIES FOR DELIVERY

Following the local government election in November 2014, the newly elected Council of the City of Playford ranked the Strategic Plan Lighthouse Projects in terms of the priorities for delivery over the coming four years. The highest priority projects are listed below:

- Lyell McEwin Health Precinct
- Northern CBD
- Sports Precinct
- Service Delivery
- Advanced Manufacturing
- Managing our Rate Base
- Water
- Efficiency and Effectiveness.

These projects will therefore become a key focus for Council's activities over the coming years and will influence budget decisions and allocation of resources.

Collectively the **Lyell McEwin Health Precinct**, **Northern CBD** and **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.

However, in pursuing these projects, Council will also maintain its focus on continually improving its core **Service Delivery** and the presentation of the City, as well as ensuring that its ratepayers are provided with the best possible value for money by ongoing implementation of its **Efficiency and Effectiveness** program. Also, by pursuing various elements of its **Water** projects, Council aims to both enhance the appearance and liveability of the City, as well as improve the organisation's financial sustainability for the longer term.

Through its focus on **Managing our Rate Base** Council will commence implementation of its Commercial Rate Reduction Strategy, which again is aimed at attracting greater commercial and industrial investment to the City. By achieving this, and diversifying Council's rate base, Council's long term financial sustainability will be enhanced, allowing the remainder of ratepayers to benefit from service and infrastructure enhancements without as large an impact on the rates they pay. Council will also maintain its focus on the future of **Advanced Manufacturing** in the Playford and 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.

PROGRESS AGAINST LIGHTHOUSE PROJECTS – THE NEXT FOUR YEARS

The tables on the following pages describe the outcomes that Council is aiming to achieve against each Lighthouse Project between now and June 2019.

STRATEGY 1

Our Foundations – Services, City Presentation and Community Pride

LIGHTHOUSE PROJECT	DESCRIPTION	TARGET 4 YEAR OUTCOME BY JUNE 2019	KEY ACTIVITY / SERVICES
Service Delivery	The appearance and presentation of the City will be progressively enhanced, complementing major developments to create a liveable City.	Council will deliver more integrated service planning that delivers the right funding, to the right asset, at the right time. This will involve decisions by the Council about service standards that meet the strategic plans objectives for future years while remaining focussed on delivery of services today.	Continue delivery of existing 'city presentation' services. Enhance the standard of a number of priority services, including the following identified for 2015/16: <ul style="list-style-type: none"> • Stormwater Network Maintenance • Olive Grove Management • Illegal Dumping
Water	The collection and reuse of rainwater will continue with an expanding network providing further opportunities for greening the City with sustainable environmental and financial benefits.	A secondary water source will be secured to ensure the security of Council's water business with 700ML injected per year. A water pricing model will be in place for the water business.	Continue delivery of Council's existing Water Business. In 2015/16, connect existing infrastructure to Bolivar recycled water infrastructure and secure water supply for internal and external customers.
Image and Reputation	Presenting the growth and renewal of the City, with its comparative advantages and distinguishing characteristics and opportunities, as an attractive place to live and work.	Council will deliver best practice for image and reputation through application of a Council Marketing Framework resulting in a styled City where everything has purpose. Diversification of the community will help to create a unique cultural vibe. People will want to come to Playford to live, work and socialise.	Continue delivery of Council's existing services including: <ul style="list-style-type: none"> • Marketing • Business Support and Industry Development

STRATEGY 1

Our Foundations – Services, City Presentation and Community Pride

LIGHTHOUSE PROJECT	DESCRIPTION	TARGET 4 YEAR OUTCOME BY JUNE 2019	KEY ACTIVITY / SERVICES
Community Renewal	The progressive improvement in City services, facilitation of new services, the provision of improved infrastructure and increased community engagement will improve the wellbeing and health of the community.	Council will have upgraded or enhanced a number of existing assets and community services in line with available resources, to complement delivery of high priority Lighthouse Projects. Council will use a triple bottom line approach to underpin its priority-setting, and will include community outcomes, urban design and ongoing maintenance as considerations when setting policy and standards for the provision of Council services.	<p>Continue delivery of Council's existing community services.</p> <p>Enhance the standard of a number of priority services, including the following identified for 2015/16:</p> <ul style="list-style-type: none"> • Club Development <p>Improve existing infrastructure in established areas through new/enhanced infrastructure programs, including the following identified for 2015/16:</p> <ul style="list-style-type: none"> • Stormwater Infrastructure • Disability Infrastructure • Public Lighting • Footpaths • Rural Road Sealing
Sustainable Trails	A tree lined network of people movement corridors providing non-car transport, community health and recreation, and the natural environment as a feature of the City.	Council will have progressed implementation of its Cycling and Walking Strategy, particularly where trail development and upgrades complement high priority Lighthouse Projects. This will improve key pedestrian and cycling corridors, improving the health outcomes and non-car movements for Playford residents.	<p>Council will progress this Lighthouse Project through allocations from the Open Space Fund where appropriate.</p> <p>Trail development elements may also be funded as part of progressing other Lighthouse Projects.</p>

STRATEGY 2

Securing Playford's Future and Building Value

LIGHTHOUSE PROJECT	DESCRIPTION	TARGET 4 YEAR OUTCOME BY JUNE 2019	KEY ACTIVITY / SERVICES
Lyell McEwin Health Precinct	A regional hospital featuring tertiary training, research, allied health facilities and residential accommodation, with potential links to advanced manufacturing in assistive devices in health, aged and disability.	Council will have divested itself of its Mark Road land within the Lyell McEwin Health Precinct to see it being developed in accordance with the precinct master plan. A high-value development on the land will have commenced, delivering economic benefits to the precinct.	Finalise sale of Council land within the precinct to a suitable developer in alignment with the objectives of the precinct master plan. Facilitate and lobby for further progress within key precincts (Health, Sports and CBD) by key external stakeholders.
Urban Renewal	Develop an innovative approach to the housing, social and civic infrastructure renewal of the older Playford suburbs with a focus on those adjoining Elizabeth, Adelaide's Northern CBD, in partnership with State, Commonwealth and non-government organisations.	Council will have progressed the Playford Alive urban renewal project and be on track to finalise it by 2022. The future use of the current Holden site will have been determined and its transformation will have commenced.	Continue Council's commitment to the Playford Alive urban renewal project. Continue to assign existing recurrent resources to progress this Lighthouse Project including the following key services: <ul style="list-style-type: none"> • Planning Policy and Standards • Strategic Planning • Advocacy
New Urban Developments	A number of significant urban greenfield developments are under way or being planned for the City that will result in a doubling of the population and will increase the diversity and amenity of the housing stock in Playford.	Playford's population will have grown further in line with market conditions, and the diversity of housing options available in the City will better reflect that of Greater Adelaide. New urban developments will respond to the aspirations of the Playford Community Vision 2043 and differential service standards for new development will be evaluated.	Continue to assign existing recurrent resources to growth areas including Blakeview, Munno Para West, Virginia, Angle Vale and Buckland Park by delivery of the following key services: <ul style="list-style-type: none"> • Major Urban Project Coordination • Development Assessment • Planning Policy and Standards • Strategic Planning
Structure Planning	Undertake structure planning and build assets and infrastructure that secure the social, environmental and economic future of the City	Council will have in place integrated city-wide structure plans to support achievement of the Playford Community Vision 2043 and the State's 30-Year Plan for Greater Adelaide. Infrastructure Agreements will be in place to facilitate the efficient and orderly development of Council's urban and employment growth areas, and key Lighthouse Projects.	Continue to assign existing recurrent resources to progress this Lighthouse Project including the following key services: <ul style="list-style-type: none"> • Planning Policy and Standards • Strategic Planning • Advocacy

STRATEGY 3

Elizabeth, Adelaide's Northern CBD

LIGHTHOUSE PROJECT	DESCRIPTION	TARGET 4 YEAR OUTCOME BY JUNE 2019	KEY ACTIVITY / SERVICES
Northern CBD	The re-development and expansion of the Elizabeth Regional Centre into a contemporary, environmentally sustainable CBD for the north of Adelaide providing a full range of retail, commercial, social, cultural, educational and accommodation services needed by a diverse and growing community.	Council will have commenced redevelopment of the Civic Precinct, incorporating an updated Grenville Centre. The development of Prince George Plaza will also be underway as well as an associated multi-storey carpark to service the expanding Northern CBD. A mixed use multi-storey building will showcase the potential of the area, having increased the residential population component.	Implementation of Stage 1 of the Northern CBD project.
Sports Precinct	A fifty-hectare development adjacent to the Elizabeth Regional Centre providing local community, state and national level sports facilities. The precinct will create a focus on community health and support the renewal of adjoining suburbs.	Council will have completed Stages 1 and 2a of the precinct, with lawn bowls, tennis and soccer components in use. Existing clubs affected by these works will be relocated and operating from other facilities. Planning will be underway for further stages of the precinct.	Implementation of Stages 1 and 2a of the Regional Sports Precinct project.
Education and Training Precinct	An expansion of education and training facilities adjacent to the Regional Centre and beyond to provide learning to employment pathways for local people into new and emerging industries in the northern region of Adelaide.	Council will have facilitated an increased tertiary education presence within Playford. Programs and research conducted through the Stretton Centre will ensure that education and training options available to Playford residents better match the future jobs opportunities within the region.	Assign existing recurrent resources to progress this Lighthouse Project including the following key services: <ul style="list-style-type: none"> • Strategic Planning • Advocacy
Civic Precinct	The re-development of the Civic Precinct incorporating expanded Council services, art and entertainment, boutique hotel convention facilities, commercial office space and other accommodation.	This Lighthouse Project now forms Stage 1 of the Northern CBD Lighthouse Project – refer above.	
City Art and Culture	Within the new Adelaide Northern CBD and beyond, art and cultural facilities and events will create a vibrant City catering locally for the entertainment and other leisure needs of the community.	Council's Events Calendar will better showcase and celebrate Playford's vibrant and diverse community. Art and cultural activities within the Northern CBD will be a focus and public art will feature in the new Prince George Plaza as well as throughout new urban developments. Council will have a Reconciliation Action Plan in place to acknowledge its indigenous community.	Continue to assign existing recurrent resources to progress this Lighthouse Project including the following key services: <ul style="list-style-type: none"> • Planning Policy and Standards • Event Management • Various community services

STRATEGY 4

Securing Playford's Position in the Global Economy

LIGHTHOUSE PROJECT	DESCRIPTION	TARGET 4 YEAR OUTCOME BY JUNE 2019	KEY ACTIVITY / SERVICES
Advanced Manufacturing	The development of a diverse and sustainable industry and employment base in the City recognising the comparative advantages the City has to expand and establish defence, aerospace, health, ageing and disability, mining, energy and food industry sectors supported by transport and logistics and other supply chain sectors.	New industries and businesses will have established in Playford as the local economy rebounds following the automotive industry closure. Programs and research conducted through the Stretton Centre will underpin the diversification of the advanced manufacturing sector and new clusters will be formed.	Council will continue to assign existing recurrent resources including the following key services: <ul style="list-style-type: none"> • Business Support and Industry Development • Advocacy
Stretton Centre	A new facility in the north of the City providing integrated services for community learning, library services, training to employment, workforce development and industry development in advanced manufacturing, horticulture and other sectors in which the region has a comparative advantage. The Stretton Centre will house the University of Adelaide Stretton Research Centre.	Council will have constructed and opened the Stretton Centre - a showcase for good urban and sustainable building design. By June 2019, Council will have agreements in place with the Stretton Centre to ensure the centre is <ul style="list-style-type: none"> • demonstrating innovative ways in which the digital economy can be used, • improving conditions for the creation of local jobs • creating long term benefits for distribution and diversity of employment in the area. 	Complete construction of the Stretton Centre Contribute to the establishment of an effective management structure for the Centre.
Adelaide Plains Food and Wine Region	An expansion of the Virginia horticulture region into an extensive globally recognised food and wine region with potential for food technology-based value- adding in adjacent manufacturing precincts leading to expanded national and global exports and local employment.	The development of the Adelaide Plains Food and Wine Region will have progressed, with the Virginia Horticulture Centre and Stretton Centre bringing best practice to the region. The benefits of this will be realised through increased economic output.	Council will continue to support this project via provision of the Virginia Horticulture Centre facility and will continue to assign existing recurrent resources including the following key services: <ul style="list-style-type: none"> • Advocacy • Business Support and Industry Development • Planning Policy and Standards

STRATEGY 5

Building our Capabilities

LIGHTHOUSE PROJECT	DESCRIPTION	TARGET 4 YEAR OUTCOME BY JUNE 2019	KEY ACTIVITY / SERVICES
Managing our Rate Base	It is critical that the City of Playford commercial rate in the dollar complies with the general principles of taxation and the rate in the dollar is competitive with like metropolitan councils, and represents value to our growing business community.	Council will be operating in surplus. By June 2019, an equitable rating structure will be in place, based on the general principles of taxation. Council will be part of the way towards achieving its commercial rate reduction target. It is estimated that between 8-12%* reduction in the rate in the dollar will be achieved compared with the overall target of up to 40%.	Implementation of Council's Commercial Rate Reduction Strategy. <i>*NB The 2015/16 commercial rate reduction will be finalised following analysis of detailed rates modelling in June 2015.</i>
Efficiency and Effectiveness	A program of work with the primary aim to improve the value for money aspect of Council services. These efforts are expected to strengthen and solidify financial improvements made over the previous years.	<p>These key internal projects will be progressed over the next four years under an integrated expanded Efficiency and Effectiveness Program. NB The Lighthouse Project previously referred to as "Efficiency and Effectiveness" is now known as "Business Improvement".</p> <p>Council's broader Efficiency and Effectiveness program will bring together the (now) Business Improvement, Commercialisation and Requisite Organisation elements and an updated delivery plan is currently being prepared.</p> <p>The Program aims to deliver:</p> <ul style="list-style-type: none"> • Better value for money for residents • Reducing the reliance on rates • Reducing the reliance on other forms of revenue • Optimise the use of our assets to deliver a more liveable city • Improve service delivery for the community 	
Commercialisation	Long-term asset management plans have been developed to ensure that best use is made of Council assets. The corporate function of Council is being positioned and equipped to generate income from external sources.		
Requisite Organisation	A work system designed to optimise efficiency and effectiveness through the management of work and tasks at the five levels within the organisation. Roles will be provided with clear accountabilities and authorities to make decisions to deliver on the accountabilities. There will also be a focus on ensuring that all roles within the organisation receive value added leadership		

RESOURCING STRATEGY

COUNCIL'S EXISTING RESOURCES

Council provides a mix of services and infrastructure to meet the needs of its community and stakeholders and in 2015/16 it is set to invest over \$91 million in these ongoing recurrent services. All of these services and infrastructure contribute in some part to maintaining or enhancing the City's liveability, prosperity and happiness in support of the community's long term vision, as outlined in more detail in from page 35 onwards.

Recently Council has commenced a process of clearly defining the standard to which it will deliver each of its external services. These Service Standards provide an important tool for regularly assessing Council's range of services to ensure that they are not only meeting the needs of the current community, but where possible are aligned to helping the City progress towards its future aspirations.

It is important to recognise that this large recurrent investment in service delivery forms part of Council's overall commitment to delivering on its Strategic Plan.

ADDITIONAL INVESTMENT IN PRIORITY PROJECTS

Council's existing recurrent resources, together with forecast developer contributions and rates to be received from new developments will be sufficient to ensure progress against some of the Strategic Plan's Lighthouse Projects (e.g. New Urban Developments, Structure Planning).

However, to implement other high priority projects and deliver enhanced services and infrastructure for the community in a financially sustainable way, Council needs to identify how it will meet the associated new and increased costs.

Council's forecast operating surplus and continuing Efficiency and Effectiveness program will be key to achieving this, however Council will also pursue other avenues include expanding the commercial and industrial rate base, and/or increasing the revenue received from Council assets. A further option is to increase Council rates over and above the rate of inflation, however Council is cognisant that the Playford community and the broader northern Adelaide region are facing significant financial uncertainty at present. More than ever, any decision to increase rates over and above inflation would not be taken lightly. For 2015/16,

Council rates will increase by 2.4% above the projected inflation figure, as outlined on page 30. However, for planning purposes, Council is not assuming any rate increase above inflation for the following three financial years. Council will closely monitor the success of its early Lighthouse Project priorities as well as external impacts on its revenue and expenses and will formalise its rating decision annually.

KEY CHALLENGES AND OPPORTUNITIES

INVESTMENT BY EXTERNAL STAKEHOLDERS

The success of Council's Strategic Plan Delivery Program depends on the engagement and input by all of Playford's stakeholders, encompassing the Commonwealth and State Governments, business and industry and the community at large. Playford has a strong track record with advocacy, partnerships and relationship building, and will continue to pursue opportunities to leverage further investment from external stakeholders with a common interest in the achievement of its Strategic Plan.

AUTOMOTIVE INDUSTRY

The decision by General Motors to cease assembling Holden vehicles in Australia is a significant blow to the Playford, northern Adelaide, South Australian and Australian economies. As well as the direct employment impacts, it has impacts on supplier companies in the region and across the State, as well as a range of further flow-on consequences.

As previously mentioned, this poses challenges for the City of Playford in terms of being able to strike an appropriate balance in its four year plan between embarking on initiatives that will promote and enhance optimism in the future of Playford, while also being cognisant of its rate base's capacity to pay for those initiatives.

COUNCIL'S IMPROVING FINANCIAL POSITION

Through sound financial management over the past 18 years, the City of Playford has been incrementally addressing the large operating deficit it began with in 1997. As a result, in 2014-15 the Council has achieved a budget surplus of \$0.103 million. In 2015-16 this grows to a budgeted surplus of \$1.5 million. Council's Efficiency and Effectiveness program has, in recent years, been critical to achieving this

turnaround. With Council now forecast to be operating with a surplus, new initiatives associated with implementing the Strategic Plan can be introduced with less of an impact on Council's rate base.

OTHER RISKS AND INFLUENCES

Delivering on Council's Strategic Plan is subject to a broad range of inherent risks and influences. Council is committed to maintaining a retained surplus target from 2015/16 of \$0.5 million, which then grows over the next five years to \$2.0 million. The retained surplus will assist the Council to minimise the impact of key risks and ensure financial sustainability.

Included among the external factors that Council is most sensitive to are:

- Movements in interest rates
- Changes to Federal Assistance Grants
- Rate of urban growth
- Movements in Consumer Price Index

Key internal factors include:

- Delivery of Council's Efficiency and Effectiveness program
- Salaries and wages
- Infrastructure asset management

These and other risk factors are discussed in further detail in Council's Long Term Financial Plan (LTFP) and Asset Management Plan.

PART 3 – 2015/16 ANNUAL BUSINESS PLAN AND BUDGET



KEY BUDGET DATA

In 2015/16 Council will achieve an operating surplus of \$1.5 million. This surplus will be used as follows:

- \$0.5 million will be retained towards the ongoing surplus target of \$2.0 million
- \$1.0 million will be allocated for the Roads to Recovery Program

There will be an overall rate increase of 4.4% comprised of:

- 2% (\$1.2 million) due to inflation
- 2.4% (\$1.4 million) rate increase to fund new and enhanced services

Included in the LTFP expenditure 2015/16 Council has approved \$1.0 million allocation from Efficiency and Effectiveness Program savings to fund new and enhanced services for the community, this gives a total of \$2.4 million. A breakdown of these new and enhanced services can be found from page 32 onwards.

Key budget data

Item	2014/15 Revised Budget \$M	2015/16 Budget \$M
Operating income	88.3	92.4
Operating expenses	88.2	90.9
Operating result	0.1	1.5
Amounts received specifically for new or upgraded assets	9.5	1.0
Capital works excluding physical resources received free of charge	36.8	43.4
Net borrowing balance	89.0	108.1

THE BUDGET IN DETAIL

The overall budget for 2015/16 comprises of:

- Recurrent Services - \$90.959 million, including
 - \$2.4 million of New and Enhanced Services
 - \$0.703 million of Strategic Projects
- Capital Works Program - \$43.494 million

A breakdown of the budget for each category is provided in this section, as well as a description of the new and enhanced services and projects as they relate to each of the strategies in the Strategic Plan.

RECURRENT SERVICES

The City of Playford provides a mix of services and programs to meet the needs of its community and stakeholders. In 2015/16 Council will deliver over \$90.959 million of ongoing/recurrent services.

These 'business as usual' services are the core of Council's service delivery and fulfil our obligations under the *Local Government Act 1999* as the principal role of a council, being:

to provide and co-ordinate various public services and facilities and to develop its community and resources in a socially just and ecologically sustainable manner;...

Council is continually reviewing the services it provides, working towards improved outcomes for the community. Since the beginning of the 2012/13 financial year, Council Members have been involved in the articulation of the current and aspirational Service Standards that we deliver to the community.

Defining services is essential so that staff, Council Members and ratepayers have a clear understanding of the level of service to expect and/or deliver. Furthermore, defining services increases transparency to allow the community of Playford to have a voice and input into each of the services.

A total of 37 out of 38 services now have an endorsed Service Standard which form the basis of our core service delivery to the community. These services are diverse and aim to cover a broad spectrum to ensure that we provide the appropriate support to our community. A list of services as they relate to each strategy can be found in the following sections.

These core services are what keep the City of Playford ticking on a day-to-day basis, but they also have a wider influence and contribute to the aspirations of the Playford Community Vision 2043 and the Strategic Plan.



NEW AND ENHANCED SERVICES

New and enhanced services are the services to be introduced that Council will continue to provide on an ongoing basis.

Nineteen new or enhanced services will be introduced in 2015/16 with a value of \$2.445 million, as listed below:

SERVICE	OPERATING BUDGET \$'000
Accelerated Commercial Rate Reduction	300
Access to Council Facilities – Club Development	33
Aquadome Family Room Extension - Construction	165
Disability Discrimination Act (DDA) Program	76
Hard Waste – NAWMA	40
Kerbside Waste Collection - NAWMA	402
New Footpath Program	34
New Public Lighting Program	15
Northern CBD – Stage 1 Detailed Design and Construction	227
Olive Grove Management	15
Penfield Reserve – Detailed Design	21
Playford Sports Precinct – Stage 1 Construction	360
Playford Sports Precinct – Stage 1 Detailed Design	69
Playford Sports Precinct – Stage 2a Design and Construction	72
Recycled Water – Infrastructure Upgrade	90
Regulatory Services – illegal Dumping	50
Rural Road Sealing Program	99
Stormwater Infrastructure Upgrade Program	135
Stormwater Network Maintenance	242
TOTAL	2,445

STRATEGIC PROJECTS

Strategic Projects are focussed on the delivery of Council's Strategic Plan, particularly in terms of infrastructure investigations, feasibility studies, concept plans and so forth that are required in the early stages on developing a Lighthouse Project.

The table below lists the projects that have received funding for 2015/16:

PROJECT	BUDGET \$'000
City-wide Stormwater Management Planning	150
City-wide Traffic and Transport Planning	38
City-wide Urban Design Guidelines	60
Greater Edinburgh Parks – Stormwater – Infrastructure Investigations	55
Horticulture Development Plan Amendment	75
Lyell McEwin Health Precinct – Land Transfer and Facilitation	165
Main North Road Windbreaks – Concept Planning	40
Penfield reserve – Concept Planning and Prudential Review	20
Playford Projects – Infrastructure negotiations	100
TOTAL	703

These delivery priorities seek to improve Council's operating position by growing the City, attracting external investment and diversifying the rate base.

CAPITAL PROJECTS

Capital projects create assets that have lives greater than one year. The 2015/16 budget includes a capital expenditure of \$43.494 million and is summarised below:

Renewal and replacement of existing assets (AMP)	\$17.181 million
Delivery of new or enhanced assets	\$26.313 million

Council will continue to provide for the renewal and/or replacement of needed assets (e.g. road and footpaths) to ensure they can continue to provide community benefit.

Council supports the principle that existing infrastructure will be maintained to its current service level and ensure that its economic life is maximised as a priority over building new infrastructure.

Building infrastructure commits Council to increased maintenance costs that must be funded by either additional Council increases or decreased services in other areas.

Council's Asset Management Plans (AMPs) identify the renewal or replacement costs of Council's existing assets to ensure the sustainable provision of built and natural assets continues to service the needs of the community.

The full listing of Council's capital projects follows:

Asset Management Plan

Item	Capital expenditure 2015/16 \$'000
Buildings	2,045
Fleet and Plant	3,586
Office (audio/visual equipment)	50
Parks	1,636
Streetscape	2,037
Technology (ICT equipment)	586
Transport	6,948
Water (stormwater)	293
<i>Subtotal AMP</i>	17,181

New or enhanced capital assets

Item	Capital expenditure 2015/16 \$'000
<i>Projects commenced prior to 2015/16</i>	
Playford Alive including Community Assets	3,761
<i>Projects to commence in 2015/16</i>	
Aquadome Family Room Extension - Construction	1,100
Disability Discrimination Act (DDA) Program	750
New Footpath Program	345
New Public Lighting Program	130
Northern CBD – Stage 1 Detailed Design and Construction	3,242
Penfield Reserve – Detailed Design	300
Playford Sports Precinct – Stage 1 Design	987
Playford Sports Precinct – Stage 1 Construction*	10,378
Playford Sports Precinct – Stage 2a – Design and Construction	1,920
Recycled Water – Infrastructure Upgrade	1,000
Rural Road Sealing Program	900
Stormwater Infrastructure Upgrade Program	1,500
<i>Subtotal – new and enhanced</i>	26,313

*Total expenditure budgeted for 2016/17 is \$6.462 million

Physical resources received free of charge

The budget for resources received free of charge relates to the transfer of assets to Council at no monetary cost to Council. For 2015/16 that amounts to \$8.5 million. This is an estimate of the value of land and infrastructure assets, the ownership of which is transferred to Council by developers as part of the process of creating a new sub-division.

The estimate for 2015/16 relates largely to land and drainage assets expected to be received as part of significant new developments.

THE BUDGET BY STRATEGY

The following section provides more detail on how the budget items for 2015/16 link to each of the strategies in our Strategic Plan.

STRATEGY 1

Our foundations – services, city presentation and community pride



This strategy sets the foundation for a liveable City connected socially and physically through ongoing improvement in its appearance and presentation, and the provision of new services, building in particular on the extensive investment made in water re-use across the City.

Council provides the following services on an ongoing basis to support Strategy 1:

- After Hours Response
- After Hours Telephone Service
- Building Maintenance / Security Services / Fleet Services
- City Compliance
- Club Development – Access to Council facilities
- Community Programs
- Community Venues
- Customer Care
- Development Assessment
- Environmental Health
- Environmental Sustainability
- Event Management
- Graffiti Operations
- Grenville Community Connections Hub
- Health Initiatives and Playford Community Cooperatives
- Immunisation
- Kerbside Waste Management
- Library Services External
- Library Services Internal

- Obesity Prevention and Lifestyle (OPAL)
- Planning and Building Advice
- Rapid Response
- Regulatory Services
- Rubbish and Illegal Dumping
- Rural Road Maintenance
- Rural, Culturally and Linguistically Diverse (CALD), Dementia and Social Support
- Sportsfield Maintenance
- Stormwater Network Maintenance
- Urban Streetscape Maintenance
- Volunteer Strategy and Development
- Water Business

The Service Delivery Lighthouse Project aims to progressively enhance the appearance and presentation of the City, complementing major developments to create a liveable City.

Funding for the **Hard Waste – NAWMA** service will allow for the continued growth in residents' use of the hard-waste service provided by the Northern Adelaide Waste Management Authority (NAWMA). In addition, funding for the **Kerbside Waste Collection – NAWMA** will allow for the kerbside collection encompassing recycling, organics and residual waste to continue to be collected from all residential properties in the City. This will also allow a continued growth in resident's participation in the green organics collection.

Our **Stormwater Network Maintenance** service standard will be increased with the development of programs to undertake increased maintenance on Council Drainage Infrastructure, which will in turn extend the life of the infrastructure and improve the quality of stormwater entering Council's Wetlands/ASR System. This increased service standard also supports the Water Lighthouse Project.

The **Regulatory Services** service standard for illegal dumping will also be increased to allow for a more proactive project to be undertaken in the community. This increase in service will contribute to the overall presentation of the City.

Funding for **Olive Grove Management** will allow for the management of feral olives at the Olive Grove by undertaking selective removal of weed trees and include an ongoing program of maintenance and picking of the trees. This project fulfils our

obligations under the NRM Act and ensures that our environmental assets are protected.

Several projects have received funding in support of the Community Renewal Lighthouse Project.

The **Stormwater Infrastructure Upgrade Program** will look at the upgrade of strategic stormwater infrastructure to manage stormwater flows and minimise the risk of flooding. This infrastructure will aim to facilitate new development and remediate existing flooding issues highlighted in the current floodplain studies.

The priorities for the upgrade program this year are the design and construction for the NExy basin to mitigate flood flow downstream, the design of the McEvoy Road drain to service the Virginia Township, and the design of the Heaslip and Julian Road drains to service the Angle Vale Township. This project also supports the Water Lighthouse Project by ensuring that recycled water is available for irrigation sales to internal/external customers.

As part of the **New Public Lighting Program** new lighting will be installed along roadways within the City that currently do not have public lighting. In addition upgrades will be undertaken to those areas where the lighting no longer meets the Australian Standard. This project will ensure that the present and future demand for lighting in the rural and urban areas is met, particularly at rural intersections with high accident rates.

Council have a legal liability to have 90% of all bus stops DDA compliant by 2017 as required by the Disability Standards for Accessible Public Transport (DSAPT) 2002. Funding for our **Disability Discrimination Act (DDA) Program** will provide hard stand areas at bus stops in accordance with DSAPT, continue our requirement for ramp upgrades and provide unobstructed continual path of travel for all persons including those with disabilities.

The Water Lighthouse Project seeks to continue the collection and reuse of rainwater to provide further opportunities for greening the City with sustainable environmental and financial benefits. The **Recycled Water – Infrastructure Upgrade** project will enable Council to secure water security by connecting to the Bolivar recycled pipe-line water (WRSV) and injecting onto the T2 aquifer at the Stebonheath/Curtis Managed Aquifer Recovery during winter. This water will be shared with Council's harvested stormwater and distributed through Council's

reticulation line for non-portable irrigation to customers. This will enable Council to secure the supply of water to internal and external customers and potentially expand the future customer network.

This project also contributes to the Sports Precinct, Advance Manufacturing and Commercialisation Lighthouse Projects.

The **Access to Council Facilities - Club Development** service standard will be enhanced to support Clubs to deliver on best practice KPIs that relate to community governance, financial management, facility upkeep, facility utilisation, inclusive programming, community engagement and acknowledgement of their partnership with Council. This service also supports the Sports Precinct Lighthouse Project contributing to improved infrastructure and the increased health and wellbeing of the community.

The **Rural Road Sealing Program** will provide the necessary road and infrastructure to support the needs of our community by upgrading and sealing Quintrell Road and Huxtable Road, Virginia, and Mercer Road, Waterloo Corner.

The **New Footpath Program** incorporates the missing link program, new footpaths and footpaths to be upgraded. This ongoing program will bring those paths identified as a priority up to an acceptable safety standard to meet the needs of our pedestrian community.

STRATEGY 2

Securing Playford's future and building value



This strategy ensures that the land we own or govern is preserved for appropriate residential, manufacturing, horticultural, agricultural, commercial or recreational needs.

Council provides the following services on an ongoing basis to support Strategy 2:

- Business Support and Industry Development
- Strategic Planning
- Major Urban Project Coordination
- Planning Policy and Standards

A number of Strategic Projects will be undertaken this year to advance the Structure Planning Lighthouse Project which seeks to undertake structure planning and build assets and infrastructure that secure the social, environmental and economic future of the City.

The [Playford Projects – Infrastructure Negotiations](#) project will finalise Infrastructure Deeds for the Playford Projects area (including Greater Edinburgh Parks, Virginia, Angle Vale and Playford North Extension). These Deeds are at various stages of completion and significant input is required to ensure that future infrastructure will meet Council's needs and facilitate enhanced economic development.

The Greater Edinburgh Parks (GEP) area is identified in the Plan for Greater Adelaide as a key site for industrial/commercial development and employment into the future. In support of this the [Greater Edinburgh Parks – Stormwater – Infrastructure Investigations](#) project will deliver an updated Stormwater Management Strategy for the area and the land downstream, west of Port Wakefield Road.

Stormwater is also a focus of the [City-wide Stormwater Management Planning](#) project which will consolidate Council's Strategic Directions for Stormwater Infrastructure and complement development in the identified growth area as well as integrating with neighbouring Councils' plans. This report will guide future

decision making, resource allocation and cost apportionment between Council and developers to address current stormwater issues and ensure suitable infrastructure is provided to our growing community.

The City is experiencing residential growth in its existing suburbs as well as on the urban fringe and as such it is critical to document Council's public realm design expectations to ensure the integrity of Council's agreed service standards and communicate clearly with developers. The [City-wide Urban Design Guidelines](#) project will contribute to the New Urban Development Lighthouse Project to develop guidelines for use across the City and be translated into Developer Requirements to direct developers in the planning of new sub-divisions.

It is important that Council understands the transport infrastructure needs of the City both now and into the future, to underpin the economic development renewal and growth priorities within our Strategic Plan. The [City-wide Traffic and Transport Planning](#) project will consolidate a number of Council's existing plans to guide future decision making and resource allocation aimed at improving the accessibility, transport choices, mobility and social equity for our community. The report will also help to improve road safety and influence developments to support our future community demand.

The Lyell McEwin Health Precinct Lighthouse Project identifies a regional hospital featuring tertiary training, research, allied health facilities and residential accommodation, with potential links to advance manufacturing in assistive devices in health, aged and disability.

Council currently owns a parcel of land within the Health Precinct which has the potential to be developed to provide medical and health services, thereby underpinning the intent of the Precinct Masterplan. The [Lyell McEwin Health Precinct – Land Transfer and Facilitation](#) project will enable the current procurement and negotiation activities regarding the site to continue and be finalised.

STRATEGY 3

Elizabeth, Adelaide's Northern CBD



This strategy provides for an expanding range of commercial, retail, cultural and education services needed to support a thriving and vibrant community through the development of the Elizabeth Regional Centre as the Adelaide's northern CBD. This will expand into the sports and health precincts, defence precinct, education and training precinct and on to the manufacturing zone at Greater Edinburgh Parks.

Council provides the following services on an ongoing basis to support Strategy 3:

- Business Support and Industry Development
- Strategic Planning

As part of the Northern CBD Lighthouse Project expressions of interest have already been sought and a developer identified to progress building proposals. Preliminary design and costing for infrastructure to support the project has also been undertaken.

The next three year stage of the project will deliver the transition of Playford Boulevard infrastructure into Main Street quality, redevelop the Grenville Centre attached to the Civic Centre, and construct a multi-deck car park and a new plaza. The **Northern CBD – Stage 1 Detailed Design and Construction** project forms year one of this stage of the project and will focus on the redevelopment of the Grenville Centre and Playford Boulevard.

The CBD project will initiate the transformation of the Elizabeth Regional Centre from a car dominated shopping centre to a contemporary, environmentally sustainable metropolis. This project is also a catalyst for the Urban Renewal Lighthouse Project and if successful the increase in land value in the Northern CBD will have a flow on effect in the surrounding suburbs stimulating private investment.

The **Main North Road Windbreaks – Concept Planning** project has the potential to significantly contribute to a number of Lighthouse Projects including the Northern CBD, Lyell McEwin Health Precinct and Urban Renewal. In 2015/16 a Concept Plan

will be developed for the Main North Road windbreaks close to the Elizabeth Regional Centre, including an assessment of which sections could be put to alternate uses in support of Council's Lighthouse Projects.

A number of projects will take place in 2015/16 to advance the Sports Precinct Lighthouse Project. The precinct is a 50 hectare development adjacent to the Elizabeth Regional Centre providing local community, state and national level sports facilities. The precinct will create a focus on community health and support the renewal of adjoining suburbs.

The **Playford Sports Precinct – Stage 1 Detailed Design** project will ensure that designs for the Lawns Bowl Complex, Tennis Complex and Linear Path can be completed. Construction of these will also commence in 2015/16 with funds allocated to the **Playford Sports Precinct – Stage 1 Construction** project.

Funding for **Playford Sports Precinct – Stage 2a Design and Construction** will result in the refurbishment of the Aquadome and construction of the Ridley Reserve Change Rooms.

Funds have also been allocated for the provision of an expanded pool deck at the **Aquadome**. This will complement work being undertaken on the provision of a family change room and six pool deck showers. This expanded pool deck will provide passive security into the new change rooms and additional seating around the program pool.

Council's Sportsfield Directions Study identified the need for a new district level sportsground in Penfield. This has now become a priority due to the upcoming relocation of existing tenants of Spruance and Ridley Reserves with the Playford Sports Precinct. Work on an agreed Concept Plan for the reserve on land within the AV Jennings Masterplan is currently underway.

The **Penfield Reserve – Prudential Review** will be undertaken in 2015/16 which will then allow for the **Penfield Reserve – Detailed Design** project to commence, with detailed designs being undertaken to enable construction of the new reserve to take place in 2016/17 (subject to funding). These projects will ensure that the clubs displaced by the loss of their existing sportsgrounds due to the development of the Sports Precinct can continue to survive.

STRATEGY 4

Securing Playford's position in the global economy



This strategy broadens the economic base of the Region by supporting the establishment of next generation industries and businesses in advanced manufacturing, horticulture, food and wine, Defence, health and ageing and associated supply chains. This will provide a long term employment base for our community and regional wealth creation.

Council provides the following services on an ongoing basis to support Strategy 4:

- Business Support and Industry Development

The Adelaide Plains Food and Wine Region Lighthouse Project sees an expansion of the Virginia horticulture region into an extensive globally recognised food and wine region with potential for food technology-based value-adding in adjacent manufacturing precincts leading to expanded national and global exports and local employment.

One of the key ways that Council can contribute to this is by ensuring that the Development Plan aligns with the needs of the horticulture industry into the future. Funding for a [Horticulture Development Plan Amendment](#) will better position the Adelaide Plains Food and Wine Region to expand and intensify into the future, thereby increasing economic output.

Council continues to support the horticulture industry by providing the Virginia Horticulture Centre Council to Hortex for grower training purposes. Council will initiate appropriate projects around the soon to be released Australian Workplace Innovation and Social Research Centre (WISer) "Growing opportunity in the food and manufacturing sector in Northern Adelaide" report. Council has commenced a project to undertake some industry supply and value chain mapping.

The City of Playford is partnering with the South Australian Government, Cities of Salisbury and Port Adelaide Enfield to develop a plan to accelerate economic and social development in northern Adelaide in response to the proposed 2017 automotive industry closure. This Northern Economic Plan will focus on job

creation and improving skills and business development within a wide range of short-, medium-, long-term initiatives. Council is ensuring that relevant lighthouse projects are advocated in the planning process. Council is working closely with Automotive Transformation Taskforce, Department of Employment and the Holden Transition Centre to ensure that automotive workers are aware of up-skilling and workforce development opportunities.

Council continues to engage with applied research bodies to make industry and business connections. With the Stretton Centre opening in mid-2015, there will be increased research linkage around workforce and industry development opportunities for the Region.

Council has also initiated a number of activities to assist local businesses access the supply chain for Council's and the State Government.

STRATEGY 5

Building our capabilities



This strategy expresses the role that the City of Playford will play in the achievement of the Strategic Plan. It emphasises ongoing financial and operational performance and the central role that advocacy, partnerships and innovation will play in engaging all stakeholders in jointly contributing to the achievement of the Plan.

The Managing our Rate Base Lighthouse Project identifies that it is critical that the City of Playford commercial rate in the dollar complies with the general principles of taxation and the rate in the dollar is competitive with like metropolitan councils, and represents value to our growing business community.

In June 2014, the Council approved Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business over the next 13 years. The Commercial Rating Strategy forms part of a greater objective to encourage business development and employment opportunities in the City.

The Council has allocated additional funds to the **Accelerated Commercial Rate Reduction** initiative to accelerate the Commercial Rating Strategy.

The final 2015/16 rate reduction is still in the process of being calculated and will be finalised in June 2015. The impact of the Commercial Rating Strategy on individual business rates remains subject to changes in property valuations.

This initiative will encourage investment in the City to increase the resilience of the local economy and improve the long term certainty of employment.

The organisation is currently in the process of adopting a new way of working called the **Playford Business Model**. This is part of the Commercialisation Lighthouse Project which identifies that long term asset management plans have been developed to ensure that best use is made of Council assets. The corporate

function of Council is being positioned and equipped to generate income from external sources.

As part of introducing this new way of working to the community, in 2015/16 two of our Business Units will be developing their own Business Plans for Council approval. The two plans for Assets and Enterprises will add value to Council's Strategic Plan and will go into further detail about the commercialisation concept and the five year goals.

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)*.

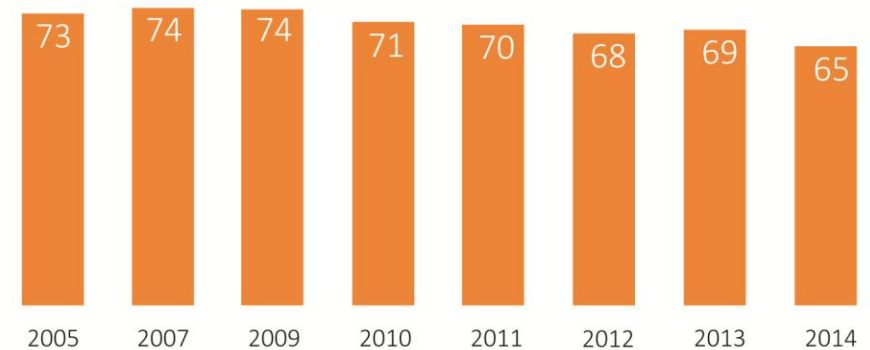
The Annual Resident Satisfaction Survey acts as the primary mechanism for gathering the results of our work in these areas.

Council has been undertaking this survey for a number of years and the table opposite illustrates our rating for overall satisfaction with the City of Playford as an organisation since 2005. On average our residents have given us a rating of 71 over the last 10 years.

The overall satisfaction rating takes into account the following areas of Councils performance:

- Customer Service
- City-wide presentation
- Accountability
- Managing growth
- Efficiency and Effectiveness
- Community Engagement

OVERALL SATISFACTION WITH THE CITY OF PLAYFORD AS AN ORGANISATION



Source: Customer Satisfaction Survey 2014

The table overleaf shows the targets for 2015/16 in addition to the 2014/15 targets and 2013/14 results.

The 2014/15 results will be available by September 2015 and will be reported and monitored in the 2014/15 Annual Report and the Quarterly Organisational Performance Reports in 2015/16.

ORGANISATIONAL PERFORMANCE MEASURES

Indicator	Measure	2013/14 Result	2014/15 Target	2015/16 Target
Overall Council Satisfaction	Overall customer satisfaction with the City of Playford as an organisation	65	69	An overall score between 6.0-7.4 (Good)
City-wide Presentation	Customer Satisfaction with the level of appearance of public realms ¹	68	67	Achievement of a rating of 68/100
Customer Service ²	Satisfaction rating with the level of customer service and experience	76	77	An overall score between 7.5-9.0 (Very Good)
Accountability	Satisfaction rating with Council being open and accountable to the community in its operations	58	63	An overall score between 6.0-7.4 (Good)
Community Engagement	Satisfaction rating with how Council invites community participation in decision making	54	59	An overall score between 6.0-7.4 (Good)
Community Services	Overall customer satisfaction with the range and quality of services delivered by Council	70	69	An overall score between 6.0-7.4 (Good)
Managing Growth	Customer rating for how Council plans for the future	64	68	An overall score between 6.0-7.4 (Good)
Efficiency and Effectiveness	Customer satisfaction with value for money ³	52	55	Identification of \$2.4M 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:

91.-10	Excellent	7.5-9.0	Very good
6.0-7.4	Good	5.0-5.9	Fair
0-4.9	Poor		

FINANCIAL INDICATORS

Council operates in a financially sustainable position meeting all but one of Council's six key performance targets. The target still to be achieved is to consistently operate in a surplus position.

The performance target is not required in the short to medium timeframe given Council's large capacity to borrow and its need to address financial pressures of servicing a growing population. 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.

A suite of financial indicators was developed as an initiative of the Local Government Association's (LGA) Independent Financial Sustainability Inquiry in 2005.

Council has also developed five financial indicators of its own to measure, understand and report on financial sustainability. Council utilises these five indicators as the primary financial indicators for assessing financial sustainability and further refers to the LGA indicators as a second set of measures that are also used to comply with mandatory reporting requirements.

The table overleaf shows the 2014/15 revised budget and 2015/16 budget estimate for these indicators. Council is forecasting budgeted ratios to all be within the ranges adopted by Council. With the exception of the 2015-16 year in which the Gross Debt ratio exceeds the targeted maximum level. It is expected to return to within the range adopted by Council by 2016-17.

PRIMARY FINANCIAL INDICATORS

Financial Indicator	Explanation	Target	2014/15 Revised Budget	2015/16 Budget	5 Year Average
Operating Result Ratio	This ratio expresses Council operating result as a percentage of Council's discretionary income. That is the percentage amount of discretionary income required to achieve a breakeven operating result.	0%-5% over a 5 year period	0.2%	2.0%	1.9%
Gross Debt Ratio	This ratio measures Council's liabilities as a percentage of its economically realisable assets. To what extent are Council's assets reasonably able to be converted into cash cover Council's total liabilities at any point in time.	10%-30% of realisable assets over a 5 year rolling period	28.9%	32.2%	29.1%
Asset Sustainability 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% and not less than 100% over a 5 year rolling period	100.0%	100.0%	100.0%
Interest Cover Ratio	This ratio shows how much discretionary income is used to pay interest on borrowings	<10% of discretionary income	5.8%	5.2%	6.4%
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% over a rolling 5 year period	109.5%	108.5%	113.6%

SECONDARY FINANCIAL INDICATORS

Financial Indicator	Explanation	Target	2014/15 Revised Budget	2015/16 Budget	5 Year Average
Net Financial Liabilities Ratio	This ratio shows financial liabilities as a percentage of Operating Income.	$\leq 150\%$ Operating Income	120%	134%	124.2%

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BUDGETED FINANCIAL STATEMENTS & EXPLANATIONS

STATEMENT OF COMPREHENSIVE INCOME

Resource Group	Revised Budget 2014/15	Budget 2015/16	Increase (Decrease) \$'000	Increase (Decrease) %
Income				
Rates	64,250	67,675	3,425	5.3%
Statutory Charges	2,067	2,139	72	3.5%
User Charges	3,232	4,509	1,277	39.5%
Investment Income	83	89	6	7.2%
Reimbursements	763	997	234	30.7%
Other Income	2,136	2,133	(3)	-0.1%
Grants, Subsidies and Contributions	15,557	14,768	(789)	-5.1%
Net Gain – Joint Ventures & Associates	221	126	(95)	-43.0%
Revenue Total	88,309	92,436	4,127	4.67%

RATES INCOME - \$67.7MILLION

Increases in council rates allow Council to meet the community service delivery expectations and achieve its LTFP objectives. The 2015/16 Budget includes the following:

- A rates increase of 4.4% based on the general index of 2.0% and a further 2.4% for unavoidable cost pressures and new and enhanced services.
- Additional rate income of \$0.919 million from new developments in the City, the introduction of the Commercial Rating Strategy, fines and legal costs recovery.
- A levy for Natural Resources Management collected on behalf of the Adelaide and Mount Lofty Ranges Natural Resources Management Board (\$0.991 million).

STATUTORY CHARGE - \$2.1 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 2015.

The 2015/16 Budget includes an increase in Statutory Charges of 3.5% from \$2.067 million in 2014/15 to \$2.139 million in 2015/16.

USER CHARGES - \$4.5 MILLION

User charges income is received from individuals, sporting groups and various other bodies that utilise user pay services, 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 2015/16 have increased by \$1.277 million from \$3.232 million in 2014/15 to \$4.509 million.

INVESTMENT INCOME - \$0.089 MILLION

Council's interest revenue of \$89,000 is predominantly interest received on cash investments. It is an increase of \$6,000 over investment income budgeted to be received in 2014/15 (\$83,000).

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 – thus reducing interest expense but also reducing interest income.

REIMBURSEMENT - \$0.997 MILLION

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

There is an increase of \$234,000 or 30.7% over the reimbursement income budgeted to be received in 2014/15 (\$0.763 million compared to \$0.997 million).

OTHER INCOME - \$2.1 MILLION

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

Other income is budgeted to remain stable.

GRANTS, SUBSIDIES AND CONTRIBUTIONS - \$14.8 MILLION

Grants, subsidies and contributions are income from Federal and State governments as well as 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 and Subsidies have decreased by \$0.789 million from \$15.557 million to \$14.768 million.

Grants, subsidies and contributions income has decreased due to the following factors:

- Grants have come to the end of their term and have not been renewed by Federal or State government. Any reduction in grant income is matched by a

reduction in expenditure. Programs will not continue therefore expenditure will not be incurred.

- The Federal government has frozen indexation on their Financial Assistance Grant for 3 years and stopped their supplementary grant.

OPERATING EXPENSE BY CATEGORY

Resource Group	Revised Budget 2014/15	Budget 2015/16	Increase (Decrease) \$'000	Increase (Decrease) %
Expense				
Employee Costs	32,279	33,682	1,403	4.4%
Contracts, Material and Other	32,862	34,793	1,931	5.9%
Finance Costs	4,880	4,649	(231)	-4.7%
Depreciation	18,185	17,835	(350)	-1.9%
Share of Loss on Associate and Joint Ventures	0	0	0	0%
Expense Total	88,206	90,959	2,753	3.1%

EMPLOYEE COSTS - \$33.7 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 \$1.403 million from \$32.279 million to \$33.682 million. In addition there has been an increase in salaries under the City of Playford's Enterprise Agreement.

CONTRACTS, MATERIALS & OTHER EXPENSES - \$34.8 MILLION

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

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

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.

Overall the budget has increased by \$1.931 million or 5.9% from the budget for 2014/15 \$32.862 million, to \$34.793 million in 2015/16.

The impact of the efficiency and effectiveness program undertaken by the organisation is helping to minimise increases in expenditure.

FINANCE COSTS - \$4.6 MILLION

Finance Costs include interest payable on borrowings and finance leases and other banking charges.

Council is budgeting for a decrease of \$0.231 million from the budget of \$4.880 million in 2014/15 to \$4.649 million.

Council's treasury management allows principal to be repaid when surplus funds are available to reduce interest expenses whenever possible.

DEPRECIATION - \$17.8 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 decreasing by \$0.350 million or 1.9% from the 2014/15 budget depreciation of \$18.185 million to \$17.835 million in 2015/16.

LOSS ON ASSOCIATES AND JOINT VENTURES - \$0 MILLION

Council's share of the Gawler River Floodplain Management Authority (GRFMA) will not result in a net loss in 2015/16, based on advice from GRFMA.

CASH FLOW STATEMENT

Net cash from financing activities show \$22.9 million to be provided in 2015/16. That is an increase on 2014/15 of \$13.8 million due to undertaking significant capital works in the Northern CBD and Playford Sports Precinct projects.

BALANCE SHEET

Total Non-Current Assets are projected to rise to \$1,072.8 million in 2015/16. This is an increase of \$54.3 million. This increase is a result of the capital expenditure program in addition to a projected revaluation increase of \$21.0 million.

Total borrowings are projected to increase to \$108.1 million in 2015/16. 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, a positive result, indicates that Council will reduce its level of borrowings over the period. Net Borrowings, a negative result, means Council is required to borrow additional funds increasing the level of net borrowings over the period.

City of Playford
Budgeted Statement of Comprehensive Income
For the year ended 30 June 2016

Actual Results 2013/14 \$000's		Revised Budget * 2014/15 \$000's	Budget 2015/16 \$000's
	INCOME		
59,837	Rates	64,250	67,675
2,078	Statutory charges	2,067	2,139
2,399	User charges	3,232	4,509
10,693	Grants, subsidies & contributions	15,557	14,768
65	Investment income	83	89
902	Reimbursements	763	997
618	Other income	2,136	2,132
-	Net gain - Joint Ventures & Associates	-	126
76,592	TOTAL INCOME	88,088	92,435
	EXPENSES		
30,252	Employee costs	32,278	33,682
31,893	Contracts, materials & other	32,700	34,794
4,143	Finance costs	4,879	4,649
16,512	Depreciation	18,185	17,835
67	Net loss - Joint Ventures & Associates	-	-
82,867	TOTAL EXPENSES	88,042	90,960
(6,275)	Operating Surplus / (Deficit)	46	1,475
(2,299)	Asset disposal & fair value adjustments	1,000	5,097
8,182	Amounts received specifically for new or upgraded assets	7,672	1,000
14,115	Physical resources received free of charge	14,679	8,496
13,723	NET SURPLUS / (DEFICIT)	23,397	16,068
	transferred to Equity Statement		
	Other Comprehensive Income		
(7,953)	Changes in revaluation surplus - infrastructure, property, plant & equipment	22,113	20,599
755	Share of other comprehensive income - joint ventures and associates	-	-
(7,198)	Total Other Comprehensive Income	22,113	20,599
6,525	TOTAL COMPREHENSIVE INCOME	45,510	36,667

City of Playford
Budgeted Balance Sheet
For the year ended 30 June 2016

Actual Results 2013/14 \$000's		Revised Budget * 2014/15 \$000's	Budget 2015/16 \$000's
	CURRENT ASSETS		
1,492	Cash & cash equivalents	1,352	1,302
8,270	Trade & other receivables	8,270	8,664
145	Inventory	145	148
-	Other current assets	-	-
9,907	TOTAL CURRENT ASSETS	9,767	10,114
	NON-CURRENT ASSETS		
936,919	Infrastructure, property, plant & equipment	991,601	1,046,354
7,657	Equity accounted subsidiaries	7,878	7,878
424	Financial assets	424	-
18,615	Other Non-current assets	18,615	18,615
963,615	TOTAL NON-CURRENT ASSETS	1,018,518	1,072,847
973,522	TOTAL ASSETS	1,028,285	1,082,961
	CURRENT LIABILITIES		
20,514	Trade & other payables	20,514	20,820
3,748	Short-term provisions	3,748	4,038
4,887	Borrowings	4,887	16,401
29,149	TOTAL CURRENT LIABILITIES	29,149	41,259
	NON-CURRENT LIABILITIES		
848	Long-term provisions	848	914
71,265	Long-term borrowings	85,901	91,732
72,113	TOTAL NON-CURRENT LIABILITIES	86,749	92,646
101,262	TOTAL LIABILITIES	115,898	133,905
872,260	NET ASSETS	912,387	949,056
	EQUITY		
381,584	Accumulated Surplus	400,498	417,403
480,373	Asset Revaluation Reserve	502,486	523,085
10,303	Other Reserves	9,403	8,568
872,260	TOTAL EQUITY	912,387	949,056

City of Playford
Budgeted Statement of Changes in Equity
For the year ended 30 June 2016

Actual Results 2013/14 \$000's		Revised Budget * 2014/15 \$000's	Budget 2015/16 \$000's
	ACCUMULATED SURPLUS		
324,407	Balance at end of previous reporting period	381,584	400,498
14,284	Net Surplus (Deficit) for year	23,454	16,068
	Other Comprehensive Income		
755	Share of other comprehensive income - joint ventures and associates	-	-
352	Transfers from other Reserves	-	-
(955)	Transfers to Other Reserves	-	-
338,843	Balance at end of reporting period	405,038	416,566
	ASSET REVALUATION RESERVE		
480,373	Balance at end of previous reporting period	480,373	523,085
	Other Comprehensive Income		
-	Gain on revaluation of infrastructure, property, plant & equipment	22,113	-
-	Impairment (expense) / recoupments offset to asset revaluation reserve	-	-
480,373	Balance at end of reporting period	502,486	523,085
	OTHER RESERVES		
9,700	Balance at end of previous reporting period	9,403	8,568
955	Transfers from accumulated surplus	-	-
(352)	Transfers to accumulated surplus	-	-
10,303	Balance at end of reporting period	9,403	8,568
829,519	TOTAL EQUITY AT END OF REPORTING PERIOD	916,927	948,219
381,584	Accumulated Surplus	400,498	417,403
490,676	Reserves	511,889	531,653
872,260	TOTAL EQUITY AT END OF REPORTING PERIOD	912,387	949,056

City of Playford
Budgeted Statement of Cash Flows
For the year ended 30 June 2016

Actual Results 2013/14 \$000's		Revised Budget * 2014/15 \$000's	Budget 2015/16 \$000's
	Inflows / (Outflows)	Inflows / (Outflows)	Inflows / (Outflows)
	CASHFLOWS FROM OPERATING ACTIVITIES		
	Receipts		
65	Investment receipts	83	89
81,738	Operating receipts	88,226	92,074
	Payments		
(4,143)	Finance payments	(4,879)	(4,649)
(63,641)	Operating payments to suppliers & employees	(65,362)	(67,938)
14,019	NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,068	19,576
	CASH FLOWS FROM FINANCING ACTIVITIES		
	Receipts		
16,000	Proceeds from borrowings	14,000	26,722
	Payments		
(6,928)	Repayment of borrowings	(4,887)	(3,854)
9,072	NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	9,113	22,868
	CASH FLOWS FROM INVESTMENT ACTIVITIES		
	Receipts		
1,083	Proceeds from sale of capital assets replaced	-	-
582	Proceeds from sale of surplus capital assets	-	-
8,182	Grants specifically for new or upgraded assets	9,487	1,000
7	Repayment of loans by community groups	-	-
	Payments		
(15,222)	Capital Expenditure Replacement	(16,507)	(17,181)
(16,559)	Capital Expenditure New/Upgrade	(20,301)	(26,313)
(22,346)	NET CASH PROVIDED BY (USED IN) INVESTMENT ACTIVITIES	(27,321)	(42,494)
745	NET INCREASE (DECREASE) IN CASH HELD	(140)	(50)
747	CASH AT BEGINNING OF REPORTING PERIOD	1,492	1,352
1,492	PROJECTED CASH AT END OF REPORTING PERIOD	1,352	1,302

City of Playford
 Budgeted Uniform Presentation of Finances
 For the year ended 30 June 2016

Actual Results 2013/14 \$000's		Revised Budget * 2014/15 \$000's	Budget 2015/16 \$000's
77,153	Operating income	88,309	92,435
(82,867)	Less: Operating expenditure	(88,206)	(90,960)
(5,714)	Operating Surplus / (Deficit)	103	1,475
	Less: Net outlays on existing assets		
15,222	Capital expenditure on renewal and replacement of existing assets	16,507	17,181
(16,512)	Less: Depreciation	(18,185)	(17,835)
(1,083)	Less: Proceeds from sale of replaced assets	-	-
(2,373)	Net Outlays on Existing Assets	(1,678)	(654)
	Less: Net outlays on new and upgraded assets		
16,559	Capital expenditure on new and upgraded assets	20,301	26,313
(8,182)	Less: Grants and contributions specifically for new and upgraded assets	(7,672)	(1,000)
(582)	Less: Proceeds from sale of surplus assets	-	-
7,795	Outlays on New and Upgraded Assets	12,629	25,313
(11,136)	NET LENDING / (BORROWING) FOR FINANCIAL YEAR	(10,848)	(23,184)

RATES

WHAT IS COUNCIL'S RATING ENVIRONMENT?

RATES IN THE CITY OF PLAYFORD

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.

Fixed Charge

A fixed charge is a component of rates applied equally to all rateable properties irrespective of land use and capital value.

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.

Council complies with legislation by ensuring that no more than 50% of total rate revenue will be recovered by a fixed charge in the 2015/16 financial year.

Variable (differential) rates

In addition to a fixed charge, Council can apply a differential rate, a variable component of rates, calculated on a rate in the dollar basis according to the location of land or the use of land, i.e. for different categories of rateable land.

Council uses two categories of differential rates; a Commercial and Industrial Rate which is applied to all commercial or industrial properties and a General Rate for all other properties (including residential, primary production, vacant land and other land uses).

In the City of Playford a differential rate is declared based on the permissible factors of land use listed within Regulation 10(2) of the *Local Government (General) Regulations* 1999.

Commercial properties include shops, offices and any other commercial land use within the meaning of Regulation 10 of the *Local Government (General) Regulations* 1999.

Industrial properties include land uses of light industry and any other industrial use within the meaning of Regulation 10 of the *Local Government (General) Regulations* 1999.

A 10% rural rate rebate will be automatically applied to all properties on the general rate that are outside the Township Boundary on the basis that they have accepted a lower direct reliance on Council infrastructure and services.

The differential general rate for rateable land that has a Commercial or Industrial land use has a higher rate in the dollar than remaining 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, the Council approved Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business over the next 13 years. 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.

In addition as part of the 2015/16 budget process the Council is planning to allocation additional funds to accelerate the Commercial rate reduction.

The City of Playford is planning to achieve a surplus in 2014/15, which will result in the commencement of the Commercial Rating Strategy. The final 2015/16 rate reduction is still in the process of being calculated and will be finalised in June 2015. 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 whole of Council. Council policy is for rates to be assessed based on land ownership.

The City of Playford uses Capital Value (as supplied by the State Valuation Office) as the basis for valuing land within the Council area. This method values the land and all the improvements on the land.

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 and generally accepted indicator of wealth, and capital value, which closely approximates the market value of a property, provides the best indicator of overall property value.

Council adopts the Capital Valuations made by Council's Valuer, the State Valuation Office, as effective on 1 July 2015 for the purposes of 2015/16 rating and in the development of the annual budget.

Other valuation methods available are site value (value of land only) and annual value (value of rental potential of the property). These are not considered appropriate in Playford's situation.

Separate rates

Playford Council is in the Adelaide and Mount Lofty Ranges Natural Resources Management Board area and is required under the Natural Resource Management Act 2004 to fund the operations of the Board. It does so by imposing a separate rate for all properties within the council area.

Council operates as a revenue collector for the Natural Resources Management Board in this regard. It does not retain any of the revenue, nor calculate the amount required or determine how the revenue is spent.

The Natural Resources Management (NRM) Levy is declared as a separate rate and will appear separately on rate notices. For 2015/16 there will be a 7% increase on the levy amount that was raised in 2014/15. The amount raised through the NRM Levy will help to ensure effective management of the regions natural resources.

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.

Additional detail on rates in the City of Playford can be found in the Rating Policy 2015/16 located on Council's website.

Rebates and remissions

The City of Playford supports the provision of equitable services and facilities that meet the needs of the whole community.

In accordance with section 166 of the *Local Government Act 1999*, the City of Playford will consider a rebate of rates, remission of rates or postponement of rates payable on some land upon assessment of its merits against the provisions outlined in the Act.

For further details please see the Rate Relief Policy.



DRAFT LONG TERM FINANCIAL PLAN 2015/16 – 2024/25



Long Term Financial Plan 2015-16 / 2024-2025

Date:

Endorsed by:

Produced by City of Playford

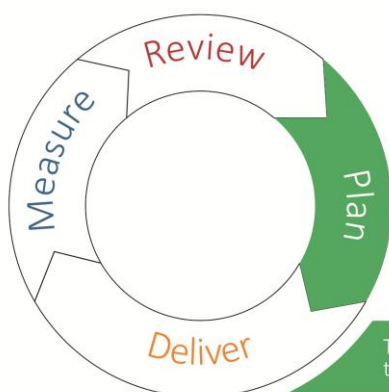
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This document forms part of the Plan Section of
the City of Playford Business Planning Framework

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1.0 EXECUTIVE SUMMARY

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

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.

Current issues in the 2015-16 LTFP include:

- Ensuring infrastructure and buildings are replaced as required by Council’s Asset Management Plan.
- Delivering a cost saving as part of an Efficiency and Effectiveness program is achieved over the life of the plan.
- Reductions in State and Federal Government grant funding

UPDATE FROM 2014-15

Council updates the Long Term Financial Plan annually to incorporate changes in external factors such as government policy decisions and global economic pressures, and internal factors including the Council’s Efficiency and Effectiveness program and changes in policy.

This updated version for 2015-16 incorporates a number of changes that have occurred during the past year, which have been summarised below.

COUNCIL STRATEGY AND VISION

Over the past three years Council has adopted two key strategic documents that set a strong strategic direction for the future: the Playford Community Vision 2043 and the Strategic Plan. A Strategic Plan Delivery Program has also been developed for 2015-16 to 2018-19 which outlines Council’s intentions for delivery against the Strategic Plan over the next four years. This LTFP includes major developments and community services that link to the delivery of the objectives within this suite of strategic plans.

PLAYFORD GROWTH AREAS

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 15,600 new dwellings over the next 20 years.

CLOSURE OF GENERAL MOTORS HOLDEN

In 2013-14, General Motors Holden announced that it will cease manufacturing vehicles post 2017. This was highlighted as a potential external risk in 2012-13. Council is working hard with the State and Federal Governments to minimise the impact to jobs and associated businesses. The LTFP forecast takes into account the likely affect to property value to minimise the impact on the commercial sector as a whole.

FINANCIAL SUSTAINABILITY

Council continues to be operating in a financially sustainable position, meeting all but one financial ratio target. With the exception of the 2015-16 year in which the Gross Debt ratio exceeds the targeted maximum level. It is expected to return to within the range adopted by Council by 2016-17.

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

Long Term Financial Plan 2015/16	Current 2014/15 %	Year 1 2015/16 %	Year 2 2016/17 %	Year 3 2017/18 %	Year 4 2018/19 %	Year 5 2019/20 %	5 Year Average %	10 Year Average %
Operating Result Ratio (0-5%)	0.2%	2.0%	2.4%	1.3%	1.4%	2.2%	1.9%	3.1%
Gross Debt Ratio (10-30%)	28.9%	32.2%	28.8%	28.4%	28.5%	27.7%	29.1%	27.3%
Interest Coverage Ratio (0-10%)	5.8%	5.2%	6.2%	6.9%	6.6%	7.1%	6.4%	6.4%
Asset Sustainability Ratio (90-110%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cash Flow From Operations Ratio (90-110%)	109.5%	108.5%	118.1%	101.2%	117.0%	123.1%	113.6%	128.8%
Net Financial Liabilities Ratio (0-150%)	119.9%	134.1%	125.7%	123.6%	122.2%	115.4%	124.2%	115.8%

In addition to the above indicators, Council anticipates borrowings to increase but will then return to near current levels in year 10 and a \$685 million increase in the levels of property, plant and equipment in the balance sheet over the next 10 years. The positive signs in the balance sheet are reflective of growth, the Efficiency and Effectiveness program and Council's commitment to operating in surplus.

CAPITAL PROJECTS

The LTFP provides for investment in replacement and renewal of existing assets as per the Asset Management Plan of \$194 million over the 10 year period including:

- Renewal of roads, kerbs, drainage and other transport assets \$101 million
- Replacement of footpaths and streetscape assets \$19 million
- Replacement of buildings \$27 million
- Replacement of fleet and plant assets \$25 million
- Renewal of playgrounds, irrigation and other park structures \$14 million
- Renewal of corporate assets \$8 million

In addition, capital expenditure on new and enhanced assets of \$96 million over the 10 year period including:

- Playford Sports Precinct (Stage 1 and 2) \$20 million
- Northern CBD \$3 million
- Playford Alive \$16 million
- Kerbing and drainage \$2 million
- Rural Roads Program \$1 million
- New assets to service growth of the community \$51 million
- Other assets \$3 million

The full summary of 2015-16 new and enhanced capital expenditure is provided in the capital projects section of the Strategic Plan Delivery Program.

COMMERCIAL RATING STRATEGY

In June 2014, the Council approved the Commercial Rating Strategy, with 75% of new commercial rate revenue received from growth to fund rate reductions to all business over the next 13 years. 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.

In addition as part of the 2015-16 budget process the Council is planning to allocate additional funds to accelerate the commercial rate reduction.

The City of Playford is planning to achieve a surplus in 2014-15, which will result in the commencement of the Commercial Rating Strategy. The final 2015-16 rate reduction is still in the process of being calculated and will be finalised in June 2015. The impact of the Commercial Rating Strategy on individual business rates remains subject to changes in property valuations.

FUTURE RATES INCREASES

The LTFP includes the following forecast rates increases:

Year	Estimated General Index	Increase for new services	Total Increase
2015/16	2.0%	2.4%	4.4%
2016/17	2.8%	*	2.8%
2017/18	2.9%	*	3.2%
2018/19	3.0%	*	3.0%

*Yet to be confirmed

The above increases for Commercial and Industrial rates will be adjusted for the Commercial Rating Strategy once finalised in June 2015.

EFFICIENCY AND EFFECTIVENESS

Council remains on track to meet its 9% Efficiency and Effectiveness target, providing savings of \$9 million by 2015-16. The program has reached its halfway milestone identifying \$4.5 million of savings to date.

2.0 CEO STATEMENT ON FINANCIAL SUSTAINABILITY

The 2015-16 LTFP shows Council is in a sustainable financial position being able to replace and upgrade its roads, drainage and other infrastructure as required, and to continue to provide existing services across the whole community whilst ensuring borrowings are maintained within acceptable levels over the next decade.

Council is equipped to manage growth, which is due to increase from 36,000 dwellings to over 46,000 dwellings in the next 10 years.

Council operates within all financial ratios targets recommended by the Local Government Association, with the only exception being the operating surplus ratio that is forecast to be consistently achieved from 2015-16.

The important aspects of this LTFP include:

- Revenue increasing by 52% from \$88 million to \$133.7 million due to growth, manageable rate increases and inflation.
- Capital renewal of \$194 million in buildings, roads and other infrastructure
- Investing \$96 million in new and enhanced services, while borrowings remain at appropriate levels.
- Operating budget surplus achieved in 2014-15 and then grows for the remaining life of the plan.
- Over the next 10 years Council will maintain a solid financial position with the 10 year average for all financial indicators being within the target range or above

Council will see a strengthening of Council's balance sheet over the next 10 years seeing infrastructure, property, plant and equipment increasing from \$991 million currently to \$1,676 million.

This plan has direct links to all Council strategic plans including the Playford Community Vision 2043, Asset Management Plan, Strategic Plan, Strategic Plan Delivery Program 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 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 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.

3.0 FINANCE STRATEGY

The LTFP forecasts a solid improvement in Council's financial position and performance over time. This is based on an achievement of the financial strategy described below:

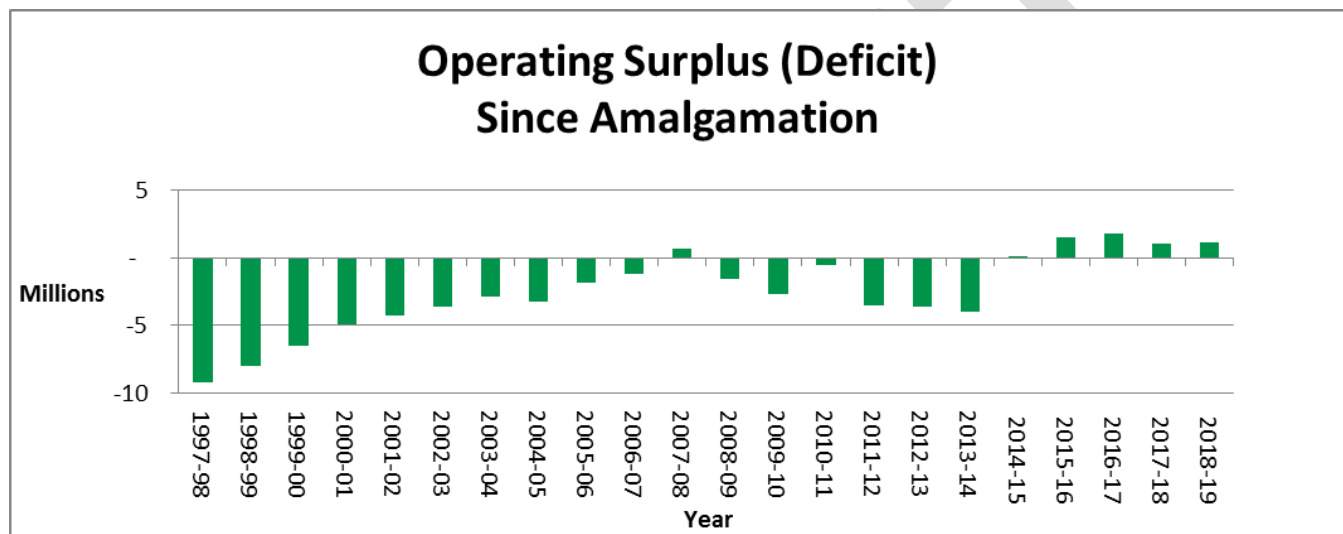
- Continued funding of the asset replacement program that matches the asset management plan. This will ensure Council's infrastructure is replaced when required.
- Council continues to fund the full life-cycle costs of any new or enhanced services or construction of new assets through budget surplus, rate increases or grant funding.
- Council's commitment to maintaining a retained surplus target from 2015-16 of \$0.5 million, then growing over the next five years to \$2.0 million.
- Maintaining our debt and interest costs within Council's established benchmarks and ensuring our capacity to service and repay this debt into the future
- Operating within the key financial indicators benchmarks over the life of the LTFP to ensure we maintain a sound financial position
- Achievement of the 9% Efficiency and Effectiveness program improvements and a further 5 year rolling program from 2015-16.

4.0 HISTORICAL CONTEXT

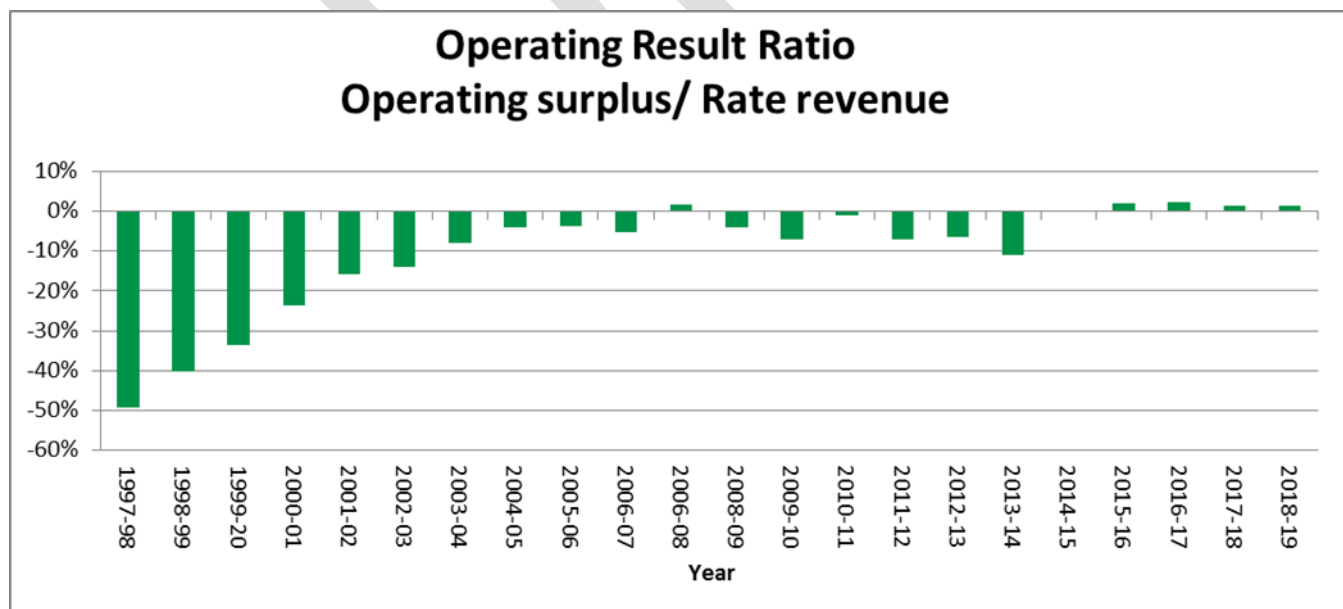
4.1 OPERATING RESULT

Since amalgamation in 1997, Council has made significant progress in addressing what was an annual budget deficit of \$9.2 million, which was 48% of operating revenue. In 2014-15 the Council has achieved a budget surplus of \$0.103 million. In 2015-16 this grows to a budgeted surplus of \$1.5 million which is 1.6% of operating revenue.

Council is committed to maintaining an operating surplus as a key strategy of the Council's long-term financial sustainability.



Given Council has grown significantly since 1998, when comparing the operating deficit between financial years it is best to consider the operating result ratio which excludes the effect of inflation and growth.



The 2015-16 LTFP only includes services that are funded from existing revenue sources, proposed rate increases and projected cost savings from the Council's Efficiency and Effectiveness program. Any additional unfunded requests have been excluded from the plan.

To ensure that Council maintains a strong sustainable financial position, all new initiatives will require funding from either budget surplus or increase in income.

Comparing the previous 2014-15 plan with the 2015-16 plan highlights that Council is strongly committed to growing and maintaining a retained operating surplus.

Comparing the Year 2 forecasts from the 2014/15 LTFP with the Year 1 forecast from the 2015/16 LTFP		Year 2 of Previous Plan 2014/15	New Plan	Variation
		2015/16 \$million	2015/16 \$million	\$million
Operating Income		90.0	92.4	2.4
Operating Expenditure		89.4	90.9	1.5
Operating Result - Surplus (Deficit)		0.6	1.5	0.9
Closing Balance Borrowings		83.4	108.1	24.7

Closing borrowings for 2015-16 are forecast to be \$108.1 million, \$24.7 million higher than forecast in last year's financial plan, mostly due to the development of the Sports Precinct Project. Borrowings remain steady over the life of the plan and then reduce in year 10.

5.0 STRATEGIC PLANNING CONTEXT

The documents included in the diagram below meet the requirements of the Local Government Act 1999 for “strategic management plans (S122) and the “annual business plan and budget” (S123) 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. The Strategic Plan, adopted in 2014, responds to the aspirations of prosperity, liveability and happiness in the Vision 2043 and identifies five strategies and 21 Lighthouse Projects which are key to Playford progressing towards the community’s long-term vision.

A Strategic Plan Delivery Program has been developed for 2015-16 in line with Council’s LTFP, ensuring it follows key financial sustainability principles.

The Strategic Plan Delivery Program outlines Council’s intentions for delivery against the Strategic Plan over the next four years, and includes the Annual Business Plan and Budget for the first of these four years.



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). 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 Sustainability 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.

6.0 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.

Where possible, the assumptions within the plan are based on published Australian Bureau of Statistics data or other independent data sources such as Deloitte Access Economics. The assumptions are also subject to review by Council's Corporate Governance Committee.

RETAINED SURPLUS

Council is committed to maintaining a retained surplus target from 2015-16 of \$0.5 million, which then grows over the next five years to \$2.0 million. The retained surplus will assist the Council to minimise the impact of key risks and ensure financial sustainability.

6.1 EXTERNAL INFLUENCES - SENSITIVITY ANALYSIS RISKS

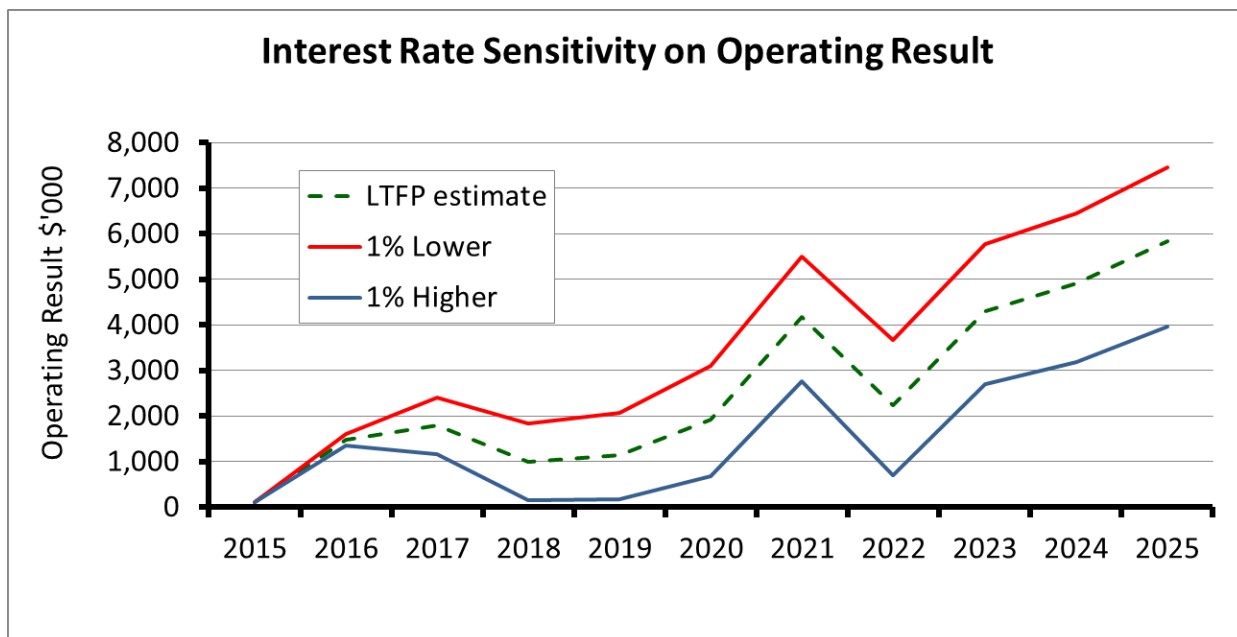
The following risks are highlighted as having the highest sensitivity to movement. The long-term financial plan includes a "medium" based approach with a low and high scenario being modelled on the operating result for each of the risks below.

INTEREST RATES

Movements in interest rates have the potential to substantially affect the delivery of the LTFP. The plan includes interest rates of approximately 6.5% 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 \$1.8 million.
- 1% decrease in average interest rates would result in the operating surplus increasing by \$1.6 million by the final year of the LTFP.



GROWTH

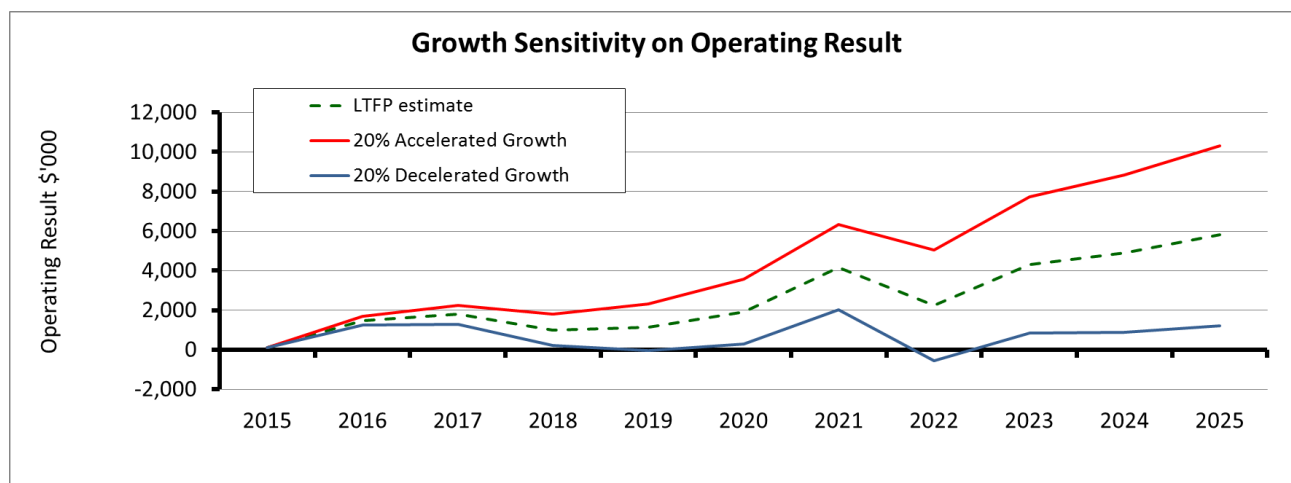
It is predicted that the northern urban fringe of Adelaide will experience the most rapid growth of any area in South Australia over the medium to long term.

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.
- 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 burden on Council's budget.

The sensitivity analysis below highlights the benefit that growth has on the city, mostly due to revenue associated with additional business activity.

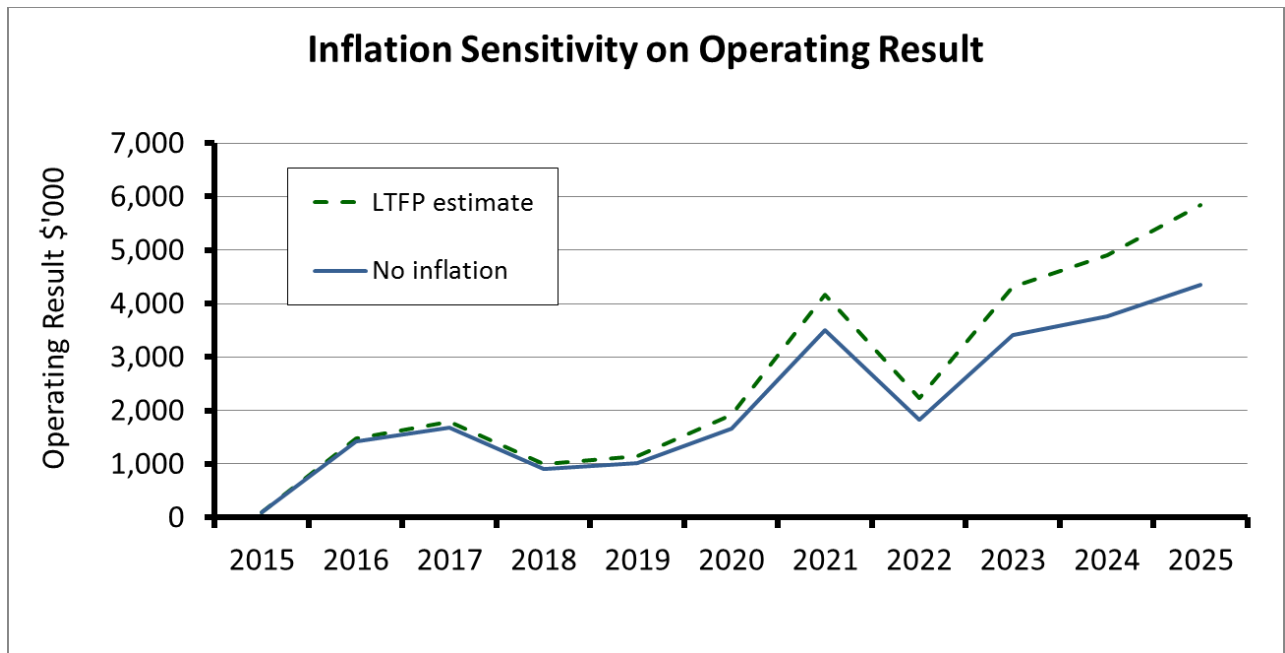


CONSUMER PRICE INDEX (ALL ADELAIDE)

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



FEDERAL ASSISTANCE GRANTS

The South Australian Grants Commission is responsible for the distribution of Commonwealth Financial Assistance Grants to councils in accordance with State and Federal legislative requirements.

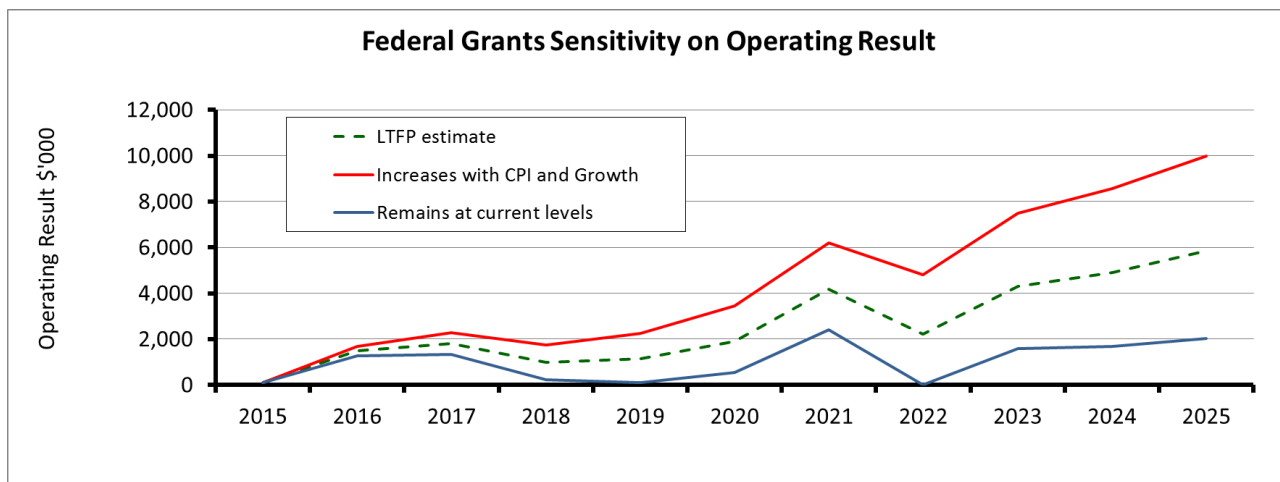
Council has a significant reliance on Federal Assistance Grants with approximately 15% of total operating revenue coming from this source. Allocation of the grants is based on a complex formula involving analysing Council's income and expenses with State averages and other factors such as our demographic profile, the movement in our population relative to the movement in both South Australia's and Australia's population, and our community's ability to pay relative to other council communities.

The grant distribution methodology is currently being reviewed by the State Government to ensure it is fair and equitable to all councils.

The 2014-15 budget announcement by the Federal Government has resulted in the grant not being increased by inflation for the next three years. Increases with inflation have been included in the LTFP from 2017-18.

Based on past history, the LTFP assumes the grant will not increase with growth. Given expenditure increases annually with inflation and growth Council's budget is gradually being impacted by the grant distribution methodology.

The following sensitivity graph highlights the impact of the Federal Grants changing with inflation and growth. An increase in the grant with inflation and growth would result in Council having a further \$4.1 million for delivering existing services by the 10th year of the LTFP.



6.2 EXTERNAL INFLUENCES AND RISKS

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 (NWAMA).

Council faces a number of risks in relation to waste management such as future increases in the State's Solid Waste Levy, the price of recyclable product and the general volatility of the waste management industry. Uncertainty regarding the future of the federal carbon tax legislation also creates further potential for change. NAWMA's activities are below the Federal Government's threshold, however, should the levels increase above the threshold and the tax legislation continue to be in place, it would result in an additional cost not included in the plan.

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 mostly LPG and 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 has completed its Water for the Future Project, which replaces mains water with reticulated storm water for many of its parks and sporting grounds as well as introducing efficient irrigation and landscaping techniques and processes. Council is now focussed on working with schools, industry and other potential uses 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 in the LTFP assumptions.

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.

COMMERCIAL MANUFACTURING INDUSTRY

Recently General Motors Holden announced it would cease manufacturing in 2017. Holden is one of the top five commercial ratepayers in the City of Playford and closure of the factory and any associated businesses is likely to affect property values in the area. The LTFP forecasts have taken this into account to minimise the impact on the commercial sector as a whole. A secondary impact of the closure is that Council may face lower growth in the commercial sector. The LTFP growth estimates will continue to be closely monitored.

Council is working towards improving employment opportunities and encouraging business development in the City to mitigate the impact of this closure to the community.

STATE GOVERNMENT CHANGES TO PUBLIC HOUSING

The South Australian Housing Trust currently owns over 4,400 properties in the City of Playford. Recently, the State Government announced a proposal to transfer a portion of public housing owned and controlled by the SA Housing Trust to a non-government organisation (NGO) community housing provider. Legislation mandates Council to provide a 75% rate rebate to any houses controlled by NGOs. 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 so it has not been included in the plan. Should this not be the case, it poses a risk to Council's future break even targets.

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.

6.3 INTERNAL INFLUENCES AND RISKS

EFFICIENCY AND EFFECTIVENESS PROGRAM

In 2011-12 the Council began a program of initiatives to deliver improved services, greater value for money, cost savings and an improved ability to cope with growth. Council remains on track to achieve a 9% cost saving by 2015-16. Further details on the impact of the Efficiency and Effectiveness program have been included in the Financial Analysis section of this plan.

SALARIES AND WAGES

Council is currently negotiating a new Enterprise Agreement. As many details of the agreement are still to be negotiated, the Long Term Financial Plan has estimated that future increases will be in line with the average

weekly earnings as measured annually by the Australian Bureau of Statistics and estimated by Deloitte Access Economics.

In addition to the potential impact from Enterprise Bargaining negotiations, the plan reflects superannuation guarantee at 9.5% and future changes will be closely monitored.

INFRASTRUCTURE ASSET MANAGEMENT

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.

7.0 FINANCIAL PLAN SUMMARY

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

Long Term Financial Plan 2015/16	Current 2014/15 \$mill	Year 1 2015/16 \$mill	Year 2 2016/17 \$mill	Year 3 2017/18 \$mill	Year 4 2018/19 \$mill	Year 5 2019/20 \$mill	Year 6 2020/21 \$mill	Year 7* 2021/22 \$mill	Year 8 2022/23 \$mill	Year 9 2023/24 \$mill	Year 10 2024/25 \$mill	10 Year Total
Operating Income	88.3	92.4	93.7	96.9	101.0	105.9	111.1	116.6	122.3	127.5	133.7	1,101.0
Operating Expenditure	88.2	91.0	91.9	95.9	99.8	104.0	106.9	114.3	118.0	122.6	127.9	1,072.3
Operating Result - Surplus (Deficit)	0.1	1.5	1.8	1.0	1.1	1.9	4.2	2.2	4.3	4.9	5.8	27.0
Closing Balance Borrowings	90.8	108.1	101.9	105.3	108.3	107.6	112.9	111.2	110.2	110.7	96.4	96.4
Rates increase above general index	4.0%	2.4%	-	-	-	-	-	-	-	-	-	
Estimated General Index		2.0%	2.8%	2.9%	3.0%	-	-	-	-	-	-	

* Year 7 expenditure includes an additional once off 27th pay

7.1 KEY FINANCIAL DATA SUMMARY

OPERATING RESULT

In 2014-15 the council has achieved a budget surplus of \$0.103 million. In 2015-16 this grows to a budgeted surplus of \$1.5 million. Council is committed to maintaining an operating surplus as a key strategy of the Council's long-term financial sustainability. To achieve this goal depends on the cost savings achieved by the Efficiency and Effectiveness program. The initial program savings are included in the LTFP are as follows:

Long Term Financial Plan 2015/16	2011/12	2012/13	2013/14	2014/15 Current	2015/16 Year 1	2016/17 Ongoing
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Operating Investment	0.5	0.8	1.5	1.8	1.8	-
Savings	0.5	0.8	1.5	4.5	5.8	9.0
Net savings	-	-	-	2.7	4.0	9.0

In addition a rolling 5 years Efficiency and Effectiveness program is also reflected in the plan from 2015-16.

CLOSING BALANCE BORROWINGS

The LTFP shows that borrowings remain steady over the life of the plan and then reduces in year 10. The interest on borrowings is also within Council's Interest Coverage 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)

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

Long Term Financial Plan 2015/16	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Reserves Balance	8.6	7.9	7.4	6.9	7.4	7.8	8.5	9.1	9.8	10.5

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 2015/16	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	%	%	%	%	%	%	%	%	%	%
Gross Debt Ratio (10-30%)	34%	31%	30%	30%	29%	30%	28%	28%	27%	24%
Net Financial Liabilities Ratio (0-150%)	143%	134%	131%	129%	122%	122%	115%	109%	105%	90%

7.2 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 2015/16	Current 2014/15 %	Year 1 2015/16 %	Year 2 2016/17 %	Year 3 2017/18 %	Year 4 2018/19 %	Year 5 2019/20 %	5 Year Average %	Year 6 2020/21 %	Year 7 2021/22 %	Year 8 2022/23 %	Year 9 2023/24 %	Year 10 2024/25 %	10 Year Average %
Operating Result Ratio (0-5%)	0.2%	2.0%	2.4%	1.3%	1.4%	2.2%	1.9%	4.6%	2.4%	4.3%	4.7%	5.3%	3.1%
Gross Debt Ratio (10-30%)	28.9%	32.2%	28.8%	28.4%	28.5%	27.7%	29.1%	28.0%	26.6%	25.9%	25.2%	21.8%	27.3%
Interest Coverage Ratio (0-10%)	5.8%	5.2%	6.2%	6.9%	6.6%	7.1%	6.4%	6.9%	7.0%	6.5%	6.2%	5.9%	6.4%
Asset Sustainability Ratio (90-110%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cash Flow From Operations Ratio (90-110%)	109.5%	108.5%	118.1%	101.2%	117.0%	123.1%	113.6%	139.8%	133.8%	154.1%	160.6%	132.4%	128.8%
Net Financial Liabilities Ratio (0-150%)	119.9%	134.1%	125.7%	123.6%	122.2%	115.4%	124.2%	114.5%	107.4%	101.5%	97.7%	82.4%	115.8%

A detailed discussion of all financial indicators is included in Section 9

8.0 FINANCIAL PLAN ANALYSIS – EFFICIENCY AND EFFECTIVENESS

Due to the significant impact of the Efficiency and Effectiveness program on Council's Long Term Financial Plan, a separate analysis has been provided below detailing the effect of this initiative on the Council's financial position. The impacts fall into three main categories:

- Savings to the Council's operating result
- Investments by the Council to achieve the savings
- Allocation of the cost savings to maintain a sustainable financial position

INTRODUCTION

In 2011-12, work began on an Efficiency and Effectiveness program to ensure that future services to the community could be delivered in the most efficient and effective manner. A consultant was engaged to undertake an independent review of Council's operations, highlighting high-level strategic initiatives that should deliver realisable cost savings. Following this review, a business case was prepared and the Council endorsed a 5 Year Efficiency and Effectiveness program based on a cost reduction of 9% by 2015-16 with savings being available from 2016-17.

The LTFP includes accumulative targets and investment initial program as detailed in the table below:

Long Term Financial Plan 2015/16	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17
				Current	Year 1	Ongoing
	\$mill	\$mill	\$mill	\$mill	\$mill	\$mill
Operating Investment	0.5	0.8	1.5	1.8	1.8	-
Savings	0.5	0.8	1.5	4.5	5.8	9.0
Net savings	-	-	-	2.7	4.0	9.0

The LTFP reflects the initial Efficiency and Effectiveness program savings of the 9% ongoing during the life of the plan. In addition a rolling 5 years Efficiency and Effectiveness program is also reflected in the plan from 2015-16.

SAVINGS ON THE COUNCIL'S OPERATING RESULT

The table above details the savings forecasts included in the LTFP. The program has identified savings opportunities and the following priority areas:

- Process improvement and reengineering
- People development and service alignment
- New and improved systems
- Reviewing how Council procures
- Reviewing asset management

INVESTMENT BY THE COUNCIL TO ACHIEVE THE SAVINGS

To achieve the savings target, an appropriate level of investment is required. The investment involves engaging consultants, contractors, additional staff as well as capital systems replacement. The investments into each program are monitored closely within a clearly documented benefits realisation framework and reported to Council on a quarterly basis.

ALLOCATION OF COST SAVINGS

Net savings from this program has delivered favourable surpluses to Council in 2014-15. The LTFP shows these savings as being spent on increased services. The following table details the expenditure included in the LTFP:

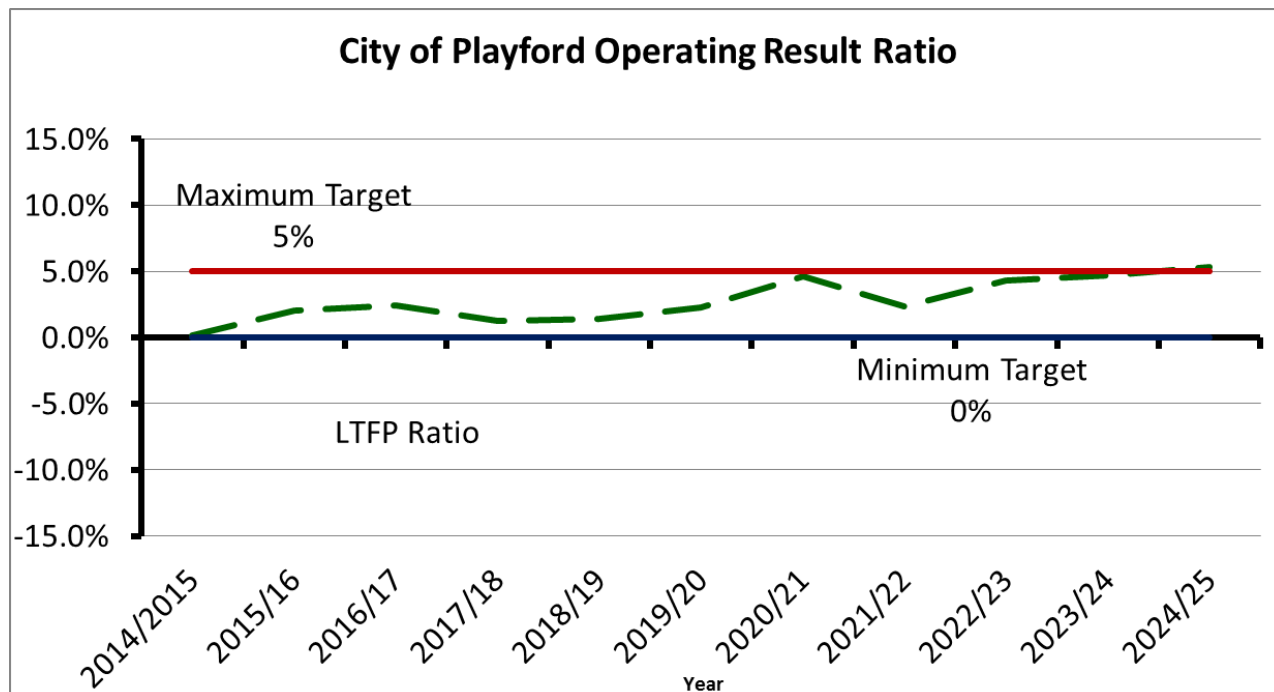
Long Term Financial Plan 2015/16	Year 1	Year 2	Year 3
	2014/15	2015/16	Ongoing 2016/17
	\$mill	\$mill	\$mill
Allocated Expenditure	0.7	1.0	1.7
Uncommitted Operating Expenditure	-	-	2.1

Council has approved the allocation of \$0.7 million in 2014-15 and \$1.0 million in 2015-16 as part of the budget process. A further \$2.1 million uncommitted operating expenditure has been allocated in the LTFP, together with retained operating surplus over the life of the plan.

9.0 FINANCIAL INDICATORS

Council has adopted six key ratios and targets as part of its Financial Sustainability Policy.

9.1 FINANCIAL INDICATOR 1 - OPERATING SURPLUS RATIO



Calculated:

Operating Result / Rates and User Charges

Purpose:

This ratio is designed to identify the portion of Council's rates and user charges that is contributing to the surplus/deficit result. The ratio expresses the amount as a percentage of Council's rates and user charges (not of total Council income).

A positive result in this ratio indicates the percentage of Council's rates and user charges that is available to fund new initiatives or to repay debt. A negative result indicates the percentage increase in Council's rates and user charges required to achieve a break even position.

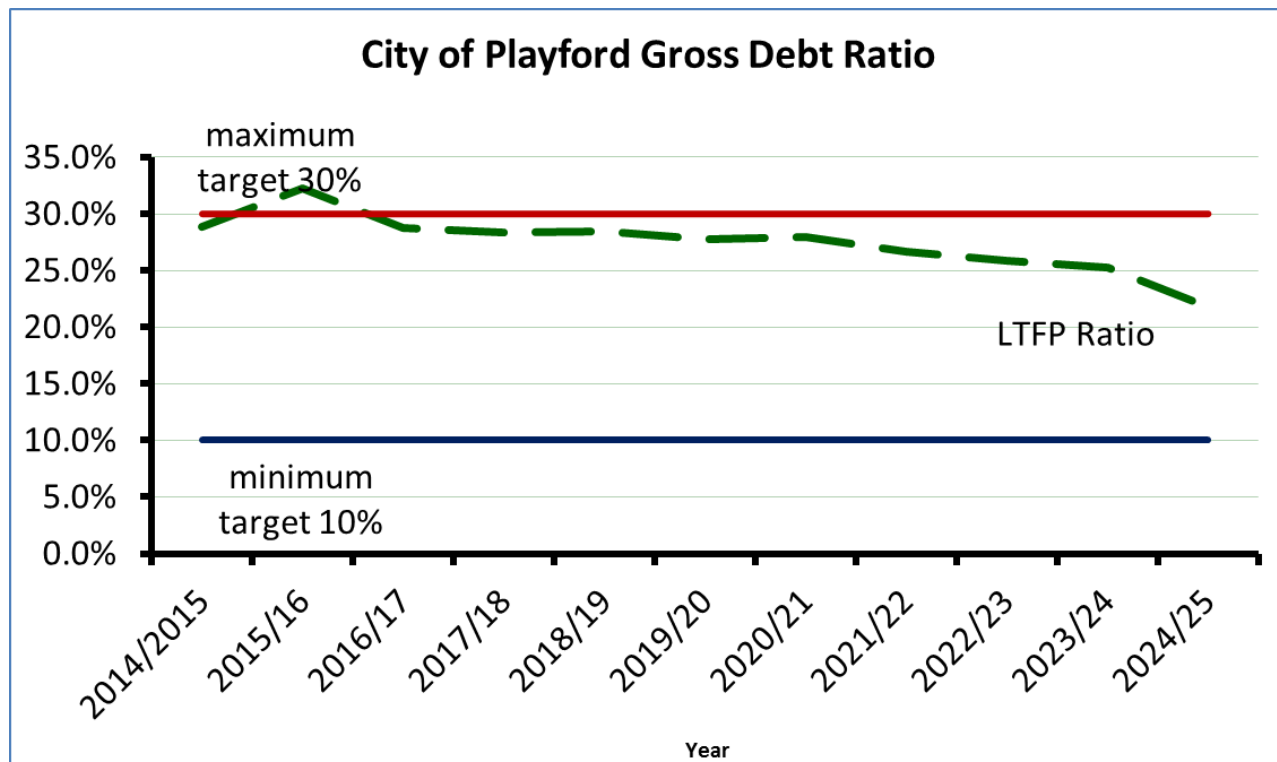
Target:

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 5% over a rolling five year period.

Long Term Financial Plan Commentary:

Achievement of the plan will have the Operating Result ratio become positive in the current year 2014-15. Council is committed to maintaining a steady operating surplus over the period of the plan. In 2021-22 is impacted by the inclusion of a 27th salary pay which occurs once in every 10 years.

9.2 FINANCIAL INDICATOR 2 - GROSS DEBT RATIO



Calculated as:

Total Liabilities / Economically Realisable Assets

Purpose:

This ratio measures Council's liabilities as a percentage of its economically realisable assets (those assets reasonably able to be converted into cash). Council infrastructure such as roads, footpaths and stormwater are not considered economically realisable.

Any organisation involved in long-term projects and asset creation requires access to debt. Debt is a healthy source of funding if used appropriately and if associated with an income source to facilitate its repayment over time. Total debt should not be so low or so high as to create a negative impact on intergenerational equity. If total debt is too high it is arguable that current ratepayers are not paying their way, leaving too much of the burden to future generations. Equally, if total debt is too low it is arguable that current ratepayers are being asked to pay too much of the burden to the benefit of future ratepayers.

It is also important to note that, when considering the level of debt as a portion of assets, Council is a perpetual organisation that exists forever with a secure and perpetual income source. This is different to considering an individual's level of debt as a portion of their assets, as the individual has a finite working life and therefore a finite source of income.

Target:

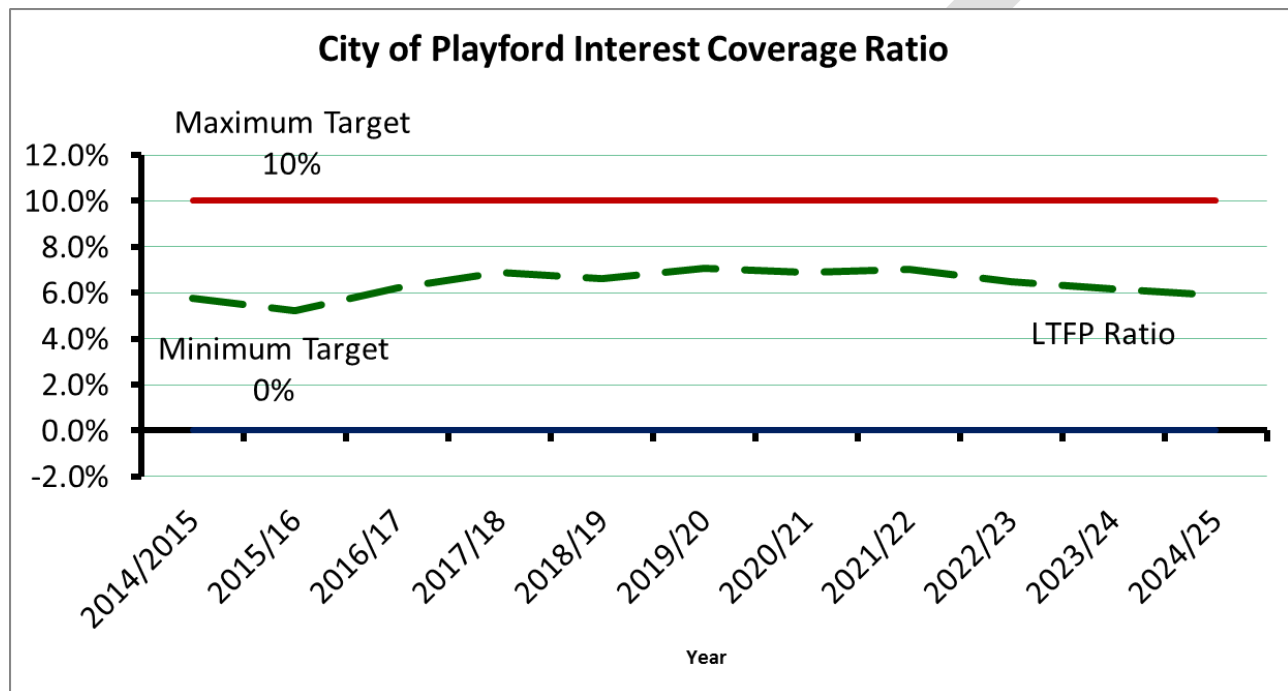
Council must manage a level of debt to ensure the best balance between current and future ratepayers for long-lived infrastructure costs, thus delivering intergenerational equity. Council's target for the ratio is not to exceed 30% over a rolling five year period.

Long Term Financial Plan Commentary:

Over the period of the plan, with the exception of 2015-16, Council's ratio remains within the maximum level of 30%. This is inclusive of fully funding the asset replacement program in Council's Asset Management Plans.

The borrowing level is dependent on Council achieving the Efficiency and Effectiveness program targets and utilising projected surpluses.

9.3 FINANCIAL INDICATOR 3 - INTEREST COVERAGE RATIO



Calculated as:

Interest Expense less Interest Income / Discretionary Income

Purpose:

This ratio measures the affordability of Council's debt and articulates the portion of Council's discretionary income that is being used to pay interest. This is strongly linked both to interest rates and the level of debt and so should be considered in conjunction with financial indicator 2 - Gross Debt Ratio.

Target:

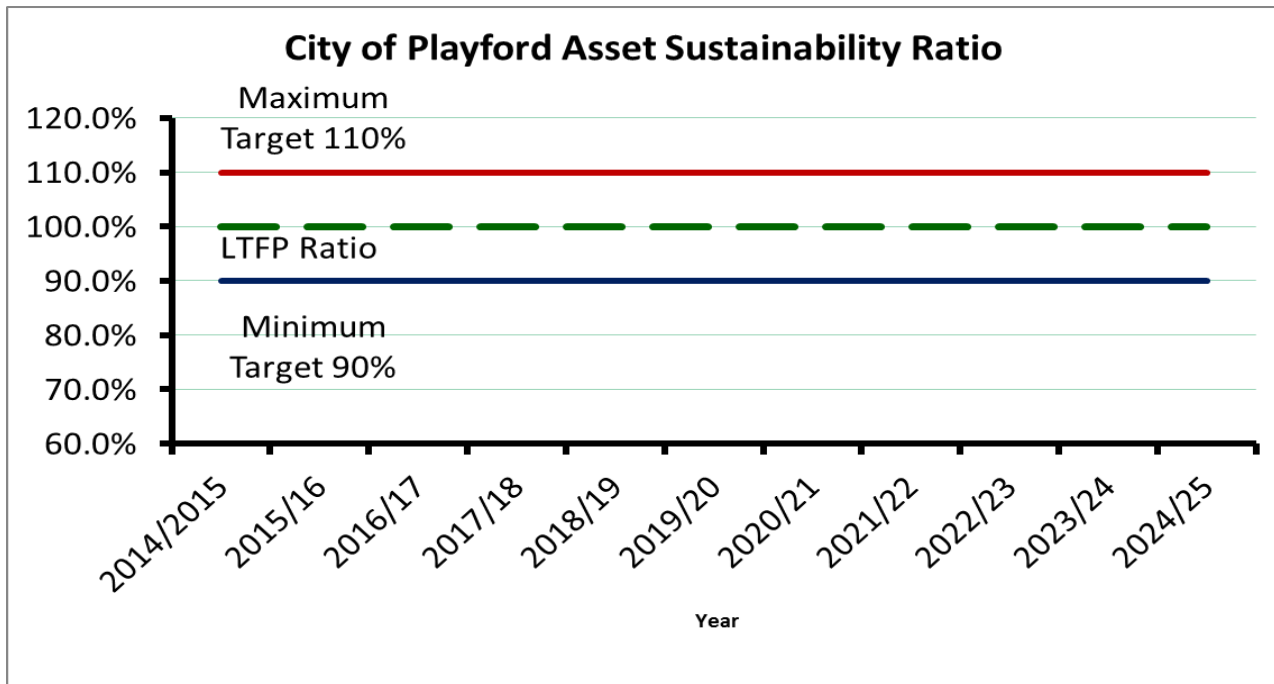
Interest expenses of greater than 10% of discretionary income are considered to be an unacceptable level of servicing costs for borrowings. To allow for annual variations, this target is to be most appropriately applied over a rolling five year period.

Long Term Financial Plan Commentary:

Over the period of the plan, Council's projected cost of borrowings remains well within the maximum target of 10% adopted by Council under the assumption that interest rates remain at or lower than 6.5% over the life of the plan.

Council's interest costs remain relatively stable as a portion of discretionary income.

9.4 FINANCIAL INDICATOR 4 - ASSET SUSTAINABILITY RATIO



Calculated as:

Amount Spent on the Replacement of Assets/Asset Management Plan Replacement Annuity.

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 plan (AMP).

It is important to note that this ratio does not measure whether Council is funding the asset replacement requirements from sustainable sources (refer ratio 5 – Cashflow from Operations Ratio), but rather it simply measures whether Council is performing the required work to replace assets and maintain the level of service.

Target:

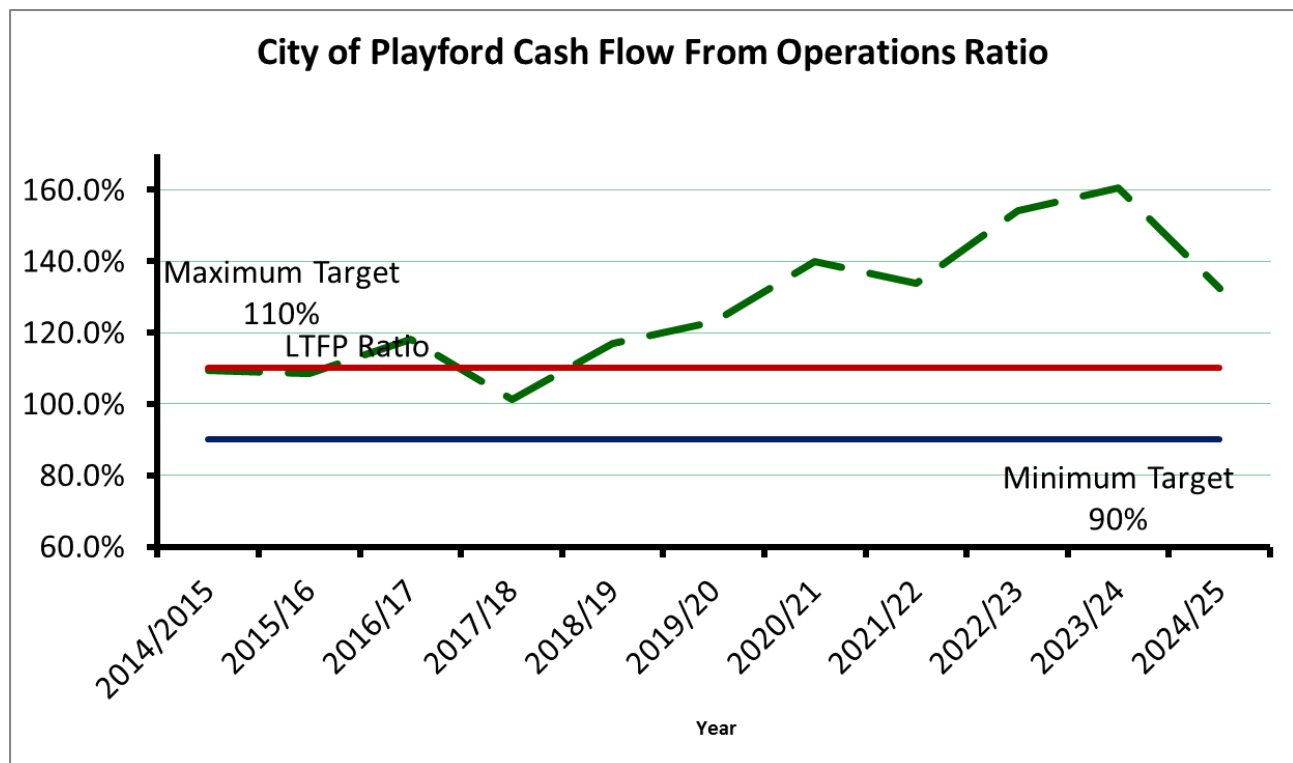
The target is for around 100% replacement of works determined by the Asset Management Plans to ensure consistent service delivery. To allow for annual variation, this target is most appropriately applied over a rolling five year period with a maximum and minimum target for any one year. The target is for the Asset Sustainability Ratio to be between 90 & 110% and not less than 100% over a rolling five year period.

Long Term Financial Plan Commentary:

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 100% fund these requirements in accordance with the plan.

The Asset Management Plan schedule has been directly input into the LTFP resulting in it being 100% for the next 10 years of the plan.

9.5 FINANCIAL INDICATOR 5 - 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.

If Council is not generating enough cash from operations to cover these requirements (less than 100%), then one of two things is happening:

- 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.

Neither of these is desirable.

Target:

Enough cash must be generated from operations to cover the replacement of the Community's 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. To allow for annual variations this target is most appropriately applied over a rolling five year period.

The adopted target for this ratio is between 100% and 110% over a rolling five year period.

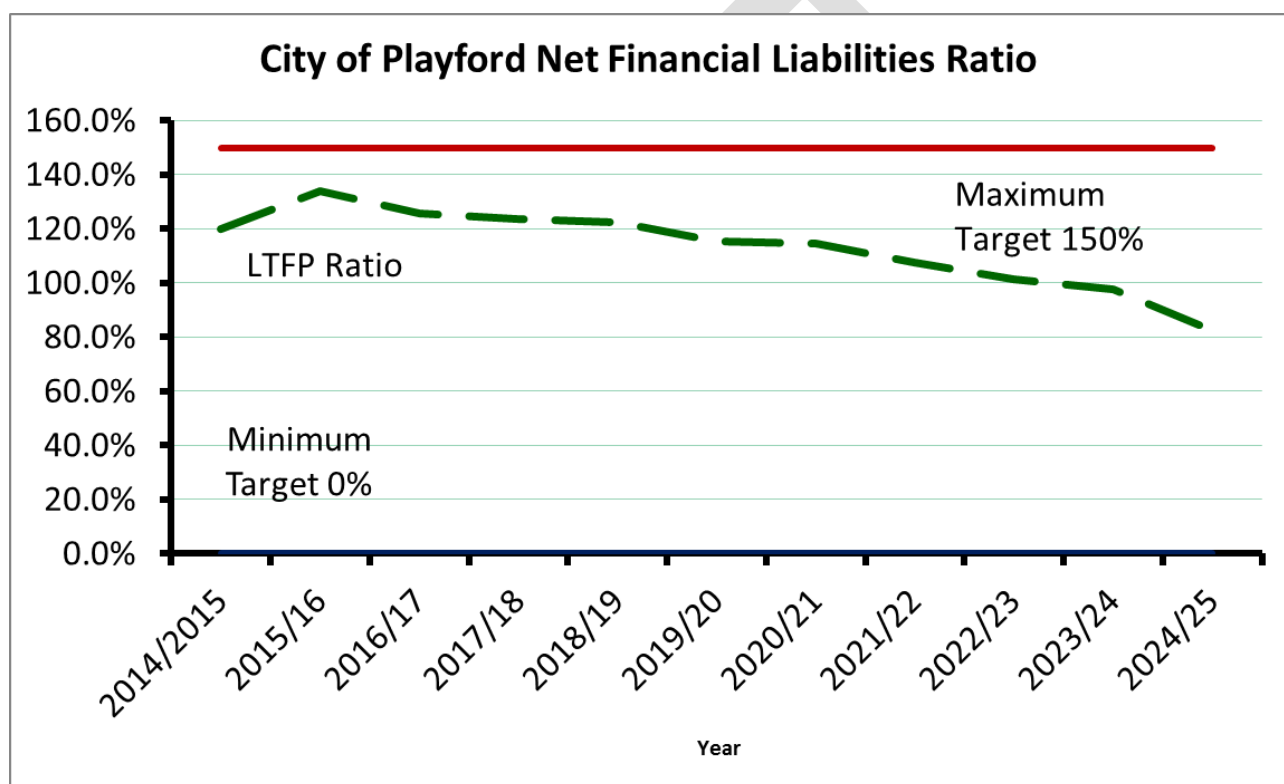
Long Term Financial Plan Commentary:

Over the period of the plan, Council's Cash Flow from Operations Ratio is near the maximum target until 2017-18 then is well above the for the remainder of the plan.

The overall favourable ratio is reflective of Council having to put reserves aside to replace new assets received from developers through growth in township areas.

Over the next 10 years Council will receive approximately \$435 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.

9.6 FINANCIAL INDICATOR 6 - NET FINANCIAL LIABILITIES RATIO



Calculated as:

Net financial liabilities as a percentage of total operating revenue (less NRM levy).

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

Purpose:

This ratio measures Council's level of debt and articulates this amount as a percentage of total annual revenue (less NRM levy). The level of debt affects the amount of interest that Council pays, and so this ratio is considered in conjunction with the Interest Coverage Ratio (ratio 3).

Target:

In general, Council manages a level of debt to ensure the best balance between current and future ratepayers for long-lived infrastructure costs, thus delivering intergenerational equity.

The adopted Council target for the ratio is not to exceed 150%.

Long Term Financial Plan Commentary:

Council's net financial liabilities decrease steadily as savings from the Efficiency and Effectiveness program and additional rate income increases the operating surplus. The ratio is within agreed levels for the full 10 years of the plan.

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10.0 FINANCIAL STATEMENTS

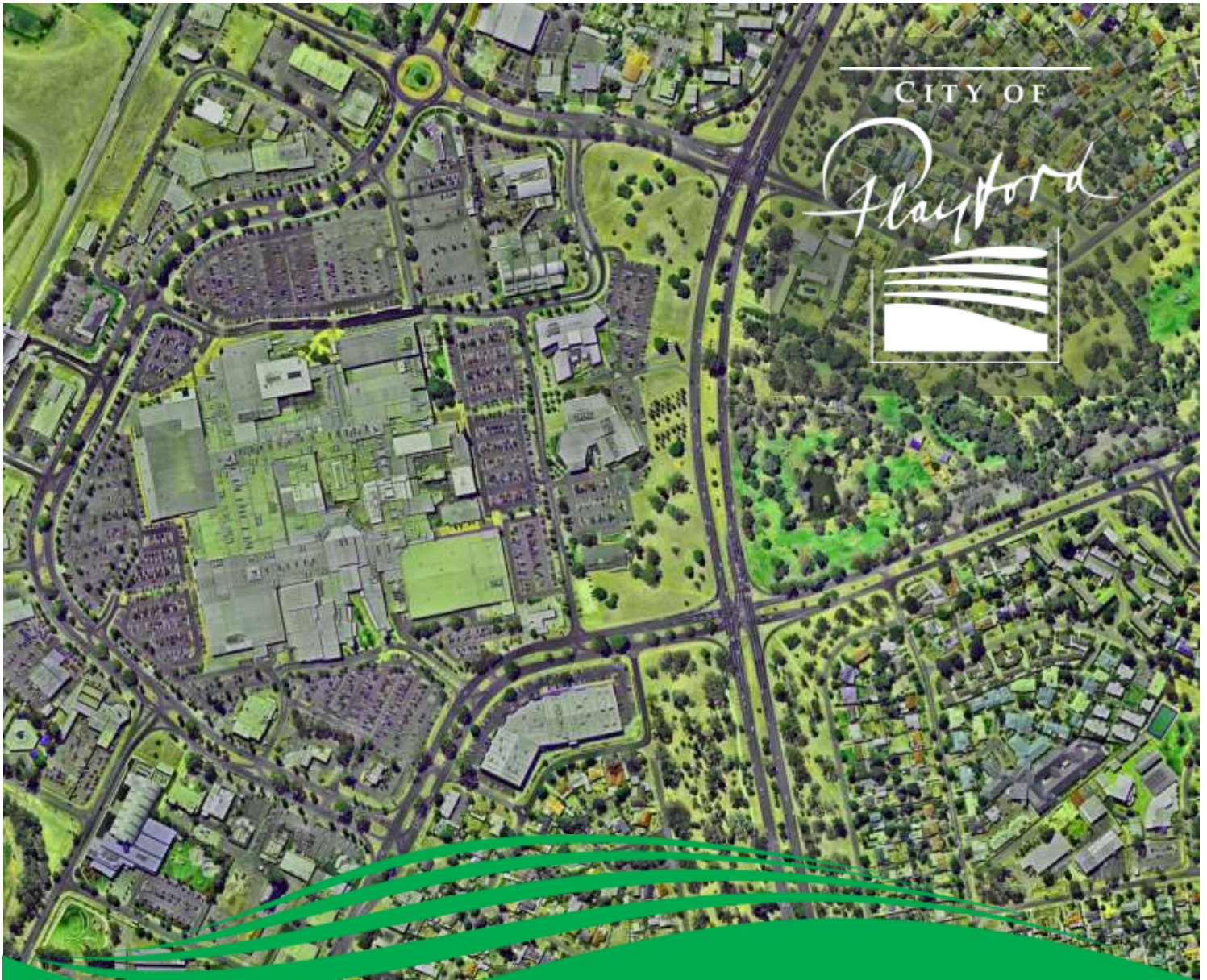
PROJECTED UNIFORM PRESENTATION OF FINANCES	Current 2014/2015	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19	Year 5 2019/20	Year 6 2020/21	Year 7 2021/22	Year 8 2022/23	Year 9 2023/24	Year 10 2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Revenues	88,309	92,436	93,693	96,859	100,966	105,895	111,073	116,576	122,290	127,512	133,743
less Operating Expenses	(88,206)	(90,959)	(91,899)	(95,863)	(99,823)	(103,984)	(106,904)	(114,343)	(117,982)	(122,609)	(127,909)
OPERATING SURPLUS/(DEFICIT)	103	1,477	1,794	996	1,143	1,911	4,169	2,233	4,308	4,903	5,834
Capital Expenditure on Renewal/Replacement of Existing Asset	(16,507)	(17,181)	(18,041)	(18,329)	(19,748)	(20,003)	(20,030)	(19,981)	(20,443)	(20,052)	(20,489)
Depreciation	18,185	17,835	19,663	20,445	21,668	23,155	23,997	25,269	26,587	27,947	29,573
Proceeds from Sale of Replaced Assets	0	0	0	0	0	0	0	0	0	0	0
LESS - NET OUTLAYS ON EXISTING ASSETS	1,678	654	1,622	2,116	1,920	3,152	3,967	5,288	6,144	7,895	9,084
Capital Expenditure on New/Upgraded Assets	(20,301)	(26,313)	(12,273)	(4,994)	(6,628)	(3,892)	(13,133)	(5,497)	(9,345)	(13,332)	(532)
Amounts Received Specifically for New/Upgraded Assets	9,487	1,000	2,000	0	0	0	0	0	0	0	0
Proceeds from Sale of Surplus Assets	0	0	13,000	0	0	0	0	0	0	0	0
LESS - NET OUTLAYS ON NEW/UPGRADED ASSETS	(10,814)	(25,313)	2,727	(4,994)	(6,628)	(3,892)	(13,133)	(5,497)	(9,345)	(13,332)	(532)
NET LENDING (BORROWING)	(9,033)	(23,182)	6,143	(1,882)	(3,565)	1,171	(4,997)	2,024	1,107	(534)	14,386

PROJECTED STATEMENT OF COMPREHENSIVE INCOME	Current	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
	2014/2015	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
INCOME											
Rates	64,250	67,675	69,845	72,386	75,934	80,265	84,667	89,380	94,273	98,660	104,030
Statutory Charges	2,067	2,139	2,190	2,249	2,303	2,359	2,429	2,502	2,578	2,655	2,735
User Charges	3,232	4,509	4,617	4,742	4,855	4,971	5,120	5,274	5,432	5,595	5,763
Grants, Subsidies & Contributions	15,557	14,768	13,869	14,219	14,539	14,889	15,336	15,796	16,270	16,758	17,260
Investment Income	83	89	64	74	72	73	86	89	100	102	105
Reimbursements	763	997	798	820	840	860	886	913	940	968	997
Other Income	2,136	2,133	2,184	2,243	2,297	2,352	2,423	2,496	2,571	2,648	2,727
Net gain - joint ventures & associates	221	126	126	126	126	126	126	126	126	126	126
TOTAL INCOME	88,309	92,436	93,693	96,859	100,966	105,895	111,073	116,576	122,290	127,512	133,743
EXPENSES											
Employee Costs	32,279	33,682	35,245	36,718	38,396	40,194	42,116	45,901	46,212	48,043	49,893
Materials, Contracts & Other Expenses	32,862	34,793	31,431	32,345	33,388	33,478	33,441	35,349	37,584	39,058	40,845
Finance Costs	4,880	4,649	5,560	6,355	6,371	7,157	7,350	7,824	7,599	7,561	7,598
Depreciation	18,185	17,835	19,663	20,445	21,668	23,155	23,997	25,269	26,587	27,947	29,573
Net loss - joint ventures & associates	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	88,206	90,959	91,899	95,863	99,823	103,984	106,904	114,343	117,982	122,609	127,909
OPERATING SURPLUS (DEFICIT)	103	1,477	1,794	996	1,143	1,911	4,169	2,233	4,308	4,903	5,834
Net Gain (Loss) on Disposal or Revaluation of Assets	(5,939)	5,097	12,199	(979)	(699)	0	0	0	(2)	0	0
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	9,487	1,000	2,000	0	0	0	0	0	0	0	0
Physical Resources Received Free of Charge	14,362	8,496	17,527	21,488	23,466	26,935	28,633	39,381	41,590	38,289	44,622
TOTAL CAPITAL REVENUES	17,910	14,593	31,726	20,509	22,767	26,935	28,633	39,381	41,588	38,289	44,622
NET SURPLUS (DEFICIT)	18,013	16,070	33,520	21,505	23,910	28,846	32,802	41,614	45,896	43,192	50,456





PROJECTED BALANCE SHEET	Current 2014/2015	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19	Year 5 2019/20	Year 6 2020/21	Year 7 2021/22	Year 8 2022/23	Year 9 2023/24	Year 10 2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Current Assets											
Cash & Equivalent Assets	1,351	1,301	1,429	1,474	1,497	1,564	1,626	1,823	1,857	1,902	1,969
Trade & Other Receivables	8,270	8,664	9,059	9,485	9,953	10,479	11,083	11,723	12,371	12,923	13,477
Inventories	145	148	152	156	160	164	169	174	179	184	190
TOTAL CURRENT ASSETS	9,766	10,113	10,640	11,115	11,610	12,207	12,878	13,720	14,407	15,009	15,636
Non-Current Assets											
Other Financial Assets	424	0	0	0	0	0	0	0	0	0	0
Equity Accounted Investments in Council Businesses	7,878	7,878	7,878	7,878	7,878	7,878	7,878	7,878	7,878	7,878	7,878
Infrastructure, Property, Plant & Equipment	991,601	1,046,354	1,098,545	1,151,268	1,206,183	1,262,552	1,337,884	1,417,252	1,504,198	1,592,753	1,676,348
Other Non-Current Assets	18,615	18,615	18,615	18,615	18,615	18,615	18,615	18,615	18,615	18,615	18,615
TOTAL NON-CURRENT ASSETS	1,018,518	1,072,847	1,125,038	1,177,761	1,232,676	1,289,045	1,364,377	1,443,745	1,530,691	1,619,246	1,702,841
TOTAL ASSETS	1,028,284	1,082,960	1,135,678	1,188,876	1,244,286	1,301,252	1,377,255	1,457,465	1,545,098	1,634,255	1,718,477
Current Liabilities											
Trade & Other Payables	20,514	20,820	21,258	19,971	20,909	20,766	20,867	20,803	21,413	21,754	21,995
Short-term Provisions	3,748	4,038	4,160	4,367	4,550	4,772	4,996	5,447	5,483	5,701	5,920
Short-term Borrowings	4,887	16,401	3,612	10,583	10,801	3,507	1,773	1,773	1,773	14,273	0
TOTAL CURRENT LIABILITIES	29,149	41,259	29,030	34,921	36,260	29,045	27,636	28,023	28,669	41,728	27,915
Non-Current Liabilities											
Long-term Provisions	848	914	941	988	1,029	1,079	1,130	1,233	1,241	1,291	1,342
Long-term Borrowings	85,901	91,732	98,320	94,737	97,516	104,109	111,136	109,463	108,390	96,417	96,417
TOTAL NON-CURRENT LIABILITIES	86,749	92,646	99,261	95,725	98,545	105,188	112,266	110,696	109,631	97,708	97,759
TOTAL LIABILITIES	115,898	133,905	128,291	130,646	134,805	134,233	139,902	138,719	138,300	139,436	125,674
NET ASSETS	912,386	949,055	1,007,388	1,058,230	1,109,480	1,167,020	1,237,355	1,318,747	1,406,800	1,494,821	1,592,803
Equity											
Accumulated Surplus	400,497	417,402	451,548	473,567	498,000	526,343	558,724	599,704	644,961	687,461	737,187
Asset Revaluation Reserve	502,486	523,085	547,898	577,235	604,575	633,269	670,802	710,580	752,737	797,566	845,092
Other Reserves	9,403	8,568	7,942	7,428	6,905	7,408	7,829	8,463	9,102	9,794	10,524
TOTAL EQUITY	912,386	949,055	1,007,388	1,058,230	1,109,480	1,167,020	1,237,355	1,318,747	1,406,800	1,494,821	1,592,803

PROJECTED STATEMENT OF CHANGES IN EQUITY	Current 2014/2015	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19	Year 5 2019/20	Year 6 2020/21	Year 7 2021/22	Year 8 2022/23	Year 9 2023/24	Year 10 2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
ACCUMULATED SURPLUS											
Balance at End of Previous Reporting Period	381,584	400,497	417,402	451,548	473,567	498,000	526,343	558,724	599,704	644,961	687,461
Net Surplus (deficit) for year	18,013	16,070	33,520	21,505	23,910	28,846	32,802	41,614	45,896	43,192	50,456
Transfers from Other Reserves (excl Asset Reval Res)	1,000	1,000	1,000	1,000	1,000	0	0	0	0	0	0
Transfers to Other Reserves (excl Asset Reval Res)	(100)	(165)	(374)	(486)	(477)	(503)	(421)	(634)	(639)	(692)	(729)
Balance at End of Reporting Period	400,497	417,402	451,548	473,567	498,000	526,343	558,724	599,704	644,961	687,461	737,188
ASSET REVALUATION RESERVE											
Balance at End of Previous Reporting Period	480,373	502,486	523,085	547,897	577,235	604,575	633,269	670,802	710,581	752,737	797,566
Gain (Loss) on revaluation of Infrastructure, Property, Plant &	22,113	20,599	24,812	29,338	27,340	28,694	37,533	39,779	42,156	44,829	47,526
Balance at End of Reporting Period	502,486	523,085	547,897	577,235	604,575	633,269	670,802	710,581	752,737	797,566	845,092
OTHER RESERVES											
Balance at End of Previous Reporting Period	9,403	8,568	7,942	7,428	6,905	7,408	7,829	8,463	9,102	9,794	10,524
Balance at End of Reporting Period	9,403	8,568	7,942	7,428	6,905	7,408	7,829	8,463	9,102	9,794	10,524
Total Equity	912,386	949,055	1,007,387	1,058,230	1,109,480	1,167,020	1,237,355	1,318,748	1,406,800	1,494,821	1,592,804
Represented by											
Accumulated Surplus	400,497	417,402	451,548	473,567	498,000	526,343	558,724	599,704	644,961	687,461	737,188
Reserves	511,889	531,653	555,839	584,663	611,480	640,677	678,631	719,044	761,839	807,360	855,616

PROJECTED CASH FLOW STATEMENT	Current 2014/2015	Year 1 2015/16	Year 2 2016/17	Year 3 2017/18	Year 4 2018/19	Year 5 2019/20	Year 6 2020/21	Year 7 2021/22	Year 8 2022/23	Year 9 2023/24	Year 10 2024/25
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities											
RECEIPTS											
Investment Receipts	83	89	64	74	72	73	86	89	100	102	105
Operating Receipts	88,226	92,074	93,408	95,847	100,800	105,237	110,423	115,822	121,785	126,994	133,181
PAYMENTS											
Finance Payments	(4,880)	(4,649)	(5,560)	(6,355)	(6,371)	(7,157)	(7,350)	(7,824)	(7,599)	(7,561)	(7,598)
Operating Payments	(65,362)	(67,938)	(66,268)	(69,587)	(71,099)	(73,491)	(75,227)	(80,739)	(83,391)	(86,633)	(90,328)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	18,067	19,576	21,644	19,979	23,402	24,662	27,932	27,348	30,895	32,902	35,360
Cash Flows from Financing Activities											
RECEIPTS											
Proceeds from Borrowings	14,000	26,722	10,200	7,000	13,580	10,100	8,800	100	700	2,300	0
PAYMENTS											
Repayments of Borrowings	(4,887)	(3,854)	(16,401)	(3,612)	(10,583)	(10,801)	(3,507)	(1,773)	(1,773)	(1,773)	(14,273)
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	9,113	22,868	(6,201)	3,388	2,997	(701)	5,293	(1,673)	(1,073)	527	(14,273)
Cash Flows from Investing Activities											
RECEIPTS											
Amounts Specifically for New/Upgraded Assets	9,487	1,000	2,000	0	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	0	0	0	0	0	0	0	0	0	0	0
Sale of Surplus Assets	0	0	13,000	0	0	0	0	0	0	0	0
PAYMENTS											
Expenditure on Renewal/Replacement of Assets	(16,507)	(17,181)	(18,041)	(18,329)	(19,748)	(20,003)	(20,030)	(19,981)	(20,443)	(20,052)	(20,489)
Expenditure on New/Upgraded Assets	(20,301)	(26,313)	(12,273)	(4,994)	(6,628)	(3,892)	(13,133)	(5,497)	(9,345)	(13,332)	(532)
Capital Contributed to Associated Entities											
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	(27,321)	(42,494)	(15,314)	(23,323)	(26,376)	(23,895)	(33,163)	(25,478)	(29,788)	(33,384)	(21,021)
Net Increase/(Decrease) in Cash and Investments	(141)	(50)	128	45	23	67	62	197	34	45	67
Bank Overdraft											
Cash and Investments at the Beginning of Year	1,492	1,351	1,301	1,429	1,474	1,497	1,564	1,626	1,823	1,857	1,902
CASH AND INVESTMENTS AT THE END OF YEAR	1,351	1,301	1,429	1,474	1,497	1,564	1,626	1,823	1,857	1,902	1,969



DRAFT ASSET MANAGEMENT PLAN 2015/16 SUMMARY OF PLANS

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Asset Management Plan 2015-16

Date:

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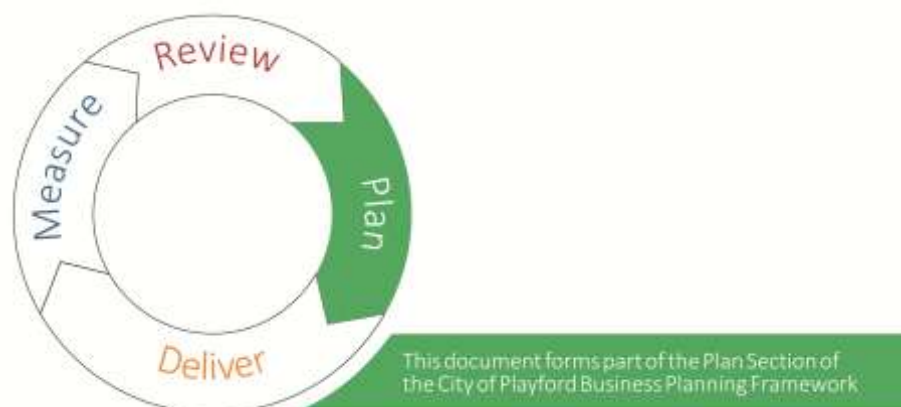


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EXECUTIVE SUMMARY

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 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.

This Summary document has been amended to include:

- Updated Graphs and Financials
- Additional sub category assets within current Asset Management Plans (for example Wetlands assets have been added to the Stormwater AMP).

The City of Playford has continued to improve our data collection and condition rating accuracy. The revaluation of Assets has also occurred since the last published plans.

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 \$492m or \$49.2m 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 problems
3. Comply with Disability & Discrimination Act (DDA)
4. Reduce the level of risk exposure to Council and ensure the network compliments 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 plans.

Function

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

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

This actions resulting from this Asset Management Plan are:

- Review data management quality procedures.
- 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.
- Develop processes that inspect and condition assess assets on a regular basis.
- Develop processes for capturing new and disposed assets, to ensure they are recorded into the asset register.
- Investigate maintenance and operating 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.
- Conduct 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 are provided in a financially sustainable manner.

An 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 2016_S1_V1) \$'000	
Executive Summary - What does it cost?	
10 year total cost [10 yr Ops, Maint, Renewal & Upgrade Proj Exp]	\$492,506
10 Year Average Cost	\$49,251
10 year total LTFP budget [10 yr Ops, Maint, Renewal & Upgrade LTFP Budget]	\$453,665
10 year average LTFP budget	\$45,367
10 year AM financial indicator	92%

Want to know more?

Copies of the complete Asset Management Plans are available for viewing at Council offices or on Council's website www.playford.sa.gov.au

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 / cycleways (along roads and within reserves).
Buildings	Council owned buildings & storage sheds either occupied by Council or others.
Parks & 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 65 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 plan follows the format for AM Plans recommended in Section 4.2.6 of the International Infrastructure Management Manual¹.

This 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.

¹ 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	86 ea	7,904,530
	Kerb	1, 095,727 m	65,321,321
	Structures	655 ea	17,591,197
	Sealed Road	5,841,260 m ²	145,029,190
	Unsealed Road	448,384 m ²	4,246,201
Stormwater	Pipes	441,369 m	103,907,753
	Pits	11,524 ea	24,260,807
	Other Capture	987 ea	9,373,798
	Water Delivery	799 ea	13,125,974
Footpaths	Footpaths	922,613 m ²	73,653,449
	Other	27 ea	122,234
Buildings	Community	44 ea	36,902,171
	Corporate	38 ea	34,092,937
	Other	47 ea	1,389,899
	Public Toilet	18 ea	1,819,000
	Sporting	47 ea	57,519,391
Parks & Recreation	Irrigation	1,369,576 m ²	17,081,659
	Playground	76 ea	4,530,676
	Other Structures	1,795 ea	16,504,696
Information Technology		1,370 ea	4,291,903
Fleet	Vehicles	167 ea	12,031,068
	Trailers	58 ea	643,953
	Plant	65 ea	579,302

These assets have a renewal value of \$651,923,109.

Assumptions

This Plan is based on current service level and indexed 2013/2014 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"> Represent needs of community/shareholders. Allocate resources to meet the organisation's objectives in providing services while managing risks. Ensure organisation is financially sustainable.
CEO/General Manager	<ul style="list-style-type: none"> Manage organisation operational activities and future planning strategic direction.
Operational Teams	<ul style="list-style-type: none"> Design, documentations, capital work projects. Operational and service levels, data information and analysis.
Finance Team	<ul style="list-style-type: none"> Long Term Financial Plans and operational financial data.
Community & Ratepayers	<ul style="list-style-type: none"> End user of services.

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 Delivery Program 2015/16 – 2018/19 (inclusive of 2015/16 Annual Business Plan and Budget)
- Strategic Plan
- Long Term Financial Plan 2015/16 – 2024/25
- 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 the 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.

In 2014, Newfocus Research successfully tendered for this task and was commissioned to undertake the Resident Satisfaction Survey.

Objectives

The broad objectives of the Resident Satisfaction Survey were to:

- Aid an understanding of customers' needs and expectations in order to assist in the design and delivery of Council services
- Measure resident perceptions of the City as a place to live
- Understand what could be done to improve perceptions and presentation of the City
- Evaluate the effectiveness of Council services and programs.

Methodology

Quantitative research among the broad population within suburbs of the City of Playford.

A sample of 600 residents were interviewed by telephone. We interviewed 100 residents in each ward and fieldwork was conducted July and August 2014.

SUMMARY RESULTS:

Council Strategic Goals

The City of Playford Council Plan 2011/12-2014/15 set four goals for the Council, namely:

- Community Wellbeing
- Environmental Care
- Economic Prosperity
- Organisational Excellence

The Resident Satisfaction Survey carried out in 2014 evaluated Council's service delivery for the 2013/14 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.

Community Wellbeing

Community Assets	Mean score (0-10)		
	2012	2013	2014
Parks and gardens are well maintained	7.4	7.0	7.4 ↑
Playgrounds are well maintained	7.5	7.4	7.6 ↑

Recreation & Leisure	Mean score (0-10)		
	2012	2013	2014
The provision and maintenance of bicycle paths is excellent	6.2	6.2	6.1
Ovals and sporting grounds are well maintained	7.8	7.8	7.9 ↑
Council supports a range of local sporting clubs*	7.5	7.2	7.4
Council supports a range of community groups and programs in Playford*	7.5	7.4	7.4

Crime & Safety	Mean score (0-10)		
	2012	2013	2014
Graffiti and vandalism control is effective	6.2	6.5	6.8 ↑

Environmental Care

Environment & City	Mean score (0-10)		
	2012	2013	2014
The City of Playford is well presented	6.7	6.7	6.8 ↑
Verges are well maintained	6.0	6.1	5.9
The Council is environmentally responsible	7.4	7.2	7.3 ↑

Waste Management	Mean score (0-10)		
	2012	2013	2014
The streets are clean	6.8	6.8	6.8
I am satisfied with the kerbside garbage collection service	8.4	8.2	8.3 ↑
I am satisfied with the hard waste collection service	7.5	7.4	7.5 ↑

City Infrastructure

City Infrastructure	Mean score (0-10)		
	2012	2013	2014
Footpaths are well maintained	5.6	5.6	5.4
The street lighting is adequate	6.6	6.5	6.6 ↑
Storm water drainage in your street is adequately maintained	6.7	6.6	6.5
The local streets are well maintained	6.0	5.9	5.8
The rural roads are well maintained	5.6	5.7	5.5

Organisational Excellence

Communications	Mean score (0-10)		
	2012	2013	2014
The Council's goals and vision are clear and communicated to residents	6.2	6.3	5.7
The Council communicates well with its residents	6.0	6.1	5.5

Government & Strategy	Mean score (0-10)		
	2012	2013	2014
The Council is responsive to community needs	6.2	6.2	5.9
The Council invites residents to participate in decision-making	5.9	5.9	5.4
The Council is open and accountable to the community	6.2	6.3	5.8
The Council provides value for money in return for the rates I pay each year	5.1	5.5	5.0
The Council plans for the future	6.7	6.7	6.4
Elected Members do their job of representing my views well	5.7	5.8	5.2

Overall Satisfaction with Council

Satisfaction score	4 Year Target%	2012 %	2013 %	2014 %
Overall satisfaction with the Council	72	68	68	65

Value for Money

	Mean score (0-10)		
	2012	2013	2014
The Council provides value for money in return for the rates I pay each year	5.1	5.5	5.0

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

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.²

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.

It is envisaged that ongoing service level reviews will provide detailed service level input for future updates of the AMP. The service level review process will, in consultation with the community, quantify desired levels of service.

The desired level of service may relate to providing a higher level of service (generally at a higher cost) or reducing costs (generally by lowering service levels). It should also be noted that maintaining current levels of service may require increased funding in some asset classes.

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

² IPWEA, 2011, IIMM, p 2.22

measures and reporting in future revisions of the AMPs. Performance reporting is the responsibility of, and is available from, the Practice 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. Council is in the process of setting desired levels of service. Results of any changes in service level will be reflected in future revisions of the AMP.

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 Andrews Farm, Craigmore, Hillbank and Blakeview. The most significant gains in population are expected in Andrews Farm, Angle Vale, Blakeview, Craigmore, Munno Para, Munno Para West, Munno Para Downs, Virginia, Waterloo Corner, Buckland Park and Smithfield. Elizabeth East and Elizabeth Downs are expected to the most significant population decreases during this period, with both areas expected to have little growth in housing stock. The forecast population growth rates are lower than household growth in most areas as a result of the decreasing number of people per household. The two obvious exceptions to this pattern are Munno Para, Munno Para West, Munno Para Downs, which are expected to have a relatively stable household size as a result of the in-migration of families during this period and Elizabeth where the average household size is already very low and the existing household structure is likely to be maintained.

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 around 157,932 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. Playford North is another significant future land development.	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 failures³. 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

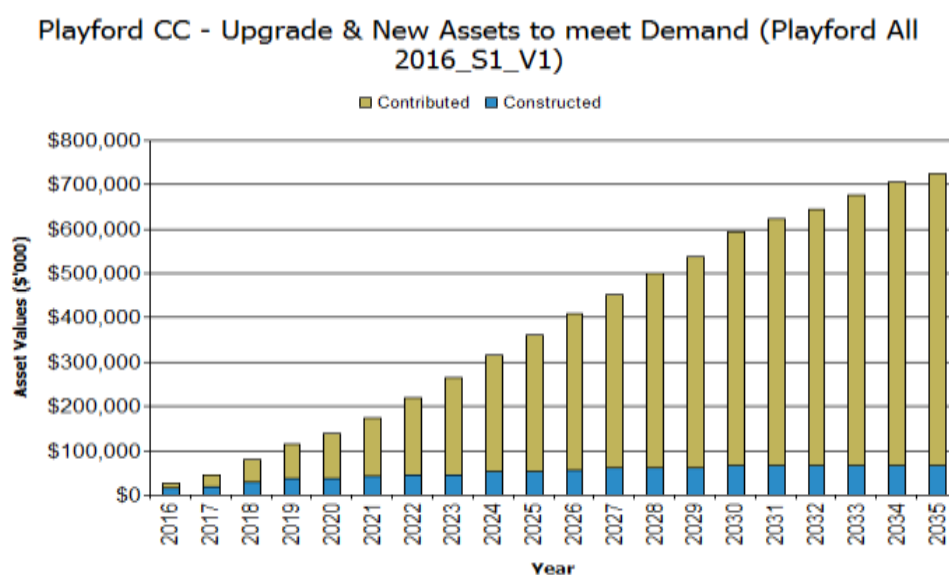


Figure 1 shows a linear growth over the 20 year period. Acquiring these new assets will commit the organisation to fund ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs in Section 5.

³ 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.

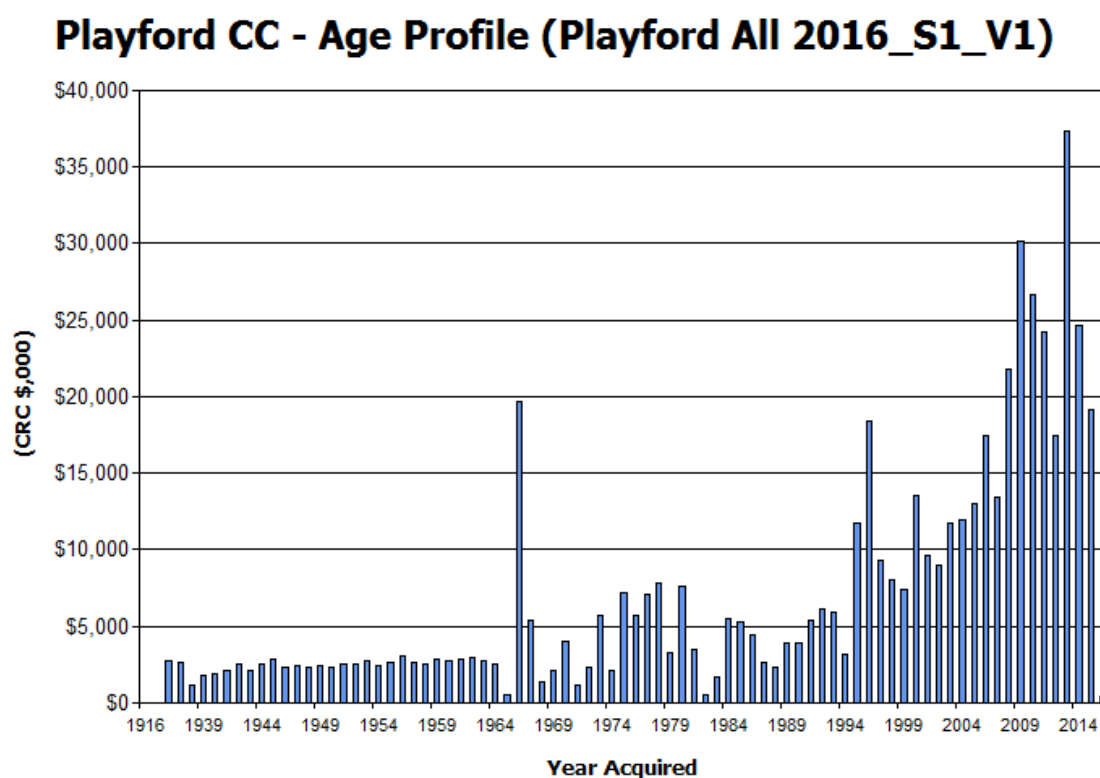
5.1.1. PHYSICAL PARAMETERS

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.

5.1.3. ASSET VALUATIONS

The value of assets as at 2013/2014 covered by this is summarised below. Assets were last reindexed at 2013/2014. Assets are listed at replacement rates.

Playford CC - Report 2 - Section 5.1.4 Valuations (Playford All 2016_S1_V1)	
Asset Values	('(\$000)
Current Replacement Value	\$785,510
Depreciable Amount	\$672,089
Depreciated Replacement Cost	\$506,682
Annual Depreciation Charge	\$16,408
Rate of Annual Asset Consumption	2.40%
Rate of Annual Asset Renewal	2.20%
Rate of Annual Asset Upgrade	2%
Rate of Asset Upgrade (Including Contributed Assets)	3.80%

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 2015/16 financial year the organisation plans to renew assets at close to 95% of the rate they are being consumed. Asset stock will increase by 3.80% in the year due to upgrades and contributed assets arising from development activity.

5.2. RISK MANAGEMENT PLAN

An assessment of risks⁴ 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 to 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.

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.

⁴ Reference to Councils' Risk Management strategies and controls

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.

Actual past maintenance expenditure is shown in Table 5.3.1.

Table 5.3.1. Maintenance Expenditure Trends

Year	Maintenance Expenditure	
	Reactive	Planned/Specific
2010/2011	\$3,267,000	\$4,245,000
2011/2012	\$3,467,000	\$4,504,000
2013/2014	\$2,526,000	\$8,001,000

Planned maintenance work is 76% of total maintenance expenditure. The significant increase in planned maintenance expenditure in 2013/14 compared to previous years is due to improved data capture, with various funding sources more accurately attributed to works or specific assets.

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/Board,
- 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.

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.

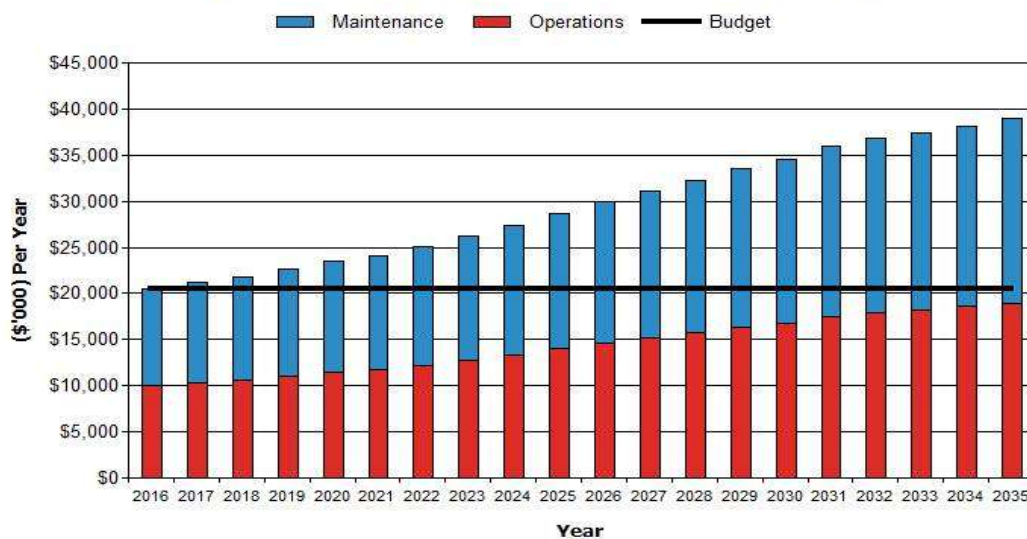
Operations and maintenance activities may be targeted to mitigate critical assets failure and maintain service levels. These activities may include increased inspection frequency, higher maintenance intervention levels, etc. Critical assets failure modes and required operations and maintenance activities 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 2013/2014 dollar values.

Figure 4. Projected Operations and Maintenance Expenditure

Playford CC - Projected Operations & Maintenance Expenditure (Playford All 2016_S1_V1)



Deferred maintenance, i.e. works that are identified for maintenance and unable to be funded are 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).⁵

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.⁶

The ranking criteria used to determine priority of identified renewal and replacement proposals is detailed in Table 5.4.2.

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 IPWEA, 2011, IIMM, Sec 3.4.4, p 3|60.

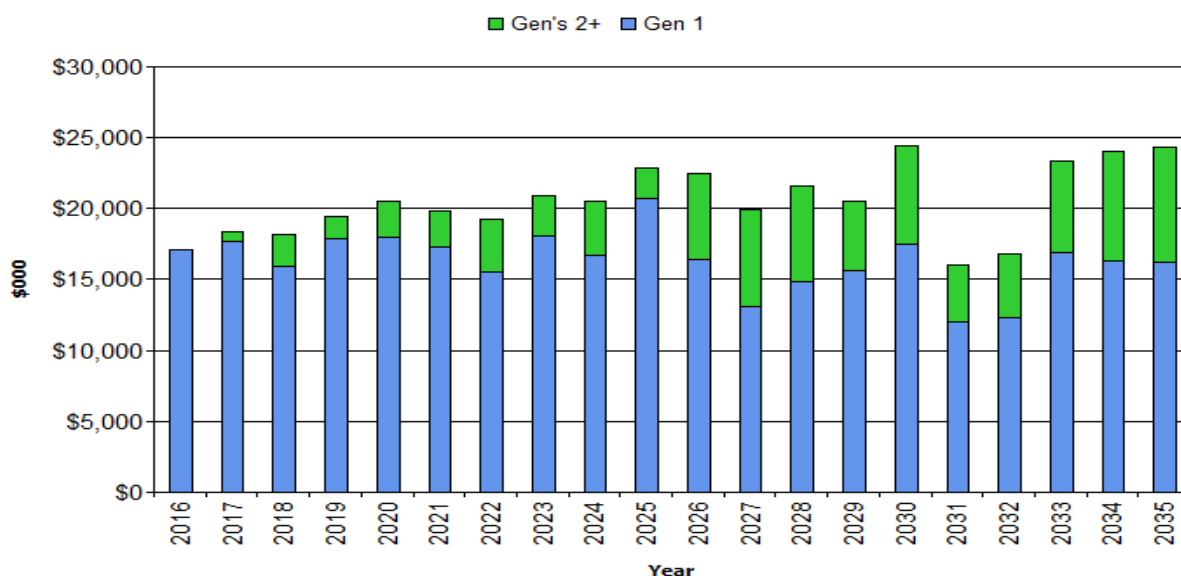
⁶ Based on IPWEA, 2011, IIMM, Sec 3.4.5, p 3|66.

5.4.3. SUMMARY OF FUTURE RENEWAL EXPENDITURE

Projected future renewal expenditures are forecast to increase over time as the asset stock ages. The costs are summarised in Figure 5. Note that all costs are shown in indexed 2013/2014 dollar values.

Figure 5. Projected Capital Renewal and Replacement Expenditure

Playford CC - Projected Capital Renewal Expenditure (Playford All 2016_S1_V1)



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 workplans. 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:

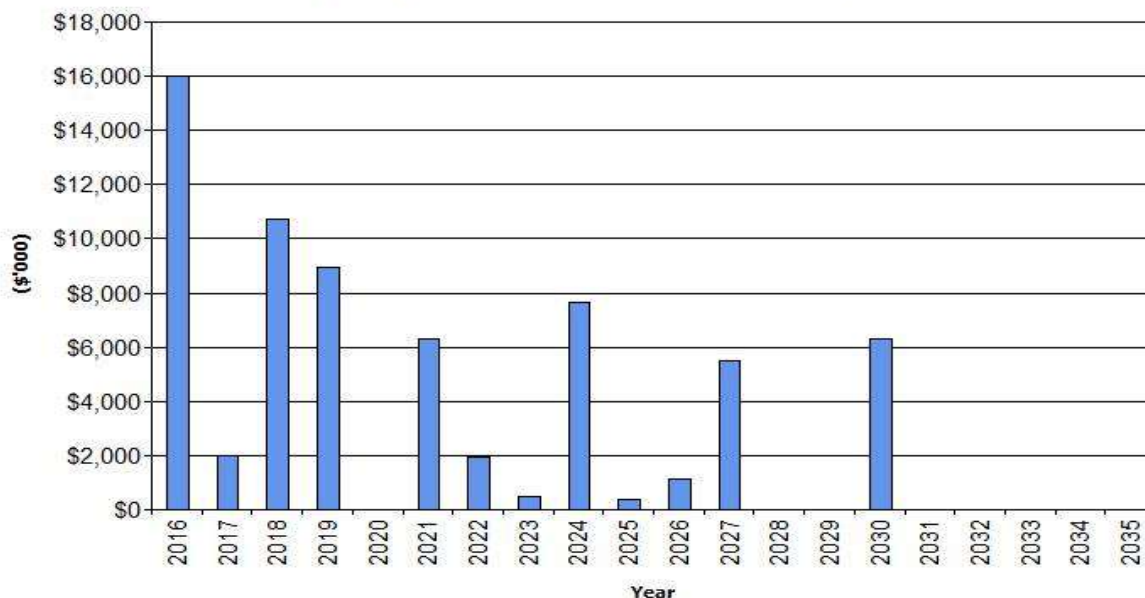
- Planning and scheduling capital upgrade and new projects to deliver the defined level of service in the most efficient manner.
- Undertake project scoping for all capital upgrade/new projects to identify:
 - the service delivery 'deficiency', present risk and required timeline for delivery of the upgrade/new 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/Board, 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 2013/2014 dollar values.

Figure 6. Planned Capital Upgrade / New Asset Expenditure

Playford CC - Projected Capital Upgrade/New Expenditure (Playford All 2016_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, together with estimated annual savings from not having to fund operations and maintenance of the assets. 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 cashflow 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	Cashflow from disposal
Munno Para Bowling Club, Bicentennial Tennis Club, Angle Vale Pre-School (excluding land sales)	Redevelopment of site and alternative site use	2018/2019	\$2,448,000

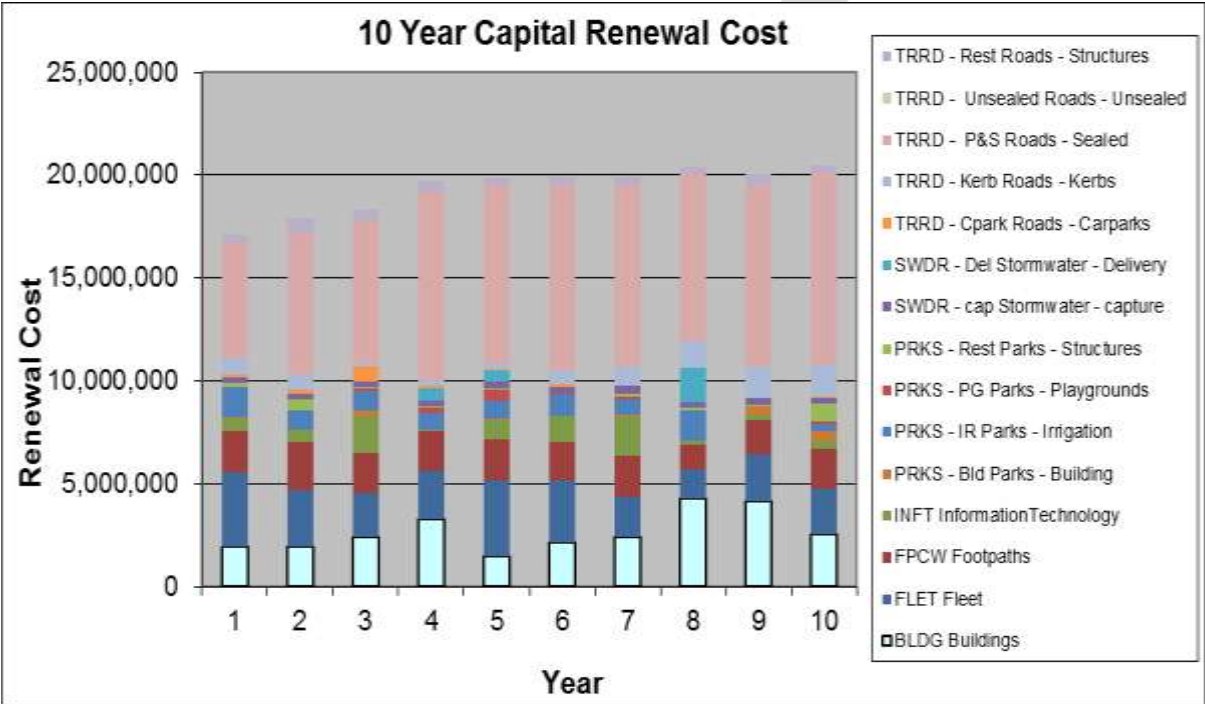
6. FINANCIAL SUMMARY

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:

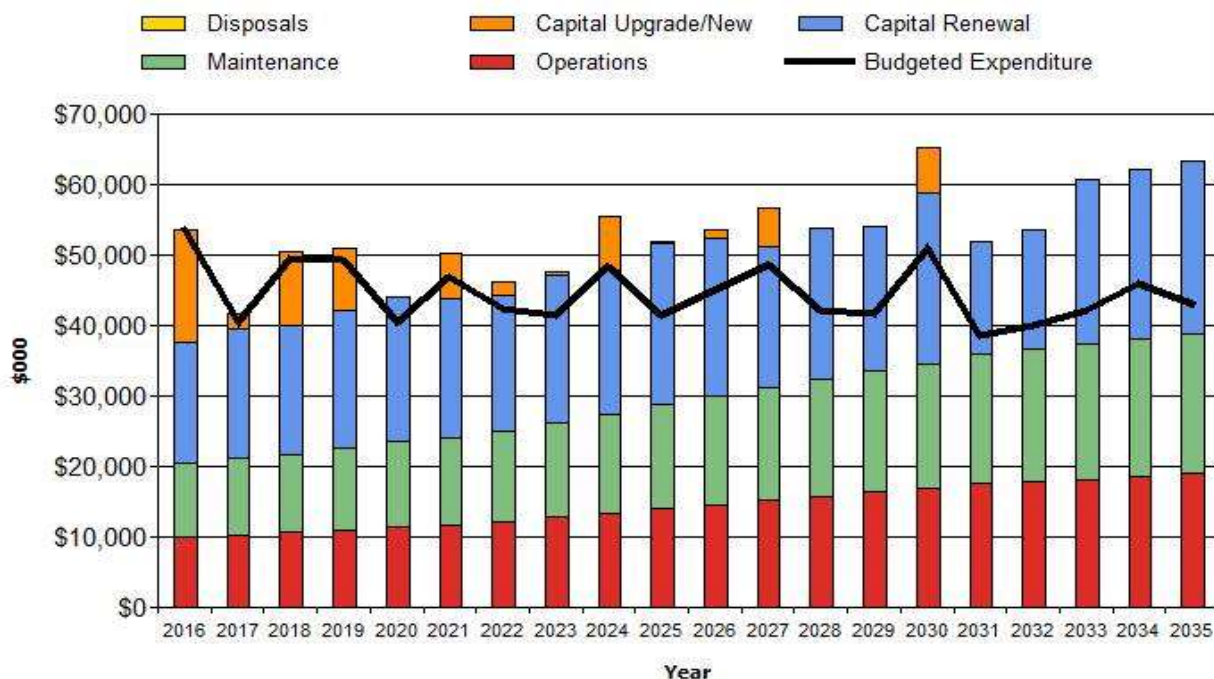


6.1. FINANCIAL STATEMENTS AND PROJECTIONS

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 2016_S1_V1)



Note that all costs are shown in indexed 2013/2014 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 Ratio⁷ is the most important indicator and reveals that over the next 10 years, the organisation is forecasting to the target of 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 \$40.5m 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, maintenance and capital renewal expenditure. Life cycle expenditure will vary depending on the timing of

⁷ AIFMG, 2009, Financial Sustainability Indicator 8, Sec 2.6, p 2.18

asset renewals. The life cycle expenditure over the 10 year planning period is \$39.9m per year (average operations and maintenance plus capital renewal budgeted expenditure in LTTP 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 \$-.59m per year (-ve = gap, +ve = surplus).

Life cycle expenditure is 99% of life cycle costs.

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 LTTP.

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 \$43.8m on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$39.9m on average per. This indicates that Council expects to have 91% of the projected expenditures needed to provide the services documented in the AMP.

Medium Term – 5 year financial planning period

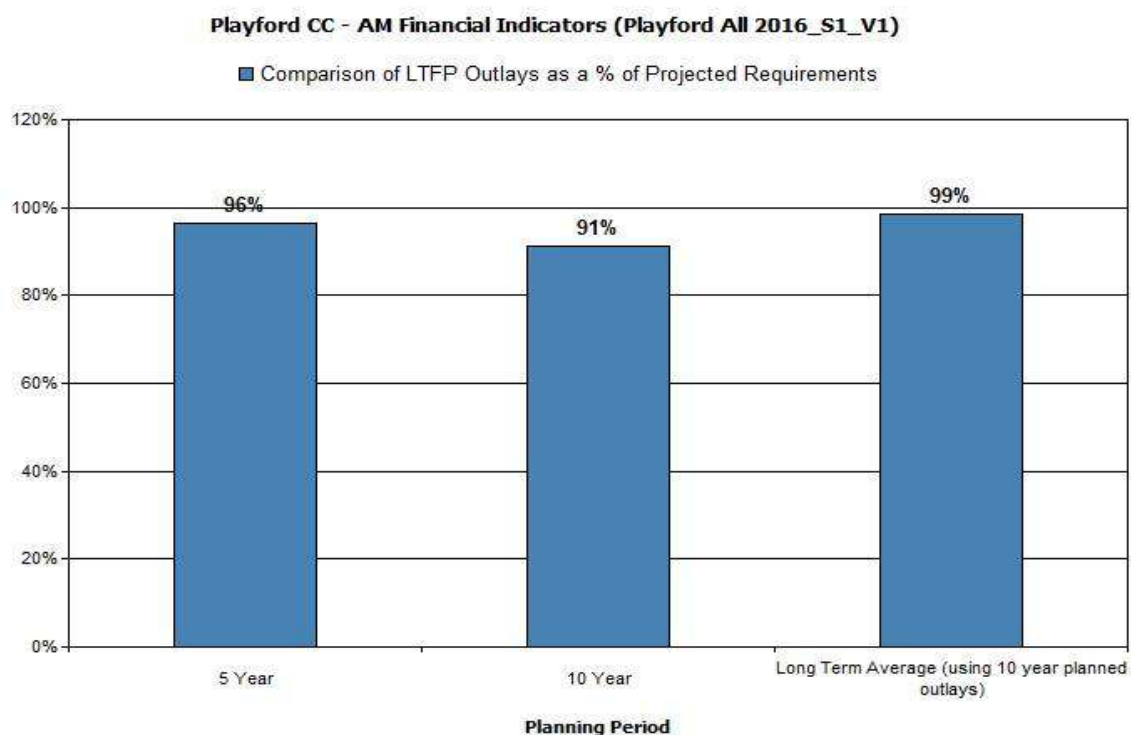
The projected operations, maintenance and capital renewal expenditure required over the first 5 years of the planning period is \$40.6m on average per year.

Estimated (budget) operations, maintenance and capital renewal funding is \$39.1m 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 7b shows the asset management financial indicators over the 10 year planning period and for the long term life cycle.

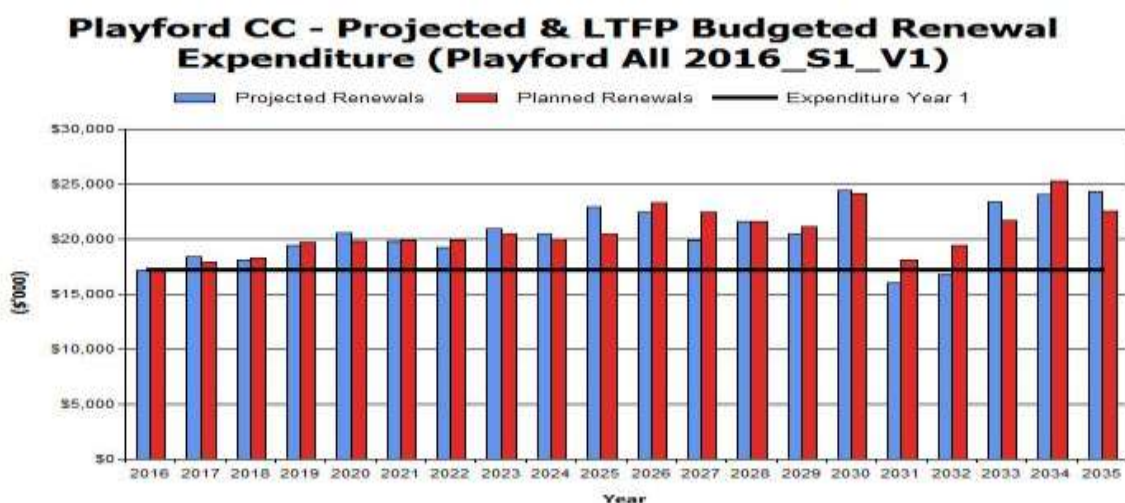
Figure 7b: Asset Management Financial Indicators



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

Playford CC - Report 4 - Table 6.1.1 Renewals Financing (Playford All 2016_S1_V1)

Playford CC - Report 4 - Table 6.1.1 Renewals Financing (Playford All 2016_S1_V1)				
Year End	Projected	LTFP	Renewal	Cumulative
Jun-30	Renewals	Renewal Budget	Financing Shortfall (\$'000)	Shortfall(\$'000)
	(\$'000)	(\$'000)	(- gap, + surplus)	(- gap, + surplus)
2016	\$17,131	\$17,131	\$0	\$0
2017	\$18,375	\$17,947	-\$428	-\$428
2018	\$18,133	\$18,323	\$190	-\$239
2019	\$19,437	\$19,735	\$298	\$59
2020	\$20,524	\$19,857	-\$667	-\$608
2021	\$19,821	\$19,949	\$128	-\$480
2022	\$19,222	\$19,928	\$707	\$227
2023	\$20,948	\$20,428	-\$520	-\$293
2024	\$20,516	\$20,047	-\$469	-\$761
2025	\$22,899	\$20,441	-\$2,458	-\$3,219
2026	\$22,432	\$23,271	\$839	-\$2,380
2027	\$19,923	\$22,410	\$2,487	\$107
2028	\$21,558	\$21,610	\$52	\$159
2029	\$20,490	\$21,122	\$633	\$791
2030	\$24,407	\$24,106	-\$302	\$490
2031	\$16,032	\$18,069	\$2,037	\$2,527
2032	\$16,773	\$19,446	\$2,673	\$5,200
2033	\$23,403	\$21,693	-\$1,710	\$3,490
2034	\$24,047	\$25,304	\$1,257	\$4,747
2035	\$24,322	\$22,571	-\$1,750	\$2,997

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)

Playford CC - Report 5 - Table 6.1.2 Long Term Financial Plan (Playford All 2016_S1_V1)					
Year	Operations (\$'000)	Maintenance (\$'000)	Projected Capital		Disposals (\$'000)
			Renewal (\$'000)	Upgrade/New (\$'000)	
2016	\$10,014.00	\$10,527.00	\$17,131.36	\$16,000.00	\$0.00
2017	\$10,339.14	\$10,868.80	\$18,374.95	\$2,000.00	\$0.00
2018	\$10,604.84	\$11,148.11	\$18,133.11	\$10,701.00	\$0.00
2019	\$11,028.66	\$11,593.64	\$19,436.96	\$8,951.00	\$2,448,000
2020	\$11,448.51	\$12,035.00	\$20,524.13	\$0.00	\$0.00
2021	\$11,743.30	\$12,344.89	\$19,821.15	\$6,327.00	\$0.00
2022	\$12,192.16	\$12,816.75	\$19,221.50	\$1,967.00	\$0.00
2023	\$12,770.05	\$13,424.24	\$20,947.77	\$488.00	\$0.00
2024	\$13,365.06	\$14,049.73	\$20,515.58	\$7,657.00	\$0.00
2025	\$14,000.45	\$14,717.67	\$22,898.59	\$378.00	\$0.00

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 2013/2014 dollar values.

Figure 9 shows the projected replacement cost asset values over the planning period.

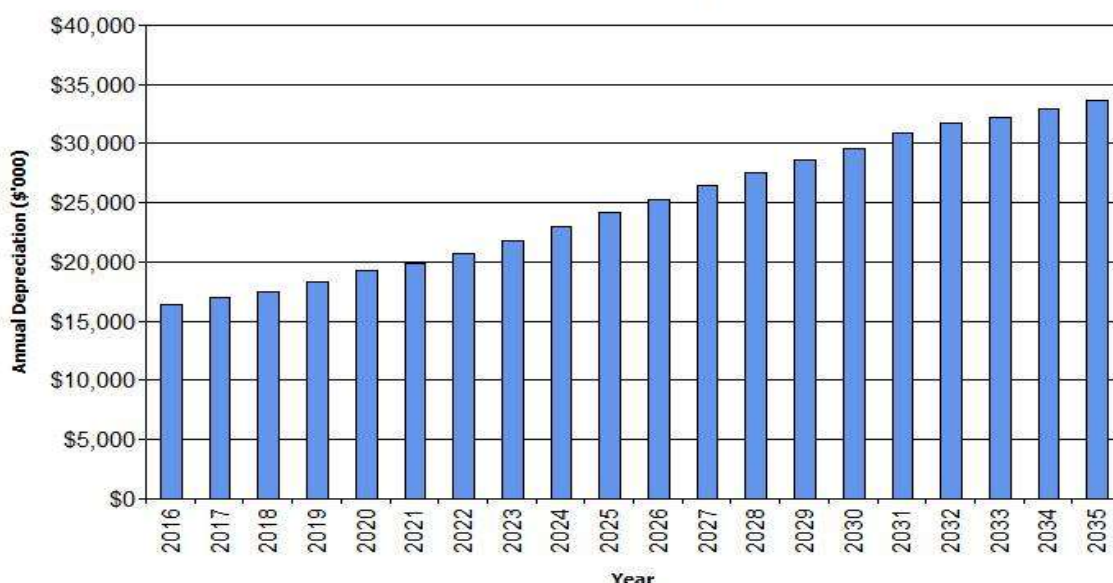
Figure 9. Projected Asset Values



Depreciation expense values are forecast in line with asset values as shown in Figure 10.

Figure 10. Projected Depreciation Expense

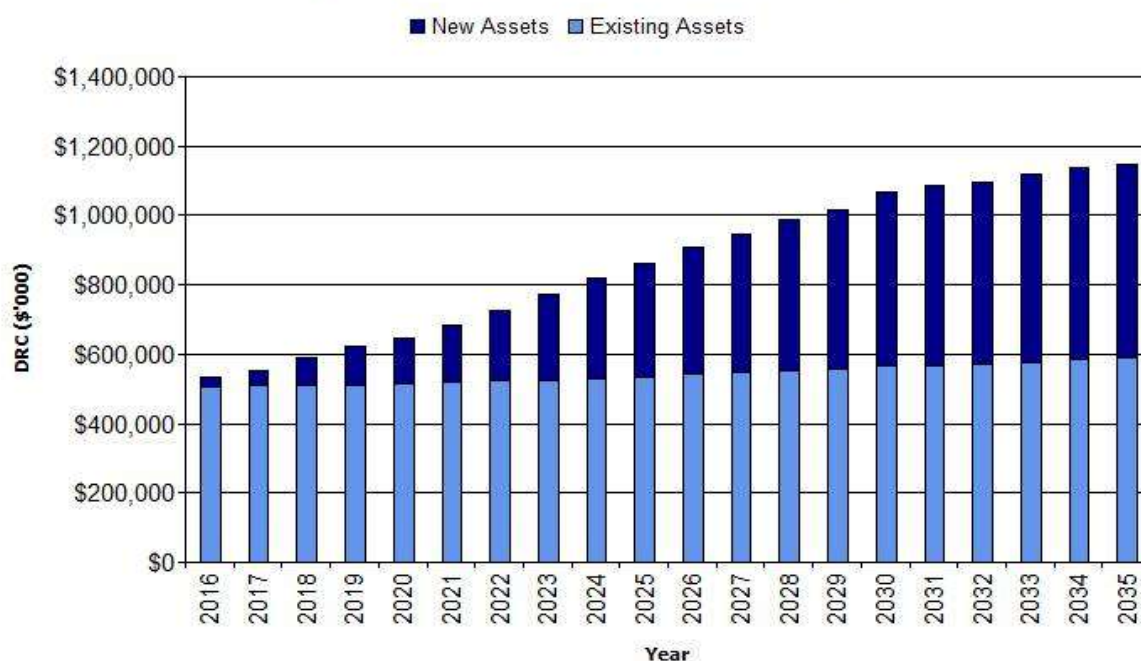
Playford CC - Projected Depreciation Expense (Playford All 2016_S1_V1)



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 2016_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 scale⁸ 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.

Table 6.5.1: Data Confidence Assessment for Data used in AMP

Data	Confidence Assessment
Demand drivers	Uncertain
Growth projections	Reliable
Operations expenditures	Reliable
Maintenance expenditures	Reliable
Projected renewal expenditures.	Reliable
Asset values	Reliable

⁸ IPWEA, 2011, IIMM, Table 2.4.6, p 2 | 59.

Asset residual values	Reliable
Asset useful lives	Reliable
Condition modelling	Reliable
Network renewals	Reliable
Defect repairs	Uncertain
Upgrade/New expenditures	Uncertain
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.

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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
1.	Develop a Corporate process to determine a ranking system across all of its Assets, to assist in the prioritisation of expenditure.	General Manager Asset Services	Current Resources
2.	Move towards service driven asset management using asset information to support the optimisation of activities and programs to meet agreed community service levels	Practice Managers	Required Budget
3.	Implement and develop a Strategic Asset Management tool (Assetic) for greater predictive modelling and scenario testing.	Service Coordinator Asset Management	Current Resources
4.	Conduct tri-annual cyclic Revaluation and External Audit of all assets within our financial and asset management systems.	Practice Manager Assets & Projects	Required Budget
5.	Identify surplus Assets and develop disposal strategies.	Practice Manager Assets & Projects	Current Resources
6.	Accuracy of lifecycle costs can be improved in future revisions of this Asset Management Plan by the following actions: <ul style="list-style-type: none"> Improved tracking of operation / maintenance costs via work order based resource allocation. Centralised asset management and data analysis. 	Practice Manager Assets & Projects	Current Resources
7.	Conduct an independent audit of our Asset Management policies and systems to ensure good Asset Management practices.	Practice Manager Assets & Projects	Current Resources plus external consultants.

BUILDINGS

Task No	Task	Responsibility	Resources Required
1.	Undertake compliance works program identified in the building data collection project.	Practice Manager Asset Operations	Required Budget
2.	Undertake a strategic review of community needs which require building services. The review should include public consultation in an informed environment where costs and benefits are openly discussed. Compare these needs against the current stock of buildings. Identify options to close the needs gap including non-asset solutions, joint ventures, public / private partnerships, community group's joint ventures. Dispose of surplus assets.	Practice Manager Assets & Projects	Current Resources
3.	Continue Revaluation of Buildings including update of building component data by independent contractor.	Practice Manager Assets & Projects	External Auditor
4.	Develop minimum guidelines for plans and specifications for Clubs undertaking enhancements to Council buildings.	Practice Manager Asset Operations	Current Resources

Task No	Task	Responsibility	Resources Required
5.	Review internal service provision maintenance and renewal rates against industry benchmarks to ensure continuous improvement in service delivery.	Practice Manager Asset Operations	Current Resources
6.	Develop informative links between Parks & Recreation Plans and the Fleet AMPs.	General Manager City Services	Current Resources

PARKS & RECREATION

Task No	Task	Responsibility	Resources Required
1.	Develop processes that inspect and condition rate Parks & Recreation assets on a regular basis, such as IPWEA Practice Notes 9.	Practice Manager Assets & Projects	Current Resources
2.	Develop processes for capturing new and disposed Parks & Recreation assets to ensure they are recorded into the asset register.	Practice Manager Assets & Projects / Practice Manager City Operations	Current Resources
3.	Develop maintenance and service levels in line with the reserve hierarchy.	Recreational Planner	Current Resources
4.	Conduct revaluations of Parks & Recreation Assets and develop the migration of the information into Life Cycle.	Practice Manager Assets & Projects	Current Resources
5.	Develop a Corporate process to determine a ranking system across all of its Assets, to assist in the prioritisation of expenditure.	Practice Manager Assets & Projects	Current Resources
6.	Review the need for other Parks & Recreation Assets (e.g. Significant trees, landscaping, etc.) in future revisions of the plan.	Practice Manager Assets & Projects / Practice Manager City Operations	Current Resources

CIVIL TRANSPORTATION

Task No	Task	Responsibility	Resources Required
1.	Develop service levels for all asset categories.	Service Coordinator Planning and Quality	Current Resources
2.	Revalue assets.	Practice Manager Assets and Projects	Current Resources
3.	Continue to undertake bi-annual condition assessments of the road network.	Service Coordinator Asset Management	Current Resources
4.	Ensure consistent operational distinction between maintenance and Capital works.	Practice Manager Assets and Projects/ Practice Manager City Operations	Current Resources
5.	Develop a plan for proactive maintenance and renewal works, including recording all costs against each job.	Practice Manager City Operations	Current Resources
6.	Review of risk management plan detailed in Section 5.2 of AMP.	Service Coordinator Asset Management	Current Resources
7.	Include Sports playing courts in next review of Plan.	Service Coordinator Asset Management	Current Resources

INFORMATION COMMUNICATION TECHNOLOGY

Task No	Task	Responsibility	Resources Required
1.	Review process to develop a model to support decision making in regard to leasing or purchasing of Assets	Service Coordinator ICT	Current Resources
2.	Software audit and data capture	Service Coordinator ICT	Current Resources
3.	Develop tools to assist Growth Modelling for technology assets	Service Coordinator ICT	Current Resources
4.	Develop model to redefine Service Levels	Service Coordinator ICT	Current Resources

FLEET MANAGEMENT

Task No	Task	Responsibility	Resources Required
1.	Investigate Utilisation and develop benchmarks.	Practice Manager Asset Operations	Required budget as per Council Plan
2.	Develop modelling associated with growth and service delivery	Practice Manager Asset Operations	Current Resources
3.	Develop knowledge management systems that house and provide reports on emissions and carbon footprint of fleet.	Service Coordinator Fleet and Service Coordinator ICT	Current Resources
4.	Undertake a major review of this asset management plan on a 2 year cycle.	Practice Manager Asset Operations	Current Resources
5.	Review of risk management plan detailed in Section 5.2.	Practice Manager Asset Operations	Current Resources

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/Board election cycle) and is due for complete revision and updating within 12 months of each Council/Board 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
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/namsplus.
- IPWEA, 2009, 'Australian Infrastructure Financial Management Guidelines', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/AIFMG.
- IPWEA, 2011, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australia, Sydney, www.ipwea.org.au/IIMM
- City of Playford 'Strategic Plan',
- City of Playford, 'Annual Business Plan'.

9. APPENDICES

Appendix A Abbreviations

Appendix B Glossary

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Appendix A ABBREVIATIONS

AAAC	Average annual asset consumption
AM	Asset management
AMP	Asset management plan
ARI	Average recurrence interval
ASC	Annual service cost
BOD	Biochemical (biological) oxygen demand
CRC	Current replacement cost
CWMS	Community wastewater management systems
DA	Depreciable amount
DRC	Depreciated replacement cost
EF	Earthworks/formation
IRMP	Infrastructure risk management plan
LCC	Life Cycle cost
LCE	Life cycle expenditure
LTFP	Long term financial plan
MMS	Maintenance management system
PCI	Pavement condition index
RV	Residual value
SoA	State of the Assets
SS	Suspended solids
vph	Vehicles per hour
WDCRC	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 *