

COMMITTEE AGENDA

Audit Committee

Notice is hereby given pursuant to the provisions of the Local Government Act, 1999, that the next Meeting of the Audit Committee will be held via electronic means using Zoom with the meeting live-streamed on the City of Unley YouTube Channel on

Tuesday 12 May 2020 6.30pm

for the purpose of considering the items included on the Agenda.

Chief Executive Officer

MEMBERS

Independent Member D Powell (Presiding Member)
Councillor K. Anastassiadis
Councillor M. Broniecki
Independent Member N Handley
Independent Member A Martin

ACKNOWLEDGEMENT

We would like to acknowledge this land that we meet on today is the traditional lands for the Kurna people and that we respect their spiritual relationship with their country.

We also acknowledge the Kurna people as the custodians of the Adelaide region and that their cultural and heritage beliefs are still as important to the living Kurna people today.

ORDER OF BUSINESS

ITEM	PAGE NO
1. ADMINISTRATIVE MATTERS	
1.1 APOLOGIES	
Nil	
1.2 LEAVE OF ABSENCE	
Nil	
1.3 CONFLICT OF INTEREST	
<i>Members to advise if they have any material, actual or perceived conflict of interest in any Items in this Agenda and a Conflict of Interest Disclosure Form (attached) is to be submitted.</i>	
1.4 MINUTES	
1.4.1 Minutes of the Ordinary Audit Committee Meeting held Tuesday, 11 February 2020	
1.5 DEFERRED / ADJOURNED ITEMS	
Nil	
2. PRESENTATION	
2.1 Brown Hill Keswick Creek Subsidiary – proposed budget for 2020/21	
<i>Ms Peta Mantzarapis, Project Director</i>	
3. REPORTS	
3.1 Draft 2020-21 Annual Business Plan & Budget for Public Consultation	7
3.2 Draft 2020-21 to 2029-30 Long Term Financial Plan for Public Consultation	65
3.3 Internal and External Audit - Agreed Actions Status Report	96
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4. OTHER BUSINESS	

NEXT MEETING

Tuesday 18 August 2020 - 6.30

Council Chambers, 181 Unley Road Unley

DECISION REPORT

REPORT TITLE:	DRAFT 2020-21 ANNUAL BUSINESS PLAN & BUDGET FOR PUBLIC CONSULTATION
ITEM NUMBER:	3.1
DATE OF MEETING:	12 MAY 2020
AUTHOR:	MICK WETHERALL
JOB TITLE:	ACTING MANAGER FINANCE & PROCUREMENT
ATTACHMENTS:	<ol style="list-style-type: none">1. S123 LG ACT2. PROPOSED OPERATING PROJECTS3. PROPOSED NEW CAPITAL PROJECTS4. PROPOSED CAPITAL REPLACEMENT PROGRAM5. DRAFT 2020-21 ANNUAL BUSINESS PLAN & BUDGET

1. **EXECUTIVE SUMMARY**

The *Local Government Act 1999* (the 'Act') requires Council to consult with the community prior to adopting the annual budget. Specifically, the Act requires Council to develop a Draft Annual Business Plan and follow a process of community consultation.

The Draft 2020-21 Annual Business Plan and Budget was adopted by Council at its meeting held on 27 April 2020 for the purposes of community consultation.

This report provides an opportunity for the Audit Committee to attend to its obligations under statute, and its own Terms of Reference to review and provide comment as necessary on the Plan.

This report and the associated attachments provide information regarding the Draft 2020-21 Annual Business Plan in relation to the:

- Services provided by Council to the community;
- Proposed projects to be undertaken;
- Resources required by the Council to deliver the services and projects; and
- Funding required (proposed rates increase and estimated borrowings).
- Proposed net Operating Projects of \$798K.
- Proposed Capital Replacement of \$7.593M.
- Proposed New Capital of \$2.255M.

Council is considering no rate increase above the valuation growth of 0.50%. The valuation growth is a recognition of new developments and is an increase in the assessment book only.

The impact on other revenue sources due to the COVID-19 pandemic is still being investigated. Once these financial impacts are known, adjustments will be made to the 2020-21 Annual Business Plan prior to adoption.

It is anticipated that Council will not require any external borrowings and will deliver all proposed projects and maintain current service levels from existing financial resources.

Council's conscious decision in the current difficult economic climate not to raise rate revenue for 2020-21 will result in Council achieving an Operating Surplus Ratio of 3% as opposed to the targeted 5% for the financial year.

In summary, the Draft 2020-21 Annual Business Plan and Budget, will meet the legislative requirements and with the exception of the Operating Surplus Ratio, will meet all financial targets adopted as part of the Long-Term Financial Plan.

Community Consultation

Section 123(4) of the Act prescribes the minimum level of consultation that a council must undertake in conjunction with the Draft Annual Business Plan.

Community consultation opened on 30 April and will close on 21 May 2020.

Council will receive submissions via Council's website (through Your Say Unley) or written submissions to PO Box 1, Unley 5061. All submissions will be accepted up until the close of business on 21 May 2020. Unfortunately, no public meeting will occur this year in accordance with The Minister for Transport, Infrastructure and Local Government's variation to the Local Government Act 1999 - *Public Access and Public Consultation Notice (No 2) 2020*.

The 2020-21 Annual Business Plan and declaration of rates are scheduled to be presented to Council for adoption at its June 2020 meeting.

2. RECOMMENDATION

That:

1. The report be received.
2. The Draft 2020-21 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 3.1, Audit Committee Meeting 12/05/2020) be noted.

3. Comments received from the Audit Committee relating to the Draft 2020-21 Annual Business Plan be presented to Council for consideration at the Budget Workshop to be held in early June 2020.
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3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

- 4.1 We have strong leadership and governance.

4. **BACKGROUND**

In order to provide direction for the Administration, an Elected Members Workshop was conducted on 30 March 2020 where members considered an overview of the draft operating budget, significant budget imposts and savings, possible impacts of COVID-19 on budget development, and potential operating and capital projects. Members suggested that in light of the current economic climate and the likely difficulties that may be confronting ratepayers, the budget be drafted with a zero general rate increase for the 2020-21 financial year.

5. **DISCUSSION**

Legislative Compliance

Section 123(3) of the *Local Government Act 1999* (the 'Act') requires councils to prepare a Draft Annual Business Plan and Budget for community consultation prior to formal adoption (Attachment 1).

Attachment 1

The *Local Government Act 1999* provides that the Annual Business Plan and Budget must be adopted after 31 May and prior to 31 August each year. In response to COVID-19 the Minister for Transport, Infrastructure and Local Government has issued Annual Business Plans and Strategic Planning Notice (No 4) 2020, which provides that in a case involving extraordinary administrative difficulty, adoption of the Annual Business Plan and Budget may be finalised by 30 November for the financial year. At this stage it is our intention to continue to work to the 31 August date for adoption of the 2020-21 Annual Business Plan and Budget.

Community Consultation

Community consultation on the Draft Annual Business Plan commenced on 30 April and will close on 21 May 2020.

The avenues for engagement are listed below and this approach takes into consideration restrictions imposed on non-essential gatherings and is consistent with Notice No.2:

- Advertising in the Advertiser;

- Online consultation on Your Say Unley;
- Notification on Council's website and social media channels with appropriate links to the Draft Annual Business Plan and Your Say Unley.

The Draft 2020-21 Annual Business Plan meets all legislative requirements of the Act.

Proposed Projects

This report provides the Committee with an opportunity to formally review the presented projects and their impact on funding requirements.

The proposed Annual Business Plan allows for the following:

- Proposed net Operating Projects of \$798K.
- Proposed Capital Replacement of \$7.593M.
- Proposed New Capital of \$2.255M.

The Draft 2020-21 Annual Business Plan and Budget is based on no rate increase above the valuation growth of 0.50%. The valuation growth is a recognition of new developments and is an increase in the assessment book only.

Council will not require any external borrowings and will deliver all proposed projects and maintain current service levels from existing financial resources.

Operating Projects

Council has identified proposed Operating Projects that amount to a net \$798K. Key Projects for 2020-21 include:

Continuation of ongoing environmental initiatives and programs including:

- accelerated tree planting program \$160K
- greening of verges \$50K
- street tree water well installation of \$40K
- development of a climate energy plan \$40K
- undertaking a significant tree survey \$30K
- undertaking a hazard (flood) Planning Policy update \$20K

Activities in the order of \$408K, that showcase the City of Unley in the second half of the year including:

- Unley Gourmet Gala.
- Tour Down Under Stage Start (application has been submitted).
- Commencement of the Council's sesquicentenary celebrations.
- Annual community events program and related activities.

Further review of these proposals will occur between now and June 2020 and will include consideration of the community consultation feedback, before the Budget is finalised for adoption.

A copy of the proposed Operating Projects is provided as Attachment 2.

Attachment 2

New Capital

The proposed New Capital Projects total \$2.255M (net) and include:

- Council's Brown Hill Keswick Creek project contribution of \$1.3M
- Local Area Traffic Management program \$215K
- Design and documentation of future development of the cottages in Edmund Avenue \$100K
- Implementation of the Walking and Cycling Plan \$95K
- Design and documentation for development of Millswood Croquet Club \$75K
- Living streets \$75K
- Pocket parks \$50K

A copy of the proposed New Capital Projects is provided as Attachment 3.

Attachment 3

Capital Renewal Program

The proposed Capital Renewal Program of \$7.593M (net) has been based on current asset information and asset management plans. Items include:

- \$1.4M for roads
- \$1.127M for buildings
- \$940K for drains and storm water
- \$900K for kerb and water table, and
- \$466K for reserves, recreation and open space projects

A copy of the Capital Replacement Program is provided as Attachment 4.

Attachment 4

The Draft 2019-20 Annual Business Plan (Plan)

The Plan has been developed using the Long-Term Financial Plan as a guide, with the aim of achieving the adopted financial targets.

Financial Indicator	Council Adopted Target	Draft 2020-21 Budget
Operating Surplus Ratio	The higher of 5% of Total Operating	3.1%

	Revenue or Fixed Principal Repayments	
Net Financial Liabilities Ratio	<= 80% of Total General Rates Revenue	49%
Asset Sustainability Ratio	>= 100% average over the 10-year period	78%

The Plan contains the following information:

- project priorities
- a summary of the services provided by Council
- information regarding Council's Long Term Financial Plan
- funding requirements
- consideration of the rating structure and impact

The Plan has been prepared to include the following items:

- no general rate increase for existing ratepayers
- proposed new Operating Projects of \$798K
- proposed Capital Renewal of \$7.593M
- proposed net New Capital of \$2.255M

The budget forecasts that the activities to be undertaken in 2020-21 can be fully financed from Council's existing resources without the need to borrow externally. After considering principal repayments and daily management of Council's short-term financing facilities, it is estimated that Council's borrowings will reduce to \$14.3M as at 30 June 2021.

Operating Budget

The general influences that impact on revenue and expenditure in developing the Plan include:

- Enterprise Agreements currently in place for most staff which provide for wages and salary increases in line with CPI.
- CPI increases on relevant goods and services.
- The requirement for Asset management (replacement) expenditure to be maintained at a sufficient level to ensure long term maintenance of Council infrastructure, property and IT assets at required standards based on detailed condition assessments of each asset class.
- Regional Landscape Levy (formerly the Natural Resource Management Levy) increase 1.6%.
- Waste Levy increase of approximately \$244K.
- Increased depreciation as a result of new assets and the revaluation of some existing asset classes.

In response to the cost imposts on Council and to minimise the burden on ratepayers, Council has continued its work and review of service sustainability.

Council recognises the increasing challenges in delivering services at a local level while ratepayers are increasingly reluctant to see their property rates increase.

Savings identified as part of 2020-21 Budget Preparation include:

- Reduction in the staffing component in Customer Services CX Project \$66K.
- Savings in the contract cost of immunisation \$56K.
- Reduction in Planning survey costs \$49K.
- Increase in property rental revenues \$40K.
- Decrease in employee costs: the Senior Leadership team (i.e. the Executive Management Team and all Managers) have advised that they will forgo any CPI salary increase for 2020/21 \$48K.

Separate Rates

Council proposes to continue to raise a separate rate for the purposes of promoting the businesses and traders along major shopping strips. Council collects the separate rate and passes the funds collected onto the individual Trader Associations for marketing and promotion purposes.

For the 2020-21 Budget, the amounts indicated in the table below will form part of the proposed Budget. These have been developed based on feedback from the four Associations and their members. The rates are the subject of a Council report to be considered in April 2020 (Item 4.4).

Main Street Trader Associations	Separate Rate raised 2019-20	Requested Separate Rate 2020-21	% Increase (Decrease)
Unley Road	\$113,395	\$69,835	(38.4) %
King William Road	\$147,400	\$92,280	(37.4) %
Goodwood Road	\$57,225	\$57,225	Nil
Fullarton Road	\$13,000	\$13,000	Nil

In 2016-17, Council also adopted a recommendation from UBED to cap the amount that any separate ratepayer pays at \$2,000. It is proposed that this is retained for 2020-21.

Regional Landscape Levy

(formerly the Natural Resource Management Levy)

From 1 July 2020 the new *Landscape South Australia Act 2019* will replace the Natural Resources Management Act (NRM) 2004 as the new framework for managing the states land, water, pest animals and plants and biodiversity.

The new Act creates nine landscape management regions, with the old NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, namely Green Adelaide.

Council will continue to contribute to the Board and reimburse itself through the levy of a separate rate. The landscape levy collection process will remain largely the same as previous arrangements under the NRM Act. The levies to be raised for 2020-21 will be based on the existing NRM boundaries, but are likely to change in future years.

The Green Adelaide Board has advised Council that the amount to be paid to them by Council in 2020-21 is to be \$1.414M compared to \$1.391M in 2019-20. This represents an increase of 1.6%. Under these arrangements Council acts as an agent and as such Council does not retain this revenue, nor determine how the revenue is spent.

Summary

A copy of the Draft 2020-21 Annual Business Plan is provided as Attachment 5.

Attachment 5

Council will raise sufficient income to cover its operating expenses and undertake repayment of its debt. As such, the impact of this Draft Plan does not compromise Council's long-term financial sustainability.

6. ANALYSIS OF OPTIONS

Option 1 –

1. The report be received.
2. The Draft 2020-21 Annual Business Plan and Budget, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 3.1, Audit Committee Meeting 12/05/2020) be noted.
3. Comments received from the Audit Committee relating to the Draft 2020-21 Annual Business Plan be presented to Council for consideration at the Budget Workshop to be held in early June 2020.

The Audit Committee provides valuable input to the Council in its strategic financial planning processes. The review of the Draft Annual Business Plan and Budget by the Committee at this time will provide an opportunity for the Council to consider feedback before adoption.

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. POLICY IMPLICATIONS

The City of Unley Draft Annual Business Plan and Budget has been developed in the context of the Council's suite of strategic management plans, which include the following:

- Community Plan 2033
- 4 Year Delivery Plan 2017-21
- Long Term Financial Plan including Council's Infrastructure and Asset Management Plans

In addition, the Annual Business Plan and Budget and Council's Long Term Financial Plan considers the cost of implementation of strategies and plans reviewed and endorsed by Council.

9. REPORT CONSULTATION

The Draft Annual Business Plan and Budget has been developed in conjunction with Business Unit Managers and their respective divisional General and Executive Managers.

Elected Member workshops have been held as part of the Annual Business Plan development process. A further workshop is proposed following community consultation, to be held in early June 2020.

10. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

Part 2—Annual business plans and budgets

123—Annual business plans and budgets

- (1) A council must have, for each financial year—
 - (a) an annual business plan; and
 - (b) a budget.
- (2) Each annual business plan of a council must—
 - (a) include a summary of the council's long-term objectives (as set out in its strategic management plans); and
 - (b) include an outline of—
 - (i) the council's objectives for the financial year; and
 - (ii) the activities that the council intends to undertake to achieve those objectives; and
 - (iii) the measures (financial and non-financial) that the council intends to use to assess the performance of the council against its objectives over the financial year; and
 - (c) assess the financial requirements of the council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and
 - (d) set out the rates structure and policies for the financial year; and
 - (e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the council; and
 - (f) take into account the council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the council; and
 - (g) address or include any other matter prescribed by the regulations.
- (3) Before a council adopts an annual business plan, the council must—
 - (a) prepare a draft annual business plan; and
 - (b) follow the relevant steps set out in its public consultation policy, taking into account the requirements of subsection (4).
- (4) For the purposes of subsection (3)(b), a public consultation policy must at least provide for the following:
 - (a) the publication in a newspaper circulating within the area of the council and on a website determined by the chief executive officer of a notice informing the public of the preparation of the draft annual business plan and inviting interested persons—
 - (i) to attend—
 - (A) a public meeting in relation to the matter to be held on a date (which must be at least 21 days after the publication of the notice) stated in the notice; or
 - (B) a meeting of the council to be held on a date stated in the notice at which members of the public may ask questions, and make submissions, in relation to the matter for a period of at least 1 hour, (on the basis that the council determines which kind of meeting is to be held under this subparagraph); or

- (ii) to make written submissions in relation to the matter within a period (which must be at least 21 days) stated in the notice; and
 - (b) the council to make arrangements for a meeting contemplated by paragraph (a)(i) and the consideration by the council of any submissions made at that meeting or in response to the invitation under paragraph (a)(ii).
- (5) The council must ensure that copies of the draft annual business plan are available at the meeting under subsection (4)(a)(i), and for inspection (without charge) and purchase (on payment of a fee fixed by the council) at the principal office of the council and on the website at least 21 days before the date of that meeting.
- (5a) The council must ensure that provision is made for—
 - (a) a facility for asking and answering questions; and
 - (b) the receipt of submissions,on its website during the public consultation period.
- (6) A council may then, after considering—
 - (a) any submission made to the council during the public consultation period; and
 - (b) any new or revised information in the possession of the council that is relevant to the material contained in the draft annual business plan; and
 - (c) such other materials or information as the council thinks fit,adopt its annual business plan (with or without amendment).
- (7) Each budget of a council must—
 - (a) be considered in conjunction with the council's annual business plan (and must be consistent with that plan, as adopted); and
 - (b) be adopted by the council after the council has adopted its annual business plan.
- (8) An annual business plan and a budget must be adopted by a council after 31 May for the ensuing financial year and, except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.
- (9) A council must, after adopting an annual business plan and a budget—
 - (a) ensure—
 - (i) that a summary of the annual business plan is prepared so as to assist in promoting public awareness of the nature of its services and its rating and financial management policies, taking into account its objectives and activities for the ensuing financial year; and
 - (ii) that a copy of the summary of the annual business plan accompanies the first rates notice sent to ratepayers after the declaration of its rates for the financial year; and
 - (b) ensure—
 - (i) that copies of the annual business plan and the budget (as adopted) are available for inspection (without charge) or purchase (on payment of a fee fixed by the council); and
 - (ii) that copies of the summary of the annual business plan are available for inspection and to take (without charge),at the principal office of the council; and
 - (c) ensure that electronic copies of the annual business plan and the budget (as adopted) are published on a website determined by the chief executive officer.

- (10) The regulations may prescribe requirements with respect to the preparation, form and contents of—
 - (a) an annual business plan (including a draft for the purposes of public consultation), and the summary required under subsection (9); and
 - (b) a budget.
- (11) However, in any event, the summary of the annual business plan must include an assessment of the extent to which the council's objectives for the previous financial year have been attained (taking into account the provisions of the annual business plan for that financial year).
- (12) Subject to complying with a preceding subsection, any relevant document under this section will be in a form determined by the council.
- (13) A council must, as required by the regulations, and may at any time, reconsider its annual business plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.
- (14) A rate cannot be challenged on a ground based on non-compliance with this section, or on a ground based on the contents of a document prepared or adopted by a council for the purposes of this section.

Title	Net Expenditure \$
4 Year Plan Elected Member Priorities	
<p>Welcoming Cities In December 2018, Council committed to participate as an "Active" member of the Welcoming Cities network at no cost. The next level of membership (paid level) is defined as "Established" whereby Council undertakes a four step self assessment audit process. This would build on and recognise existing activities that Council is already undertaking that are aligned to the Welcoming Cities Standards.</p>	\$5,000
<p>All Connections to Unley Art Prize The City of Unley Art Prize is delivered on a two year cycle with a major prize offered every second year. Year 2020-21 is scheduled for the Art Prize. A single prize category would be offered , and open, to all artists at any stage of their career and could be for any medium, continuing the theme of All Connections to Unley</p>	\$30,000
<p>Active Ageing Project Delivery of initiatives relating to Council's Age Friendly Strategy endorsed by Council in December 2015 and informed by research undertaken in 2016-17. As well as the continuation of existing initiatives, the proposed 2021-21 program includes:</p> <ul style="list-style-type: none"> • Addressing loneliness • Community nutrition • Age friendly business networks • Active ageing resource • Continuation of Active Ageing Alliance • Ageing well information 	\$10,000
<p>Sesquicentenary 2021 Based upon the ideas presented by the Elected Member Working Group, the Administration have developed a program of activities with costs assigned to each, organised into four main themes: promotional activities, history, community events and 150th theme incorporated into existing activities.</p>	\$50,000
<p>2021 Santos Tour Down Under Stage Start Assuming a successful application, staging of the Tour is scheduled for mid-late January 2021 and will be run in conjunction with the Unley Gourmet Gala. Should the Tour Stage Start proceed as a stand alone event (ie without the Gala), the event costs would increase by \$22,000 to accommodate road closures, operational costs plus additional theming and activation costs.</p>	\$73,000
<p>2021 Unley Gourmet Gala The Unley Gourmet Gala is Council's annual signature event, historically held on the eve of the Santos Tour Down Under Stage Start. The event further establishes the identity of King William Road as a premier shopping precinct, a prestigious destination to shop, dine and celebrate. Management of the event is outsourced to an external event manager with support from key internal staff.</p>	\$200,000
<p>Ignite Unley Outdoor Cinema Program</p>	

Now in its seventh year, Ignite Unley is a neighbourhood initiative aimed at encouraging local residents to embrace the opportunity to get together and enjoy a night of free entertainment. Typically held in parks and reserves across the City it is proposed to hold 3 events involving live music, childrens activities and food trucks.	\$10,000
Fringe in Unley In its fifth year, the program will bring a taste of the Fringe to residents in aged care facilities. The funds are used to secure a suitable act to provide four private performances and one free public performance at a community centre.	\$10,000
Trader Event Sponsorship The project proposes the provision of financial support of \$10,000 to each of the four Mainstreet Trader Associations to stage an event with economic objectives. This is additional to funds provided through the Separate Rate Levy and Council's Event Sponsorship program. (subject to a suitable proposal)	\$40,000
Significant Tree List - Stage 1 An original Significant Tree survey was conducted in the 1990's but the data has not been reviewed since. Stage 1 of a 2 Stage process will be to audit the existing tree listings, update the details and explore potential additional listings. This information will then provide the basis for Stage 2 involving a Planning and Design Code Amendment process in 2021-22.	\$30,000
Hazard (Flood) Planning Policy Update Stage 1 of a 2 Stage project provides for an audit of the latest flood risk mapping available that could form the updated Code Overlay and review of related tailored policy for effective development management, in accordance with State Planning Commission requirements. This would provide the basis for a Stage 2 Code Amendment process to follow in 2021-22.	\$20,000
Water Wells This project seeks to continue delivery of Council's water wells initiative for 2020-21 whereby wells are installed in verges across the City to capture roadway water flows to assist with greening and establishment of new tree plantings.	\$40,000
Tree Strategy Expanding Canopy Target Public Land It is proposed to allocate these funds to plant 440 new trees on public land to increase the canopy cover across the City. A combination of Depot Operations staff and contractors will be used to plant the trees.	\$160,000
City Wide Greening Verges This initiative relates to a key outcome of Council's endorsed Environmental Sustainability Strategy to have a minimum of 400 street verges within the City of Unley converted from dolomite to loam and planted by 2020-21.	\$50,000
Resilient East (Climate Ready Projects) In order to increase our communities resilience to climate change this project aims to deliver community engagement and awareness raising activities, input to the urban planning reforms process, assess financial and legal risks of climate change to councils, support implementation of Canopy and Green Cover Mission Statement, and support emergency management planning.	\$10,000
Climate Energy Plan	

<p>This project proposes to develop a Climate and Energy Plan for the City of Unley to better track, manage and reduce Council's operational carbon and energy footprint. The Plan would include an implementation strategy which would prioritise works, timing and provide a first order cost estimate.</p>	\$40,000
<p>Ridge Park Master Plan (Stage 1) Council endorsed the development of a master plan for Ridge Park in 2017. The scope of stage 1 will involve a site engineering survey, community engagement, stakeholder engagement, current and future usage survey and development of the planning and design brief for stage 2 master plan.</p>	\$10,000
<p>Corporate/Promotional Images and Videos The City of Unley has a strong and well-respected brand that is identifiable through its use of images, both photographic and videos. This project encompasses two components, an update to stock photography, and creation of videos for promotion/community engagement.</p>	\$10,000
<p>New Operating Projects</p>	\$798,000

Title	Net Expenditure \$
4 Year Delivery Plan Elected Members Priorities	
<p>Digital Services Program Key objectives for year 3 of this multiyear strategy to digitise paper based processes enabling the community to access services via the Council website will include:</p> <ul style="list-style-type: none"> • Temporary parking permits • Rates (Section 7) Searches • Asset maintenance requests • Online Community Facilities Hire and Events Bookings 	\$55,000
<p>Brown Hill Keswick Creek (BHKC) The City of Unley together with the Cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide have collaborated to develop a catchment based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment. The City of Unley contributes 21% of the Boards capital costs as identified in its Stormwater Management Plan.</p>	\$1,302,000
<p>Edmund Avenue Cottages (No. 74 & No 76) Following the development and endorsement of a concept design in 2019-20, it is proposed to undertake the detailed design and documentation for the construction works, seek development approval and award the tender in 2021-21. Works are anticipated to commence in 2021-22.</p>	\$100,000
<p>Unley Road Infrastructure & Public Realm Design Guidelines The project proposes the development of a strategic guide to inform the development of infrastructure and the public realm along Unley Road to support better partnerships with business owners, traders, planned infrastructure upgrades and new developments. The Guidelines will nominate a range of improvements that could be considered at local conditions, including improved safety, accessibility, greening, lighting, art, outdoor dining, parking signage, paving, street furniture and other amenities.</p>	\$50,000
<p>Millswood Croquet Club - Planning, Design & Documentation The objectives of stage 2 of a 3 stage strategy proposes the development of the detailed design and documentation for the redevelopment of the Millswood Croquet Club to provide a fit for purpose clubhouse. The concept design is being undertaken in 2019-20 as stage 1. The concept design has been developed to meet Council's expectations of a stage 3 construction cost of approximately \$485,000.</p>	\$75,000
<p>Local Area Traffic Management (LATM) Implementation In 2020/21 the focus is on delivering two medium priority projects from LATM 3 and two recommendations from LATM1 and LATM2:</p> <ul style="list-style-type: none"> • Bartley Crescent/Greenhill Road Intersection Improvements (LATM 1) - \$55,000 • East Avenue Pedestrian Refuge (LATM 3) - \$50,000 • Mills Street Integrated Design (LATM 3) - \$70,000 • Oxford Terrace Pedestrian Crossing (LATM 2) - \$40,000 	\$215,000
<p>Walking & Cycling Plan Implementation The project proposes to implement a number of priorities contained in Council's Walking and Cycling Plan as adopted in 2016:</p> <ul style="list-style-type: none"> • King William Road Shared Path Upgrade - \$40,000 • George Street/Young Street Intersection - \$20,000 • Weller Street/Simpson Parade Cycleway - Albert Street to King William Road - \$35,000 	\$95,000
Pocket Park Program (Fairford Street)	

The project proposes to implement the Fairford Street/Duthy Street Pocket Park, the second recommendatoin of Council's Pocket Park Program. The work builds on the community engagement process undertaken in 2019.	\$50,000
Living Streets Program (Richards Terrace) The Program, adopted in 2019, aims to create safer, greener and shared streets within the City of Unley. This project will see the implementation of the Program on Richards Terrace and will be partially funded by the State Government's Greener Neighbourhood Program to the value of \$11,000.	\$70,000
Capitalised Project Delivery Costs including Overheads These are internal project management costs to deliver the projects listed	\$243,000
New Capital	\$2,255,000

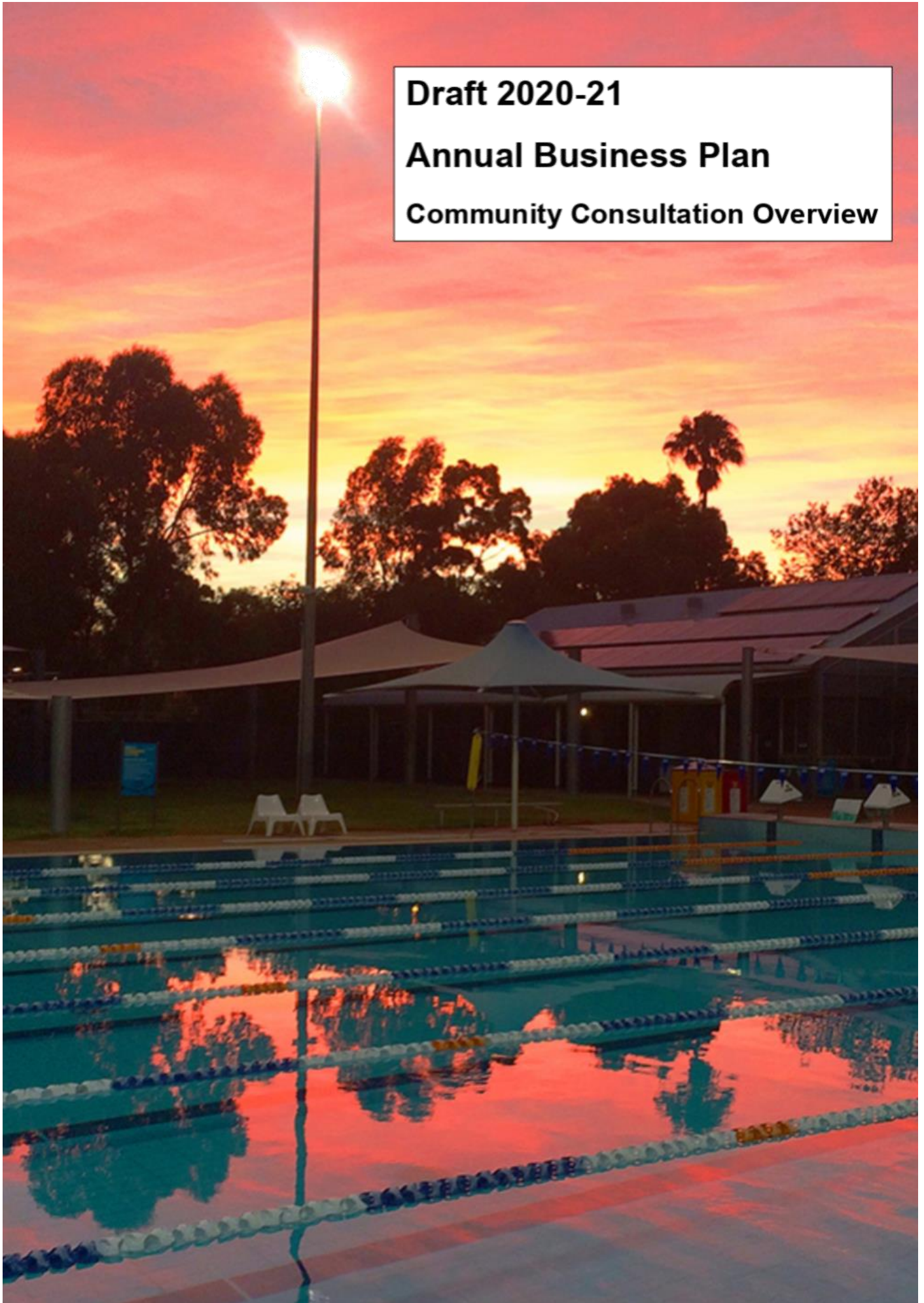
Attachment 4

Asset Category	Planned 2020-21
	\$'000
Bridges	0
Buildings	1,127
Bus Shelters	40
Car Parks	0
Drains & Stormwater	940
Footways	510
IT Equipment	550
Kerb & Water	900
Plant and Equipment	840
Reserves/ Recreation and Open Space	466
Roads	1,400
Signs	32
Streetlighting	20
Streetscape	117
Traffic Facilities	29
	6,971
Project Delivery Costs	622
Total Expenditure	7,593

Draft 2020-21

Annual Business Plan

Community Consultation Overview



How can I be Involved?

Copies of the Annual Business Plan are available for download from the website or we have copies available here today.

- Via internet

www.unley.sa.gov.au

Submissions

Make a submission by:

Visiting *Your Say Unley* at: yoursay.unley.sa.gov.au

Writing a submission and sending it to: 2020-21 Budget Consultation
City of Unley
PO Box 1
Unley SA 5061

Emailing a submission to: pobox1@unley.sa.gov.au

To be received by no later than 6pm Wednesday 21 May 2020

Public Meetings

Ordinarily Council would conduct a series of public meetings to provide an opportunity for the public to provide comment and ask questions on the Draft Annual Business Plan and Budget. Due to the public health risk during these extraordinary times of COVID-19 all public meetings have been suspended until further notice.

- Consultation closes 6pm, Thursday 21 May 2020.

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Background

Under Section 123 of the Local Government Act 1999, Council is required to have a budget for each financial year. The budget must be considered as part of the Council's Annual Business Plan.

Before a council adopts its Annual Business Plan it must prepare a draft Annual Business Plan and undertake a public consultation process. The consultation for this plan will be undertaken between 30 April and 21 May 2020. This year due to public health reasons all consultation will be undertaken through electronic means by email, online website submissions or by mail.

All feedback collected during this period will be distributed and discussed by the Elected Members of Council at a Budget Workshop. The contents of the feedback will be considered in finalising Council's 2020-21 Annual Business Plan and Budget.

How Council measures its performance

Council measures its achievements and financial performance through the following processes:

- Regular financial reporting to Executive and Council
- Quarterly corporate performance report to Executive and Council
- Budget Reviews in accordance with legislation
- Annual review of the Long-Term Financial Plan
- Review and input from Council's Audit and Governance Committee
- Production of an Annual Report including audited financial statements
- Community Engagement.

Strategies behind the Annual Business Plan

The purpose of the Annual Business Plan is to impart an understanding of:

- Annual objectives for the year in the context of Council's long-term objectives
- Overview of the activities and services provided by Council
- Key financial information relating to revenue and expenditure
- Proposed new initiatives and projects
- Rating context and impact of rates for 2020-21, and
- Council's Financial Planning Framework including Long-Term Financial Plan and Asset Management Plans.

Executive Summary

The Annual Business Plan for 2020-21 has been prepared in accordance with the priorities of Unley's Community Plan 2033 and 4 Year Delivery Plan 2017-2021, with due consideration of its key financial indicators.

Key financial information for 2020-21 is summarised below.

General Rate Increase	0.0%
Rates Growth (new rateable properties and improvements)	0.5%

Budget Summary	\$'000
General Rates Income	40,992
All Other Operating Income	9,324
Total Operating Income	50,316
Operating Expenses	47,961
New Operating Project Initiatives (Net)	798
Operating Surplus (excluding joint ventures)	1,557
Net Capital Renewal Program Expenditure	7,593
Net New Capital Expenditure	2,255
Total Net Capital Expenditure	9,848
Estimated New Borrowings	Nil
Repayment of Borrowings (Principal)	246

Council will raise sufficient income to cover its operating expenses and undertake repayment of its debt.

Key Financial Targets

Indicator	Adopted Target	2020-21 Budget
Operating Surplus Ratio (excluding Centennial Park)	> 5.0%	3.1%
Net Financial Liabilities Ratio	= < 80%	49%
Asset Sustainability Ratio	= > 100%	78%

Impact on ratepayers

Council will not seek an increase in its rates revenue, other than that which will be achieved through natural growth in the assessment book. It is proposed that the overall amount existing ratepayers will pay in general rates will be minimal.

Significant Influences for the 2020-21 Budget

A number of significant projects and external environmental changes have influenced the preparation of the Council's 2020-21 Annual Business Plan and Budget. These include:

- Commitments to long-term major projects including Unley Oval, Goodwood Oval, Wilberforce Walk and Brown Hill Keswick Creek.

The most significant impacts however are the extraordinary circumstances due to the global pandemic COVID-19.

The Council is being guided by information and current directives from our federal and state governments, peak health agencies and medical experts to inform our decisions. To date a number of difficult decisions to limit access to Council facilities and suspend a range of Council programs and services have been made. These include the closure of the following facilities:

- Unley and Goodwood Libraries
- Unley Museum
- Unley Swim Centre
- Unley, Fullarton Park, Clarence Park and Goodwood Community Centres
- Community Bus Service discontinued for the foreseeable future
- Town Hall

In addition a number of business decisions are currently being considered around the management of Council's:

- Rate revenue for 2020-21
- Commercial Leases
- Community Leases
- Rate and Sundry Debtors
- Annual review of Fees and Charges
- Executive and Management salaries

In recognition of the financial difficulties being experienced by the community Council has directed that for the purposes of drafting this years budget it will absorb the cost of all decisions referred to above and all proposed operating projects within its existing financial capacity. In doing so Council will not seek an increase in its rates revenue, other than that which will be achieved through natural growth in the assessment book.

The decisions around these business operations are likely to have a material impact on Council's 2020-21 Annual Business Plan and Budget. Unfortunately the extent of the financial impact is almost impossible to predict as it is unknown how long it will take our community and economy to recover.

Early financial modelling suggests that in the event that the facilities referred to above remain closed for 6 months, and Council's leases revenue is waived for 6 months that Council will forego approximately a net \$523k in income in 2020-21. This impact has not been included in the Draft Budget but is likely to be met from existing financial resources.

In addition, the impact on a deteriorating economy is likely to impact on many of the statutory charges that Council collects for processing items such as Development and Building applications, property searches, administering parking and health related matters etc. The financial impact on these revenue items is unquantifiable at this point in time. Furthermore the impact of decisions around potential debt deferment for ratepayers is also unquantifiable. For these reasons the financial impacts have not been included in the draft budget at this point in time.

In recognition of the financial difficulties being experienced by the community Council has elected for the 2020-21 financial year to absorb the cost of all decisions referred to above and all proposed operating projects within its existing financial capacity. In doing so Council will not seek an increase in its rates revenue, other than that which will be achieved through natural growth in property valuations.

The impact of these matters should they materialise would see a reduction in operating surplus for the 2021-21 financial year and a corresponding reduction in the operating surplus ratio.

Other Influences for the 2020-21 Budget

There are also other annual items that we consider when setting rates and deciding on council's program of works. These include:

- Local Government Price Index increases on relevant goods and services, which in recent years has tracked close to CPI
- Provision for Enterprise Bargaining Agreements for most staff, which determine conditions of employment and provide for annual salary and wages increases.
- Maintaining asset management (renewal) expenditure at a sufficient level to ensure long-term maintenance of Council infrastructure, property and IT assets
- Additional maintenance costs due to increased capital works, and the construction of new assets over recent years.
- Natural Resource Management levy increase 1.6%
- Waste Levy increase of approximately \$244k
- Finalisation of the Daily Moves Program

Council has continued its review of service sustainability to minimise the burden on ratepayers.

Savings identified as part of 2020-21 Budget Preparation include:

- Reduction in the staffing component in Customer Services CX Project \$66k
- Savings in the contract cost of Immunisation \$56k
- Reduction in Planning survey costs \$49k
- Increase in property rental revenues \$40k.

The total proposed capital spend on new assets for 2020-21 is expected to be \$2.3m. The extent of these works can be met from existing financial resources without the need to borrow funds.

Services provided to the Community

The Local Government Act 1999 (the Act) prescribes a system of local government to enable councils to govern and manage areas at a local level.

All councils have basic responsibilities under the Act and other relevant legislation.

These include:

- Regulatory activities, including voters' roll maintenance and Elected Members' support
- Determining longer-term strategic management and management plans, financial plans, infrastructure and asset management plans and policies and procedures
- Setting rates, preparing an Annual Business Plan and Budget
- Management and maintenance of basic infrastructure including roads, footpaths, parks, public open space, playgrounds, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Provision of various environmental health services
- Management and maintenance of Councils urban forest in streets and parks, and
- Management and maintenance of Council owned Community Centres and other buildings.

In response to community needs, Council also provides the following services and programs, over and above those listed above:

- | | |
|-------------------------------|-----------------------------|
| • Aged and Social Care | • Economic Development |
| • Animal Management | • Environmental Management |
| • Arts & Cultural Development | • Library Services |
| • Community Centres | • Museum |
| • Community Development | • Open Space Management |
| • Community Engagement | • Parking Control |
| • Community Event Programs | • Sport and Recreation |
| • Community Services | • Sustainable Landscapes |
| • Community Transport | • Volunteers |
| • Community Grants | • Urban Policy and Planning |
| • Corporate Services | • Youth Development |

The Council also maintains a number of facilities and services on a fee for service basis, some of which are subsidised and include:

- | | |
|--|---|
| • Unley Swimming Centre | • Community Bus Service |
| • Commonwealth Home Support Program (CHSP) - formerly HACC Program | • Halls for hire |
| | • Ovals, courts, parks and reserves for hire. |

Annual Objectives and Key Projects

The four key themes of our Community Plan and 4 Year Development Plan guides how our City develops. The key projects for 2019-20 have been listed under the agreed themes

<h3>Community Living</h3>
<p>Objectives</p> <ol style="list-style-type: none"> 1. Our Community is active, healthy and feels safe 2. Our Community participates in community activities, learning opportunities and volunteering 3. Our City meets the needs of all generations 4. Our Community is proud to be part of our City 5. Our City is connected and accessible.
<p>Key Projects 2020-21</p> <ul style="list-style-type: none"> • Undertake designs for future construction works on the Cottages located at 74 and 76 Edmund Avenue • Implementation of the Local Area Traffic Management works as highlighted in previous studies (Bartley Crescent, East Avenue, Mills Street and Oxford Terrace • Undertake detailed design work and documentation for the redevelopment of the Millswood Croquet Club • Walking Cycling Plan continuation – King William Road, George/Young Streets intersection and Weller Street/Simpson Parade Cycleway • Continuation of the Living Streets Program – Richards Terrace • Place activation and community development through staging of major events including Unley Gourmet Gala, Tour Down Under, Public Arts and a diverse Community Events Program including the commencement of the celebration of Unley Council's Sesquicentenary • Implementing Council's Tree Strategy in order to increase canopy cover across the district through planting of new trees

Economic Prosperity

Objectives

1. Unley is recognised as an easy place to do business
2. Thriving main streets and other business activities operate across our City.

Key Projects 2020-21

- Trader event sponsorships.
- Production of a strategic guide to inform the development of infrastructure and public realm along Unley Road

Environmental Stewardship

Objectives

3. Unley's urban forest is maintained and improved
4. Excellence in waste management is achieved through avoidance, re-use and diversion
5. The energy efficiency of the City is increased and our carbon footprint reduced
6. Efficient, effective and sustainable water management is ensured
7. The City's resilience to climate change is increased.

Key Projects 2020-21

- Council's contribution to the Brown Hill Keswick Creek regional project works
- Conduct a Significant Tree List Survey in preparation for a Planning and Design Code Amendment process
- Continuation of ongoing environmental initiatives and programs including second generation street tree implementation, greening of verges, implementation and water well installation, Hazard (Flood) Planning Policy Update,

<h2>Civic Leadership</h2>
<p>Objectives</p> <ol style="list-style-type: none"> 1. We have strong leadership and governance 2. Council provides best value services to the community 3. Our business systems are effective and transparent.
<p>Key Projects 2020-21</p> <ul style="list-style-type: none"> • Implementation of Digital Services Program to enhance and modernise existing online functionality and add new delivery and self-help functions

Project Priorities proposed for the Year

Council's proposed project priorities for 2020-21 stem from the themes outlined in Council's Community and 4 Year Delivery Plan.

Council has undertaken a methodical and considered approach to determine its priorities for the upcoming financial year. These are the steps that were taken to determine the proposed projects for consultation:

- The Capital Works Program was guided by Council's Asset Management Plans
- Council proposed projects that aim to assist in achieving the Strategic Themes in Council's Community Plan and 4 Year Delivery Plan
- Elected Members submitted projects based on perceived community need
- Projects were divided into three broad categories: Operating Projects (including change to service), New Capital and Capital Renewal Program
- Elected Member workshops were used to further prioritise, refine and finalise the proposed project list for community consultation.

Operating Projects

These types of projects are either one-off, short term projects or a request to change the level of service. The request to change the level of service may also impact future budgets.

This Budget proposes to fund a net amount of \$798k of operating projects.

These projects are to be funded by Council's rates income and would ordinarily affect the level of rates increase being considered. The 2020-21 Budget however is being developed under extraordinary circumstances due to the global pandemic COVID-19.

In recognition of the financial difficulties being experienced within the community Council has elected for the 2020-21 financial year to absorb the cost of these operating projects within its existing financial capacity. Council will not seek an increase in its rates revenue, other than that which will be achieved through natural growth in property valuations.

Key project items for 2020-21 include:

- Continuation of ongoing environmental initiatives and programs including:
 - accelerated tree planting program \$160k
 - greening of verges \$50k
 - street tree water well installation of \$40k
 - development of a climate energy plan \$40k
 - undertaking a significant tree survey 30k
 - undertaking a hazard (flood) Planning Policy update \$20
- Activities in the order of \$408k, that showcase the City of Unley including:
 - Unley Gourmet Gala
 - Tour Down Under Stage Start
 - Commencement of the Council's sesquicentenary celebrations
 - Annual community events program and related activities.

The proposed projects are detailed in Appendix 1.

Capital Projects

The City of Unley is responsible for a large portfolio of assets with a current value of approximately \$693m. It is important that Council engage in practices that optimise the assets "useful lives" for the benefit of the whole community.

Like many other councils, the City of Unley is faced with increasing demand to provide services in an environment of ageing assets, increased liability and continual constraints on funding.

New capital projects are expected to be funded from existing financial capacity without the need for further borrowings. The proposed new capital projects total \$2,255k net and include:

- Council's Brown Hill Keswick Creek project contribution of \$1.3m
- Local Area Traffic Management program \$215k
- Design and documentation of future development of the cottages in Edmund Avenue \$100k
- Implementation of the Walking and Cycling Plan \$95k
- Design and documentation for development of Millswood Croquet Club \$75k
- Living shared streets \$75k
- Pocket parks \$50k.

The proposed Capital Renewal Program of \$7.593m net has been based on current asset information and asset management plans. Items include:

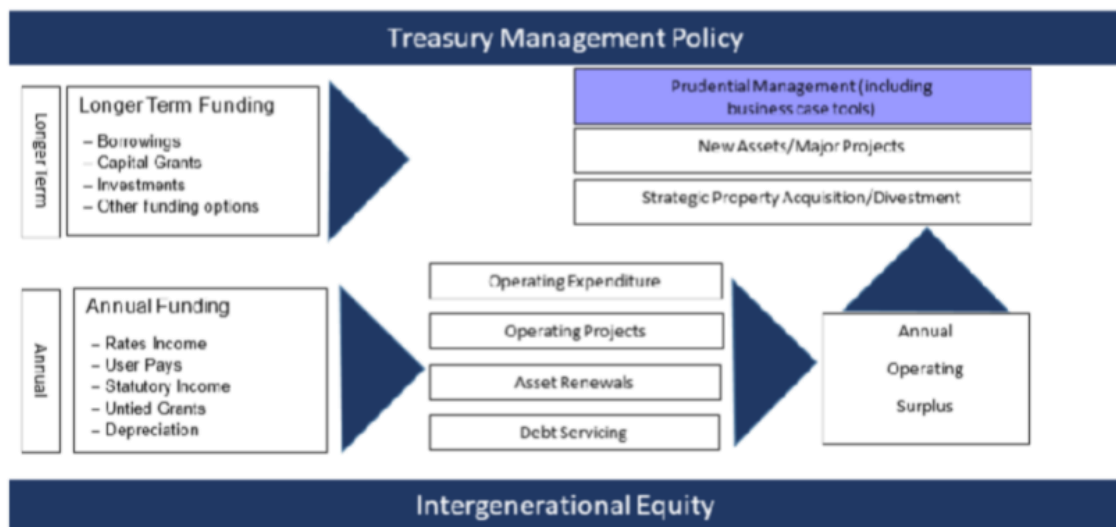
- \$1.4m for roads
- \$1.13m for buildings
- \$940k for drains and storm water
- \$900k for kerb and water table, and
- \$466k for reserves, recreation and open space projects.

Details of the proposed Capital Works Program are provided in Appendices 2 and 3.

Financial Policy Context

Financial Planning Framework

The following diagram illustrates the overall funding framework for the City of Unley and the use of the Annual Operating Surplus and longer-term funding sources including strategic property divestment.



Long Term Financial Plan (LTFP)

Council uses a LTFP to guide its financial decisions and to ensure it is prudent in its financial management and considers a longer-term view. The LTFP has been reviewed and updated to reflect the most current information available.

The key components of the plan are:

- Assessment of Council's current financial position and achieving longer-term financial sustainability
- Ensuring Financial Targets are met
- Consideration of Council's appropriate role and responsibilities

- Ensuring alignment with the Community Plan and 4 Year Delivery Plan and maintenance of high priority strategies
- Ensuring all proposed strategies are costed before adoption
- Ensuring alignment with agreed service provision and delivery standards
- Ensuring alignment with Asset Management Plans and Maintenance Standards
- Ensuring alignment with internal support strategies
- Ensuring alignment with Funding and Treasury principles as well as intergenerational equity (rating stability, Treasury Policy, fees and charges, external funding and investments).

Target Financial Indicators

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for Council's LTFP as well as the Annual Financial Statements and Budget to include:

- An Operating Surplus ratio
- A Net Financial Liabilities ratio, and
- An Asset Renewal Funding ratio.

These ratios are to be presented in a manner consistent with the "Model Financial Statements", Financial Indicators.

Council has adopted 3 key financial targets relating to these required ratios to guide the direction of the LTFP and Annual Business Plan and Budget. These targets were adopted by Council at its February 2017 meeting following a recommendation from the Audit & Governance Committee on 15 February 2017.

Financial Indicator	Adopted Target
Operating Surplus Ratio (excluding Joint Ventures)	Greater of 5% or 100% of principal repayments
Net Financial Liabilities Ratio	<80% of Total General Rate Revenue
Asset Renewal Funding Ratio (rolling 10-year average)	>=100%

- Operating Surplus Ratio – Estimated 3.1%

In recognition of the difficulties being faced by the community due to the COVID-19 pandemic and the decision to not raise rate revenue in 2020-21, Council will not achieve its Targeted Operating Surplus Ratio of > 5.0% for the financial year. This is considered to be a short term impact which will not jeopardise long term sustainability. Council can reconsider through budget reviews during 2020-21 or in its 2021-22 Annual Budget.

- Net Financial Liabilities – Estimated 49%.

The Net Financial Liabilities Ratio of less than 80% is the key target indicator for Council to assess its capacity to borrow in the medium to long term. The Net Financial Liabilities Ratio is calculated by expressing net financial liabilities at the end of the year as a percentage of General Rate Revenue for the year.

Council borrowed to undertake a significant capital works program during 2019-20 which will see total borrowings increase to approximately \$15.5M. Council's capital works program is proposed to be significantly lower in 2020-21, coupled with a measured capital renewal program and an operating surplus Council is not proposing to borrow in 2020-21. This will reflect in an acceptable Net Financial Liabilities Ratio of 49%.

- Assets Renewal Funding Ratio – Estimated 78%.

The Asset Sustainable Ratio represents the level of capital expenditure on the renewal of assets relative to the level of such expenditure identified as warranted in a council's infrastructure and asset management plan.

The Asset Management Plans are currently being reviewed. In the absence of this information the level of renewal of its existing assets is being compared to depreciation. The forecast level of expenditure is low when compared to depreciation. It is expected that the level of renewal spending to increase next year.

Infrastructure and Asset Management Plans

The City of Unley is responsible for the management, operation and maintenance of a diverse asset portfolio that provides services and facilities for City users. Infrastructure and Asset Management Plans were developed some time ago and are currently undergoing review to ensure Council continues to provide effective and comprehensive management of its assets.

The development of the Infrastructure and Asset Management Plans indicate Council's ongoing commitment to operate and maintain its asset portfolio efficiently to both meet strategic and legislative requirements, and to deliver the required levels of service for the community.

Asset management is driven from a service perspective. Council has implemented an agreed level of service for property, bridge, road and footpath asset classes.

The asset system will collect real time data coupled with ongoing regular condition audits, to allow more accurate predictive modelling in regard to treatments and life expectancy of each asset class. Over the next few years the management of assets will balance the target levels of service for each specific asset with the long-term costs.

The Asset Management Plans provide the basis for the Capital Renewal Program included in Council's LTFP and is refined as part of the Annual Business Plan and Budget process. In 2020-21 the Capital Renewal Program has a projected net expenditure of \$7,953k.

Funding the Business Plan

Over 87% of Council's funding is generated from rates with the balance largely relating to fees and charges set by Council or statutory fees.

Rates Context

In setting the rates for 2020-21 Council proposes to continue with its current method of rating, which involves three differential rates with the application of a minimum rate, applied against the capital value of properties. Council considers this to be a fair and equitable method of rating for the City of Unley.

Rates income is used to deliver services. Rates are a form of property taxation, and property values determine how much each property contributes. This system of taxation means that the rates paid may not directly relate to the services used by each ratepayer.

In recognition of the difficulties facing the community due to the COVID-19 pandemic Council will not seek an increase in its rates revenue, other than that which will be achieved through natural growth in property valuations. This is expected to be 0.5%.

Growth represents new development, capital improvements to existing properties and changes to property values as a result of land divisions and will be confirmed by the Valuer General as part of completing the valuation of the Council area.

Refer to Appendix 4 for details on Rates Assistance Available.

Rate Statistics

Council has over 18,900 assessments with just over 16,970 being residential, over 890 assessments within non-residential Category 2 (including commercial shops, industrial, and vacant) and nearly 870 non-residential Category 3 (commercial offices and commercial – other). There are approximately 180 non-rateable assessments.

Valuation Method

The Council uses the **capital value** method of valuing properties. This method values the land and all improvements on the land. It is the most widely used method across South Australian councils.

Council considers this valuation method the most equitable method to spread the rates burden across the measure of wealth within the City. It equates to the taxation principle that people should contribute to community, social and physical infrastructure in accordance with their capacity to pay as measured by property wealth.

In determining how rates are applied, and in determining the rate in the dollar, Council uses the following options.

Minimum Rate

In accordance with S158 of the Act, Council has decided that there will be a minimum rate on every rateable property. Council, in adopting a minimum rate, considers it appropriate that all rateable properties make a contribution to the cost of administering the Council's activities and creating and maintaining the physical infrastructure that supports each property. The minimum rate applicable for 2019-20 is \$850.

There are currently 2,586 assessments paying the minimum rate with residential properties comprising 2,502 of these assessments. Council will consider an appropriate minimum rate payable when full property valuations are to hand.

Differential Rates

In accordance with S153 of the Local Government Act 1999, Council will declare three differential General Rates according to the land use category. The land use categories are as follows:

Group 1	Non-residential Category 2	Non-residential Category 3
Residential	Commercial Shop Industry Light Industry Other Primary Production Vacant Land Other	Commercial Office Commercial Other

Council considers the principle of rate stability when assessing the rates distribution across the above categories. The change in capital value across the land use categories and the rates income provided by each will also be considered.

Separate Rate for Main Street Trader Associations

Council proposes to continue to raise a separate rate for the promotion of businesses and traders along major shopping strips (excluding Glen Osmond Road). Council collects the separate rate and contracts with the Main Street Trader Associations for the provision of marketing and promotion activities.

The separate rates listed in the table below have been recommended to Council and will be considered by Council at its meeting to be held on 27 April 2020.

2020-21 Separate Rate for Trader Associations

Main Street Trader Associations	Separate Rate raised 2019-20	Recommended Separate Rate 2019-20	% Increase (Decrease)
Unley Road	\$113,395	\$69,835	(38.4) %
King William Road	\$147,400	\$92,280	(37.4) %
Goodwood Road	\$57,225	\$57,225	Nil
Fullarton Road	\$13,000	\$13,000	Nil

Unley Road

Currently approximately 470 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other pay the separate rate.

King William Road

Currently approximately 130 ratepayers with a land use of Commercial Shop with addresses along King William Road between Greenhill Road and Commercial Road pay the separate rate.

Goodwood Road

Currently just under 100 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Goodwood Road between Leader Street / Parsons Street to the north and Mitchell Street / Arundel Avenue to the south pay the separate rate.

Fullarton Road

Currently just over 60 ratepayers with a land use of Commercial Shop, Commercial Office and Commercial Other, with addresses along Fullarton Road between Cross Road and Fisher Street pay the separate rate.

Fullarton Road Traders pay a fixed amount of \$250.

Regional Landscape Levy

(Formerly the Natural Resources Management Levy)

From the 1 July 2020 the new Landscape South Australia Act 2019 will replace the Natural Resources Management Act (NRM) 2004 as the new framework for managing the states land, water, pest animals and plants and biodiversity.

The new Act creates nine landscape management regions with NRM boards being replaced by eight new regional landscape boards and a metropolitan landscape board, namely Green Adelaide. The landscape levy collection process will remain largely the same as previous arrangements under the NRM Act. The levies to be raised for 2020-21 will be based on the existing NRM boundaries, but are likely to change in future years.

The Green Adelaide Board has advised Council that the amount to be paid to them by Council in 2020-21 is \$1.414m compared to \$1.391m in 2019-20. This represents an increase of 1.6%.

Council does not retain this revenue, nor determine how the revenue is spent.

Fees and Charges Context

Section 188 of the Local Government Act 1999 provides the legal context:

- fees and charges are determined by resolution of council either as a direct resolution, via by-law or via delegation
- a council is unable to fix or vary fees or charges prescribed under other Acts
- in respect of fees for the use of facilities, services or works requests a council need not fix fees or charges by reference to the cost of the council

- council is required to keep the schedule of fees and charges on public display and provide updates where fees and charges are varied during the year.

Council reviews its fees and charges each year, in conjunction with the development of the annual budget. As in previous years, a comprehensive review has been undertaken to ensure that the fees proposed:

- reflect (or move progressively toward) the cost of the services given
- are comparable with market rates, where appropriate
- take into account benefit derived by users of community facilities
- are consistent with Council directions articulated through existing policy or plans
- are consistent with Council's LTFP assumptions.

Generally, this has resulted in proposed fee increases that are in line with CPI or the Local Government Price Index, insofar as this is practicable. However, due to the impact of COVID-19 Council will consider over the next few weeks the financial impact should fees and charges remain as they are in 2019-20.

Consultation

The 2020-21 Draft Annual Business Plan is presented in the context of strategic directions for the City that are currently being considered by Council. The Plan reflects Council's continuing focus on ensuring that the physical infrastructure of the City is fit for use and maintained in a cost-effective fashion.

Council aims to deliver a well-managed, sustainable environment for current and future generations of residents and ratepayers.

Community consultation of the Draft Annual Business Plan will occur between 30 April and 21 May 2020.

The proposed methodology for engagement is listed below and enables Council to meet its requirements under the Act, with community response options listed within the Draft Annual Business Plan and Budget:

- Advertising in the Advertiser
- Online consultation on Your Say Unley
- Notification on Council's website with appropriate links to the Draft Annual Business Plan and Your Say Unley

The process provides the opportunity for stakeholders to give feedback on the levels of service and the activities to be undertaken by Council before the final budget is adopted in June 2020.

We encourage participation in the consultation.

Appendix 1 – 2020-21 Proposed Operating Projects

Title	Net Expenditure	Community Living Outcome	Economic Prosperity Outcome	Environmental Stewardship Outcome	Civic Leadership Outcome
Welcoming Cities	\$ 5,000	X			
All Connections to Unley Art Prize	\$ 30,000	X			
Active Ageing Project	\$ 10,000	X			
Sesquicentenary 2021	\$ 50,000	X			
2021 Santos Tour Down Under Stage Start	\$ 73,000	X	X		
2021 Unley Gourmet Gala	\$ 200,000	X	X		
Ignite Unley Outdoor Cinema Program	\$ 10,000	X			
Fringe in Unley	\$ 10,000	X			
Trader Event Sponsorship	\$ 40,000	X	X		
Significant Tree List - Stage 1	\$ 30,000			X	
Hazard (Flood) Planning Policy Update	\$ 20,000			X	
Water Wells	\$ 40,000			X	
Tree Strategy Expanding Canopy Target Public	\$ 160,000	X			
City Wide Greening Verges	\$ 50,000	X		X	
Resilient East (Climate Ready Projects)	\$ 10,000			X	
Climate Energy Plan	\$ 40,000	X		X	
Ridge Park Master Plan (Stage 1)	\$ 10,000	X			X
Corporate/Promotional Images and Videos	\$ 10,000	X			X
Procurement Resourcing	\$ -				
Proposed Operating Projects	\$ 798,000				

Further details of these projects provided in the following pages:

Proposed New Operating Projects - Detail

Title	Net Expenditure \$
4 Year Plan Elected Member Priorities	
<p>Welcoming Cities In December 2018, Council committed to participate as an "Active" member of the Welcoming Cities network at no cost. The next level of membership (paid level) is defined as "Established" whereby Council undertakes a four step self assessment audit process. This would build on and recognise existing activities that Council is already undertaking that are aligned to the Welcoming Cities Standards.</p>	\$5,000
<p>All Connections to Unley Art Prize The City of Unley Art Prize is delivered on a two year cycle with a major prize offered every second year. Year 2020-21 is scheduled for the Art Prize. A single prize category would be offered , and open, to all artists at any stage of their career and could be for any medium, continuing the theme of All Connections to Unley</p>	\$30,000
<p>Active Ageing Project Delivery of initiatives relating to Council's Age Friendly Strategy endorsed by Council in December 2015 and informed by research undertaken in 2016-17. As well as the continuation of existing initiatives, the proposed 2021-21 program includes:</p> <ul style="list-style-type: none"> • Addressing loneliness • Community nutrition • Age friendly business networks • Active ageing resource • Continuation of Active Ageing Alliance • Ageing well information 	\$10,000
<p>Sesquicentenary 2021 Based upon the ideas presented by the Elected Member Working Group, the Administration have developed a program of activities with costs assigned to each, organised into four main themes: promotional activities, history, community events and 150th theme incorporated into existing activities.</p>	\$50,000
<p>2021 Santos Tour Down Under Stage Start Assuming a successful application, staging of the Tour is scheduled for mid-late January 2021 and will be run in conjunction with the Unley Gourmet Gala. Should the Tour Stage Start proceed as a stand alone event (ie without the Gala), the event costs would increase by \$22,000 to accommodate road closures, operational costs plus additional theming and activation costs.</p>	\$73,000
<p>2021 Unley Gourmet Gala The Unley Gourmet Gala is Council's annual signature event, historically held on the eve of the Santos Tour Down Under Stage Start. The event further establishes the identity of King William Road as a premier shopping precinct, a prestigious destination to shop, dine and celebrate. Management of the event is outsourced to an external event manager with support from key internal staff.</p>	\$200,000

Title	Net Expenditure \$
4 Year Plan Elected Member Priorities	
Ignite Unley Outdoor Cinema Program Now in its seventh year, Ignite Unley is a neighbourhood initiative aimed at encouraging local residents to embrace the opportunity to get together and enjoy a night of free entertainment. Typically held in parks and reserves across the City it is proposed to hold 3 events involving live music, childrens activities and food trucks.	\$10,000
Fringe in Unley In its fifth year, the program will bring a taste of the Fringe to residents in aged care facilities. The funds are used to secure a suitable act to provide four private performances and one free public performance at a community centre.	\$10,000
Trader Event Sponsorship The project proposes the provision of financial support of \$10,000 to each of the four Mainstreet Trader Associations to stage an event with economic objectives. This is additional to funds provided through the Separate Rate Levy and Council's Event Sponsorship program. (subject to a suitable proposal)	\$40,000
Significant Tree List - Stage 1 An original Significant Tree survey was conducted in the 1990's but the data has not been reviewed since. Stage 1 of a 2 Stage process will be to audit the existing tree listings, update the details and explore potential additional listings. This information will then provide the basis for Stage 2 involving a Planning and Design Code Amendment process in 2021-22.	\$30,000
Hazard (Flood) Planning Policy Update Stage 1 of a 2 Stage project provides for an audit of the latest flood risk mapping available that could form the updated Code Overlay and review of related tailored policy for effective development management, in accordance with State Planning Commission requirements. This would provide the basis for a Stage 2 Code Amendment process to follow in 2021-22.	\$20,000
Water Wells This project seeks to continue delivery of Council's water wells initiative for 2020-21 whereby wells are installed in verges across the City to capture roadway water flows to assist with greening and establishment of new tree plantings.	\$40,000
Tree Strategy Expanding Canopy Target Public Land It is proposed to allocate these funds to plant 440 new trees on public land to increase the canopy cover across the City. A combination of Depot Operations staff and contractors will be used to plant the trees.	\$160,000
City Wide Greening Verges This initiative relates to a key outcome of Council's endorsed Environmental Sustainability Strategy to have a minimum of 400 street verges within the City of Unley converted from dolomite to loam and planted by 2020-21.	\$50,000

Title	Net Expenditure \$
4 Year Plan Elected Member Priorities	
<p>Resilient East (Climate Ready Projects) In order to increase our communities resilience to climate change this project aims to deliver community engagement and awareness raising activities, input to the urban planning reforms process, assess financial and legal risks of climate change to councils, support implementation of Canopy and Green Cover Mission Statement, and support emergency management planning.</p>	\$10,000
<p>Climate Energy Plan This project proposes to develop a Climate and Energy Plan for the City of Unley to better track, manage and reduce Council's operational carbon and energy footprint. The Plan would include an implementation strategy which would prioritise works, timing and provide a first order cost estimate.</p>	\$40,000
<p>Ridge Park Master Plan (Stage 1) Council endorsed the development of a master plan for Ridge Park in 2017. The scope of stage 1 will involve a site engineering survey, community engagement, stakeholder engagement, current and future usage survey and development of the planning and design brief for stage 2 master plan.</p>	\$10,000
<p>Corporate/Promotional Images and Videos The City of Unley has a strong and well-respected brand that is identifiable through its use of images, both photographic and videos. This project encompasses two components, an update to stock photography, and creation of videos for promotion/community engagement.</p>	\$10,000
New Operating Projects	\$798,000

Appendix 2 – 2018-19 Proposed New Capital

Title	Net Expenditure	Community Living Outcome	Economic Prosperity Outcome	Environmental Stewardship Outcome	Civic Leadership Outcome
Solar Panels An All Council Owned Community Facilities	\$ -	X		X	
Digital Services Program	\$ 55,000				X
Brown Hill Keswick Creek (BHKC)	\$ 1,302,000			X	
Edmund Avenue Cottages (No. 74 & No 76)	\$ 100,000	X	X		
Unley Road Infrastructure & Public Realm Design	\$ 50,000	X	X		
Millswood Croquet Club - Planning, Design &	\$ 75,000	X			
Local Area Traffic Management (LATM) Implementation	\$ 215,000	X			
Walking & Cycling Plan Implementation	\$ 95,000	X			
Pocket Park Program (Fairford Street)	\$ 50,000	X		X	
Living Streets Program (Richards Terrace)	\$ 70,000	X		X	X
Capitalised Project Delivery Costs including Overheads	\$ 243,000				
Capital Projects	\$ 2,255,000				

Further details of these projects provided in the following pages:

Proposed New Capital Projects - Detail

Title	Net Expenditure \$
4 Year Delivery Plan Elected Members Priorities	
Digital Services Program Key objectives for year 3 of this multiyear strategy to digitise paper based processes enabling the community to access services via the Council website will include: <ul style="list-style-type: none"> • Temporary parking permits • Rates (Section 7) Searches • Asset maintenance requests • Online Community Facilities Hire and Events Bookings 	\$55,000
Brown Hill Keswick Creek (BHKC) The City of Unley together with the Cities of Burnside, Mitcham, West Torrens and the Corporation of the City of Adelaide have collaborated to develop a catchment based approach to mitigating flood risk and use of stormwater where feasible in the Brown Hill and Keswick Creek catchment. The City of Unley contributes 21% of the Boards capital costs as identified in its Stormwater Management Plan.	\$1,302,000
Edmund Avenue Cottages (No. 74 & No 76) Following the development and endorsement of a concept design in 2019-20, it is proposed to undertake the detailed design and documentation for the construction works, seek development approval and award the tender in 2021-21. Works are anticipated to commence in 2021-22.	\$100,000
Unley Road Infrastructure & Public Realm Design Guidelines The project proposes the development of a strategic guide to inform the development of infrastructure and the public realm along Unley Road to support better partnerships with business owners, traders, planned infrastructure upgrades and new developments. The Guidelines will nominate a range of improvements that could be considered at local conditions, including improved safety, accessibility, greening, lighting, art, outdoor dining, parking signage, paving, street furniture and other amenities.	\$50,000
Millswood Croquet Club - Planning, Design & Documentation The objectives of stage 2 of a 3 stage strategy proposes the development of the detailed design and documentation for the redevelopment of the Millswood Croquet Club to provide a fit for purpose clubhouse. The concept design is being undertaken in 2019-20 as stage 1. The concept design has been developed to meet Council's expectations of a stage 3 construction cost of approximately \$485,000.	\$75,000
Local Area Traffic Management (LATM) Implementation In 2020/21 the focus is on delivering two medium priority projects from LATM 3 and two recommendations from LATM1 and LATM2: <ul style="list-style-type: none"> • Bartley Crescent/Greenhill Road Intersection Improvements (LATM 1) - \$55,000 • East Avenue Pedestrian Refuge (LATM 3) - \$50,000 • Mills Street Integrated Design (LATM 3) - \$70,000 • Oxford Terrace Pedestrian Crossing (LATM 2) - \$40,000 	\$215,000

Title	Net Expenditure \$
4 Year Delivery Plan Elected Members Priorities	
Walking & Cycling Plan Implementation	
The project proposes to implement a number of priorities contained in Council's Walking and Cycling Plan as adopted in 2016:	
• King William Road Shared Path Upgrade - \$40,000	\$95,000
• George Street/Young Street Intersection - \$20,000	
• Weller Street/Simpson Parade Cycleway - Albert Street to King William Road - \$35,000	
Pocket Park Program (Fairford Street)	
The project proposes to implement the Fairford Street/Duthy Street Pocket Park, the second recommendation of Council's Pocket Park Program. The work builds on the community engagement process undertaken in 2019.	\$50,000
Living Streets Program (Richards Terrace)	
The Program, adopted in 2019, aims to create safer, greener and shared streets within the City of Unley. This project will see the implementation of the Program on Richards Terrace and will be partially funded by the State Government's Greener Neighbourhood Program to the value of \$11,000.	\$70,000
Capitalised Project Delivery Costs including Overheads	
These are internal project management costs to deliver the projects listed	\$243,000
New Capital	\$2,255,000

Appendix 3 - 2020-21 Proposed Capital Renewal Program

Asset Category	Expenditure \$	Income \$
Bus Shelters	\$40,000	
Drains and Stormwater	\$940,000	
Footways	\$510,000	
IT Equipment	\$550,000	
Kerb and Water table	\$900,000	
Plant and Equipment	\$840,000	
Property including: <ul style="list-style-type: none"> • Buildings • Public Toilets • Swimming Facility • Office Furniture and Equipment 	\$1,127,000	
Reserves / Recreation and Open Space	\$466,000	
Roads	\$1,400,000	
Signs	\$32,000	
Street lighting	\$20,000	
Streetscape	\$117,000	
Traffic Facilities	\$29,000	
Project Delivery Costs including Corporate Overhead	\$622,000	
Total	\$7,593,000	
Net Capital Renewal Program		\$7,593,000

BUS SHELTERS	
Compliance & Seating	
Replacement plastic tactile indicators with concrete tactiles (various locations)	
Upgrade existing tactiles with compliant tactiles to DDA compliance (various locations)	
Replacement of old seating at bus stops (various locations)	
Total	\$40,000

DRAINS AND STORMWATER	
Francis Street/William Street/ Birkdale Avenue, Clarence Park – stormwater drainage upgrade	
Parklands Creek (Robert Street to Palmerston Road) – concrete channel upgrade	
Unley Road, Unley, (Young Street to Greenhill Road) – stormwater drainage upgrade	
Mills Street, Clarence Park – stormwater drainage upgrade (design and stage 1)	
Young Street, Parkside and Unley – stormwater drainage upgrade	
SEP Replacement Program, CCTV inspections & bridges condition audit (various locations)	
Total	\$940,000

FOOTWAYS	
Unley Road; Greenhill Road, Parkside & Unley – new paving and DDA pram ramps	
Dunks Street, Parkside; Thomas Street Unley and Nichols Street Forestville - lift and relay existing paving	
King William Road: Arthur Street to Union Street – new paving	
King William Road – lift and relay existing paving at various locations	
DDA compliant pram ramps, survey and design works at various locations	
Total	\$510,000

IT EQUIPMENT	
Replacement of ICT assets including server room equipment, network hardware and user devices. Enhancement of corporate software applications and implementation of new and expansion of cloud technology solutions	
Total	\$550,000

KERB AND WATER TABLE	
Construction of spoon rains , kerbing, kerb patching for reseals and footpaths, kerb condition audit and survey /designs across the Municipality	
Total	\$900,000

PLANT & EQUIPMENT			
	Gross \$	Income \$	Net \$
Small Plant			25,000
Light Fleet	350,000	100,000	250,000
Major Plant	660,000	95,000	565,000
Total			\$840,000

Plant items include:

Tipplers x 3	Change-over of 6 light fleet vehicles	Community Bus
Footpath Sweeper	New light fleet vehicle	

PROPERTY		
Property Classification	Facilities	Cost \$
Civic Community	Mechanical Services Upgrade – Town Hall and Library Fullarton Park Community Centre – concertina door replacement Access Control System upgrade – Fullarton Park Community Centre & Clarence Park Community Centre Swim Centre works Clarence Park Community Centre – Hall floor resurfacing Civic Centre visitors – bathroom upgrade and carpet replacement Town Hall – salt damp remediation	\$329,000
Civic Operations	Public Toilets refurbishment – Village Green, Unley Oval, Heywood Park, King William Road, Goodwood Library Unley Oval - Seating upgrade Depot – Access control upgrade Landfill site management	\$220,000

PROPERTY		
Property Classification	Facilities	Cost \$
Lease Community	Minor works – various sites identified from 2017/18 condition assessment Broughton Art – ceiling replacement Goodwood Community Centre – repoint southern wall Adelaide Potters – rear structure repairs Tennis SA – wall crack repairs Fairmont Tennis Club – fence repairs UPSA – timer facia replacement Sturt Lawn Tennis – crack repairs Millswood Bowls – Air-conditioning replacement	\$146,500
Lease Commercial	Trimmer Terrace – fence upgrade 166 Unley Road – partial roof sheet replacement	\$29,000
Multi Category works	Paint Program Asbestos removal Access control management upgrade Project management	\$261,500
LED Lighting installations across Council facilities		\$100,000
Office Equipment		\$41,000
Total		\$1,127,000

Property includes the categories of Buildings, Office Furniture and Equipment, Public Toilets and Swimming Facility.

RESERVES / RECREATION AND OPEN SPACES	
Location	Description
Unley Oval	Softfall upgrade
Heywood Park Playground	Playground upgrade
Princess Margaret Reserve	Softfall upgrade
Soutar Park Playground	Playground upgrade
Page Park	Irrigation upgrade

Henry Codd Reserve	Shade structure
Leicester Playground	Shade structure
Drinking fountains	Various locations
Other Irrigation	Various locations
Total	\$466,000

ROADS			
Street	From	To	Suburb
Greenhill Lane	Clark Street	Joslin Street	Wayville
Hone Lane	Hone Street	Collins Street	Parkside
Roberts Lane	Roberts Street	End	Unley
Seaview Street	Wattle Street	Fisher Street	Fullarton
Enterprise Street	Park Street	Esmond Street	Hyde Park
Enterprise Lane	Enterprise Street North	Enterprise Street South	Hyde Park
Dunks Street	Unley Road	Porter Street	Parkside
Nichols Street	Leah Street	Ethel Street	Forestville
Oakfield Avenue	Cross Road	Langdon Avenue	Clarence Park
Roslyn Avenue	Oakfield Avenue	Ripon Road	Clarence Park
Whistler Avenue	Cross Road	End	Unley Park
Marion Street	Unley Road	Cambridge Terrace	Unley
Audley Court	Kenilworth Road	End	Fullarton
Richards Terrace	Leader Street	Bend	Goodwood
Milton Avenue	Wattle Street	Fisher Street	Fullarton
Tennant Street	Wattle Street	Osmond Terrace	Fullarton
Raldon Grove	Fullarton Road	Boulderstone Road	Myrtle Bank
Kelvin Avenue	Parker Terrace	East Avenue	Clarence Park
Kelvin Avenue	East Avenue	Frederick Street	Clarence Park
Hammond Street	Francis Street	Bend	Clarence Park
Musgrave Street	Albert Street	Railway Terrace	Goodwood
Birkdale Avenue	Churchill Avenue	William Street	Clarence Park
Newman Street	Victoria Street	Aroha Terrace	Forestville

ROADS			
Street	From	To	Suburb
East Avenue, Black Forest – various hotmix patches between Aroha Terrace and Railway Crossing			
Crack sealing, pavement testing, survey and design work across various locations.			
Total			\$1,400,000

SIGNS	
Replacement and renewal of signage across the City.	
Total	\$32,000

STREET LIGHTING	
Replacement and renewal of lights across the City, as and when identified in conjunction with the LED capital works program.	
Total	\$20,000

STREETSCAPE	
Replacement and renewal of streetscape across the City	
Key locations include:	
Short Street, Wayville	
Whittam Street, Parkside	
Parker Terrace, Clarence Park	
Allen Grove - Unley	
Charra Street, Hyde Park	
Total	\$117,000

TRAFFIC FACILITIES	
Replacement and renewal of traffic management infrastructure.	
Total	\$29,000

PROJECT MANAGEMENT & DELIVERY COSTS (INCLUDING CORPORATE OVERHEAD)	
Project Delivery	
Total	\$622,000

Appendix 4 – Rates Assistance Available

Rebate of Rates – Under Sections 159-165 of the Local Government Act 1999

A rebate of rates in respect of any rateable land in the Council area will be available only when the applicant satisfies the requirements under the Act.

Discretionary Rebate of Rates – Under Section 166 of the Local Government Act 1999

A key principle within Council's Rate Rebate Policy is that all ratepayers should contribute an amount towards basic service provision. As such the Policy proposes a maximum discretionary rebate of 75%.

Applications for discretionary rebates for the 2020-21 rating year will need to be received by 31 May 2020 to be considered in accordance with the statutory provisions of Section 166 of the Local Government Act 1999. Further information should be obtained from Council's Rate Rebate Policy.

State Government Pensioner and Seniors Concessions

The State Government previously funded concessions on Council rates but abolished such concessions with effect from 30 June 2015.

From 1 July 2015, the State Government has elected to replace these concessions with a single "cost-of-living payment" provided directly to those entitled. This payment may be used for any purpose, including offsetting Council rates.

To check eligibility, contact the Department for Communities and Social Inclusion (DCSI) Concessions Hotline 1800 307 758 or at www.sa.gov.au/

Public Health Crisis – COVID-19

Council is very much aware of the financial stress being caused by the COVID-19 pandemic being experienced across the community. In recognition of these circumstances Council has elected to waive all late payment fines and interest from April 2020 to August 2020. Council will also consider flexible rate payments in order to reduce the financial stress being experienced by many ratepayers.

Alternative Payment Arrangements

Any ratepayer who may, or is likely to, experience difficulty with meeting the standard rate payment arrangements should contact the Council to discuss options for alternative payment arrangements. Such enquiries are treated confidentially and are assessed on a case-by-case scenario.

Postponement of Rates in Cases of Hardship

In accordance with Section 182 of the Act, a postponement of rates may be granted if Council is satisfied that the payment of these rates would cause hardship. Council may, on application and subject to the ratepayer substantiating the hardship, consider granting a postponement of payment of rates in respect of an assessment on the condition that the ratepayer agrees to pay interest in the amount affected by the postponement at the cash advance debenture rate calculated monthly and if the ratepayer satisfies the following criteria:

- The property is the principal residence of the ratepayer and is the only property owned by the ratepayer, and

- The property has been owned by the ratepayer and has been their principal residence for more than five years, and
- The ratepayer is able to produce one of the following identification cards
 - Pensioner Concession Card – Centrelink
 - Pensioner Concession Card – Veterans Affairs
 - TPI Card – Veterans Affairs, or
- Can demonstrate to Council they are a self-funded retiree with a household income of less than \$30 000 per year.

All applications for postponement of rates will be assessed on a case-by-case basis and are not contingent on the level of increase in rates payable. All such enquiries and submissions will be treated confidentially.

Further information is available on Council's website www.unley.sa.gov.au

Postponement of Rates for Seniors

In accordance with Section 182A of the Act, a person may apply to Council for a postponement of the payment of the prescribed proportion of rates for the current or future financial year. Council may, on application and subject to the ratepayer meeting the criteria, postpone payment of a proportion of rates in respect of an assessment on the condition that the ratepayer agrees to pay interest on the amount affected by the postponement at the cash advance debenture rate calculated monthly and if the ratepayer satisfies the following criteria:

The person is a prescribed ratepayer, or is the spouse or domestic partner of a prescribed ratepayer, and

- The ratepayer or their spouse hold a State Seniors Card, and
 - The property is owned and is the principal place of residence of the State Seniors Card holder and/or spouse (that is, the property is lived in most of the time), and
 - If the ratepayer has a registered mortgage on the property prior to 25 January 2007, or has over 50% equity in the property, and
 - That no person other than the Seniors Card holder and/or his/her spouse has an interest as an owner in the property.
- If a person has applied for the benefit of a postponement of rates under section 182A and an entitlement to a postponement ceases to exist, the owner of the land must, within 6 months from the day in which the entitlement ceased, inform the council in writing of that fact (unless the liability to the relevant rates has been discharged). Failure to do so could lead to a maximum penalty of \$5 000
- Where an amount is not paid in accordance with the general rate notice but is capable of being the subject of a postponement (e.g. in excess of the prescribed amount \$500) under section 182A of the Local Government Act it will be taken to be subject to postponement under that section
- Prescribed interest is applied to the amount of rates postponed, which is charged and compounded monthly on the total amount postponed, until the debt is paid.

All applications for seniors' postponement of rates will be assessed on a case-by-case basis. All such enquiries and submissions will be treated confidentially.

Appendix 5 - Proposed Operating Budget by Program (includes operating projects)

Budget Program	Program Description	Draft 2020-21		
		Operating Income \$000s	Operating Expenditure \$000s	Net Expenditure / (Revenue) \$000s
Active Ageing	Coordination, administration and support for community based services and projects aimed at facilitating independence and promoting social inclusion	1,176	1,425	249
Animal Management	Promote community safety through education, awareness and compliance with the legislation relating the Dog and Cat Management Act and Local Government Act	150	244	94
Arts & Cultural Development	Provision of Art and Cultural Development programs to support a vibrant and active community	0	160	160
Business Support & Improvement	Provides general management, executive support and leadership to the services provided by Business Support & Improvement Division and supports Elected Members	0	492	492
Business Systems & Solutions	Manages and maintains Council's Information Communication Technology infrastructure, applications and supporting systems to provide high levels of secure service that supports business operations and performance	0	2,443	2,443
City Development Management	Provides general management, executive support and leadership to the services provided by City Development and to Elected Members	0	484	484
City Services Management	Provide general management, executive support and leadership on the services and programs provided by City Services and to Elected Members	0	486	486
Community Bus Program	A community transport service within the City of Unley provided by fully trained and accredited volunteer drivers, aimed at improving mobility plus connection to more City Services	11	105	93
Community Centres	Management and provision of a thriving network of Community Centres that promote social inclusion, belonging and connection	380	873	494
Community Development	Provide management, support and leadership of the projects, programs and services provided by the Community Development & Wellbeing Team.	0	177	177
Community Development & Wellbeing Management	Provide management, support and leadership of the projects, programs and services provided by the Community Development & Wellbeing Team.	0	254	254
Community Events	Efficient and effective coordination of Council-run community and cultural events and activities, as well as the successful facilitation and attraction of external events into the City of Unley to encourage place activation, cultural celebration & vibrancy	0	220	220
Community Grants	Funding for community organisations, groups and individuals to implement programs and initiatives that promote community connectivity, belonging, participation and cultural diversity	0	129	129
Corporate Activities	The accumulation of corporate costs including leave on-costs, treasury management, levy and taxes and insurances	2,262	3,146	885
Culture & Business Capability	This service supports the continuous improvement of overall business capability focused on the provision of 'best value' services to customers. Critical to improved business capability and customer experience is having the best organisational culture possible	0	41	41
Customer Experience	Coordinate and manage the City of Unley brand through customer service, provision of frontline customer service plus resolve customer enquiries and build goodwill within the City of Unley community	1	582	581
Development Services	Planning and building control within the City in accordance with the Development Act and Regulations and other legislative requirements	394	2,030	1,636
Economic Development	Manage the implementation, monitoring and evaluation of economic development activities and strategic initiatives within the City of Unley	347	586	239
Environmental Initiatives	Drive improved environmental sustainability through policies, strategies, programs and projects.	0	133	133
Finance & Procurement	Delivers accounting, financial, procurement and treasury management services required to support Council's operations, including statutory and financial reporting obligations	41,077	1,455	(39,621)
Governance & Risk	Undertakes administration of legislative and corporate governance requirements, and maintains robust controls through risk management and internal audit oversight	3	1,071	1,068

Budget Program	Program Description	Draft 2020-21		
		Operating Income \$000s	Operating Expenditure \$000s	Net Expenditure / (Revenue) \$000s
Human Resources	Provides support in recruitment, change management, employee relations, injury management, Occupational Health Safety and Welfare	54	1,268	1,214
Library Services	Provision of Library services, programs and facilities to encourage literacy, lifelong learning and social inclusion and connection	358	2,154	1,796
Marketing & Communications	Coordinate and manage the City of Unley reputation and brand in digital and printed communications and media relations	12	521	509
Office of the CEO	Organise and manage the good governance of the City of Unley, including support for Elected Members and Civic Functions	319	1,393	1,074
Operational Services	Provides maintenance services to Council's infrastructure, property, open space, street and park trees, plant and equipment assets	1,222	13,830	12,608
Parking Enforcement	Promote community safety through education, awareness and compliance with the legislation relating to the Road Traffic Act and Local Government Act and Council By Laws	1,077	725	(351)
Property Services	Provides sustainable strategic management of Council's building and property asset portfolio	557	3,121	2,564
Public & Environmental Health	Promote community health and safety through education, awareness and compliance with the legislation relating to the Environment and Protection Act and the Local Government Act	50	388	338
Recreation & Sport Planning	Supporting a healthy and active community through the provision of structured and unstructured recreation, sport and leisure programs and facilities	0	111	111
Strategic Asset Management	Provides sustainable strategic management of Council's asset portfolio	0	651	651
Strategic Projects	Facilitating delivery of major strategic initiatives from 4 Year Delivery Plan and Community Plan	0	180	180
Transportation & Traffic	Coordination, administration and support to provide an effective, safe and equitable management of transport spaces for all modes, ratepayers and visitors to improve local accessibility and safety	14	746	732
Unley Museum	Provision of the Unley Museum to showcase the cultural heritage and history of the area through the provision of collection, exhibitions and programs	5	145	140
Unley Swimming Centre	Provision of a premier outdoor swimming facility, encouraging community health, wellbeing and water safety	817	1,056	240
Urban Design	Development and management of high quality public realm and open space. Coordination, administration and support to provide an effective, safe and equitable management of movement spaces for all modes, ratepayers and visitors to improve local accessibility and safety	0	286	286
Urban Policy Planning	Investigate and prepare Council planning strategy, policy and Development Plan Amendments and review State Government strategic, policy and operations directions	0	139	139
Volunteer Development	Coordination, administration and support for community based volunteer services and projects.	0	101	101
Waste Management	Collection and disposal of general waste, kerbside recycling, green waste and the hard rubbish collection service	31	4,504	4,472
Youth Development	Engage and empower young people in the community by identifying, developing and providing activities, programs and events	0	106	106
Operating Projects		0	798	798
	Total	50,316	48,759	-1,557

DECISION REPORT

REPORT TITLE:	DRAFT 2020-21 TO 2029-30 LONG TERM FINANCIAL PLAN FOR PUBLIC CONSULTATION
ITEM NUMBER:	3.2
DATE OF MEETING:	12 MAY 2020
AUTHOR:	MICK WETHERALL
JOB TITLE:	ACTING MANAGER FINANCE & PROCUREMENT
ATTACHMENTS:	1. DRAFT 2020-21 TO 2029-30 LONG TERM FINANCIAL PLAN

1. EXECUTIVE SUMMARY

The *Local Government Act 1999* (the 'Act') requires Council to prepare and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years which is to form part of its suite of Strategic Management Plans. Furthermore, the Act provides that Council, in order to promote wider community engagement, is to undertake community consultation on the LTFP prior to final consideration and adoption.

The Audit Committee has an obligation to contribute to the consultation process in line with statutory obligations and its own Terms of Reference.

This report presents the Draft 2020-21 to 2029-30 Long Term Financial Plan, which was adopted by Council for community consultation at its meeting held on Monday 27 April 2020, for the Audit Committee's consideration and comment.

The Draft LTFP outlines the following financial considerations over the 10 year term:

- Operating revenues, incorporating rating income
- Operating expenditures
- Capital investment in renewal assets
- Capital investments in new assets
- Projected level of borrowings
- Key financial indicators measured against their adopted targets
- Assumptions used in financial estimates

As presented, the Draft LTFP concludes that the Council will remain financially sustainable over the 10 year period, and has the capacity to continue to invest in its operational activities and meet its infrastructure requirements without unplanned increases in rates.

A copy of the Draft Long Term Financial Plan 2020-21 to 2029-30 is provided as Attachment 1.

Attachment 1

Community Consultation

Section 123(4) of the Act prescribes the minimum level of consultation that a council must undertake in conjunction with the Draft Annual Business Plan.

Community consultation commenced on 30 April and will close on 21 May 2020. Council will receive submissions via Council's website (through Your Say Unley) or written submissions to PO Box 1, Unley 5061. All submissions will be accepted up until the close of business on 21 May 2020. Unfortunately, no public meeting will occur this year in accordance with The Minister for Transport, Infrastructure and Local Government's variation to the Local Government Act 1999 - *Public Access and Public Consultation Notice (No 2) 2020*.

The proposed level of consultation meets current legislative requirements and Council's own Consultation Policy.

The LTFP is scheduled to be presented to Council for adoption at its June 2020 meeting.

2. RECOMMENDATION

That:

1. The report be received.
2. The Draft 2020-21 to 2029-30 Long Term Financial Plan, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 2.2, Audit Committee Meeting 12/05/2020) be noted.
3. Comments received from the Audit Committee relating to the Draft 2020-21 to 2029-30 Long Term Financial Plan be presented to Council for consideration at the Budget Workshop to be held in early June 2020.

3. RELEVANT CORE STRATEGIES/POLICIES

4. Civic Leadership
 - 4.1 We have strong leadership and governance.
 - 4.2 Council provides best value services to the community.

4. **BACKGROUND**

In order to meet its legislative obligations, the Administration, Elected Members and the Audit Committee have contributed to the compilation of the Draft LTFP through the following activities:

- July 2019, a Notice of Motion to identify opportunities to take advantage of the historic low interest rate environment was endorsed by Council.
- 18 January 2020 – An Elected Member Briefing was undertaken to inform members of prevailing economic indicators, LTFP assumptions, new capital requirements and a high level LTFP summary.
- 11 February 2020 – The Audit Committee received a report outlining the financial details as presented to the Elected Members in January 2020.
- 30 March 2020 – An Elected Members Workshop was conducted where members considered further update on the financial details of the draft LTFP along with Operating and Capital Projects pertaining to the draft 2020-21 draft Annual Business Plan and Budget.
- 27 April 2020 – Council adopted the Draft 2020-21 to 2029-30 LTFP for Public Consultation.

5. **DISCUSSION**

The Draft LTFP has been developed within the following framework:

- To Remain consistent with Council's existing Corporate Plans;
- To maintain current Council services at their existing service levels;
- To maintain Council's position as a modest rating Council without compromising its sustainability or the viability of its asset base; and
- To provide for an asset renewal works program over the ten-year period to maintain Council infrastructure at acceptable service standards.

Long Term Financial Plan Commentary

The 10 Year Financial Summary (Appendix C in Attachment 1) forecasts modest operating surplus results ranging from \$1.5M to \$2.6M over the first four years of the LTFP, building some financial capacity in the following six years with results ranging from \$2.9 to \$4.2M. This can be attributed to Council opting to not raise rates in year 1 of the plan in recognition of the financial difficulties being experienced by the community due to the COVID-19 pandemic.

Over the life of the LTFP, rate revenue continues to represent circa 86% of Council's operating revenue. During the forecast period, rate revenue is projected to increase between 2.20% pa and 2.25% pa. In addition, Council will also attribute growth in its assessment book, growth being represented by an increase in rateable properties and an increase in

property valuations over the forecast period. Growth is expected to range from 0.5% to 0.72% during the period.

Over the forecast period total capital expenditure for all asset classes, including infrastructure, major and minor plant and equipment in CPI inflated terms is comprised:

- Asset renewal \$83.5M
- Asset upgrade/new \$30.3M

The following items have been considered as part of the Plan:

- Council contribution for the Brownhill Keswick Creek Regional Project.
- Millswood Croquet Club upgrade/new clubroom facilities.
- Upgrade of the cottages on the Village Green.
- Development of a Ridge Park masterplan, however any future redevelopments have not been included.

Updated Asset Management Plans are due for completion in November 2020. It is difficult to recommend at this time which asset renewal programs could be brought forward when data cleansing and condition testing is still underway. Investigation into the timing of the upgrade of the junior pools at the Unley Swimming Centre is still underway.

The LTFP forecasts that all capital commitments can be met from existing resources without the need to borrow externally. As a result, total borrowings are forecast to decrease from an estimated \$14.3M in 2020-21 to being fully repaid in 2025-26.

This indicates that should the need arise to undertake a more extensive capital program the Council has the capacity to do so.

Key Outcomes

The LTFP provides for maintenance of existing services at their existing service levels. This includes:

- Council's responsibilities under the Local Government Act 1999 and other legislation;
- Council's response to community needs in providing libraries, community events, youth services and community grants etc.; and
- Councils desire to provide community benefits, some on a fee for service basis such as ovals, courts, parks and reserves etc.

The following financial indicators have been developed specifically to focus attention on factors identified as key to maintaining Council's long-term financial security:

- Operating Surplus; the LTFP forecasts that Council will operate on average over time with an average operating surplus of \$2.97M.

- Operating Surplus Ratio; the LTFP forecasts that Council will operate with an average operating surplus ratio of 5%.
- Net Financial Liabilities Ratio; A ceiling of 80% of Total Operating Revenue was adopted for this indicator and Council is expected to remain well within this range with a maximum of 48% in year 1. The ratio declines steadily over the life of the plan as borrowings are repaid.
- Asset Sustainability Ratio; Council's target requires a ratio of 100 over any 10-year period. Based on asset renewal works provided in the LTFP, Council will maintain an average ratio of 80% over the forecast period. Upon completion of a review of Council's Asset Management Plans the level of capital renewal expenditure will be revised and incorporated in the next revision of the LTFP.

LTFP Risks

Whilst the Draft LTFP has included all ongoing commitments it primarily forecasts results based on existing activities adjusted for known circumstances. There is an inherent risk that circumstances may change in the future which may materially affect the projected financial estimates. The risks identified in developing this year's LTFP are in the following areas:

- Capital Projects – may experience delays and cost estimates may be incorrect;
- Potential for “rate capping” as part of the State Government Reform package;
- Increasing cost of waste levies;
- Ongoing impact of COVID-19 on Council's financial position and the level of support Council may provide going forward; and
- Short and medium term impact of COVID-19 on suppliers.

The financial impact of these matters will be monitored for future consideration.

6. ANALYSIS OF OPTIONS

Option 1 –

1. The report be received.
2. The Draft 2020-21 to 2029-30 Long Term Financial Plan, approved for Consultation purposes and as set out in Attachment 1 to this report (Item 3.2, Audit Committee Meeting 12/05/2020) be noted.
3. Comments received from the Audit Committee relating to the Draft 2020-21 to 2029-30 Long Term Financial Plan be presented to Council for consideration at the Budget Workshop to be held in early June 2020.

The Audit Committee provides valuable input to the Council in its strategic financial planning processes. The review of the 2020-21 to 2029-30 Long

Term Financial Plan by the Committee at this time will provide an opportunity for the Council to consider feedback before adoption.

7. RECOMMENDED OPTION

Option 1 is the recommended option.

8. POLICY IMPLICATIONS

The City of Unley Draft 2020-21 to 2029-30 Long Term Financial Plan has been developed in the context of the Council's suite of strategic management plans, which include the following:

- Community Plan 2033
- Annual Business Plan and Budget
- 4 Year Delivery Plan 2017-21

In addition, the Annual Business Plan and Budget and Council's Long Term Financial Plan considers the cost of implementation of strategies and plans reviewed and endorsed by Council.

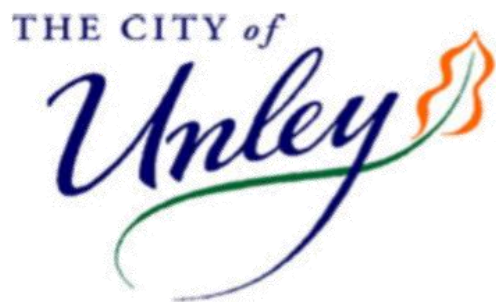
9. REPORT CONSULTATION

The 2020-21 to 2029-30 Long Term Financial Plan has been developed in conjunction with Business Unit Managers and their respective divisional General and Executive Managers, and updated as part of the development of the Annual Business Plan and Budget process.

Elected Member workshops have been held as part of the Annual Business Plan development process. A further workshop is proposed following community consultation, to be held in early June 2020

10. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement



Draft

**Long Term Financial Plan
2020-21 to 2029-30**

**Community Consultation
May 2020**

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Executive Summary

The City of Unley spans 14 square kilometres, has a population of around 38 000 and over 18,000 rateable properties. The City contains 5 vibrant shopping precincts nestled in character residential setting with infrastructure assets worth in excess of \$530m.

In accordance with Section 122(1)(a) of the Local Government Act 1999, Council is required to develop and adopt a Long Term Financial Plan (LTFP) for a period of at least 10 years, which forms part of its suite of Strategic Management Plans.

This document has been developed not only to satisfy this requirement, but to assist in determining the financial projections for the City of Unley from 2020-21 to 2029-30, based on information available at the time.

The key objective of Council's LTFP is financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

The Plan has been developed based on a series of assumptions and information available, which includes:

- Council's Community Plan (City of Unley's Community Plan 2033)
- Council's 4 Year Plan 2017-2021
- Council's Strategic Asset Management Plan (SAMP)
- Current and future levels of service
- Projected rating strategies
- Local Government Price Indices (LGPI) and CPI forecasts

The following table provides a financial overview of the Plan (from 2020-21 to 2029-30):

LTFP Averages	
General Rate Increase	1.99%
General Rates Growth	0.52%
Total Increase in Revenue from Rates	2.51%
Operating Income	56,411
Operating Expenses	53,437
Operating Surplus	\$2,974
Operating Surplus Ratio	5%
Net Financial Liabilities Ratio	23%
Asset Renewal Funding Ratio to Depreciation	80%
LTFP Totals	
Capital Replacement Expenditure	\$83.5m
New Capital Expenditure	\$30.3m
Total Capital Expenditure	\$113.8m
At Year 10 (2029-30)	
Total Borrowings	Nil

Strategic Context

In accordance with Section 122 (1a) of the Local Government Act 1999, each council must adopt a LTFP for a period of at least 10 years.

The LTFP is used to assist in financial decision making. Consideration is given to what services are to be provided, the level of those services, the rating impost, income from other sources, the level of funding required from borrowings and the ability to service those borrowings.

The key objective of Council's LTFP is to help ensure financial sustainability in the medium to long term, while still achieving the objectives detailed in the Community Plan.

Council uses the LTFP to develop its Annual Business Plan and Budget as a base by setting the high level parameters and targets that will assist Council in maintaining the current level of services, without unplanned or significant increases to the rates paid by ratepayers or unplanned cuts to services.

Council's Community Plan and Long Term Objectives

Our city is recognised for its enviable lifestyle, environment, business strength and civic leadership. Our plans are broken into four key themes that describe the future for the City together with strategic directions and strategies required to deliver key outcomes.

The themes are as follows:

Community Living

People value our City with its enviable lifestyle, activities, facilities and services

- *Our Community is active, healthy and feels safe.*
- *Our Community participates in volunteering, community activities and learning opportunities.*
- *Our City meets the needs of all generations.*
- *Our Community is proud to be part of our City.*
- *Our City is connected and accessible.*

Economic Prosperity

Our businesses are valued because of the range of goods, services and facilities they provide and new businesses are supported, not burdened with bureaucracy.

- *Unley is recognised as an easy place to do business.*
- *Thriving main streets and other business activities operate across our City.*

Environmental Stewardship

We will maintain and enhance our urban environment, and strengthen our City's resilience to climate change by providing leadership to our Community.

- *Unley's urban forest is improved and maintained*
- *Excellence in waste management is achieved through diversion, avoidance and re-use.*
- *The energy efficiency of the City is increased and our carbon footprint reduced.*
- *Efficient, effective & sustainable water management is ensured.*
- *The City's resilience to changes in climate is increased.*

Civic Leadership

Council will listen to the community and make transparent decisions for the long term benefit of the City

- *We have strong leadership & governance.*
- *Council provides best value services to the community.*
- *Our business systems are effective and transparent.*

Long Term Financial Plan Commentary

The 10 Year Financial Summary, Appendix C forecasts modest operating surplus results ranging from \$1.5M to \$2.6M over the first four years of the LTFP, building some financial capacity in the following six years with results ranging from \$2.9 to \$4.2M. This can be attributed to Council proposing to not raise rates in year 1 of the Plan in recognition of the financial difficulties being experienced in the community due to the COVID-19 pandemic.

Over the life of the LTFP rate revenue continues to represent circa 86% of Council's operating revenue. During the forecast period rate revenue is projected to increase by between 2.20% pa and 2.25% pa. In addition, Council will also attribute growth in its assessment book, growth being represented by an increase in rateable properties and an increase in property valuations over the forecast period. Growth is expected to range from 0.5% to 0.72% during the period.

Over the forecast period total capital expenditure for all asset classes, including infrastructure, major and minor plant and equipment in CPI inflated terms is comprised:

- | | |
|---------------------|---------|
| • Asset renewal | \$83.5m |
| • Asset upgrade/new | \$30.3m |

The Plan forecasts that all capital commitments can be met from existing financial resources without the need to borrow. As a result, total borrowings are forecast to decrease from an estimated \$14.3M in 2020-21 to being fully repaid in 2025-2026.

Capital Projects

This plan provides for a total capital investment of \$114m over the 10-year period, split between New Capital of \$30m and Capital Renewal of \$83m.

New Capital

Major projects relating to new and upgraded assets include:

- Brown Hill Keswick Creek annual contributions to a regional project
- Implementation of Local Area Traffic Management (LATM)
- Redevelopment of Millswood Croquet Club facilities
- Redevelopment of the Edmund Avenue Cottages
- Redevelopment of Ridge Park

Capital Renewal Expenditure

Work towards the new approach to asset management driven from a service perspective is being implemented. This review will ensure that in future the management of assets will be based on the declared levels of service for each specific asset which will determine the long-term costs.

The increased understanding by Council of service standards and decisions on the level of services for both capital replacement and maintenance will flow through to the LTFP. This is likely to result in changes in relation to asset renewal, maintenance and depreciation calculations in the future.

Asset management planning processes are on-going and up to date information is incorporated each year as the plans are updated.

Details of the 10 Year Capital Renewal Expenditure Summary by Asset Category is shown at Appendix B.

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 (ie. 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.

Maintaining Financial Sustainability

This plan maintains financial sustainability by using the following indicators and targets:

Financial Indicator	Target
Operating Surplus Ratio	=>5% of Total Operating Revenue
Net Financial Liabilities Ratio	= < 80% of Total Operating Revenue
Asset Renewal Funding Ratio	= 100% as an average over 10 years

The plan considers the following 'policy positions':

- Existing service levels are maintained;
- New services may only be introduced through a service review incorporated as part of the annual business planning process;

- New capital assets may only be considered if they form part of an adopted council strategy;
- Capital renewal will be in accordance with Council's Asset Management Plans.

The plan considers economic data from the following sources:

- Local Government Finance Authority;
- Reserve Bank of Australia;
- The Local Government Price Index (LGPI);
- Consumer Price Index (CPI)

Initiatives to support Financial Sustainability

Council has a number of other initiatives that are used to manage financial, asset and service sustainability. These include:

- Service Improvement Reviews
- Shared Service and Fee for Service opportunities
- Treasury Management Policy
- New Asset Management Framework and System
- Risk Management

Long Term Financial Plan Assumptions

The following assumptions have been used as part of the framework to develop the LTFP:

- Consistency with Council's Strategic Plans
- Consideration of Council's financial targets
- No changes to recurrent service levels provided by Council
- Stability and predictability in determining future rate increases
- Allocation of funding for Operating Projects (based on Council's 4 Year Delivery Plan, endorsed strategies and Council decisions)
- Use of CPI forecasts
- The use of borrowings to fund New Capital projects as necessary
- Consideration of legislative and regulated requirements of Council.

Further information about the assumptions are listed in Appendix A

Risks Associated with the Long Term Financial Plan

The LTFP has been developed based on the best information and assumptions available at the time of development. However, users of this information should be aware that there are risks associated with using estimated increases to Consumer Price Index (CPI), Local Government Price Index (LGPI), Average Weekly Earnings (AWE) and predictions in finance costs and interest rates.

The LTFP may be impacted by future changes such as new legislation that could materially affect the projected outcomes and results of the LTFP. Changes in Government Policy may also impact on Council's financial position and performance. The current State Government is developing a reform package for local government.

At the time of preparing this Plan our community is dealing with the impacts of the global health pandemic COVID-19. This event is having unprecedented impacts on the health, wellbeing, economy and financial capacity of individuals and organisations locally and around the world. Whilst the Council is being guided by information and current directives from our federal and state governments, peak health agencies and medical experts to inform our decisions the extent and financial impacts on the Council are very difficult to predict. Whilst the financial impact of some Council decisions in dealing with the pandemic can be estimated over the short term, ie 3 to 6 months, the long term impact is unknown.

In order to reduce risk the plan will be reviewed and updated on a regular basis to incorporate the best available information for a given point in time. In addition, the LTFP assumptions are reviewed by Council's Audit Committee.

Further, to ensure that this Plan is timely and relevant to Council forecasts, the LTFP will be reviewed annually prior to the commencement of the Annual Business Plan and Budget process. This will help determine the financial parameters and rate increases for the upcoming financial year.

Key Financial Ratios and Targets

Under the requirements of Regulation 5(c) of the Local Government (Financial Management) Regulations 2011, there is a requirement for the LTFP (as well as the Annual Financial Statements and Budget) to include the following key financial ratios;

1. Operating Surplus Ratio,
2. Net Financial Liabilities Ratio and
3. Asset Sustainability Ratio

These indicators are to be presented in a manner consistent with the note in the industry recognised Model Financial Statements.

Council has adopted 3 key financial targets relating to these required ratios to guide the direction of the LTFP.

Financial Indicators Trend

Indicator	Target	Forward Estimates			
		2020-21 %	2021-22 %	2022-23 %	2023-24 %
Operating Surplus Ratio	= >5% of Total Operating Revenue	3.0%	3.6%	4.2%	4.8%
Net Financial Liabilities Ratio	=< 80% of Total Operating Revenue	47.9%	43.8%	38.9%	33.3%
Asset Renewal Funding Ratio*	=100% as an average over 10 years	79.9%	82.7%	82.8%	80.6%

* This indicator has been calculated using depreciation

The longer term trends are presented and discussed below:

Target 1: Operating Surplus Ratio

This ratio is a measure of the ability to cover operational costs and have revenues available for capital funding, repayment of debt or consider the provision of new services.

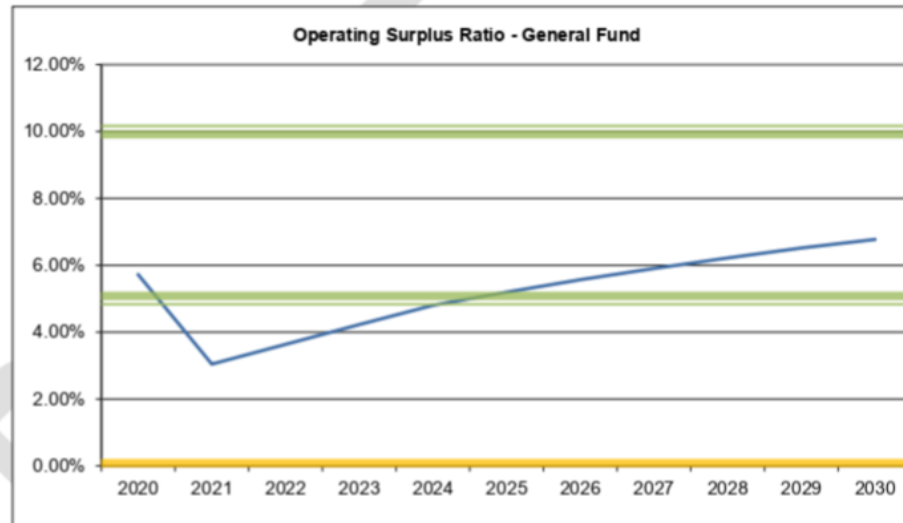
How is this ratio calculated?

$$\frac{A}{B}$$

A= Operating Surplus
B= Total Revenue

What is the LTFP Target?

5% Of Total Revenue



Commentary on Projected Performance

In 2020-21 the operating surplus ratio of 5% will not be achieved. It is proposed to not increase rates to provide some financial relief for ratepayers due to the impact of COVID-19 pandemic. The operating surplus returns to the targeted 5% in 2024.

Target 2: Net Financial Liabilities Ratio

This ratio is a measure of the significance of the net amount owed by Council at the end of a financial year compared with income for the year.

An increase in this ratio indicates that Council requires more of its operating income to fund its financial obligations.

A drop in this ratio indicates that Council's capacity to meet its financial obligations from operating income is strengthening.

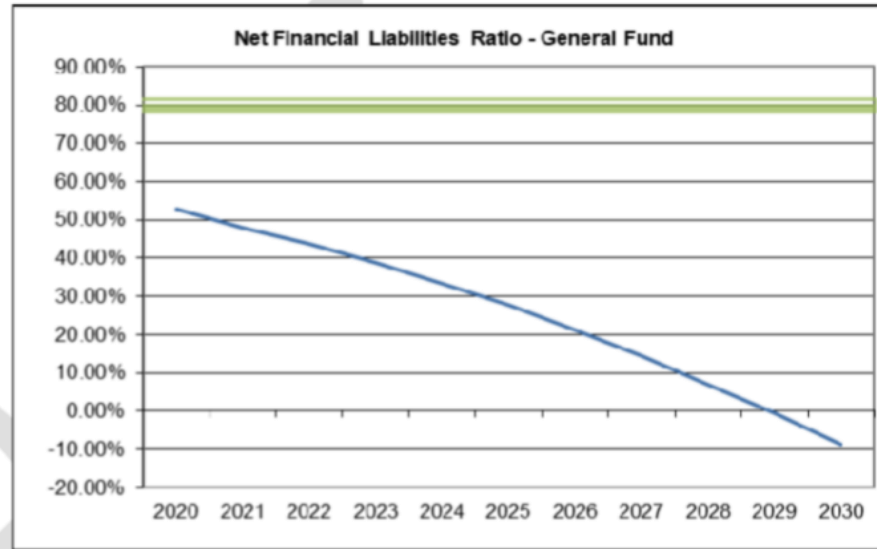
How is this ratio calculated?

$$\frac{A}{B}$$

A = Net Financial Liabilities
B = Total Operating Income

What is the LTFP Target?

Less than 80% of Council's annual operating income



Commentary on Projected Performance

Council's undertook higher than usual borrowings during 2019-2020 to accommodate the King William Road Redevelopment. The LTFP forecasts that future capital expenditure can be financed from internal resources, no new borrowings will be required, therefore Council's Net Financial liabilities will reduce over the period.

Target 3: Asset Renewal Funding Ratio

This ratio represents the level of capital expenditure on the renewal of assets relative to the level of such expenditure identified as warranted in a council's infrastructure and asset management plan.

Are assets being replaced at the rate they are wearing out?

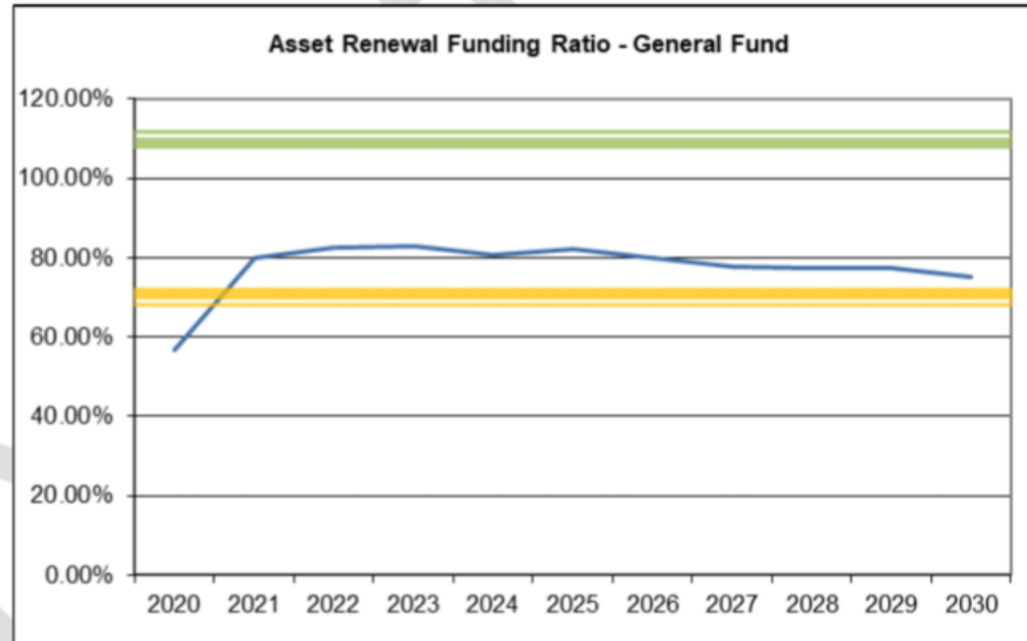
How is this ratio calculated?

$$\frac{A \text{ minus } B}{C}$$

- A** = Capital Renewal Expenditure
- B** = Proceeds from the Sale of Replacement Assets
- C** = Asset Management Plan Expenditure

What is the LTFP Target?

= 100% over a 10 year average



Commentary on Projected Performance

The Asset Management Plans are currently being reviewed. In the absence of this information the level of renewal of its existing assets is being compared to depreciation. The forecast level of expenditure is consistently low when compared to depreciation over the period. At the next review of this Plan it is expected that this result will change.

Appendix A - LTFP Assumptions

Financial Year Explanation

Year	Financial Year
Year 0	2019-20 Budget (as at Review #2)
Year 1 Base	2020-21 Draft Budget
Year 2	2021-22
Year 3	2022-23
Year 4	2023-24
Year 5	2024-25
Year 6	2025-26
Year 7	2026-27
Year 8	2027-28
Year 9	2028-29
Year 10	2029-30

Economic Influences

The Council's LTFP is affected by various external and internal influences for which assumptions have been made.

External

- Local Government Price Index
- Consumer Price Index
- Natural Resources Management Levy
- Utility costs
- Interest costs
- Workforce planning
- Increased compliance costs through new legislation
- Federal & State Government Policy
- Broader economic environment
- COVID-19 community pandemic

Internal

- Enterprise Bargaining Agreements
- Treasury Management Policy and decisions on borrowings
- Service Improvement Review Projects
- Risk Management
- Asset Sustainability & Service levels
- Increase/decrease in Services

A full list of current services is provided as **Appendix G**

Assumptions Table

Year	Financial Year	CPI	Fixed Loan Rate	CAD Rate	Increase in Rates	Rate Growth	Increase in Rate Revenue
1 Base	2020-21	2.00%	4.0%	2.7%	0.00%	0.05%	0.05%
2	2021-22	2.25%	4.0%	2.7%	2.25%	0.72%	2.97%
3	2022-23	2.25%	4.0%	2.7%	2.25%	0.72%	2.97%
4	2023-24	2.17%	4.0%	2.7%	2.17%	0.72%	2.89%
5	2024-25	2.22%	4.0%	2.7%	2.22%	0.50%	2.72%
6	2025-26	2.21%	4.4%	2.7%	2.21%	0.50%	2.71%
7	2026-27	2.20%	4.4%	2.7%	2.20%	0.50%	2.70%
8	2027-28	2.21%	4.4%	2.7%	2.21%	0.50%	2.71%
9	2028-29	2.21%	4.4%	2.7%	2.21%	0.50%	2.71%
10	2029-30	2.21%	4.4%	2.7%	2.21%	0.50%	2.71%
Average		2.19%	4.20%	2.70%	1.99%	0.52%	2.51%

¹ **Source:** CPI as per ABS (Adelaide December 2020) & then forecast per Access Economics

² **Source:** Fixed Loan Rate & CAD Rate as per LGFA

Overview of Key Assumptions

Key Assumptions

Operating Revenue

Rates

Rate revenue is the Council's main income source. Prudent financial management determines that the income raised must be at least the value of expenses incurred to deliver and maintain current services. When determining the level of rates income required any increase is primarily measured against the current costs of services largely involving increases in line with LGPI and CPI.

Over the life of this LTFP Council has considered an increase of CPI, which has been estimated to range between 2.00% and 2.50%, to maintain desired services and servicing of its proposed debt. In response to the financial impact of COVID-19 on our community the Council is proposing to not raise rate revenue for the 2021-21 financial year other than accepting the natural revenue increase through growth in the assessment book valuations.

Council has approximately 490 SA Housing Trust properties within its boundaries. No adjustment has been made for any transfer of these properties to housing associations. Future transfers will decrease rate revenue as they will attract a considerable rate rebate.

Rates Growth

Rates Growth has been 0.5% to 0.75% over a number of years.

Rates growth of between 0.5% and 0.72% has been assumed for the ten year plan

Operating Grants and Subsidies

Operating Grants and Contributions have been based on confirmed external agency funding levels with a projected increase of CPI, where applicable. Given that the Federal Government has indicated that there will not be annual increases for financial assistance grants, there have been no increases factored in for these grants.

Interest Received

Any interest earned will be from short term investments. This will be minimal over the next 10 years as Council utilises its cash advance facility for cash flow support. As such, minimal interest earning increases are predicted over the life of the LTFP.

Statutory Charges

Statutory charges are not within Council control; these are determined by other legislation and regulations. History shows that an increase in line with CPI is appropriate.

User Charges

User charges fees collected for the use of Council facilities or services in a fee for use type arrangement. These have been increased by CPI based on the assumption that they need to appropriately cover cost increases.

The extent of the impact from the COVID-19 pandemic is unknown at this stage. The impact on user charges is expected to be short term and any impact will be considered when Council reviews its budget.

All other revenue

Reimbursements and other revenue increases have been assumed as forecast CPI

Operating Expenditure

Finance Costs

There are two components to finance costs. The first being the interest on existing credit foncier loans (fixed term and fixed repayment basis)and this is obtained from the current loan schedule.

The second is the interest incurred by accessing Council's cash advance drawdown facility.

Council has two Cash Advance facilities in place to manage cash flow commitments. The drawdown rate has recently reduced from 2.7% to 2.40%. The plan has factored a rate of 2.7% for the duration of the plan.

Employee Costs

The base budget for employee costs is linked to the current Work Place Agreements. At the end of the agreements employee costs are based on maintaining an increase in the order of 2%.

Depreciation

Depreciation in the base year is as per the 2020-21 Budget. It has been adjusted by the CPI on annual basis to reflect any increase in valuation plus new asset movements. The Asset Management Plans cost calculations are reviewed annually and any significant financial impacts are considered in this plan.

All other expenses (Materials, Contractual & Other Expenses)

Materials, Contractual Services and Other Expenses have been linked to the CPI to reflect the increase of external service provision trends on existing service levels.

Operating Projects / Initiatives

These are one off type expenses to deliver an outcome in line with Council's endorsed strategies, discretionary expenditure that has been regularly budgeted in recent years

(including Events, Tour Down Under and Unley Gourmet Gala) or increases to current services levels that are longer than one year.

The level of Operating Project Expenditure has been linked to CPI.

Funding

Capital Grants and Contributions

Capital Grants and Contributions have been based on confirmed external agency funding levels. As a result, no capital grants have been assumed.

Capital Receipts

These are amounts received for the trade-in of plant and equipment that are due to be replaced or surplus to current and future requirements. No provision has been made for trade-in transactions in the plan.

Capital Renewal

Council's asset renewal program in this draft LTFP has been based on updated information received from Council's Assets Team.

An approach to asset management driven from a service perspective is currently being introduced to Council based more directly on the declared levels of service for each specific asset.

New Capital

Currently Council's capital contribution towards the Brown Hill Keswick Creek Board (BHKC) accounts for most of the funding allocation in the plan.

Loans & Borrowings

Repayment of existing loans has been extracted from the current loan schedule.

The LTFP assumption indicates that no additional funding through borrowings is required to meet New Capital commitments in the future.

The LGFA Cash Advance Debenture (CAD) Facility will continue to be used to balance funding requirements in terms of borrowings.

Interests in Other Entities

No provision for the effect of Council's interest in other entities have been made in the plan. Council has an equity interest in Centennial Park and the Brownhill Creek Regional Subsidiary.

Appendix B - Capital Renewal - 10 Year Expenditure Summary

Asset Category	year 1	year 2	year 3	year 4	year 5	year 6	year 7	year 8	year 9	year 10
	2020-21 \$'000	2021-22 \$'000	2022-23 \$'000	2023-24 \$'000	2024-25 \$'000	2025-26 \$'000	2026-27 \$'000	2027-28 \$'000	2028-29 \$'000	2029-30 \$'000
Bridges	0	0	0	0	30	220	0	0	30	250
Buildings	930	860	900	900	950	850	800	920	1,100	875
Bus Shelters	40	40	10	25	10	25	10	25	10	25
Car Parks	20	20	20	20	30	32	34	36	38	20
Drains & Stormwater	940	961	991	1,021	1,053	900	1,000	1,000	1,000	900
Footways	510	520	530	540	550	560	570	580	590	600
IT Equipment	550	680	541	552	563	574	586	602	602	600
Kerb & Water	900	920	940	960	980	980	980	980	980	980
Office Furniture & Equipment includ Library	41	42	44	45	46	47	49	51	51	51
Plant and Equipment	840	937	966	996	1,027	1,052	1,084	1,012	1,012	1,020
Public Toilets	80	82	85	90	95	10	10	10	10	12
Reserves/ Recreation and Open Space	466	541	495	511	592	607	625	630	630	640
Roads (Reconstruction & Reseal)	1,400	1,420	1,440	1,480	1,500	1,520	1,540	1,560	1,580	1,600
Signs	32	18	19	19	20	20	21	21	21	22
Streetlighting	20	20	20	20	20	21	21	21	21	21
Streetscape	117	90	124	96	110	115	115	115	115	115
Swimming Facility	56	54	250	58	58	58	120	120	70	72
Traffic Facilities	29	30	31	32	33	34	35	36	36	40
	6,971	7,235	7,406	7,365	7,667	7,625	7,600	7,719	7,896	7,843
Project Delivery Costs (+11% Overhead)	622	796	815	810	843	839	836	849	869	862
Total Expenditure	7,593	8,031	8,221	8,175	8,510	8,464	8,436	8,568	8,765	8,705

Appendix C – 10 Year Financial Summary

SUMMARY	2018-19 Audited	2019-20 Base Year	2020-21 Year 1	2021-22 Year 2	2022-23 Year 3	2023-24 Year 4	2024-25 Year 5	2025-26 Year 6	2026-27 Year 7	2027-28 Year 8	2028-29 Year 9	2029-30 Year 10
Rates Increase based on CPI	2.25%	2.00%	0.00%	2.25%	2.25%	2.17%	2.22%	2.21%	2.20%	2.21%	2.21%	2.22%
Rates Growth	0.72%	0.72%	0.50%	0.72%	0.72%	0.72%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
Increase in Rates Revenue	2.97%	2.72%	0.50%	2.97%	2.97%	2.89%	2.72%	2.71%	2.70%	2.71%	2.71%	2.72%
General Rates Income	41,336,000	42,504,061	42,743,666	43,985,264	45,291,626	46,599,044	47,867,574	49,166,203	50,493,994	51,863,358	53,268,080	54,710,057
All Other Income	9,542,000	6,975,371	7,572,346	7,423,595	7,523,934	7,622,732	7,726,256	7,831,638	7,938,750	8,048,781	8,161,070	8,275,760
Total Income	50,878,000	49,479,432	50,316,012	51,408,859	52,815,560	54,221,777	55,593,830	56,997,841	58,432,745	59,912,139	61,429,150	62,985,817
Employee Costs	16,596,000	18,124,785	18,523,937	18,903,243	19,328,566	19,747,352	20,186,182	20,632,895	21,086,946	21,553,375	22,029,382	22,515,575
Materials, Contracts & Other Expenses	20,337,000	19,691,767	19,230,358	19,663,041	20,105,460	20,541,078	20,997,547	21,462,215	21,934,516	22,419,693	22,914,832	23,420,567
Depreciation, Amortisation & Impairment	9,038,000	8,012,500	9,500,000	9,713,750	9,924,215	10,144,753	10,369,252	10,597,440	10,831,848	11,071,070	11,315,411	11,593,433
Finance Costs	161,000	820,435	706,860	259,808	203,536	140,388	84,490	40,336	13,542	1,428	-	-
Operating Projects	-	1,154,101	823,000	1,000,000	1,022,500	1,044,654	1,067,869	1,091,500	1,115,520	1,140,195	1,165,376	1,191,096
Total Expenditure	46,132,000	47,803,587	48,784,154	49,539,842	50,584,277	51,618,225	52,705,339	53,824,385	54,982,372	56,185,760	57,425,002	58,720,671
Operating Surplus/(Deficit)	4,746,000	1,675,845	1,531,858	1,869,016	2,231,283	2,603,551	2,888,490	3,173,456	3,450,373	3,726,379	4,004,148	4,265,146
Principal Repayment of loans	218,225	227,041	236,214	245,757	255,685	266,015	276,762	285,035	2,908	-	-	-
Cash surplus/(deficiency) after principal repayments	4,527,775	1,448,804	1,295,644	1,623,260	1,975,598	2,337,536	2,611,728	2,888,421	3,447,465	3,726,379	4,004,148	4,265,146
Operating Surplus Ratio	9.3%	3.4%	3.0%	3.6%	4.2%	4.8%	5.2%	5.6%	5.9%	6.2%	6.5%	6.8%
Target 5%												
Asset Renewal Funding Ratio	139.05%	54.9%	79.9%	82.7%	82.8%	80.6%	82.1%	79.9%	77.9%	77.4%	77.5%	75.1%
Target 100% average over 10 years												
Capital Replacement less income to be received	12,567,000	4,398,234	7,593,000	8,031,000	8,221,000	8,175,000	8,510,000	8,464,000	8,436,000	8,568,000	8,765,000	8,705,000
Capital New less funding to be received	2,413,000	18,205,701	2,255,508	2,927,342	3,025,145	3,064,631	3,248,961	3,133,307	3,191,134	3,162,221	3,176,677	3,169,449
(Shortfall) / Improvement in cash position	(1,414,225)	(13,142,631)	947,136	378,667	653,667	1,242,658	1,222,019	1,888,553	2,652,179	3,067,228	3,377,882	3,984,129
Fixed Term Borrowings	1,568,376	1,332,163	1,086,406	830,721	564,706	287,944	2,909	0	0	0	0	0
Cash Advance Debenture (CAD Borrowings)	944,000	15,074,535	13,007,660	11,861,500	10,059,434	7,653,724	5,231,827	2,102,814	0	0	0	0
Net Financial Liabilities Ratio	28.00%	52.84%	47.97%	43.79%	38.97%	33.25%	27.81%	21.40%	14.42%	7.04%	-0.53%	-8.73%
Target <80%												

Appendix D – Statutory Uniform Presentation of Finances

10 Year Financial Plan for the Years ending 30 June 2030											
UNIFORM PRESENTATION OF FINANCES - GENERAL											
FUND	Current Year			Projected Years							
Scenario: < Enter Scenario Name on Cover Sheet >	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Operating Activities											
Income	49,479,432	50,316,012	51,408,859	52,815,560	54,221,777	55,593,830	56,997,841	58,432,745	59,912,139	61,429,150	62,985,817
less Expenses	(46,649,486)	(48,784,154)	(49,539,842)	(50,584,277)	(51,618,225)	(52,705,340)	(53,824,385)	(54,982,372)	(56,185,760)	(57,425,002)	(58,720,671)
Operating Surplus / (Deficit)	2,829,946	1,531,858	1,869,016	2,231,283	2,603,551	2,888,490	3,173,456	3,450,373	3,726,379	4,004,148	4,265,146
Capital Activities											
less (Net Outlays) on Existing Assets											
Capital Expenditure on Renewal and Replacement of Existing Assets	(4,538,234)	(7,593,000)	(8,031,000)	(8,221,000)	(8,175,000)	(8,510,000)	(8,464,000)	(8,436,000)	(8,568,000)	(8,765,000)	(8,705,000)
add back Depreciation, Amortisation and Impairment	8,012,500	9,500,000	9,713,750	9,924,215	10,144,753	10,369,252	10,597,440	10,831,848	11,071,070	11,315,411	11,593,433
add back Proceeds from Sale of Replaced Assets	-	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on Existing Assets	3,474,266	1,907,000	1,682,750	1,703,215	1,969,753	1,859,252	2,133,440	2,395,848	2,503,070	2,550,411	2,888,433
less (Net Outlays) on New and Upgraded Assets											
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(2,168,747)	(2,255,508)	(2,927,342)	(3,025,145)	(3,064,631)	(3,248,961)	(3,133,307)	(3,191,134)	(3,162,221)	(3,176,677)	(3,169,449)
add back Amounts Received Specifically for New and Upgraded Asset	3,443,046	-	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets (including Investment Property & Real Estate Developments)	-	-	-	-	-	-	-	-	-	-	-
(Net Outlays) on New and Upgraded Assets	(18,205,701)	(2,255,508)	(2,927,342)	(3,025,145)	(3,064,631)	(3,248,961)	(3,133,307)	(3,191,134)	(3,162,221)	(3,176,677)	(3,169,449)
Net Lending / (Borrowing) for Financial Year	(11,901,489)	1,183,350	624,424	909,353	1,508,673	1,498,780	2,173,588	2,655,087	3,067,227	3,377,881	3,984,129

Appendix E - Services Provided to the Community

The *Local Government Act 1999* prescribes a system of local government to enable councils to govern and manage areas at a local level.

All councils have basic responsibilities under the Act and other relevant legislation. These include:

- Regulatory activities, including voters' roll maintenance and Elected Members' support
- Determining longer term strategic management and management plans, financial plans, infrastructure and asset management plans and policies and procedures
- Setting rates, preparing an Annual Business Plan and Budget
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and stormwater drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment, and
- Provision of various environmental health services.

In response to community needs, Council also provides the following services and programs, over and above those listed above, including:

- | | |
|-------------------------------|-----------------------------|
| • Aged and Social Care | • Economic Development |
| • Animal Management | • Library Services |
| • Arts & Cultural Development | • Museum |
| • Community Centres | • Open Space Management |
| • Community Development | • Parking Control |
| • Community Engagement | • Sport and Recreation |
| • Community Event Programs | • Sustainable Landscapes |
| • Community Services | • Urban Policy and Planning |
| • Corporate Services | • Volunteers |
| • Community Transport | • Youth Development |
| • Environmental Management | |

The Council also maintains a number of facilities and services on a fee for service basis, some of which are subsidised and include:

- | | |
|--|-------------------------|
| • Unley Swimming Centre | • Community Bus Service |
| • Commonwealth Home Support Program (CHSP) - formerly HACC Program | • Halls for hire |
| • Ovals, courts, parks and reserves for hire. | |

Appendix F - Glossary

CPI (Consumer Price Index) - The historical changes in the cost of a typical metropolitan household 'basket' of goods and services, prepared by the Australian Bureau of Statistics. (ABS).

Depreciation - The annual decline in the value of a council's non-financial assets (inventories, buildings, infrastructure, equipment, etc) due to the usage (and so deterioration) of those assets.

Financial Assets - Cash, investments, loans to community groups, receivables and prepayments, but excludes equity held in Council businesses, inventories and assets held for sale.

Financial Governance – The process by which an elected council meets its accountability obligations for the sustainability of council finances.

Financial Performance – The state of a council's annual operating statement (ie. the surplus or deficit between its annual spending and revenue).

Financial Position – The state of a council's balance sheet (ie. the composition of its assets and liabilities).

Forward Estimates - Forward estimates period refers to the four years following the budget year

Infrastructure Asset Management Plan - A Plan that demonstrates responsive management of assets (and services provided from assets), compliance with regulatory requirements and to communicate the funding requirements to provide the required levels of service.

Infrastructure – Comprises the assets needed to provide people with access to facilities and services (roads, footpaths, open space etc).

Intergenerational Equity - Intergenerational equity (or fairness) involves the costs associated with expenditure being spread over time in accordance with the distribution of the benefits that are generated from that expenditure.

LGPI (Local Government Price Index) - Represents the movement in the price of goods and services consumed by Local Government in South Australia, prepared by the South Australian Centre for Economic Studies (SACES).

LTFP – Long Term Financial Plan.

New Capital - Where assets or infrastructure are added to Council's existing asset stock, or the component of an existing asset that provides additional capabilities or service.

Net Financial Liabilities – The financial obligations of a council to other sectors of the economy. This is calculated as total liabilities less financial liabilities (cash and amounts receivable).

Net Interest Costs – Total net interest paid.

Operating Projects - Projects, programs or services provided for the first time that may have consequences on future Council budgets, or a one-off or short term in nature. In addition, Operating Projects include programs/projects that are aligned to key Council strategies but are not core Council services/activities and there is some discretion in delivery over the medium term. Highlighting these as Operating Projects provides transparency to Elected Members and the Community

Operating Surplus - Where Council's operating income is greater than its operating expenses.

Operating Deficit – Occurs where a council's total annual expenses exceed its total annual income, meaning that costs are being transferred from today's ratepayers to tomorrow's ratepayers (leaving to a diminished intergenerational equity).

Recurrent costs - Provision for core services provided by Council on a day to day basis. Includes income and expenses of an administrative, maintenance or legislative nature.

Renewal Capital – Expenditure on renewal or replacement of existing assets having their service life extended through repair or replacement. This does NOT include expenditure on new assets or asset upgrades.

Total Operating Revenue – Total revenue as shown on Council's annual financial statements

INFORMATION REPORT

REPORT TITLE:	INTERNAL AND EXTERNAL AUDIT - AGREED ACTIONS STATUS REPORT
ITEM NUMBER:	3.3
DATE OF MEETING:	12 MAY 2020
AUTHOR:	MICK WETHERALL
JOB TITLE:	ACTING MANAGER FINANCE & PROCUREMENT
ATTACHMENTS:	1. DETAILED AUDT FINDINGS

1. **EXECUTIVE SUMMARY**

Council must ensure that appropriate policies, practices and procedures of internal control are maintained in order to assist the Council to carry out its activities in an effective and efficient manner.

The internal controls are subject to annual audit and any opportunities for improvement are brought to the attention of Council, the Audit Committee and management through the auditors Audit Completion Report. The audit report identifies any internal control deficiencies, or findings, and offers recommendations for improvement.

This report serves to inform the Audit Committee on the progress being made by the administration in implementing the recommendations of the Auditors for its findings as identified during the 2018-2019 audit. It is proposed that an update report be presented to the Committee until all recommendations have been implemented.

2. **RECOMMENDATION**

That:

1. The report be received.

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership

4.1 We have strong leadership and governance.

4. **BACKGROUND**

In accordance with Section 125 of the *Local Government Act 1999*, council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard assets and to secure the accuracy and reliability of council records.

The Audit Committee has a responsibility under the *Local Government Act 1999* and its Terms of Reference to review the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.

As a part of council's 2018-2019 audit, the external auditors, Galpins, undertook an assessment of 100 internal financial controls and provided its findings in its Management Letter. This advice was presented to the Audit Committee at its meeting held on 11 November 2019 as a part of the Committee's considerations of the 2018-2019 General Purpose Financial Statements. The Committee resolved that the suite of financial statements, auditors reports and certifications be recommended for presentation to the Council for adoption.

Galpins reported that overall the Council demonstrated a high level of compliance with the internal control framework consistent with the principles within the Better Practice Model.

It was found that the majority of key internal controls reviewed were operating effectively. In all, 100 core controls were reviewed, 78 controls were operating effectively, and 23 controls were identified where improvements could be made to further enhance their effectiveness. The less effective controls were risk rated as high, medium or low or could be improved as a matter of achieving best practice.

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

Business cycles	Controls Reviewed	Operating Effectively 2019	2019 Findings			
			H	M	L	BP
Purchasing & Procurement/Contracting	10	3	2	5	-	-
Fixed Assets	16	13	-	3	-	-
General Ledger	11	9	1	1	-	1
Accounts Payable	13	10	-	2	1	-
Rates / Rates Rebates	10	8	-	2	-	-
Payroll	19	15	-	2	2	-
Receipting	5	4	-	-	1	-
Credit Cards	5	5	-	-	-	-
Banking	5	5	-	-	-	-
Debtors	6	6	-	-	-	-
Total	100	78	3	15	4	1

5. DISCUSSION

This report has been prepared in order to keep the Audit Committee informed of progress with the recommended control improvements. A schedule of detailed audit findings classified by the Business Cycle can be found at Attachment 1.

Attachment 1

The schedule provides for each finding:

- the business cycle risk;
- the associated control for the risk;
- the audit finding;
- the audit recommendation;
- management's response to the finding, and
- management's update on progress to improve the control.

Work has progressed with initial focus on the high and moderate risk findings, and around improvements for procurement and payroll.

A summary of progress to date is provided in the table below:

Business cycles	Findings	Findings		
		WIP	NS	C
Purchasing & Procurement/Contracting	7	2	1	4
Fixed Assets	3	2		1
General Ledger	3	1		2
Accounts Payable	3	3		
Rates / Rates Rebates	2		2	
Payroll	4			4
Receipting	1		1	
Total	23	8	4	11

Legend: WIP – Work in Progress NS – Not Started C – Completed.

Council's auditors have been kept abreast of the status of work undertaken to date and have been provided with a copy of Attachment 1 for their information.

6. REPORT AUTHORISERS

Name	Title
Nicola Tinning	General Manager, Business Support & Improvement

Internal and External Audit – Agreed Actions Status Update

1. SUMMARY of AUDIT FINDINGS

Business Cycle	Findings	Status	Risk
Purchase, Procurement and Contracting	2.1.1 Evidence of procurement procedures undertaken were not retained on file for a sample of suppliers	C	H
	2.1.2 Absence of formal contracts and agreements for a sample of suppliers	WIP	H
	2.1.3 Instances where dispensations from procurement policy were not reported to the Audit and Governance Committee	C	M
	2.1.4 No declaration of conflict of interest documentation on file for the procurement of a sample of suppliers	WIP	M
	2.1.5 TechnologyOne electronic contract register is incomplete	WIP	M
	2.1.6 Incomplete purchase orders not followed up and actioned	C	M
	2.1.7 Instances of invoices paid without purchase orders	NS	M
Fixed Assets	2.2.1 Asset management plans overdue for review	WIP	M
	2.2.2 Instances of assets which were not included in the financial asset register	C	M
	2.2.3 Assets included in TechnologyOne not linked and/or reconciled to the GIS system.	WIP	M
General Ledger	2.3.1 Absence of formal review of IT users' access	C	H
	2.3.2 Absence of formal review of balance sheet reconciliations	C	M
	2.3.3 Amendments to the structure of the General Ledger framework are not formally reviewed and approved	WIP	BP
Accounts Payable	2.4.1 Improvements are necessary in the process of uploading suppliers EFT files into the online banking system	WIP	M
	2.4.2 The audit trail of changes to the suppliers' master files are not formally reviewed by management.	WIP	M
	2.4.3 Suppliers with invalid or cancelled ABNs registrations included in the creditors' master file	WIP	L
Rates	2.5.1 A report containing rates adjustments performed during the financial year is not independently reviewed	NS	M
	2.5.2 A list of rate rebates and non-rateable properties are not formally reviewed	NS	M
Payroll	2.6.1 Absence of evidence that payroll reports are independently reviewed	C	M
	2.6.2 Employee records and information are recorded in a number of different locations	C	L
	2.6.3 Absence of appropriate segregation of duties in the processes of adding new employees to CHRIS	C	M
	2.6.4 Improvement opportunities in the process of reviewing changes to the payroll master file	C	L
Receipting	2.7.1 Absence of approval of reversal of receipts	NS	L
Credit Cards	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Banking	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Debtors	Audit did not find any issue that would represent a risk of non-compliance with s125 of the Local Government Act	N/A	N/A
Control Self-Assessment	2.8.1 Improvements to the internal controls self-assessment process	N/A	N/A

Status Legend: C = Completed, WIP = Work in Progress, NS = Not Started, N/A = Not Applicable

2. DETAILED AUDIT FINDINGS – Status Update

2.1 PURCHASING AND PROCUREMENT

2.1.2 Absence of formal contracts and agreements for a sample of suppliers		High
Control	Employees must ensure all purchases are in accordance with Council’s Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies.	
Risk	Council does not obtain value for money in its purchasing and procurement.	

Finding	Recommendations	Management Response	Management Update
Audit selected suppliers for review based on cumulative spend. Council could not locate in its records a signed contract for 6 individual suppliers.	Council ensures that there are formal agreements in place with suppliers with significant cumulative spend, and that works are not commenced prior to signing contracts.	<p>The individual supplier circumstances were addressed in the response to the Auditors.</p> <p>Documentation usage and processing systems will be reviewed for a more consistent compliance.</p>	<p>Work in Progress</p> <p>Management is currently assessing the service delivery model and staff resourcing requirements of the Procurement function to address</p> <ul style="list-style-type: none"> Council’s Procurement Framework, Policy and associated templates to ensure leading practice Current procurement strategy Council’s ERP/ECM/CMS systems Spend and category analysis <p>Current training materials</p>

2.1.4 No declaration of conflict of interest documentation on file for the procurement of a sample of suppliers		Moderate
Control	The selection panel is made up of appropriate personnel who have declared any relevant conflict of interest to ensure that informed and objective decision is made when selecting contractors.	
Risk	Council is not able to demonstrate that all probity issues have been addressed in the Contracting process.	

Finding	Recommendations	Management Response	Management Update
Audit selected a sample of suppliers based on cumulative spend and found that there were no conflict of interest declarations signed by the members of the selection panel for 4 purchasing activities.	Panel members are required to provide conflict of interest declarations when assessing a procurement / tendering process, and records of these declarations are retained.	<p>The individual supplier circumstances were addressed in the response to the Auditors.</p> <p>Documentation usage and processing systems will be reviewed for a more consistent compliance.</p>	<p>Work in Progress</p> <p>As above in 2.1.2</p>

2.1.6 Incomplete purchase orders not followed up and actioned		Moderate
Control	There is a process in place to follow up and action incomplete purchase orders.	
Risk	Purchase orders are either recorded inaccurately or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
<p>TechnologyOne generates reports containing a list of purchase orders not receipted (i.e. incomplete purchase orders).</p> <p>As at 29 May 2019, this report indicated a total of \$6,921,487 of purchase orders not receipted. Among these, more than \$4 million was aged over 12 months.</p>	<p>Ensure that incomplete purchase orders are followed up and actioned.</p>	<p>A system will be established whereby purchasing officers are notified on a 4 monthly basis of any incomplete purchase orders for their attention/action.</p>	<p>Completed.</p> <p>Outstanding purchase orders aged over 9 months have been reviewed and cancelled in most instances. A 4 monthly review process has now been established.</p>

2.1.7 Instances of invoices paid without purchase orders		Moderate
Control	Employees must ensure all purchases are in accordance with Council’s Procurement Policy and approved in accordance with the Delegations of Authority and other relevant policies	
Risk	Council does not obtain value for money in its purchasing and procurement / Purchase of goods and services are made from non-preferred suppliers	

Finding	Recommendations	Management Response	Management Update
<p>The Procurement framework provides that purchase orders are required for all purchases over \$2,000, unless the purchase is related to an item described in the list of purchases exempted from purchase order.</p> <p>Audit selected a sample of purchases and noted three purchases that did not have a related purchase order or contract, and that did not fall into the list of purchases exempted from having a purchase order.</p>	<p>Management investigates non-compliance with purchase order usage. This could include reviewing system reports detailing purchase order usage (e.g. “AP Invoices Entered Without Purchase Orders”), analysing the nature of non-compliances and speaking to any repeat offenders to understand the reasons for non-compliance.</p> <p>Depending on the outcome of this review, Council may determine that:</p> <ul style="list-style-type: none"> • additional education and training in the Policy is warranted to improve compliance; and/or • there is an opportunity to amend the policy on purchase order use to better reflect the desired use of purchase orders. This could, for example, include: <ul style="list-style-type: none"> ○ reviewing the low-value item threshold, below which a purchase order is not required ○ updating the list of exemptions for purchase order use detailed within the policy. 	<p>The recommendation is noted.</p> <p>Management will investigate the compliance performance under the Procurement Policy and Procedures to determine appropriate actions.</p>	<p>Not Started.</p>

2.2 FIXED ASSETS

2.2.1 Asset management plans overdue for review		Moderate
Control	Asset Management Plans for all major asset classes are adopted and reviewed by Council as required by the Local Government Act 1999	
Risk	Fixed Asset maintenance and/or renewals are inadequately planned	

Finding	Recommendations	Management Response	Management Update
<p>Audit noted the following asset management plans overdue for review:</p> <ul style="list-style-type: none"> • Bridges – last adopted in 2012 • Footpath – last adopted in 2011 • Open Space – last adopted in 2008 • Drainage – last adopted in 2008 • Kerb & Water – last adopted in 2008 • Roads – last adopted in 2008 <p>At minimum, the Local Government Act 1999 requires that council undertakes a comprehensive review of its asset management plans within 2 years after each general election of the council.</p>	<p>Asset management plans are updated and adopted by Council.</p>	<p>Council has completed a review of the pre-existing Asset Management Plans during 2018/19 FY and have identified gaps in data quality & data integrity within the asset register and GIS system. These identified improvements are currently being addressed in order to improve confidence in the data to inform the asset management plans.</p> <p>We have employed an additional resource (1.0 FTE commenced in Feb 2019 as an Asset Management Officer) to ensure the delivery of the new asset management plans by Nov. 2020 (2 years after election). Our Asset condition data is current, and we have purchased 'Assetic' software to undertake predictive modelling of our asset deterioration to assist with the development of the LTFP. These works have commenced.</p>	<p>Work in Progress</p> <p>A consultant has been engaged to draft all the AMP's, first draft of one plan is due by the end of April, staff are currently providing data to inform the plans.</p> <p>Staff have previously undertaken predictive modelling on all asset classes and have produced first cut values to inform the draft LTFP, these models will be further refined in the next 2 months as the AMP's are refined. The cleansing of asset data and re-segmentation has almost been completed for all asset classes. Continuing to verify, update and sort asset register classifications and asset categories to improve accuracy and integrity of data.</p>

2.2.2 Instances of assets which were not included in the financial asset register		Moderate
Control	Fixed assets are recorded on acquisition, creation or when provided free of charge to facilitate accurate identification of assets and recording of details with regards to the Asset Accounting Policy.	
Risk	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.	

Finding	Recommendations	Management Response	Management Update
<p>When an asset is physically created the asset description, attributes and work details are included in TechnologyOne. After the asset is created the accounting team is responsible to allocate a financial reporting category (e.g. land, buildings, roads, etc) to the asset to enable the asset to be included in the financial asset register.</p> <p>Audit noted that a list of unallocated assets are not being generated and reviewed on a regular basis. Such a review would ensure that all relevant assets have been allocated a financial reporting category.</p> <p>Audit requested a list of unallocated assets and noted the following assets were not allocated to any financial reporting category at the time of our audit:</p> <ul style="list-style-type: none"> • Unley Oval – current asset cost - \$17,004,600 • Scammell Reserve – current asset cost - \$4,363,650 <p>As a result, these assets were not appearing in the land financial asset register.</p>	<p>A list of unallocated assets is reviewed on a regular basis.</p>	<p>The Unley Oval and Scammell Reserve assets have been allocated into the 'Land & Buildings' Financial category.</p>	<p>Completed.</p> <p>A reporting mechanism has been designed to reconcile the Asset Register to the General Ledger hence identifying any unallocated assets. The report is run on a monthly basis.</p>

2.2.3 Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.		Moderate
Control	There is a process in place for the verification of fixed assets which is reconciled to the FAR	
Risk	Fixed asset acquisitions, disposals and write-offs are fictitious, inaccurately recorded or not recorded at all. Fixed Asset Register (FAR) does not remain pertinent.	

Finding	Recommendations	Management Response	Management Update
<p>Assets included in TechnologyOne are not linked and/or reconciled to the GIS system.</p> <p>Councils are highly asset intensive in delivering services to rate payers. Councils' infrastructure assets are widespread and require a strong geographical inventory to manage and monitor effectively.</p> <p>A Geographic Information System (GIS software) is designed to store, retrieve, manage, display and analyse geographic and spatial data, including geographical features and their characteristics.</p> <p>To ensure accuracy and completeness of asset databases, it is important for Councils to perform a reconciliation between GIS systems and the asset register. The reconciliation ensures that all assets, components of assets and modifications to assets captured by the GIS system are reflected in the asset register.</p> <p>The standard TechnologyOne GIS reconciliation functionality can be used to update the physical features of assets in the asset register.</p>	<p>A process is introduced to ensure that all assets included in TechnologyOne are linked and/or reconciled to the GIS system.</p>	<p>As part of our recent review with regard to data management, the discrepancies between GIS and Asset Register data has been identified and currently being addressed.</p> <p>Comprehensive system training was undertaken by staff in October 2019 this includes staff from Finance, Assets and the Depot to ensure that assets are created & disposed of appropriately and all asset attribute data is accurate and maintained.</p> <p>A part of this process is to amend the segmentation of assets and uniquely identify individual assets to enable the ability to manage the assets appropriately.</p> <p>The appointment of a dedicated Asset Management Officer has enabled the ability to ensure that GIS and TechOne data are linked/reconciled.</p>	<p>Work in Progress</p> <p>The cleansing of asset data and re-segmentation has almost been completed for all asset classes. Continuing to verify, update and sort asset register classifications and asset categories to improve accuracy and integrity of data.</p> <p>The asset data is to be reconfigured so that there is a single point of truth, preferably within the Tech One system, and therefore the GIS representation of the data will be sourced from the Asset system.</p> <p>Therefore, eliminating the need for reconciliation as data will be stored in one location.</p>

2.3 GENERAL LEDGER

2.3.1 Absence of formal review of IT users' access		High
Control	Access to General Ledger maintenance is restricted to appropriately authorised personnel.	
Risk	General Ledger does not contain accurate financial information / Data contained within the General Ledger is permanently lost.	

Finding	Recommendations	Management Response	Management Update
There are no current mechanisms to ensure a complete lists of users with access to finance functions in TechnologyOne, Pathway and CHRIS 21 are formally reviewed on a regular basis.	Management performs a formal review of a complete list of users' access rights to ensure adequate segregation of duties within the finance function in TechnologyOne, Pathway and CHRIS 21.	<p>The recommendation is noted.</p> <p>Technology One Access: Management will implement a formal review process of user's access to be performed on a regular basis.</p> <p>CHRIS 21 Access: Management will implement a formal review process of review of user's access to be performed on a regular basis.</p> <p>Pathway Access: permissions are regularly reviewed as a role function of the Business Systems Support Officer. A full audit of active accounts and group memberships was completed in August 2019 and a detailed group access review is scheduled to take place in January 2020.</p>	<p>Technology One Access; Review is complete.</p> <p>Chris 21 Access; Review is complete</p> <p>Pathway Access: Review is complete.</p>

2.3.2 Absence of formal review of balance sheet reconciliations		Moderate
Control	All balance sheet reconciliations are reviewed by a person other than the preparer at least annually	
Risk	General Ledger does not contain accurate financial information	

Finding	Recommendations	Management Response	Management Update
The finance department has begun adopting a paperless approach to record keeping since December 2018. The balance sheet reconciliations are electronically filed in the network. Since this paperless approach was introduced, no evidence of review of these files is maintained.	<p>Audit encourages Council to continue with its paperless approach.</p> <p>Provide evidence of the review of the reconciliations. Examples of this evidence could be password protected electronic signatures or an email from the reviewer advising that the reconciliations were reviewed.</p>	The recommendation is noted. An electronic solution to record evidence of review of the reconciliations will be researched and implemented as a matter of priority.	<p>Completed.</p> <p>Reconciliations are up to date.</p>

2.3.3 Amendments to the structure of the General Ledger framework are not formally reviewed and approved		Better Practice
Control	Amendments to the structure of the General Ledger framework and accounts are reviewed and approved by appropriately authorised personnel	
Risk	General Ledger does not contain accurate financial information	

Finding	Recommendations	Management Response	Management Update
<p>The process for amending the structure of the general ledger framework such as creating/modifying general ledger accounts, chart of accounts, costs centres, etc can be improved.</p> <p>Currently, there are no formal forms or procedures for requesting changes in the general ledger framework. Usually, changes are initiated via emails sent to the management accountant. It is better practice to implement forms to request changes to the general ledger framework and to ensure that these forms are approved by appropriately authorised personnel.</p>	<p>Change request forms are developed for use by staff when requesting amendments to the general ledger.</p> <p>These forms are approved by appropriately authorised personnel.</p>	<p>The recommendation is noted. An electronic solution to request, authorise and undertake amendments to the general ledger framework will be researched and implemented.</p>	<p>Completed</p> <p>Requests for new or amended ledger accounts, report coding etc continue to be received in a variety of ways.</p> <p>Aggregated audit log reporting has been developed which schedules all Chart and Ledger amendments. (General ledger, Accounts Payable, Projects Ledger).</p> <p>The report is scheduled to run monthly whereby changes are independently reviewed.</p>

2.4 ACCOUNTS PAYABLE

2.4.1 Improvements are necessary in the process of uploading suppliers EFT files into the online banking system		Moderate
Control	Payments (Cheques and EFTs) are endorsed by authorised officers separate to the preparer who ensure that they are paid to the specified payee.	
Risk	Accounts payable amounts and disbursements are either inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
<p>Audit reviewed the process of processing the accounts payable batch of payments and noted the following:</p> <p>Council's financial system generates an EFT file which is stored on council's internal drive prior to being manually uploaded into the online banking system. The EFT file can be opened as TXT (text format) file and potentially be manually manipulated prior to being uploaded. Currently, staff members from the finance department and system administrators have access to the folders where the EFT file is stored.</p>	<p>Council to investigate whether it is possible to implement a way to enable a direct interface between the finance system and the online banking system.</p> <p>Alternatively, Council can investigate ways to ensure that the file is generated as "read-only".</p> <p>If the direct interface cannot be implemented, Management should consider comparing the bank account details provided by the online banking system to a register of supplier's bank accounts provided by the finance system (supplier master file) before authorising each payment batch. This matching does not need to be a manual process as it can be automated, for example using an Excel spreadsheet.</p> <p>In addition, it is recommended that Finance Management review the appropriateness of the users with access to the folder where the EFT file is stored.</p>	<p>The EFT file is exported to a secure location within the TechnologyOne application folder structure. This is not a published share and is only made accessible to Finance staff.</p> <p>Council audits file shares and logs all file access and changes.</p> <p>Within the next 30 days the folder will be changed to "read-only" to prevent modifications to the file and a review of access permissions undertaken.</p> <p>Discussions are underway with our banking provider to implement a Direct Link module with our banking provider. Implementation timeframes is within the next 3 months.</p>	<p>Work in Progress</p> <p>Council IT team have installed the bank provider "DirectLink" software onto local Finance staff PC's and have been liaising with the bank to setup the encryption channels.</p> <p>The bank is undergoing discovery and qualification of the DirectLink service. Setup was delayed due to bank staff resourcing, and subsequent Unley IT staff resourcing due COVID-19 response requirements. Setup is continuing as of week beginning April 24 2020 due for completion before the end of the month.</p>

2.4.2 The audit trail of changes to the suppliers' master files are not formally reviewed by management.		Moderate
Control	Requested changes or additions to supplier master file are verified independently of source documentation.	
Risk	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.	

Finding	Recommendations	Management Response	Management Update
There is no process in place to ensure a formal review of an audit trail of changes to the suppliers' master file.	Ensure that a review of the audit trail of changes to the suppliers' master file is independently reviewed on a regular basis.	A process of review is in place to review changes to the master files however improvements will be implemented to formalise the process.	<p>Work in Progress Aggregated audit log reporting has been developed which schedules all file amendments.</p> <p>The report is scheduled to run monthly whereby changes are independently reviewed.</p>

2.4.3 Suppliers with invalid or cancelled ABNs registrations included in the creditors' master file		Low
Control	There is a process in place to ensure the supplier master file is periodically reviewed for ongoing pertinence	
Risk	Supplier master file data does not remain pertinent and/or unauthorised changes are made to the supplier master file.	

Finding	Recommendations	Management Response	Management Update
<p>There is no process to ensure the supplier master file is periodically reviewed for ongoing pertinence.</p> <p>Audit performed a review of the Council's creditors master file and noted the following:</p> <ul style="list-style-type: none"> • there were 205 suppliers with cancelled ABN registrations; and • there were 69 suppliers with invalid ABN registrations. 	<p>Finance Management performs a regular (e.g. on an annual basis) review of the supplier master file to ensure that only current and valid suppliers are active in the system.</p>	<p>The recommendation is noted. A process will be implemented to ensure the supplier master files are reviewed periodically for ongoing pertinence.</p>	<p>Work in Progress</p> <p>Suppliers no longer in use have been identified and deactivated. ABN's across the chart are currently being reviewed.</p>

2.5 RATES

2.5.1 A report containing rates adjustments performed during the financial year is not independently reviewed		Moderate
Control	Recorded changes to property master file data and any rate adjustments are compared to authorised source documents to ensure that they were input accurately. An audit trail is maintained for all changes.	
Risk	The property master file data does not remain pertinent.	

Finding	Recommendations	Management Response	Management Update
TechnologyOne does not generate an audit trail of changes to the property master file. Consequently, any audit trail report containing all changes in the property master file is not formally reviewed by an officer independent from the rates function.	<p>Audit acknowledges the system limitation. An alternative solution is to review the rates debtors controls general ledger transaction listing. This report provides all the adjustment in rates performed during the financial year.</p> <p>The debtors control general ledger transaction listing does not need to include all transactions resulting from the normal daily operations (e.g. receipting, fines, etc). Once the report is generated, it can be filtered by Management to only show adjustments in rates.</p>	<p>The recommendation is noted.</p> <p>A process will be developed to ensure that adjustments to rates are reviewed by an officer independent from the rates function.</p>	Not Started

2.5.2 A list of rate rebates and non rateable properties are not formally reviewed		Moderate
Control	All rate rebates and adjustments including write offs are appropriately authorised with reference to Delegation of Authority and source documents.	
Risk	Rates and rebates are either inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
A list of rate rebates and non rateable properties were not formally reviewed by Finance Management for the 2018/19 financial year.	A list of rate rebates and non rateable properties is formally independently reviewed prior to rates generation occurring.	<p>The recommendation is noted.</p> <p>Rate rebates and non rateable properties will be reviewed at least annually by Finance Management in the future.</p>	<p>Not Started</p> <p>Scheduled for attention in May 2020 prior to rates generation.</p>

2.7 RECEIPTING

2.7.1 Absence of approval of reversal of receipts		Low
Control	There is a review process for the authorisation of the reversal of transactions.	
Risk	Receipts are either inaccurately recorded or not recorded at all.	

Finding	Recommendations	Management Response	Management Update
There is no process for the authorisation of the reversal of receipts.	<p>Establish mechanisms to ensure that reversal of receipts are independently approved.</p> <p>Ensure that a daily list of receipt reversals is independently approved. This can be achieved by reviewing the "Bank Deposit Receipt Dissection Report" which contains a list of reversals.</p>	<p>The recommendation is noted. A review of the daily process to independently approve reversals will be conducted.</p>	Not Started

2.8 INTERNAL CONTROLS SELF ASSESSMENT

2.8.1 Improvements to the internal controls self-assessment process

Control	Self-Assessment of the adequacy of internal controls
Risk	Inherent risks not appropriately assessed and mitigated / Controls not operating effectively

Finding	Recommendations	Management Response	Management Update
<p>The Better Practice Model requires a Council’s internal controls framework includes a monitoring function to ensure the ongoing operating effectiveness of controls, and as mechanism for continuous improvement.</p> <p>Council conducted a risk assessment of the internal controls around Sept/Oct 2018. Shortly after this risk assessment was completed there were significant staff vacancies within the finance team, including the finance manager. The internal control self-assessment was put on hold during this time.</p> <p>Once the CFO position had been officially completed, the CFO and the Principal Risk Management Officer had a discussion on the controls to be included as part of the 2018/19 internal controls self-assessment.</p> <p>The following factors were considered:</p> <ul style="list-style-type: none"> ▪ Staffing levels within Finance ▪ Process improvements projects/consultation that were either under way or about to commence within certain areas in finance ▪ Current risk and control environment within 	<p>Audit supports Council adopting a risk-based approach to perform its internal controls self-assessment.</p> <p>Audit encourages ongoing refinement of the scope of controls to be reviewed, with a view to ensuring a good coverage of controls being reviewed to provide comfort that all significant financial risks are managed to an acceptable level.</p>	<p>The recommendation is noted and will be considered as a part of the next risk assessment process.</p>	<p>Completed.</p> <p>Recommendations mentioned were taken into account in developing the 2019/2020 Internal Financial Controls self-assessment function.</p> <p>Inherent Risk assessment was completed in March 2020.</p> <p>A selection of 102 internal financial controls were identified by the Acting Finance Manager and Principal Risk Management Officer to be included for the self-assessment process.</p> <p>These controls were selected with taking into account the inherent risk rating, existing projects within Finance area, agreed actions from previous audits and the internal audit plan.</p>

Item 3.3 - Attachment 1 - Detailed Audit Findings

<p>finance</p> <ul style="list-style-type: none">▪ Controls selected by the external audit <p>The Council selected a total of 35 controls to be reviewed for the 2018/19 financial year.</p> <p>Audit understands that the current self-assessment will enable Council to establish a base level to build upon for future assessments.</p>			
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Item 3.3 - Attachment 1 - Detailed Audit Findings

INFORMATION REPORT

REPORT TITLE:	STRATEGIC RISK REVIEW - QUARTERLY UPDATE
ITEM NUMBER:	3.4
DATE OF MEETING:	12 MAY 2020
AUTHOR:	LIDA CATALDI
JOB TITLE:	PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS:	1. STRATEGIC RISK REGISTER - MAY 2020

1. **EXECUTIVE SUMMARY**

The Executive Management Team (EMT) reviews the Strategic Risk Register on a quarterly basis, which includes the monitoring of the progress of treatment plans implemented to mitigate each risk. The most recent review was conducted on 30 April 2020 and the revised document is now provided to the Audit Committee for information.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
 - 4.1 We have strong leadership and governance.
 - 4.3 Our business systems are effective and transparent.

4. **BACKGROUND**

The Executive Management Team reviewed the Strategic Risk Register on 30 April 2020. During this review EMT acknowledged the importance of ensuring the controls outlined against each risk are operating effectively in the current COVID-19 environment. EMT also updated the status of treatment plans and revised timeframes where necessary.

5. DISCUSSION

The review undertaken by EMT included:

- Review of the controls for each strategic risk
- Review of target completion dates for EMT Focus Areas and CEO KPIs under Treatment Plans for each Strategic Risk
- Clarifying wording against some EMT Focus Areas and CEO KPIs to allow for improved action tracking
- Consideration of the impact of COVID-19 on Council operations and identification of two emerging risks

The review determined that the level of controls detailed against each risk were performing effectively and noted that these have supported responses necessary to changes and restrictions imposed during the COVID-19 public health emergency.

A full copy of the current Strategic Risk Register is provided as Attachment 1.

Attachment 1

6. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO

STRATEGIC RISK REGISTER

This Review – 30 April 2020 by:

- Peter Tsokas – Chief Executive Officer
- Megan Berghuis - General Manager City Services
- Tami Norman - Executive Manager – Office of the CEO
- Nicola Tinning - General Manager Business Support and Improvement
- Claude Malak - GM City Development)

Last Reviewed: 14 January 2020 by:

- Megan Berghuis – GM City Services
- Tami Norman – Executive Manager – Office of the CEO
- Nicola Tinning – GM Business Support & Improvement
- Ben Willmore – Acting GM City Development

Strategic Risk Register

1	Event Description: Failure to maintain financial sustainability		
Responsible Managers: CEO, EMT, CFO		Community Plan Theme: CIVIC LEADERSHIP & ECONOMIC PROSPERITY	
Negative Contributory Factors: <ul style="list-style-type: none"> Forecasting tools are not relevant or out of date Long Term Financial Plan is not maintained or not appropriate for business needs Financial resources to deliver required services are inadequate Financial capacity to meet service delivery demands Financial resources are not managed in line with treasury management policy Debt levels and debt management strategies are not in line adopted targets or are not sustainable Inadequate project management practices 		Risks: <ul style="list-style-type: none"> Financial Maladministration & Corruption Inability to delivery community expectations into the future Financial sustainability is compromised Reputational Damage Legislative Compliance (Financial) are not met Inter-generational equity is not achieved insufficient project funding Failure to deliver on plans and strategies Limitations to service delivery options Service level reduction 	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH	
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Endorsed Community Plan, Four Year Delivery Plan and Annual Operating Plans Comprehensive budget development process that meets legislative requirements (including cost estimates & consultation). Long Term Financial Plan in place with adopted financial targets; reviewed annually Adoption and application of the Better Practice Model – Internal Financial Controls Prudential Management Framework Treasury Management Plan 		<ul style="list-style-type: none"> Infrastructure & Asset Management Policy & Plans are linked to the long-term financial plan Quarterly budget review process Regular Financial reporting and budget monitoring Qualified and experience finance human resources Oversight from the Audit Committee External Audit Defined and agreed levels of service Continued corporate performance reporting on external grants to Council (CEO KPI) 	
Control Effectiveness:	Majority Effective	Risk Tolerance up to: MEDIUM	
Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM	

Treatment Plan:	Responsibility:	Target Completion Date:
EMT Focus Area: Project Planning and Management – principles of project planning and management are used to effectively manage resources, risk and delivery		
1 Revised project management framework	• GMCD	• Jun 2020
2 Provide training on revised project management framework to relevant staff	• GMCD/GMBSI	• Aug-2020 - Sep 2020
3 Implement Project Management Framework	• GMCD	• Sep 2020
4 EMT quarterly review progress of approved projects (at various levels across the organisation) – at least	• EMT	• Jun 2020
EMT Focus Area: Corporate Performance Reporting – promote council transparency, accountability and performance against service levels:		
1 Develop appropriate measures to report on corporate performance quarterly:	• EMT	• Jun 2021
2 Ensure quality and accuracy of data for corporate reporting purposes	• GMBSI/EMT	• Jun 2021
CEO KPI – Non-Rate Based Funding – increasing the sourcing of non -rate based revenue		
• The review of Council Services to identify savings include the identification of additional income generation opportunities.	• GMBSI/CEO	• Jun 2020 - COMPLETED
• Report to Council identifying non rate based revenue streams that could be introduced.	• GMBSI/CEO	• Jun 2020 - COMPLETED
CEO KPI – Financial – Ensure the sustainability of the organisation through sound financial management principles and on-going reviews of its operations to realise efficiency gains		
• Draft Annual Business Plan for Elected Member review.	• GMBSI/CEO	• Apr 2020 - COMPLETED
• 2020/21 Annual Operating Plan include clear levels of service for each service area.	• GMBSI/CEO	• Jun 2020
Review of Long-Term Financial Plan	• GMBSI	• Jun 2020
Review of Infrastructure & Asset Management Plans	• GMCD	• Nov 2020

Strategic Risk Register

2	Event Description: Inability to meet the needs and expectations of the community	
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: COMMUNITY LIVING & CIVIC LEADERSHIP
Negative Contributory Factors: <ul style="list-style-type: none"> Community Plan is out of date or not relevant Annual Business Plan and Budget process is not aligned with Community Plan and 4 Year Delivery Plan Resourcing is not aligned to 4 Year Delivery Plan Long Term Financial Plan is inadequate Conduct is inconsistent with Code of Conduct/ Values Systems and processes don't appropriately capture information regarding community needs Infrastructure & Asset Management Plans are inadequate Legislative movement of responsibilities Disengaged Elected Members Expectations of Elected Members lack of alignment with the Council role Four-year election cycles 		Risks: <ul style="list-style-type: none"> Dissatisfied community (public outrage) Reputational damage (negative media) Instability of staff (people leaving a negative environment) Organisational culture is negatively affected Negative perception of performance of the Council (Elected Body)
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Community Plan 2033 Annual Business Plan and Budget 4-year Delivery Plan Annual Operating Plan Long Term Financial Plan Strategies, Policies and Procedures Infrastructure & Asset Management Plans Corporate Performance Report CEO KPIs Role Clarity Framework for service delivery Organisational culture and values Role clarity and Position Descriptions aligned to service delivery Consultation processes (YourSay, website, social media) Customer Experience Framework Customer satisfaction surveys Community Engagement Framework and Policy Service Reviews Communication Channels Business Continuity Plan & Emergency Management Plan Regular Elected Member briefings, workshops and training 		
Control Effectiveness:	Majority Effective	Risk Tolerance up to: MEDIUM
Likelihood: Rare	Consequence: Major	Residual Risk Rating: MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
EMT Focus Area: Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan:		
1 Establish and implement the appropriate ratio of permanent vs contract roles and identify the workforce development strategies required to achieve the next 4-year Delivery Plan	• EMT	• Jun 2021
EMT Focus Area: Customer First Culture – The organisation has a consistent customer first approach in the delivery of service:		
1 Develop and implement external Customer Service Standard	• GMCS	• Jun 2020 - COMPLETED
2 Develop and implement internal Customer Service Standard	• EMT	• Jun 2021
3 Include a Customer First KPI within the PDR process for all staff	• GMCS/GMBSI	• Jun 2020 - COMPLETED
4 Continue to undertake a program of customer surveys and feedback using a diverse range of methodologies	• GMCS	• Jun 2020 - COMPLETED
5 Design and implement training across the organisation to reinforce service culture and core competencies. (19/20, noting potential implementation over two years)	• GMCS/GMBSI	• Jun 2020 - COMPLETED (design) • Jun 2021 (implement)
6 Improve the collation of complete customer service data, including services not currently reported	• GMCS	• Jun 2020 - COMPLETED
EMT Focus Area: Maximised Self-Help Options – Self-help options are made available to customers to improve their experience.		
1 Apply people centred design principles and new technologies to inform online improvements:	• GMBSI	• Jun 2020 - COMPLETED
2 Redesign Council's website to increase customer self-help options:	• GMBSI/EMOCEO	• Jun 2020
3 Develop and report on targets for online usage and satisfaction:	• GMBSI/EMOCEO	• Jun 2020 - Dec 2020
EMT Focus Area: Understanding our Purpose – Our people understand their role in 4-year Delivery Plan		
5 Assist Council to review the 4-year Delivery Plan and develop a corporate reporting framework to monitor progress:	• CEO	• Jun 2020 - Sep 2020
CEO KPI – Strategic Planning		
Undertake a number of Strategic Planning initiatives that will assist Council achieve the goals of the Community Plan	• CEO/EMT	• Jun 2020
CEO KPI – Digital Strategy – The City of Unley's Digital Strategy provides a practical framework to guide the Council's provision of digital services and use of digital and Smart City technologies, supporting Unley's 4-year Delivery Plan and Community Plan		
• Website 'go-live' (full)	• GMBSI	• May 2020 - COMPLETED
• Smart data platform implemented	• CEO/EMT	• Dec 2019 - COMPLETED
• Implementation of smart technology in Heywood Park	• GMCD	• Dec 2019 - COMPLETED
• Implementation of smart technology on King William Road	• GMCD	• Dec 2019 - COMPLETED
Review of Elected Member training plan	• EMOCEO	• Jun 2020 - COMPLETED
Review of Asset Management Plans	• GMCD	• Nov 2020

EMT reviewed – 30 April 2020

Strategic Risk Register

3	Event Description: Ineffective decision making that lacks transparency		
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP	
Negative Contributory Factors: <ul style="list-style-type: none"> Inappropriate conduct of staff/Elected Members Inaccurate information Ill-informed decision makers Lack of accountability Deficient policies and procedures Noncompliance with legislative obligations/requirements Internal control failures Inappropriate delegations Lack of governance framework Lack of plans to respond to events that impact service delivery (from Risk 6) 		Risks: <ul style="list-style-type: none"> Reputational damage /risk (from risk 6 – to be deleted) Scrutiny by regulatory bodies (ICAC/Ombudsman) Financial impact/cost Loss of confidence in council Staff attraction and retention 	
Likelihood: Likely	Consequence: Catastrophic (Reputation)	Inherent Risk Rating:	HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Legislative obligations (eg. Code of Conduct, Policies etc) External regulatory framework in place Policies and Procedures Delegation of Authority (Legislative and Financial) Elected Members briefings and workshops Expert advice provided by skilled staff <ul style="list-style-type: none"> Elected Members training programs Independent Members selection and training processes in place Agreed and Endorsed Meeting procedures Risk Management Framework Internal Controls Framework Reporting Quality Control Quality and experienced governance human resources 			
Control Effectiveness:	<i>Majority Effective</i>	Risk Tolerance up to:	MEDIUM
Likelihood: Unlikely	Consequence: Catastrophic	Residual Risk Rating:	MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
- Delegation review and training (understanding roles, responsibilities and delegation of authority)	EMOCEO	• Jun-2020 - Dec 2020
- Risk Management awareness training	EMOCEO	• Mar-2020 - Jul 2020 <i>(Risk Management Policy endorsed 24/02/2020 - CO189/20)</i>
EMT Focus Area – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan		
4 Confirm an accountability matrix that articulates decision making at each level of the organisation:	• GMBSI/EMOCEO	• Jun 2021

Strategic Risk Register

4	Event Description: Inability to manage legislative and regulatory compliance obligations	
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP
Negative Contributory Factors: <ul style="list-style-type: none"> • Other levels of government assigning new/different responsibilities • Increasing compliance and reporting obligations • Changing legislative obligations • Local Government Reform agenda • Not monitoring external environment and trends • Reallocation of responsibilities via legislative changes • Four Year election cycles 		Risks: <ul style="list-style-type: none"> • Failure to meet compliance obligation • Reputational damage • Loss of confidence in Council • ICAC investigation • Unreasonable Customer expectations • Negative Media exposure • Financial Sustainability • Negatively impact on service delivery & levels • Negative impact on organisational culture
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Strategic Planning framework and documents (e.g. Community Plan, Annual Plan etc) • Long Term Financial Plan/Annual Business Plan & Budget • Policies and Procedures • Internal Controls • Risk management framework • Delegations • External liaison and relationship management 		<ul style="list-style-type: none"> • Audit Committee • External/Internal Audit • Appropriately trained and experienced staff • Access to suitably qualified service providers for support (e.g. legal advice) • Access to LGA resources & opportunity to influence outcomes • Collaboration between Councils • ERA
Control Effectiveness:	<i>Majority Effective</i>	Risk Tolerance up to: MEDIUM
Likelihood: Possible	Consequence: Major	Residual Risk Rating: HIGH

Treatment Plan:	Responsibility:	Target Completion Date:
Preparation for LG Reform	• EMT	• Ongoing
Investigate development and implementation of Legislative Compliance register	• EMOCEO	• Dec 2021

Strategic Risk Register

5	Event Description: Workforce not appropriately skilled or engaged	
Responsible Managers: CEO, EMT, Managers		Community Plan Theme: CIVIC LEADERSHIP
Negative Contributory Factors: <ul style="list-style-type: none"> inability to attract appropriate staff Inappropriately skilled staff Negative organisational culture Lack of contemporary working conditions Limited access to ongoing training and development No career progression opportunities Lack of workforce planning Job doesn't meet staff expectations Unsatisfactory relationship with Elected Members Poor recruitment practices Ineffective knowledge management Lack of appropriate staff turnover Out-dated systems and processes 		Risks: <ul style="list-style-type: none"> Unnecessary high staff turnover Failure to deliver plans and strategies Community expectations not met Reputational damage Inability to retain the right staff Loss of corporate knowledge
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: HIGH
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> Recruitment strategies and practices Well established brand Active management and development of organisational culture (OCI) Appropriate employment conditions Continuous Improvement NEW - Working From Home Framework 		<ul style="list-style-type: none"> Documented job descriptions documented and reviewed Corporate Values Development planning process (PDR) Relevant resources and tools Digital Strategy and BS&S Capability
Control Effectiveness:	Majority Effective	Risk Tolerance up to: MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
EMT Focus Area – Workforce Planning – we have the required number of people to deliver Council's 4-year Delivery Plan		
1 Establish and implement the appropriate ratio of permanent vs contract roles and identify the workforce development strategies required to achieve the next 4-year Delivery Plan	• EMT	• Jun 2021
2 Align the labour budget to reflect the priority areas determined by Council	• EMT + GMBSI	• Jun 2020 - COMPLETED
3 Review and update organisation structure and succession plan	• EMT	• Jun 2021
EMT Focus Area – Employee Engagement – Our people collaborate for success and are valued, engaged and recognised for their achievement		
1 Establish and implement a communication framework and plan that conveys what will be communicated, to who, when and how	• GMBSI/EMOCEO	• Jun 2021
2 Implement an on-line climate survey tool to provide a regular interim measure between OCI surveys	• GMBSI	• Jun 2021
3 Develop a Reward & Recognition policy to provide a framework for recognition in the organisation	• GMBSI	• Jun 2020
4 Develop a calendar of key corporate processes and deadlines	• EMT	• Dec 2020
EMT Focus Areas – Understanding our Purpose – Our people understand their role in the 4-year Delivery Plan		
1 Develop purpose statements for work areas that are aligned to organisation's purpose	• EMT	• Dec 2020
2 Include clear purpose statements for all position descriptions	• GMBSI	• Dec 2020
3 Review the PDR process to ensure it is meaningful for our people	• GMBSI	• Jun 2021
EMT Focus Area – Digital Workplace – Enhance our performance through the introduction and integration of digital technologies		
1 Deliver the "Digital Workplace" (intranet) via a cross functional team	• GMBSI/EMT	• Sept 2020
2 Populate the Digital Workplace with appropriate content	• EMT	• Jun 2021
3 Provide a training program to enable delivery of Digital Workplace	• GMBSI	• Dec 2020
EMT Focus Area – Continuous Improvement and Innovation – Support our people to innovate and continuously improve		
1 Establish an 'innovation and red tape reduction register' to capture and implement ideas for productivity improvement	• GMBSI	• Sept 2020
2 Provide a training program on the application of continuous improvement tools	• GMBSI	• Jun 2020
3 Integrate continuous improvement as a 'business as usual activity' within each service area	• EMT	• Dec 2020

EMT reviewed – 30 April 2020

Strategic Risk Register

6	Event Description: Inability to respond to climate change	
Responsible Managers: CEO, EMT		Community Plan Theme: ENVIRONMENTAL STEWARDSHIP
Negative Contributory Factors ("root" causes / how and why the event arises): <ul style="list-style-type: none"> • Extreme weather events • Increased urban infill • State Government Planning Reforms • China Sword – lack of recyclables market • Increased waste production by the community 		Risks: <ul style="list-style-type: none"> • Canopy reduced – (out of Council's control) • Reputational impact – as community has strong 'green' focus • Heat-Island effect • Public Health implications and risks • Reduction in quality of life now and future • Increased costs • Impacts to rate-payers • Impact to local flora and fauna • Loss of enviable amenities • Unley does not become a desirable place to live
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: EXTREME
Existing Controls/Mitigating Practices: <ul style="list-style-type: none"> • Tree Canopy Action Plan • Budget allocation for 19/20 to target canopy cover has been established • Brown Hill Keswick Creek subsidiary • Strategic Plan and objects • Re-use water (dam and aquifer) • Water Sensitive Urban Design • Waste management plan • Public Health Plan • Alternative Energy initiatives • Cycling and walking network 		
Control Effectiveness:	Majority Effective	Risk Tolerance up to: MEDIUM
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: MEDIUM

Treatment Plan:	Responsibility:	Target Completion Date:
Develop new 4-year delivery plan	• EMT	• Sep 2020
Review long term financial plan	• GMBSI	• Jun 2020
Review Infrastructure & Asset Management Plans	• GMCD	• Nov 2020
CEO KPI 2019/2020 – Environment - Continue to implement policies, strategies and projects to drive improved environmental sustainability across the City The Council has established a number of policies and strategies to maintain and enhance our urban environment and strengthen the City's resilience to climate change. The ongoing implementation of strategy through a diverse range of key projects will demonstrate the Council's leadership to our community:		
-New waste management plan endorsed by Council	• GMCD	• Jul 2020
-New waste management contract	• GMCD	• Sep 2021
-Update and expand Tree Strategy – endorsed by Council for community consultation	• GMCD	• Feb 2020 - COMPLETED
-Implementation of year one – Canopy Action Plan	• GMCD	• Jun 2020

EMT reviewed – 30 April 2020

Strategic Risk Register

Emerging Risks: *What keeps you awake at night??*

- June 2019**
1. Business viability on King William Road
 2. Economic Activity within the City
- November 2019**
1. Sustainable economic activity
- April 2020**
1. Business Viability City Wide (*post Covid-19*)
 2. Workforce and service delivery issues (*post Covid-19*)



Appendix

Definitions of Control Effectiveness Ratings	
1. Ineffective	During the period, the control has not been implemented as described. Urgent management action is required to implement the described control processes.
2. Requires significant improvement	During the period, the control has been implemented as described, but with significant deficiencies in the consistency or effectiveness of implementation. Significant management action required to implement processes to improve the effectiveness of the control.
3. Partially effective	During the period, the control has been implemented as described, but with some deficiencies in the consistency and/or effectiveness in which it has been applied.
4. Majority effective	During the period, the control has been implemented as described and in the majority of cases has been consistently and/or effectively applied. There is potential to enhance the effectiveness of the control, but only with minor adjustments.

INFORMATION REPORT

REPORT TITLE: AUDIT COMMITTEE WORKPLAN - UPDATE
ITEM NUMBER: 3.5
DATE OF MEETING: 12 MAY 2020
AUTHOR: LIDA CATALDI
JOB TITLE: PRINCIPAL RISK MANAGEMENT OFFICER
ATTACHMENTS: 1. AUDIT COMMITTEE WORKPLAN - UPDATE

1. **EXECUTIVE SUMMARY**

This report provides the Audit Committee with an update on the status and progression of the endorsed Workplan for the 2020 calendar year.

2. **RECOMMENDATION**

That:

1. The report be received.
-

3. **RELEVANT CORE STRATEGIES/POLICIES**

4. Civic Leadership
 - 4.1 We have strong leadership and governance.
 - 4.3 Our business systems are effective and transparent

4. **BACKGROUND**

The Audit Committee Workplan was adopted at the 10 December 2019 Audit Committee Meeting. The Audit Committee Workplan is monitored and updated as required, to ensure the Committee delivers its role as set out in the Audit Committee Terms of Reference.

5. **DISCUSSION**

The Audit Committee Workplan has been reviewed and amendments have been made since 11 February 2020 meeting.

The following item has been added for the 12 May 2020 meeting:

- 2021-22 : 2029-30 Long Term Financial Plan (*consultation*) – the LTFP is usually developed in December, however due to staffing changes

within Finance the LGTP for this year has been aligned to coincide with the Annual Budget process.

The following items have been postponed:

- Organisational Risk Register – commencement has been delayed due a focus on the self-assessment of the Internal Financial Controls, LGRS Insurance Renewal process and review of the Business Continuity Plan. This item has been added to the Workplan for the Audit Committee’s August 2020 meeting
- Procurement Policy (and Framework) – the Finance Team has been focussing on the Annual Budget and Long Term Financial Plan, however the Policy and Framework has been drafted and is currently under review by the Acting Manager Finance and Procurement. This item has been added to the Workplan for the Audit Committee’s August 2020 meeting.
- Cash Handling Internal Audit has been postponed due to closures implemented as a result of COVID-19, once restrictions are lifted this project will recommence.

The amended workplan is provided as Attachment 1 to this Report.

Attachment 1

6. REPORT AUTHORISERS

Name	Title
Tami Norman	Executive Manager, Office of the CEO

Audit Committee Work Plan - 2020

Meeting Dates	<u>CURRENT</u> Agenda Items
12 May 2020	<ul style="list-style-type: none"> · Brown Hill Keswick Creeks subsidiary (Presentation) · Strategic Risk Register (Quarterly Review update) · 2020-21 Annual Business Plan and Budget (consultation) · 2021-22 : 2029-30 Long Term Financial Plan (consultation) <i>(added)</i> · Audit Committee Work Plan · Agreed actions status update – from internal and external audit · Procurement Policy (and Framework) <i>(postponed 18 August 2020)</i> · Organisational Risk Register <i>(postponed 18 August 2020)</i> · Any completed internal audit reports (Cash Handling Internal Audit – postponed) · Quarterly Budget Review– to be provided for information · Quarterly Performance Review – to be provided for information
Meeting Dates	<u>FUTURE</u> Agenda Items
18 August 2020	<ul style="list-style-type: none"> · Centennial Park Cemetery Authority subsidiary (Presentation) · Internal Financial Controls – Self Assessment Report FY19/20 · Strategic Risk Register (Quarterly Review update) · Operational Risk Register · External Audit – Interim Report · Procurement Policy (and Framework) · Audit Committee Work Plan · Agreed actions status update – from internal and external audit · Quarterly Budget Review – <i>to be provided for information</i> · Quarterly Performance Review – <i>to be provided for information</i>
13 October 2020	<ul style="list-style-type: none"> · Financial Statements FY19/20
8 December 2020	<ul style="list-style-type: none"> · Strategic Risk Register (Quarterly Review update) · Agreed actions status update – from internal and external audit · Organisational Risk Register · Any completed internal audit reports · Audit Committee Work Plan · Policy Register · Quarterly Budget Review – to be provided for information · Quarterly Performance Review – to be provided for information

Meeting Dates	PAST Agenda Items
2 July 2019	<ul style="list-style-type: none"> · Appointment of Deputy Presiding Member – Audit Committee (<i>Resolution No. AC0002/19</i>) · 2018-2019 External Audit Plan (<i>Resolution No. AC0003/19</i>) · Strategic Risk Register (<i>Resolution No. AC0004/19</i>) · Internal Financial Controls – Self Assessment 2018/2019 (<i>Resolution No. AC0005/19</i>) · Procurement Savings/Overruns – Q4 2018/2019 (<i>Resolution No. AC0006/19</i>)
11 November 2019	<ul style="list-style-type: none"> · Fraud and Corruption Prevention Policy Review (<i>Resolution No. AC0009/19</i>) · Revised Risk Management Policy (<i>Resolution No. AC0010/19</i>) · 2018-2019 General Purpose Financial Statements (<i>Resolution No. AC0008/19</i>) · Procurement Saving identified (<i>Resolution No. AC0011/19</i>)
10 December 2019	<ul style="list-style-type: none"> · Fraud and Corruption Prevention Policy Review (<i>Resolution No. AC0016/19</i>) · Revised Risk Management Policy (<i>Resolution No. AC0015/19</i>) · Strategic Risk Register (Review update) (<i>report received</i>) · Audit Committee meeting dates for 2020 (<i>Resolution No. AC0013/19</i>) · Audit Committee Work Plan (<i>Resolution No. AC0014/19</i>)
11 February 2020	<ul style="list-style-type: none"> · Strategic Risk Register (Quarterly Review update) (<i>Resolution No. AC0008/20</i>) · Development of the Draft 2020-2030 Long Term Financial Plan (<i>Resolution No. AC0004/20</i>) · Procurement Policy and Framework <i>postponed to 12 May 2020</i> · Asset Management Plan – (Work Plan/Schedule to address issues) (<i>Resolution No. AC0003/20</i>) · Local Government Risk Services (LGRS) Risk Evaluation (2019) (<i>Resolution No. AC0006/20</i>) · Internal Audit Plan 2020 (<i>Resolution No. AC0007/20</i>) · Progress report from Internal Control Assessment 2018-19 (removed – <i>Resolution No. AC0009/20</i>) · Agreed actions status update – from internal and external audit (<i>Resolution No. AC0005/20</i>) · Audit Committee Work Plan (<i>Resolution No. AC0009/20</i>) · Quarterly Budget Review – <i>to be provided for information</i>

	<ul style="list-style-type: none">· Quarterly Performance Review – <i>to be provided for information</i>
23 March 2020	<ul style="list-style-type: none">· Report from Chair of Audit Committee to Council