



Audit Committee

NOTICE OF MEETING

Notice is hereby given that a meeting of the Audit Committee will be held in the

**Kingston Room, Civic Centre
24 Jetty Road, Brighton**

Wednesday 6 June 2018 at 6.30pm

Justin Lynch
CHIEF EXECUTIVE OFFICER

Please note: This agenda contains Officers' reports and recommendations that will be considered by the Committee. Any confidential items listed on the agenda will be circulated to Members separately.



Audit Committee Agenda

1. OPENING

The Chairman, Councillor Smedley will declare the meeting open at _____ pm.

2. APOLOGIES

2.1 Apologies received

2.2 Absent

3. DECLARATION OF INTEREST

If a Member has an interest (within the terms of the Local Government Act 1999) in a matter before the Committee they are asked to disclose the interest to the Committee and provide full and accurate details of the relevant interest. Members are reminded to declare their interest before each item.

4. CONFIRMATION OF MINUTES

Motion

That the minutes of the Audit Committee held on 4 April 2018 be taken as read and confirmed.

Moved _____, Seconded _____

Carried

5. ACTION ITEMS

6. REPORTS BY OFFICERS

6.1 Standing Items (Report No: 191/18)

6.2 Draft 2018-19 Annual Business Plan and Budget (Report No: 188/18)

6.3 Long Term Financial Plan 2018-19 Draft Budget Update (Report No: 189/18)

7. 2018 FORWARD PROGRAM

8. URGENT BUSINESS – Subject to the Leave of the Meeting

9. CONFIDENTIAL ITEMS

9. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 29 August 2018 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

10 CLOSURE

**JUSTIN LYNCH
CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE
ACTION ITEMS
As at 04 April 2018**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
31 January 2018	6.1 Standing Items	Discuss with Alwyndor project governance of system implementation. Discussion to occur with Bentley's in regards to whether a project assurance internal audit on the Alwyndor finance system implementation can be undertaken in place of next internal audit.	R. Bria	4 April 2018	Discussion with Alwyndor occurred in regards to system implementation. High level Project Scope and Plan sited. Care systems providing implementation planning assistance. Discussion occurred with Bentley's and draft scope for project assurance developed. Draft scope for post implementation Audit included in this Agenda.
31 January 2018	7. Urgent Business	A calendar of events to be developed, identifying business that is forecasted to be brought forward in future meetings	R.Bria	4 April 2018	Calendar Events for the remainder of the calendar year included in Agenda.
4 April 2018	6.6 2017 Audit Committee Annual Report	The Committee to undertake self-assessment questionnaire prior to the next meeting.	R. Bria	29 August 2018	Self – Assessment questionnaire to be sent out after this meeting and surveys to be sent back prior to next meeting so that a report can be compiled on the results.

Item No: **6.1**
Subject: **STANDING ITEMS – JUNE 2018**
Date: 6 June 2018
Written By: Manager Finance
General Manager: Business Services, Mr R Bria

SUMMARY

The Audit Committee is provided with a report on standing items at each ordinary meeting.

RECOMMENDATION

That the Audit Committee advises Council it has received and considered a Standing Items Report addressing:

- **Monthly financial statements**
 - **Internal control**
 - **Risk management**
 - **Whistleblowing**
 - **Internal audit**
 - **Economy and efficiency audits**
-

COMMUNITY PLAN

Culture: Enabling high performance
Culture: Being financially accountable
Culture: Supporting excellent, efficient operations

COUNCIL POLICY

Not applicable

STATUTORY PROVISIONS

Local Government Act 1999, Sections 41 and 126
Whistleblowers Protection Act 1993

BACKGROUND

At its meeting on 23 January 2008, the Audit Committee resolved that a report be included in the agenda of each meeting of the Committee addressing the following standing items:

- Monthly financial statements
- Internal control and risk management
- Whistle blowing
- Internal audit
- Economy and efficiency audits

Also included in this Standing Items report is an item to formally advise the Committee of the outcomes of its recommendations and advice to Council. This is aimed at 'closing the communication loop' between the Committee and Council.

REPORT

Monthly Financial Reports

Members of the Committee receive copies of the monthly financial reports as soon as practical after they are provided to Council.

The budget update report for the period ended 31 March 2018 (report 130/18) was forwarded to members of the Committee prior to Council consideration on 24 April 2018. Council accepted the recommendations contained in the report (Minute C240418/1128).

Financial reports for Municipal and Alwyndor operations for the month ended 30 April 2018 were considered by Council at its meeting on 22 May 2018. Members of the Committee have received copies of the April report.

Risk Management

Administration is not aware of any material changes to Council's risk profile not otherwise disclosed since the previous Standing Items Report on 4 April 2018.

Internal Controls

Administration is not aware of any material changes to Council's internal controls not otherwise disclosed since the previous Standing Items report on 4 April 2018.

Internal controls were self-assessed and reviewed by managers during March and April 2018 using the ControlTrack software product. Council's internal auditor facilitated this process and a report on the outcomes will be provided to the Audit Committee when completed. Council's external auditor will review the assessments and outcomes as part of the 2017-18 audit.

Internal Audit

As part of the 3 year internal audit plan Council's internal auditor, Bentleys, conducted an internal audit of Human Resource Management during May 2018. A report on the outcomes will be provided to the Audit Committee when completed.

A draft internal audit scope is currently being prepared for the post implementation audit of IT systems at Alwyndor. It is suggested that this audit be undertaken in August after the Alwyndor payroll system goes live 1 July 2018. The draft scope is attached for Audit Committee consideration and comments.

Refer Attachment 1

External Audit

Council's external auditor, BDO, completed their interim 2017-18 transaction audit of Council and Alwyndor activities. They will attend Council offices in September 2018 to complete the 2017/18 audit. An audit completion report will be provided to the Audit Committee in October 2018.

Whistle-Blowing

There have been no whistleblower complaints made to Council since the previous standing items report on 4 April 2018.

Sec 130A Economy and Efficiency Audits

Council has not initiated any review pursuant to section 130A of the *Local Government Act* since the previous Standing Items Report on 4 April 2018.

Council Recommendations

At its meeting on 24 April 2018 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 4 April 2018.

BUDGET

This report does not have any budget implications.

LIFE CYCLE COSTS

This report does not have any full life cycle costs implications.

Project	High level scope	Estimated Hours/Cost (Ex GST based on 2017/18 rate)
<p>System Post Implementation Audit</p>	<p>A new financial system ITR has been implemented and rolled out in Alwyndor Aged Care (Alwyndor). This system was assessed and chosen for the ease of use, system functionality, cost of implementation and ongoing licence fees, implementation and training experience, support and reporting.</p> <p>The ITR system is currently in the post-implementation stage (within six months after roll-out). Bentleys (SA) Pty Ltd is engaged to assess the quality of the data being transferred across and determine whether the system effectively supports internal controls. Specifically, the audit scope included the following:</p> <p>Data Migration and Integrity</p> <ul style="list-style-type: none"> Review and assess the key processes undertaken to migrate data, including design, extraction, cleansing, load, and verification; Perform sample testing to determine whether data was accurately migrated, is complete, and supports processes in the new system; and Review accuracy of data processing compared to historical processes. <p>Data Security</p> <ul style="list-style-type: none"> Determine whether the system data security, backup, recovery, and restart capabilities adequately safeguard data, including master, transaction and source; Determine whether appropriate files, programs, and procedures are established to enable recovery from a disaster resulting in the loss of data; Review the ability to trace transactions through the system; and Evaluate the adherence to restriction of access to data. <p>System Operations</p> <ul style="list-style-type: none"> Verify the effectiveness of the system processing activities, including the submittal of source material, and the receipt of outputs; Determine the ability of system to schedule tasks according to user needs and to complete scheduled tasks; Analyse the usability of the system including the transaction throughput and error rate; Assess the ability of the system to handle peak loads and to resolve backlogs when they occur; and Evaluate whether adequate maintenance activities are scheduled and implemented or major enhancement/revisions is required to ensure operations. <p>Risk Management and Controls</p> <ul style="list-style-type: none"> Identify internal controls delivered in the previous system and the associated risks mitigated; Identify internal controls delivered in the new system and the associated risks mitigated; Compare the risk management and controls between the previous and new systems to identify gaps if any; and Determine whether the new system conducts the sufficient control activities to mitigate the associated risks. 	<p>70 hours @ \$130 \$9,100</p>

Project	High level scope	Estimated Hours/Cost (Ex GST based on 2017/18 rate)
	<p>This audit will not assess whether the project objectives have been met. Therefore, stakeholder engagement, functional requirements, and cost-benefit analysis are excluded from the audit scope.</p>	

DRAFT

Item No: **6.2**

Subject: **DRAFT 2018-19 ANNUAL BUSINESS PLAN AND BUDGET**

Date: 6 June 2018

Written By: Manager Finance

General Manager: Business Services – Mr R Bria

SUMMARY

The draft 2018-19 Annual Business Plan and Budget was developed on the assumptions and parameters discussed at a Council workshops held in February and March 2018. The draft budget satisfies Council's financial sustainability and performance measures.

The Audit Committee at its meeting on 4 April 2018, received, considered and supported the draft 2018-19 Annual Business Plan for public consultation. Subsequent to this meeting on 10 April 2018 Council approved its Draft 2018-19 Annual Business Plan and Budget for public consultation.

Council received a report covering the above outcomes on 22 May 2018 (Report 167/18) and resolved that the submissions be received and noted. There were no changes to the draft budget document.

The draft 2018/19 Annual Business Plan and Budget is presented to Audit Committee for their comment and support that it satisfies Council's financial sustainability and performance measures.

RECOMMENDATION

That the Audit Committee note that the draft 2018-19 Annual Business Plan and Budget (Attachment 1), satisfies Council's financial sustainability and performance measures and support its presentation to Council for adoption.

COMMUNITY PLAN

Culture: Being financially accountable

COUNCIL POLICY

Not Applicable.

STATUTORY PROVISIONS

Section 123 of the *Local Government Act, 1999* (the Act).

BACKGROUND

The Audit Committee at its meeting on 4 April 2018, received, considered and supported the draft 2018-19 Annual Business Plan for public consultation. Subsequent to this meeting on 10 April 2018 Council approved its Draft 2018-19 Annual Business Plan and Budget for public consultation. The consultation period ran from 16 April 2018 until 11 May 2018. Council provided a period of one hour to hear verbal submissions and comments from members of the community at its meeting on 8 May 2018.

REPORT

Development and consultation of the Draft 2018–19 Annual Business Plan and Budget

The published Draft 2017-18 Annual Business Plan is provided at Attachment 1 and is Council's statement of its intended program of activities and outcomes for the coming financial year. It is developed in unison with the budget which outlines proposed revenue sources and allocations of funds required to implement the Annual Business Plan.

Refer Attachment 1

Details of the draft budget parameters, considerations and inclusions were included in the Audit Committee report 100/18 on 4 April 2018.

Draft Budget Financial Performance and Position

The municipal draft budget features:

- an operating surplus of \$272,076 for Council's municipal activities;
- gross capital expenditure of \$22.558m comprising \$4.783m on renewal and replacement of existing assets and \$16.959m for new and upgraded assets and \$816,000 for employee costs capitalised;
- Council's Net Financial Liabilities Ratio ceiling is 75%. The ratio is expected to be 49%. The projected Interest Cover Ratio of 1.6%, which measures the affordability of its indebtedness, shows that Council can manage debt without adversely affecting the sustainability of its long term financial position.

Measure – Municipal Activities	Target	2.7% Increase	Comments
Operating Result – after proposed new initiatives Forecast for 2018/19 <i>Operating revenue less operating expenditure</i>	≥ 0	\$272,076 surplus	<input checked="" type="checkbox"/> Draft result
Net Financial Liabilities Ratio – after allowing for proposed new initiatives Forecast to 30 June 2019 <i>Total liabilities less financial assets as a percentage of operating revenue (excluding NRM levy)</i>	≤ 75%	49%	<input checked="" type="checkbox"/> Current (17/18 forecast) ratio is 43.6%. Increase in ratio due to new borrowings (\$3.37m) required to fund proposed new (18/19) capital new initiatives.
Interest Cover Ratio Forecast for 2018/19 <i>Net interest expense as a percentage of operating revenue (excluding NRM levy)</i>	≤ 5%	1.6%	<input checked="" type="checkbox"/> Low interest-bearing debt and historically low interest rates.

For Alwyndor activities the financial measures are as follows:

Measure – Alwyndor Activities	Target	Forecast	Comments
Operating Result – Forecast for 2018/19 <i>Operating revenue less operating expenditure</i>	≥ 0	\$186,308 surplus	<input checked="" type="checkbox"/> Draft result
Net Financial Liabilities Ratio – Forecast to 30 June 2019 <i>Total liabilities less financial assets as a percentage of operating revenue</i>	≤ 75%	73%	<input checked="" type="checkbox"/> Current (17/18 forecast) ratio is 81%. This ratio includes Aged Care Facility deposits which are recorded as current liabilities.
Interest Cover Ratio Forecast for 2018/19 <i>Net interest expense as a percentage of operating revenue</i>	≤ 5%	0.4%	<input checked="" type="checkbox"/> Alwyndor have no borrowings.

Consultation submissions

During the consultation period a total of eight submissions were received. Written submissions were received via one letter, one email, one feedback form and four through the interactive web page. There were two submissions directed to Council at its meeting of 8 May 2018, with one of these being accompanied by the emailed submission mentioned above.

The submissions were discussed at a Council workshop on 15 May 2018.

The key items raised within the submissions included:

- Suggestions for future plans, including Kaurna recognition
- Allocation of budget to specific projects (i.e. sandbag groynes, stormwater)
- Comments and queries on specific projects/areas, including; active transport, footpath safety, drug use in Somerton Park and amounts expended/costs of various projects/programs
- Management of community centres
- The presentation and information contained (or wished to be contained) within the document.

Council received a report covering the above outcomes on 22 May 2018 (Report 167/18) and resolved that the submissions be received and noted. There were no changes to the draft budget document.

Rate Revenue

Overall rate revenue is budgeted to increase by 2.7% excluding separate rates, development growth (estimated at 0.5%) and the NRM Levy.

At its meeting on 22 May 2018 Council received a report on the 2018-19 rate principles (report 165/18) and resolved that:

- the minimum rate be increased by the same percentage as the increase in general rate ie 2.7%;
- the differential rate be retained at the current 13.8% proportion of general rate revenue;
- the rate capping percentage remain at 6%;
- the heritage rate rebate be reduced from 8% to 0%.

The report included details on rating apportionment and current valuations. The average residential property value has increased by \$28,700 to \$608,440. Rate modelling was performed showing that the average residential rate for 2018-19 would be \$1,511 (an increase of \$41 per annum). For commercial/industrial/vacant land the current average property value has increased by \$34,750 to \$734,600. Based on maintaining the current rating apportionment (13.8%) the average rate for 2018-19 would be \$2,839 (an increase of \$54 per annum).

The report included details of the minimum rate recommending a 2.7% increase to \$976, being an increase of \$26 per annum. This would affect 25% of ratepayers.

Long Term Financial Plan

The long term financial plan (LTFP) was reviewed and presented to the Audit Committee on 25 October 2017. The report commented that the plan would be enhanced as part of the 2018/19 budget process to include major projects that have been identified to be undertaken over the next 10 years.

This has been completed and is included as a separate report to this Audit Committee meeting.

Budget and Annual Business Plan Timeline

A number of further meetings and workshops are scheduled to meet the requirements of the budget timetable as follows:

- 12 June: Council receives Audit Committee recommendations and endorse final 2018/19 Budget and Annual Business Plan.
- 26 June: Council rate declaration.

Audit Committee response

After receiving the above information and outcomes the Audit Committee has a further opportunity to:

- propose and provide information relevant to a review of Council's Annual Business Plan; and
- review and provide recommendations to Council on the sustainability of Council financial performance and proposals.

BUDGET

The cost of production of the 2018–19 Annual Business Plan and associated community engagement will be met within the current budget.

LIFE CYCLE COSTS

This report does not have any direct full lifecycle cost implications.



Long Term Financial Plan 2017/18 – 2027/28

Date: 30 May 2018

FRAMEWORK

The Local Government Act requires councils to have strategic management plans which must address:

- the sustainability of its financial performance and position;
- the maintenance, replacement or development needs for infrastructure;
- proposals with respect to debt levels; and
- Identification of any anticipated or predicted changes that will have a significant effect upon the costs of Council's activities or operations.

Council's primary planning document is its Community Plan Councils *Our Place 2030 Strategic Plan* adopted in 2017 which articulates the future directions and priority actions of the City with a horizon of 2030.

The Long Term Financial Plan is the primary financial management tool linking to Council's Community Plan. It expresses Council's activities over a 10 year planning horizon in financial terms coinciding with the Asset Management plan time horizon and provides guidance to formulate Council's annual business plans and budgets.

The Long Term Financial Plan is informed by Council's Asset Management Plans which provide projections for maintenance, renewal and replacement of Council's assets and infrastructure such as roads, footpaths, drains and coastal reserves up to the period ended 2027/28.

Council has adopted a long planning horizon for its Asset Management Plan and Long Term Financial Plan to reflect the significance of its asset management needs (ie. maintenance, renewal and replacement). Local government is highly asset intensive. As at 30 June 2017, the City of Holdfast Bay had assets valued in excess of \$733 million — compared with annual operating revenue of \$62 million. Council's assets predominately have long lives with significant life-cycle maintenance and renewal costs, often lumpy in timing. It is important to be able to look ahead as far as practicable to provide sufficient lead time to respond to future needs and adjust strategies when required.

Council owns and operates the Alwyndor Aged Care facility in Hove, however it is excluded from this LTFP because it is managed as a self-sustaining operation with all its funding sourced from residents, government funding under aged care arrangements and its investments. Alwyndor does not rely on funding from Council's rate revenue however Council does have ultimate responsibility for its operation.

FINANCIAL SUSTAINABILITY

The City of Holdfast Bay is committed to the principles of financial sustainability and Council has adopted the following definition of financial sustainability:

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.

Our commitment to financial sustainability means that we will adopt prudent financial governance policies and practices to ensure continued cost-effective delivery of services to our community over the long term. This comprises three elements:

Program sustainability – ensuring the maintenance of our high priority programs including the renewal and replacement of infrastructure

Rate stability – ensuring a reasonable degree of stability and predictability in the overall rate burden

Intergenerational equity – ensuring a fair sharing in the distribution of resources and attendant financial burden between current and future users of our services and infrastructure

FINANCIAL PRINCIPLES

To support our commitment to financial sustainability, Council applies the following key financial principles in its financial planning:

Balanced Budget

Council aims to fully fund the cost of its services, including depreciation of its infrastructure and assets (ie wear and tear), to ensure an equitable sharing between current and future users. Insufficient funding shifts the cost burden of today's services on to future users in the form of higher rates or reduced services.

Sound Infrastructure and Asset Management

Council aims to maintain its infrastructure and assets to the requisite standard to ensure continued delivery of services to agreed standards. This involves developing and using long-term infrastructure and asset management plans to manage Council's asset portfolio efficiently and the continued investment in its renewal and replacement as our asset stock wears out.

Rate Predictability

Council aims to provide its community with a reasonable degree of predictability for rates over the medium term. It is important that ratepayers are fully informed about rates and the corresponding services provided.

KEY INFLUENCES

Council provides a wide range of services and programs to its community. These are shaped by a variety of influences including legislative obligations and community expectations.

Our Place 2030 Strategic Plan

Council's *Our Place 2030 Strategic Plan* adopted in 2017 articulates the future directions and priority actions of the City with a horizon of 2030. It includes the following strategic objectives:

Community

- Building a healthy, active and resilient community
- Celebrating culture and diversity
- Providing welcoming, accessible facilities
- Fostering an engaged, contributing community

Environment

- Protecting biodiversity
- Building an environmentally resilient city
- Using resources efficiently
- Fostering an environmentally connected community

Economy

- Supporting and growing local business
- Making it easier to do business
- Harnessing emerging technology
- Boosting our visitor economy

Placemaking

- Creating vibrant and safe places
- Developing walkable, connected neighbourhoods
- Building character and celebrating history
- Housing a diverse population

Culture

- Providing customer-centred services
- Being financially accountable
- Enabling high performance
- Supporting excellent, efficient operations

Economic environment

The economic outlook has a significant effect on our community, ratepayers and Council. Confidence in the economy drives demand, investment and employment.

The final 2017 economic briefing report by the University of Adelaide's South Australian Centre for Economic Studies (SACES) predicts a slowing in economic growth in South Australia. Gross State Product (GSP) is predicted to grow 1% in 2017/18.

Other current South Australian economic indicators show:

- Recovery in business investment.
- Lift in public infrastructure investment.
- Avoidance of surge of residential property prices compared to eastern capitals.
- Modest growth in employment over next two years mirroring the population growth.
- Slow wages growth holding back household spending leaving investment spending from business and government as the main driver of growth.

The main challenge for all levels of government is ensuring their financial positions are sustainable. This includes the appropriate allocation of infrastructure. Council's long term financial plan is based on sound principles of financial sustainability including a comprehensive long term asset management plan.

Local demographic and statistical indicators

Residents of Holdfast Bay are, on most measures, comparatively affluent with above average household incomes and are arguably less exposed to economic downturns.

Information provided by the Australian Bureau of Statistics from the latest 2016 Census supports this conclusion. The Holdfast Bay data shows a number of major variances to the greater Adelaide area as below;

- Higher median age of persons 46 compared to 39 greater Adelaide.
- Higher median weekly family income \$1,973 compared to \$1,265 greater Adelaide.
- Higher median mortgage monthly repayment \$1,772 compared to \$1,517 greater Adelaide.
- Higher proportion of fully owned homes 35.8% compared to 30.7% greater Adelaide.

Infrastructure and asset management

As at 30 June 2017, Council owns infrastructure and assets valued at \$733 million comprising the following broad categories:

- Land \$358m
- Buildings \$95m
- Stormwater drains \$36m

- Roads, laneways, footpaths and bridges \$192m
- Parks and Reserves, Coastal assets \$44m
- Plant, equipment, furniture & Fittings \$7m
- Library Lending Materials \$0.8m

Consistent with the principles of financial sustainability, Council is committed to ensuring its infrastructure and assets remain relevant to the current and future needs of the community. In addition to ongoing repairs and maintenance, it also includes review of service needs, asset conditions and community expectations.

The basis used to determine when an asset is due to be renewed or replaced is when the physical condition rating and remaining useful life of the asset is such that it indicates that the asset requires substantial maintenance or restoration and that the residual life of the asset is negligible. The cost to renew or replace the asset is determined by its current replacement cost.

The annual depreciation rate for an asset is based on the total useful life at the asset. When assets are revalued the accumulated depreciation is recalculated based on the remaining useful life of the asset. There is therefore a direct link between depreciation and the renewal or replacement of assets.

External funding sources

Councils 2017/18 budget indicates a significant reliance (75%) on rate revenue. Council is seeking to reduce this rate burden by increasing its revenue from other sources, such as rent from commercial leases, off-street carparks, Brighton Caravan Park and higher grant funding from Commonwealth and State Governments. Some council services are specifically provided to individuals and a user charge is appropriate. This is even more important in cases where individuals from outside the council area use the services. Maintaining and improving appropriate user charges and lease revenue while seeking opportunities for new grants and subsidies will relieve the overall rate burden.

Service reviews

Council monitors and assesses its services to ensure that they continue to meet the evolving needs of its community and provides value for money.

ASSUMPTIONS

Council's financial projections over the long term planning horizon are not meant to be a prediction of financial position or performance but rather an indication of direction and financial capacity. Projections are shaped by a variety of underlying and dynamic assumptions.

Some of the key assumptions underpinning Council's Long Term Financial Plan are as follows:

Base Case - Continued provision of existing services at current standards

Council's base case assumes that Council continues to provide existing services at current standards. Base case projections assume no material changes to services or investment in new or upgraded assets other than what is already resolved and planned. The base case doesn't predict any broad changes in direction in response to community demand or emerging developments.

This assumption is an acknowledged unrealistic given that Council typically changes its services in response to a variety of influences, and invests in new and upgraded assets — collectively referred to as “new initiatives”. The nature of these new initiatives over the long term planning horizon is unknown. However for the purpose of providing an indication of base case projections, a scenario is developed that assumes new initiative expenditure of \$1,000,000 per annum and apportioned \$500,000 new and upgraded capital and \$500,000 operating expenditure.

Inflation Forecasts

The following table provides inflation forecast information. It lists forecasts for the Consumer Price Index (CPI) and Local Government Price Index (LGPI). The forecast CPI has been sourced from Deloitte Access Economics. The LGPI is published by the University of Adelaide and measures price movements faced by Councils in South Australia. The LGPI increase has been determined by averaging the last six years LGPI increase above CPI. The applied LGPI is the addition of the two measures. The LGPI has been used in the LTFP model for indexing operating expenditure (excluding employment costs) and income and capital expenditure.

Year	CPI	LGPI Increase	LGPI
2018/19	2.1%	0.3%	2.4%
2019/20	2.2%	0.3%	2.5%
2020/21	2.4%	0.3%	2.7%
2021/22	2.5%	0.3%	2.8%
2022/23	2.4%	0.3%	2.7%
2023/24	2.2%	0.3%	2.5%
2024/25	2.3%	0.3%	2.6%
2025/26	2.5%	0.3%	2.8%
2067/27	2.5%	0.3%	2.8%
2027/28	2.4%	0.3%	2.7%

Rate revenue increase

A rate revenue increase based on the forecast LGPI is assumed reflecting Council's direction to keep rate increases as low as practical. An additional 0.5% pa has been provided for property development growth. Property development growth comprises improvements that increase a property's value, or new developments such as replacing an existing building. The annual increase in rate revenue excludes changes to the NRM Levy collected by Council on behalf of the Natural Resources Management Board

Employment Costs

Employment costs have been revised in accordance with current enterprise agreements (EA) being 2.5% for salaried staff and 2.8% for wages staff. The wages staff EA expires on 30 June 2018 and the salaried staff expires on 30 June 2019. The LTFP model has used 2.6% for the next two financial years and thereafter an average indexation of 2.7%.

Funding and borrowings

Cash and cash equivalents are modelled to include all investments and reserve funds, and borrowings are only provided for when cash is required.

Council's treasury management policy stipulates borrowing and investment direction. Existing borrowings are a mixture of short and long-term loans designed to manage liquidity and interest rate risk. Existing borrowings are with the Local Government Finance Authority (LGFA), being the preferred financial institution, guaranteed by the South Australian Government. The four major banks being Commonwealth, ANZ, NAB or Westpac may also be considered when placing new borrowings.

Investments are placed with the LGFA, SA or Commonwealth Government Bonds or the four major banks after considering investment returns and transaction costs.

New borrowings have been forecast on a 20 year repayment basis at current long term LGFA borrowing rates of 4.8%. Loans due for roll-over are forecast for their remaining loan terms.

Grants and subsidies

Council receives a mixture of grant funding from the State Government to support its programs and activities. Some grants, like the Financial Assistance Grants, are recurring and received every year. These are assumed to increase by forecast LGPI. The Roads to Recovery (RTR) Federal Government program was scheduled for completion in 2018/19. However the program will be extended from 2019/20 onwards and financial details are not anticipated until closer its commencement. The LTFP has not included this program beyond 2018/19.

Asset renewal and replacement

Projections include renewal and replacement as forecast in the 2 year forward capital renewal program and asset management plans.

Asset New and upgrade – Strategic Projects

The following major strategic projects have been included for new and upgraded capital investment. A number of the projects are subject to grant funding. The LTFP has included both the gross amount of the project and the proposed grant funding.

- Stormwater Management Plan estimates have been included in the base case modelling - \$26.5m gross part grant funded by \$16.325m over 10 years.
- Brighton Sporting Community Centre - \$8m gross part grant funded by \$2m over 2 years commencing in 2018/19.
- Glenelg Oval Masterplan - \$20m gross part grant funded by \$9.9m over 10 years commencing in 2018/19.
- Jetty Road Glenelg Masterplan - \$18.68m gross part grant funded by \$9.34m over 10 years commencing in 2018/19.
- Coast Park and Kingston Park Masterplan - \$3.3m gross part grant funded by \$1.65m over 3 years commencing in 2019/20.
- LED conversion - \$1.2m over 3 years commencing in 2018/19.
- Foreshore irrigation upgrade - \$488,000 over 5 years commencing in 2018/19.
- Glenelg Town Hall Restoration Stage 2 and Caravan Park cabin renewal.

Additional depreciation expense has been determined for the gross amount of new and upgraded assets using the following average useful lives in accordance with existing accounting policy:

- Buildings - 75 years.
- Drains – 100 years.
- Transport Infrastructure – 50 years.
- Open Space – 25 years.

Asset sales

Council reviews its extensive property portfolio regularly with the aim of improving utilisation, upgrading community facilities and reducing ongoing holding and maintenance costs. In some cases, this will result in the disposal of under-utilised properties with the proceeds re-invested into new or upgraded community facilities. No additional asset sales have been forecast in this Long Term Financial Plan, above the sale of land for \$1M to fund Minda Coast Park in the 2018/19 budget.

Projects not included

The Glenelg Jetty upgrade proposal has not been included as it requires further Council consideration, detailed costing and financial analysis and community consultation.

The Holdfast Bay Community Centre redevelopment has not been factored in specifically at this stage. The 2018/19 budget includes the development of a Masterplan for Holdfast Bay Community Club and based on the outcome of that Masterplan, the LTFP can be updated in subsequent reviews.

The LTFP will be used as a tool to assist in decision making on financial viability and impact of these projects.

PROJECTIONS

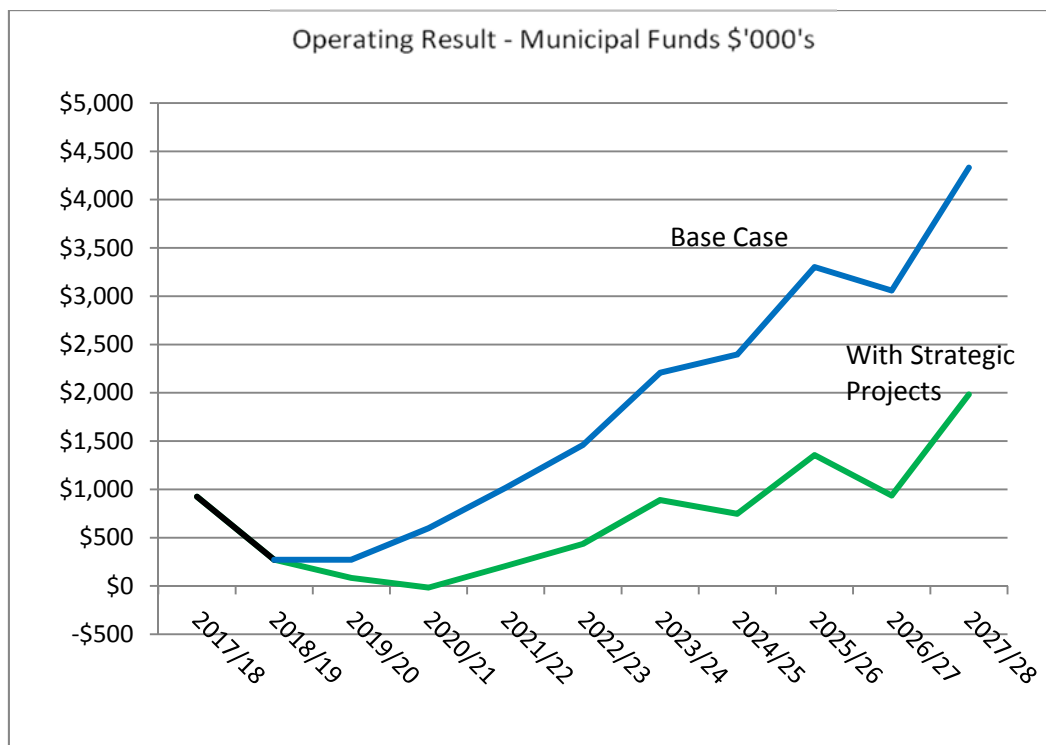
The results have been charted and show projections for the key financial performance indicators over the 10-year planning horizon. They provides a measure of overall financial capacity to respond to circumstances and undertake major new initiatives without adversely affecting the continued provision of services to our community.

A full set of financial forecast details is provided for reference as attachments at the end of this document. They include the latest budget updates up to 30 March 2018 and the 2018-19 draft budget.

Operating Surplus

In broad terms, the Operating Surplus is the difference between day-to-day income and expenditure for the period.

Council's income (or revenue) includes rate revenue, user charges, statutory charges, investment income and grants and subsidies of an operating nature from third parties. Operating expenditure is expenditure incurred in the ordinary course of providing Council's services, including a charge for depreciation of infrastructure and assets. Depreciation reflects a portion of the capital cost or value of an asset used or consumed during the year and can be regarded as the cost of "wear and tear".

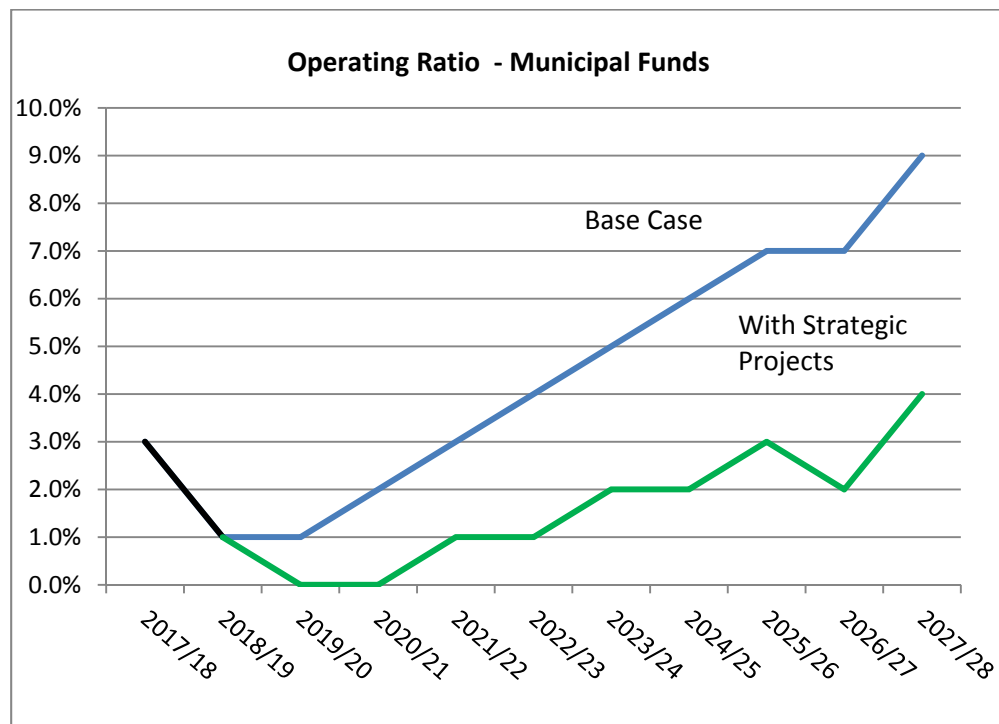


Operating Ratio

The Operating Ratio measures the Operating Surplus as a percentage of rate revenue.

A positive ratio indicates the percentage of rates available to help fund current and future capital expenditure. A negative ratio indicates the percentage increase in rate revenue that would have been required to achieve a break-even operating result.

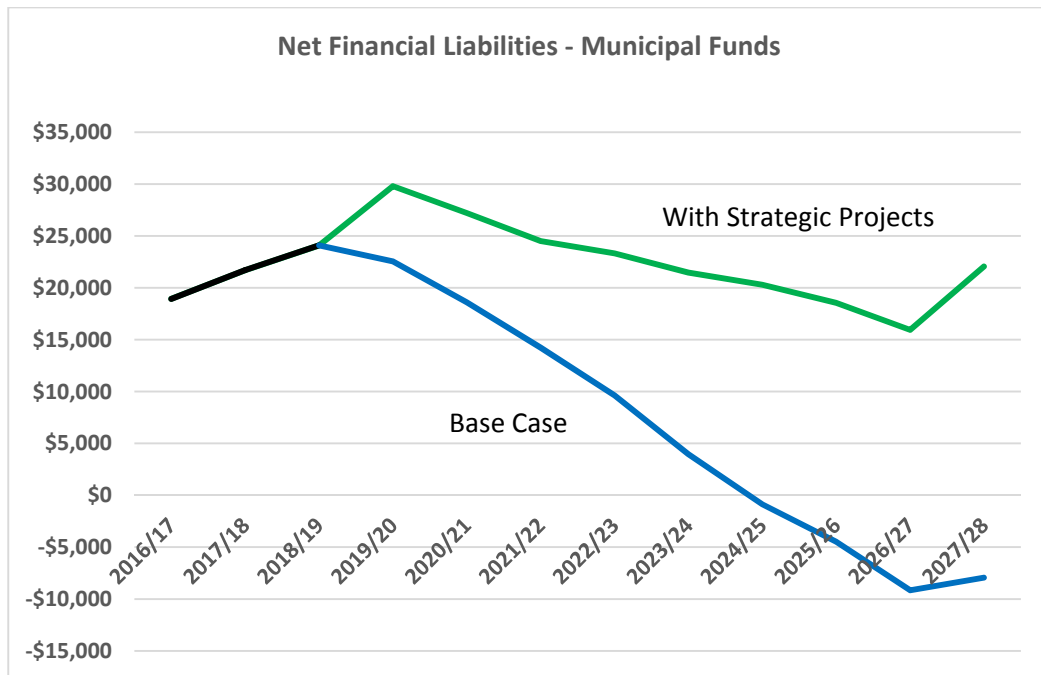
Council has set an Operating Ratio target of between 0 and 10% over a rolling 5-year period. This recognises the impact of one-off events that distort an annual ratio. After adjusting for one-off operating grants for renewed assets, the operating ratio over a rolling 5-year period commencing from 2013/14 to the current financial year has been 0.4% surplus.



Net Financial Liabilities

Net Financial Liabilities is a measure of Council’s net debt — what Council owes others less what is owed to Council and is calculated as total liabilities less financial assets.

It is a broader and more appropriate measure than just debt and recognises Council’s available financial assets (such as cash and investments) and other liabilities (including employee entitlements and creditors).

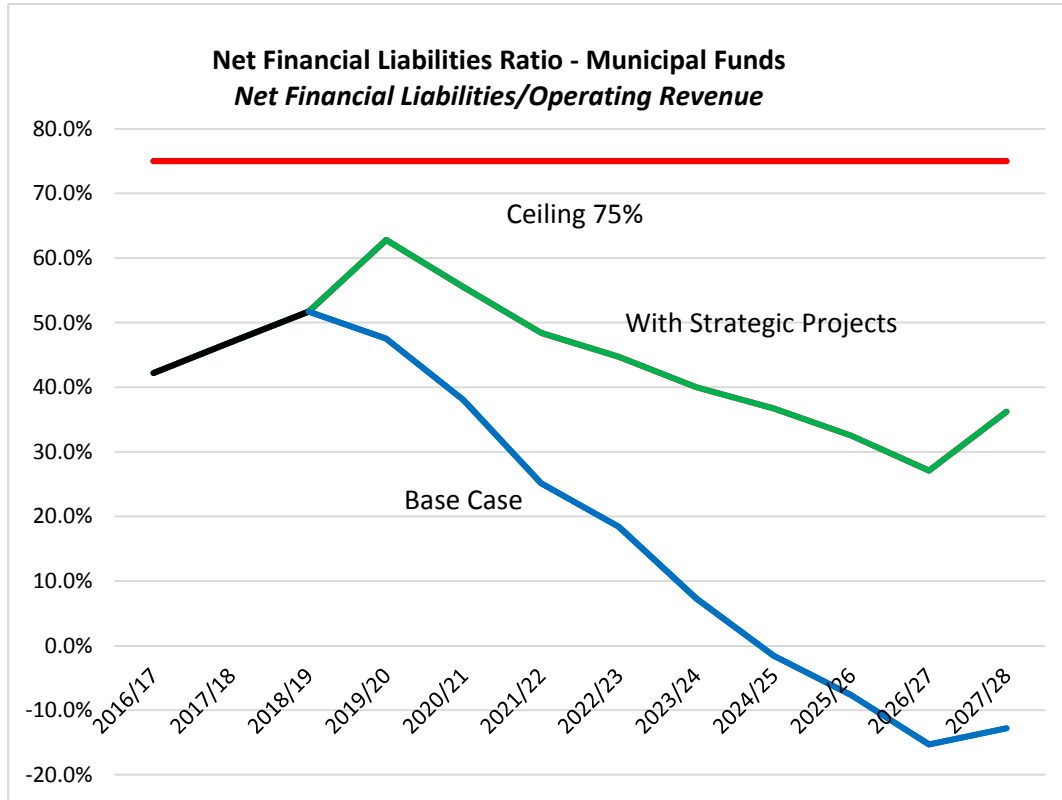


Net Financial Liabilities Ratio

The Net Financial Liabilities Ratio indicates how significant Council’s Net Financial Liabilities are compared to income and indicates the extent to which Net Financial Liabilities could be met by revenue. It is calculated by expressing Net Financial Liabilities as a percentage of revenue.

A declining Net Financial Liabilities Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations.

Council has set a target to maintain a Net Financial Liabilities Ratio of not more than 75%. This is analogous to a household with an annual income of \$100,000 having a mortgage and credit card debt of \$75,000.



This chart also shows a peak period during 2019/20 for strategic projects due to allowing for major capital projects including the Brighton Sporting Community Centre.

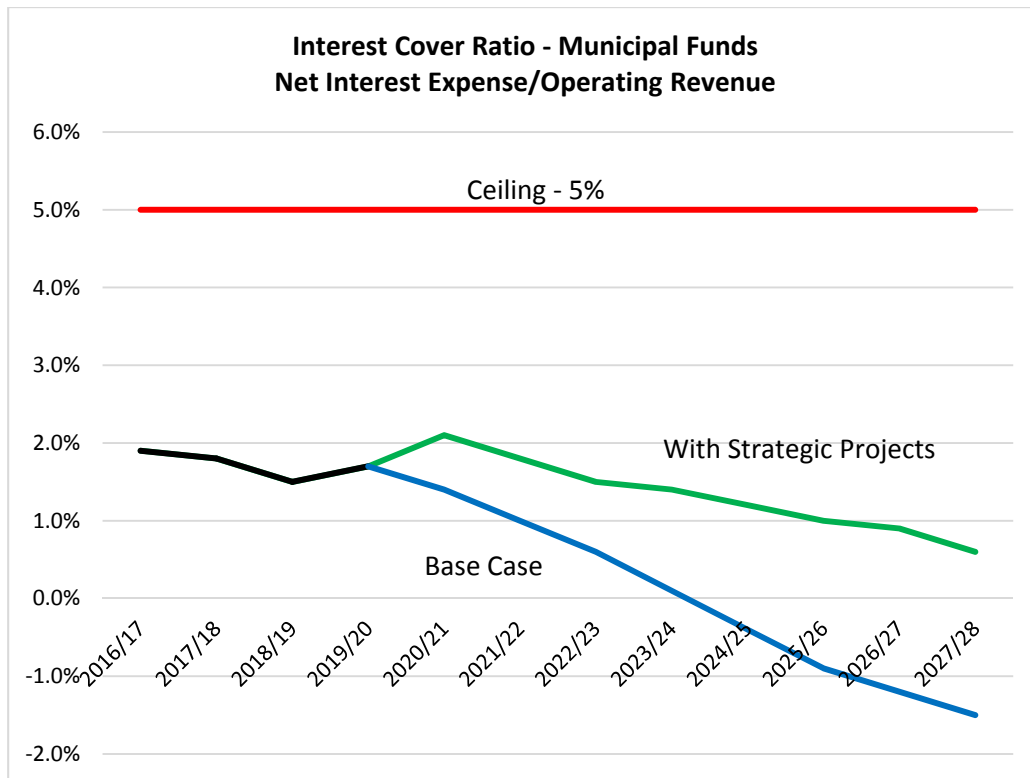
Interest Cover Ratio

The Interest Cover Ratio measures the portion of annual revenue required to meet Council’s net interest expenses.

As with the Net Financial Liabilities Ratio, a declining Interest Cover Ratio indicates that Council has a corresponding increase in capacity to service its financial obligations. This may be the result of declining Net Financial Liabilities and/or falling interest rates.

A high Interest Cover Ratio indicates that Council has reduced flexibility to fund its services.

Council has set a target to maintain an Interest Cover Ratio of not more than 5%. This means that 5 cents out of every \$1 of revenue is used to pay net interest.



Asset Sustainability Ratio

Asset Sustainability is expressed capital expenditure on renewal and replacement as a percentage of the optimal expenditure identified in Council’s Asset Management Plans.

The AMP has provided the capital renewal expenditure figures and therefore this percentage amount is 100%.

Rate Burden and types of rates

Council uses the capital value determined by the State Valuation Office as the basis for valuing land and calculating rates. Council considers that this method provides the fairest and most efficient method of distributing the rate burden across all ratepayers.

The rate burden is measured by comparing revenue sourced from rates to all sources of revenue. A lower rate burden indicates that Council is less reliant on ratepayers for funding goods and services. The 2018/19 draft budget shows a Rate Burden of 73%. Through improving appropriate user charges and seeking opportunities for new grants and subsidies it is proposed to reduce the rate burden in future years.

Council levies a number of major rate types including residential, differential and separate rates. For 2018/19 the average (mean) value of residential property is estimated to be \$608,439 resulting in an average proposed rate of \$1,511. For commercial, industrial and vacant properties a differential rate of 56% is proposed applies which will raise approximately 13.8% of Councils total rate revenue. Separate rates exist for Glenelg's Jetty Road shopping precinct and the ongoing maintenance of the lock in the Patawalonga.

COMPARATIVE PROJECTION OUTCOMES

The financial projections contained in this overview are based on a variety of estimates and assumptions. A modest change in one may have a material effect on the projections. For example reducing the rate decrease from 2.5% to 2% will result in a reduced operating result over a number of years.

The projections indicate that, based on current assumptions, Council remains within the target range for a balanced budget with a more favourable outlook over the mid-term.

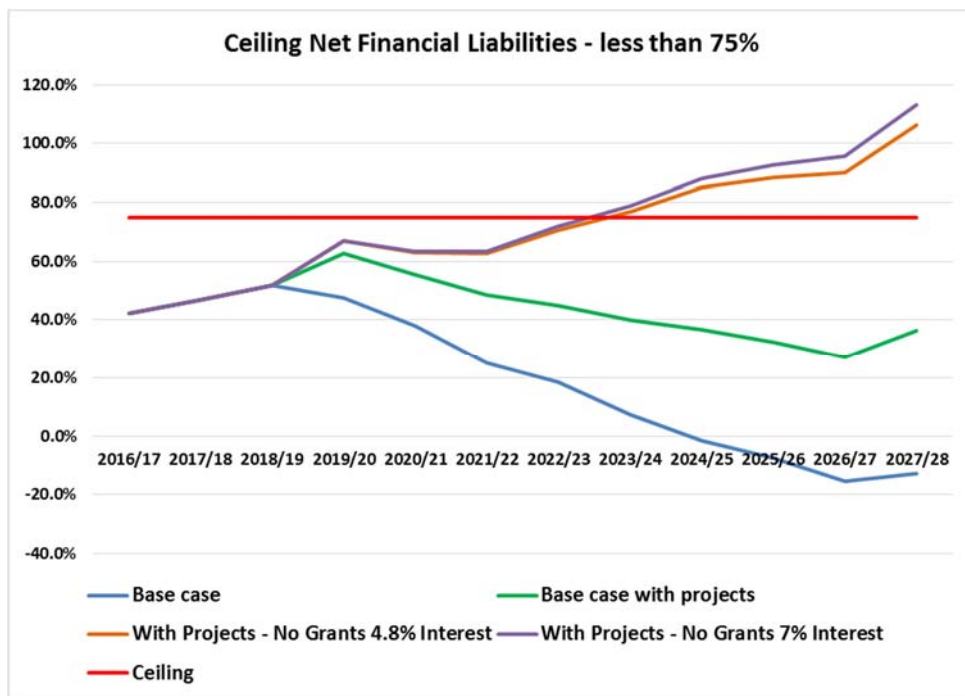
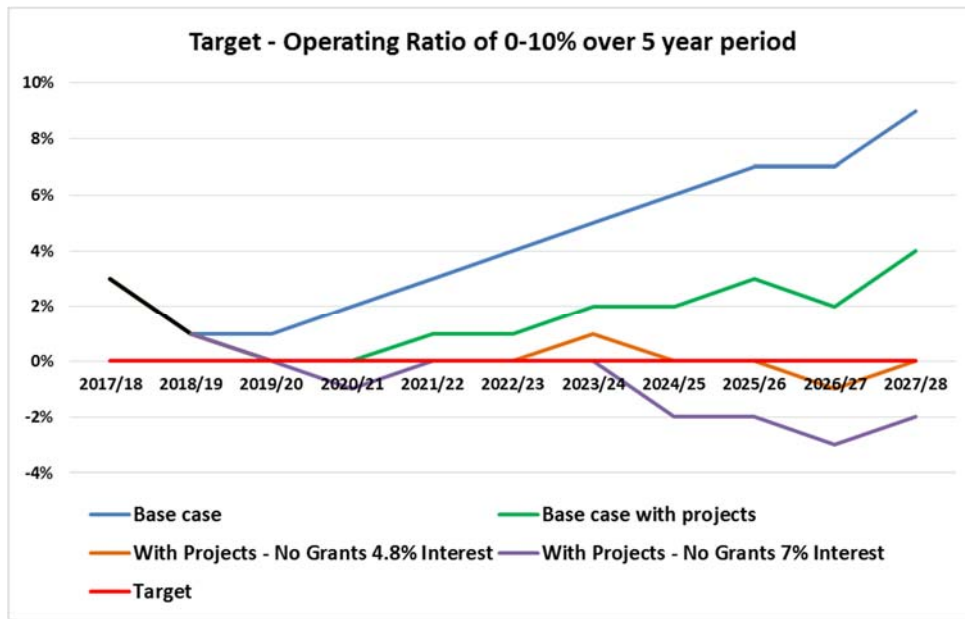
The LTFP presents a 'no change' base case position (ie. a continuation of existing services and programs) and compares this with the inclusion of major strategic projects. As Council responds to changing community expectations, it will continue to make decisions to change services and invest in new and improved infrastructure.

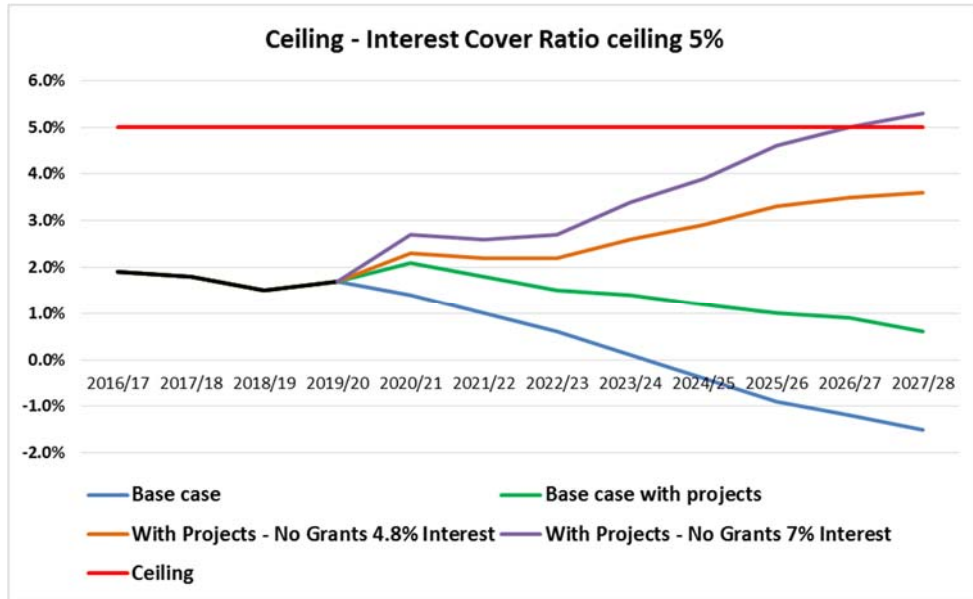
This can be achieved by:

- Continually reviewing and enhancing services to our community;
- Continue to invest in renewal and replacement of our assets and infrastructure to ensure they meet the service needs in the most cost-effective manner;
- taking advantage of opportunities and respond to emerging issues; and
- using additional borrowings to fund new or upgraded assets.

As with all projections, the view can change as underlying circumstances change. For this reason, sensitivity analysis has been conducted. This includes additional projections assuming no grant funding for major projects replaced by external long-term borrowings at differing interest rates of 4.8 % and 7%.

SENSITIVITY ANALYSIS PROJECTIONS





The above projections indicate that by 2023/24 two existing financial performance targets would be breached, while the interest cover ratio would be exceeded in 2026.

It should be noted that this analysis assumes all major strategic projects would be undertaken and funded from borrowings when required. This assumption could be seen as unrealistic given that Council would typically prioritise its strategic projects and confirm external funding before committing to large projects.

However the above analysis does indicate that Council has the capacity to fund major projects over the next five years and remain within its financial performance targets and ceilings.

FINANCIAL STRATEGIES

Council has adopted the following strategies to:

- maintain long-term financial sustainability
- build and maintain adequate financial capacity to fund its services including the flexibility to respond to changing needs and circumstances

Decision support

Council will use its Long Term Financial Plan as a tool in making key decisions.

Continue to improve Asset Management Plans

Council will continue to include all asset classes in its Asset Management Plans and improve the confidence in data in relation to asset conditions and full life cycle cost projections.

Continue to improve the model underpinning our Long Term Financial Plan

Council will continue to enhance the functionality of its financial model and strengthen the integration with the Asset Management Plans.

Regularly review the Long Term Financial Plan

Council will review its Long Term Financial Plan at least twice each year — expected to be immediately following adoption of its Annual Business Plan and then immediately following adoption of its annual financial statements in time to start the next annual planning program.

Reduce the reliance on rate revenue

Council will look at ways to increase the proportion of non-rate revenue such as through better targeted grant funding, increasing user charges and improved treasury management.

Continually improve financial management practices

Council will implement contemporary treasury management practices to improve its funding practices and better manage interest rate risks.

Measure financial performance

Council will measure and report its performance against its financial targets.

ATTACHMENTS – FINANCIAL REPORTS – “BASE CASE” PLUS STRATEGIC GRANT FUNDED MAJOR PROJECTS

Projected Income Statement

Projected Balance Sheet

Projected Statement of Changes in Equity

Projected Statement of Cash Flows

**Summary of Proposed Operating and Capital Investments
(Uniform Presentation of Finances)**

OUR PLAN FOR OUR PLACE

**2018-19
ANNUAL BUSINESS PLAN**

THIS YEAR'S BUDGET

For every \$1000 of municipal funds spent we will allocate approximately:



Volunteers, Youth, Community Centre and Engagement

\$24.05



Commercial and Economic Enterprises

\$29.45



Community Buildings and Public Facilities

\$39.98



Sporting and Recreation Facilities

\$16.08



Corporate Operations, Administration and Finance

\$165.40



Information technology and business

\$52.72



Stormwater

\$11.39



Public Works

\$49.67



Roads, Footpaths, Bike Paths and Traffic Management

\$197.03



Strategic Planning and Development

\$47.94



Home and Community Services

\$42.19



Foreshore, Beaches and Coastal Infrastructure

\$11.39



Waste Management

\$82.18



Open Space, Reserves, Street Trees and Playgrounds

\$103.81



Visitor Attractions, Events, Tourism and Marketing

\$53.21



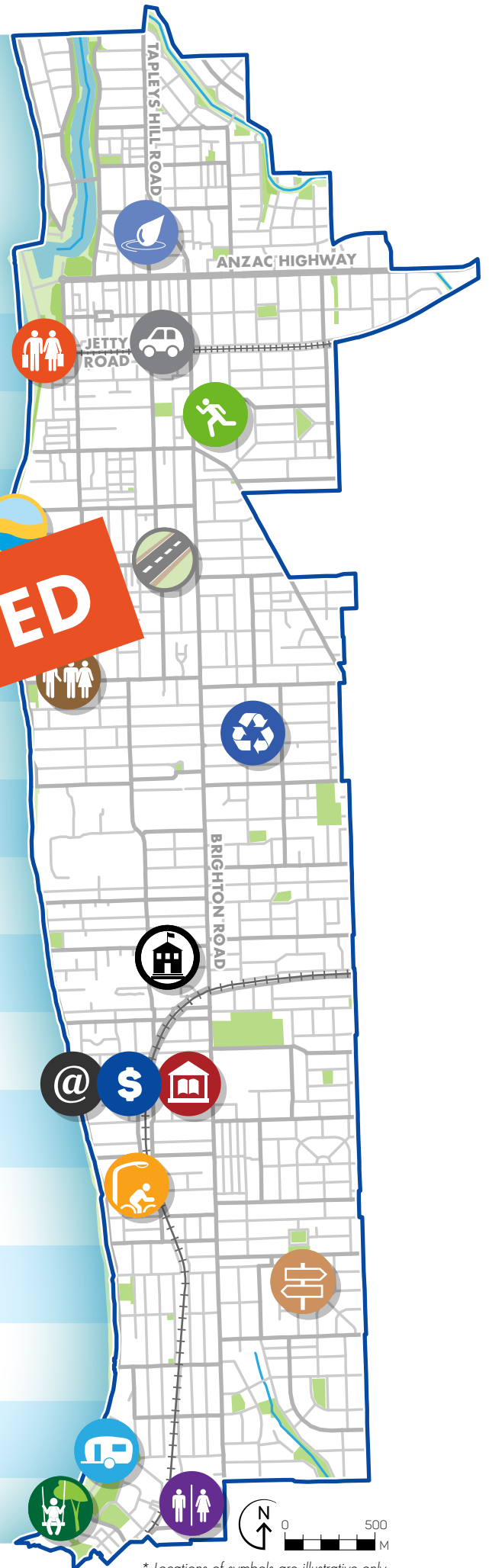
Carparks and Parking Regulation

\$19.17



Libraries, Culture and Heritage

\$53.72



* Locations of symbols are illustrative only

CONTENTS

OUR PLAN FOR OUR PLACE	4	OUR CAPITAL PROJECTS	31
WELCOME	5	OUR NEW PROJECTS	32
OUR CITY	6	ECONOMY	33
OUR COMMUNITY	6	OUR ACHIEVEMENTS	34
OUR VISION	7	OUR PRIORITIES	34
HIGHLIGHTS	9	OUR SERVICE DELIVERY	34
FINANCIAL SUMMARY	11	OUR CAPITAL PROJECTS	35
2018–19 REVENUE	12	OUR NEW PROJECTS	35
2018–19 OPERATIONAL EXPENDITURE	14	PLACEMAKING	36
2018–19 CAPITAL PROGRAM	16	OUR ACHIEVEMENTS	37
OUR FINANCIAL GOVERNANCE	18	OUR PRIORITIES	37
ENSURING FINANCIAL SUSTAINABILITY	19	OUR SERVICE DELIVERY	37
OUR FINANCIAL PRINCIPLES	19	OUR CAPITAL PROJECTS	38
SIGNIFICANT INFLUENCES	20	OUR NEW PROJECTS	38
BROAD TRENDS AND EMERGING ISSUES	20	CULTURE	39
THE 2018-19 BUSINESS ENVIRONMENT	21	OUR ACHIEVEMENTS	40
ACHIEVEMENTS, PRIORITIES AND SERVICE DELIVERY	24	OUR PRIORITIES	40
COMMUNITY	25	OUR SERVICE DELIVERY	40
OUR ACHIEVEMENTS	26	OUR CAPITAL PROJECTS	41
OUR PRIORITIES	26	OUR NEW PROJECTS	41
OUR SERVICE DELIVERY	26	DEVELOPING OUR ORGANISATION	42
OUR CAPITAL PROJECTS	27	FUNDING OUR CITY	44
OUR NEW PROJECTS	28	OPERATING RESULT	44
ENVIRONMENT	30	OUR FINANCIAL STATEMENTS	44
OUR ACHIEVEMENTS	31	FINANCIAL MANAGEMENT	45
OUR PRIORITIES	31	OUR FINANCIAL TARGETS	50
OUR SERVICE DELIVERY	31	MEASURING OUR PERFORMANCE	52
		FINANCIAL STATEMENTS – MUNICIPAL	56
		FINANCIAL STATEMENTS – ALWYNDOR	58

TRADITIONAL CUSTODIANS

We acknowledge the Kurna people as the traditional custodians of this land. We respect their spiritual relationship with the country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to the Kurna people today.



OUR PLAN FOR OUR PLACE

Our Annual Business Plans draw on various corporate plans to determine what we will do each year to achieve the specific outcomes set by Council and the community.

In 2016–17 we reviewed the *'Our Place' Strategic Plan, Long-Term Financial Plan and Asset Management Plan* to assess our direction and ensure that our plans for our city reflect the vision, expectations and wishes of the people who live, work and play in Holdfast Bay.

In September 2016 we undertook a community engagement campaign, 'Say September'. During the campaign we set up stalls and held events across the city, offering our community the opportunity to meet with staff and elected members to discuss their views on Holdfast Bay.

We have drawn on this community feedback and other investigations to develop the *Our Place: 2030 Strategic Plan (Our Place)*. *Our Place* establishes our vision for the city, defining five key outcome areas to map our direction and provide objectives for maintaining, progressing and celebrating our city into the future.

This *2018–19 Annual Business Plan* draws on the refreshed *Our Place*, and on our revised *Long-Term Financial Plan* and our *Asset Management Plan* to inform and guide us through the coming year.

WELCOME

On behalf of the City of Holdfast Bay, it gives me great pleasure to present our *2018–19 Annual Business Plan*.

The City of Holdfast Bay remains committed to keeping rates as low as possible, whilst taking into account the requirements of maintaining a city, and funding services and projects that help make it great.

Over the last three years, we have carefully made financial plans for the construction of a number of major projects. This *Business Plan* is the culmination of that process, with projects such as Coast Park now reaching completion.

The Coast Park provides a multiple use path that, for the first time, links more than 11 kilometres of beachside. The City of Holdfast Bay has contributed approximately \$1 million to this project, and secured more than \$4.35 million in State government funding for the latest section connecting the path through the private grounds of Minda.

The *2018–19 Annual Business Plan* contains further capital initiatives including:

- › progressing the Jetty Road and Environs Masterplan;
- › construction of the Chapel Street Plaza;
- › the redevelopment of the Holdfast Tennis Club; and
- › commencement of the long awaited rebuild of the Brighton Sporting Precinct.

All of our new capital projects have been calculated on a three year rolling budget which will ensure that our rates remain reasonable. We are very pleased to announce that this year we have managed to plan a comprehensive program with a low **2.7 per cent rate increase**. This rate rise is lower than last year and lower than the Local Government Price Index to December 2017. All of our key financial indicators are positive.

We also have a commitment from the new State Government for \$20 million to begin the process of planning for a new multipurpose Glenelg Jetty. We look forward to working with the State Government to progress this project.

The *Annual Business Plan* also outlines the costs for the necessary services we undertake to maintain our physical assets and services including:

- › Open space and coastal - manage and maintain the community's natural assets in an environmentally and financially sustainable manner for the benefit of our residents and the wider community. Including managing our open spaces and reserves, cleaning our streets and foreshore, managing and maintaining our coastal zones and foreshore.
- › Waste management - safe, efficient and sustainable service for removing, recycling and disposing of our city's waste.

We will also be continuing our environmental works with improving our stormwater system, installing more sand retention groynes and beginning our street light conversion to LED. The cost of the LED rollout will pay for itself after 8 years.



Amanda Wilson

Acting Mayor
City of Holdfast Bay

OUR CITY

The town of Glenelg was named on 28 December 1836 when Governor John Hindmarsh presented the Proclamation of South Australia to settlers assembled at the historic Old Gum Tree, at what is now Macfarlane Street in Glenelg North. The town, the first mainland settlement of South Australia, was named after Lord Glenelg.

In 1838, the Brighton district was surveyed by Colonel William Light. The area became a rural farming area but, because of its sand hills and long sandy beaches, it also became a place for holiday houses built by wealthy professionals and notable people of the day.

In 1855, Glenelg became a municipality, the City of Glenelg. The City of Brighton followed in 1858.

The City of Holdfast Bay was proclaimed in 1997 as a result of the amalgamation of the former cities of Glenelg and Brighton. It comprises 14 square kilometres and is home to over 35,000 people who all reside within 2.5 kilometres of our nine kilometre stretch of famous coastline.

Ideally located just 11 kilometres from the Adelaide city centre and five minutes from the Adelaide Airport, our place is one of the most celebrated places to live, work, visit and invest in the Adelaide metropolitan area. It boasts a rich heritage; beautiful natural environment; high-quality recreational and community facilities; superior education, health and retail options; a vibrant tourism sector; thriving retail precincts and a small light industrial area.

OUR COMMUNITY

In 2016 (according to latest Census information) our City's population was 35,360, of which 52 per cent was over 45 years of age. (This compares with 45 per cent for the greater Adelaide metropolitan area.)

In 2016, our city had a 94 per cent employment rate, with the majority of the workforce holding positions as professionals, managerial or clerical and administrative roles. The key industries of employment within the area are health care and social assistance (15.9 per cent), accommodation and food services (7.5 per cent), education and Training (10.7 per cent) and retail trade (9.3 per cent).

Our city had approximately 17,000 private dwellings, 36 per cent of which were owned outright, and 28 per cent owned with a mortgage. The median mortgage payment for the area was \$1,772 per month. Of these households:

- › 36 per cent are single-person households
- › 36 per cent are two-person households
- › 12 per cent are three-person households
- › 16 per cent are four-or-more-person households.

Thirty per cent of our population rent their homes, with a median weekly rent of \$300. Property within the city is of high value, with a median value of \$356,000 for apartments, \$535,000 for townhouses and \$685,000 for detached dwellings.

OUR VISION

“Balancing our progress with our heritage, we lead in coastal management to deliver high-quality public spaces and services to build a welcoming, safe and active community where resident, visitor and business prosperity meet.”

Our Place: 2030 Strategic Plan

To achieve this vision we have identified five focus areas, each of which are supported by key objectives:



COMMUNITY
A healthy, creative,
connected community

- › Building a healthy, active and resilient community
- › Celebrating culture and diversity
- › Providing welcoming, accessible facilities
- › Fostering an engaged, contributing community



ENVIRONMENT
A community connected
to our natural environment

- › Protecting biodiversity
- › Building an environmentally resilient city
- › Using resources efficiently
- › Fostering an environmentally connected community



ECONOMY
A diverse and resilient
local economy

- › Supporting and growing local business
- › Making it easier to do business
- › Harnessing emerging technology
- › Boosting our visitor economy



PLACEMAKING
An accessible, vibrant and
safe coastal city that
celebrates our past to build
for our future

- › Creating lively and safe places
- › Developing walkable, connected neighbourhoods
- › Building character and celebrating history
- › Housing a diverse population



CULTURE
An effective, customer-centred
organisation

- › Providing customer-centred services
- › Being financially accountable
- › Enabling high performance
- › Supporting excellent, efficient operations

QUALITY OF LIFE SURVEY RESULTS (2016)

HOW YOU RATED YOUR COUNCIL OUT OF 10

COMMUNITY



8.7
Providing library services



8.0
Providing sporting facilities



7.6
Delivering services for the elderly and people with a disability



8.1
Promoting health and wellbeing

ENVIRONMENT



7.6
Maintaining beaches and coastal areas

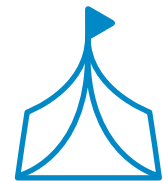


8.1
Providing adequate waste management services

ECONOMY



8.2
Encouraging a diverse range of business and services in the area



8.0
Supporting and promoting tourism and events

TO BE UPDATED

CULTURE



8.0
Quality of service provided by Council staff



7.1
Overall satisfaction with the performance of the Council

PLACEMAKING



7.0
Maintaining roads and kerbing



7.9
Maintaining cycle networks



8.3
Maintaining well laid out parks and reserve



7.7
Providing programs that foster social interaction and community wellbeing



9.2
Likelihood to recommend Holdfast Bay as a place to live



8.5
Providing a sense of safety in neighbourhoods



HIGHLIGHTS

Major Projects

In 2018–19 we will fund and undertake a number of services, capital works and projects to support the vision and objectives outlined in our strategic plan, *Our Place 2030*. Some of these highlights include:

- › Commencing the construction of the Minda Dunes section of Coast Park. The Coast Park is a shared pathway for pedestrians and cyclists that will eventually provide unbroken foreshore access from North Haven to Sellicks Beach. The Minda Dunes section runs across the secondary dunes of the Minda site at North Brighton and extends from the Somerton Surf Life Saving club to the Gladstone Road car park. This section is the final section of our City's Coast Park walkway. We have allocated \$1 million as well as receiving \$4.35 million of funding from the Department of Planning, Transport and Infrastructure to undertake the project.
- › Commencing the construction of the Brighton Oval Sports Complex masterplan. In 2018–19 we will undertake stage 1 of the masterplan which includes three new buildings for the tenant clubs to use, including additional unisex change rooms, additional public amenities (accessible public toilets) and enhanced spectator facilities, meeting the needs of the clubs into the future. The masterplan was endorsed in November 2016, with external funding sought in the 2017–18 financial year. We were successful in securing \$2 million from the Government of South Australia and have allocated a further \$2 million for the first year of the multi-year implementation of the masterplan.
- › Undertaking the construction of stage 1 of the Glenelg Oval Sporting masterplan. The Glenelg Oval Sporting masterplan was endorsed in July 2017. This stage focuses on the Holdfast Tennis Club, located on Williams Avenue, Glenelg East, which includes the demolition and development of the clubroom on site, installation of new lighting and fencing around eight courts. We have allocated \$274,000 of funding and are seeking match funding from the Office of Recreation and Sport. The scope of the project is subject to successfully securing external funding. Further to this we are also seeking full funding from the Office of Recreation and Sport to resize and resurface the tennis courts, to comply with Tennis Australia standards.
- › Continuing to improve our stormwater systems across the city as part of our Stormwater Management Plan, to reduce the risk of flooding in our city. In 2018–19 we will undertake \$2.35 million of improvements to our stormwater infrastructure across the City. As part of our capital program we have allocated \$350,000 for renewal works in Glenelg East and pits at a number of sites across the City. For new projects we have allocated \$1 million to undertake important stormwater works at key sites in Somerton Park, Brighton and North Brighton. This work is subject to obtaining external match funding from the Government of South Australia's Department of Environment, Water and Natural Resources' Stormwater Management Authority.
- › Beginning important repair work on the Glenelg Town Hall. In 2017–18 we engaged specialised heritage architects to undertake an assessment of the Glenelg Town Hall. The results of this assessment has identified a range of restoration works required to be undertaken to this important, historic State Heritage listed building over a multi-year program. In 2018–19 we have allocated \$1.13 million to commence these repair works to ensure the building can be enjoyed for many years to come.
- › Progressing the implementation of the Jetty Road Glenelg and Environs masterplan, which was adopted in February 2018. In 2018–19 we will undertake detailed designs and commence construction on aspects of the masterplan. We have allocated \$748,000 to develop designs for the Chapel Street section, which will transform this area into a new civic plaza and Coast stages 1 & 2, which includes the public open space along Colley Terrace from Hope St to Jetty Rd, as well as the entrances of both Durham Road and Moseley Street. Further to detailed design, we will commence the construction of the Chapel Street and Coast stage 1 (corner of Colley Tce and Jetty Road). The construction will be a two year project, with a total budget of \$3.49 million. In 2018–19 we will allocate \$833,000 of Council funding and seek approximately \$1.75 million of external funding from the Department of Planning, Transport and Infrastructure. The construction is subject to successfully receiving external funding.

FINANCIAL OVERVIEW

In the 2018–19 financial year we predict we will be working with:

- › a consolidated operating surplus of \$458,000 (Alwyndor surplus of \$186,000 and Municipal operations surplus of \$272,000)
- › a consolidated operating income of \$66.30 million to cover our operating expenditure of \$65.84 million
- › a 2.7 per cent increase in rate revenue (excluding separate rates and the Natural Resource Management Levy).

In the 2018–19 financial year we will invest \$78.12 million to provide services, implement programs and build or maintain essential assets. Our main areas of investment will include:

- › \$53.51 million to provide services to our community
- › \$6.49 million to upgrade and maintain our community assets
- › \$18.12 million for new capital infrastructure and service improvements.

The funding for these activities will come from rates, grants from the Commonwealth and State Governments, revenue from asset sales, rental from community club and commercial leases, revenue from the Brighton Caravan Park, contributions from community associations and income derived from statutory and user charges.



FINANCIAL SUMMARY



2018–19 REVENUE \$77.09 MILLION

We will receive \$77.09 million to provide services and infrastructure to the community.

MUNICIPAL REVENUE

Rate Revenue

Rates General	\$34.20 million
Rates: Jetty Road Mainstreet Separate Rate	\$0.57 million
Rates: Patawalonga Marina Separate Rate	\$0.07 million
Rates: NRM Levy	\$1.25 million
Total rate revenue	\$36.09 million

Operational Revenue

Statutory charges	\$2.25 million
User charges	\$4.04 million
Investment income	\$0.04 million
Reimbursements	\$0.68 million
Other	\$0.51 million
Total operational revenue	\$7.52 million

External Revenue

Proceeds from the disposal of assets	\$1.20 million
Operating grants and subsidies	\$3.01 million
Capital grants, subsidies and contributions	\$9.59 million
Share of profit - joint ventures	\$0.23 million
Total external revenue	\$14.03 million

TOTAL MUNICIPAL REVENUE

\$57.64 million

ALWYNDOR REVENUE

Operational Revenue

User charges	\$3.72 million
Investment income	\$0.42 million
Reimbursements	\$3.15 million
Other	\$1.94 million
Total operational revenue	\$9.23 million

External Revenue

Operational grants and subsidies	\$10.22 million
Total external revenue	\$10.22 million

TOTAL ALWYNDOR REVENUE

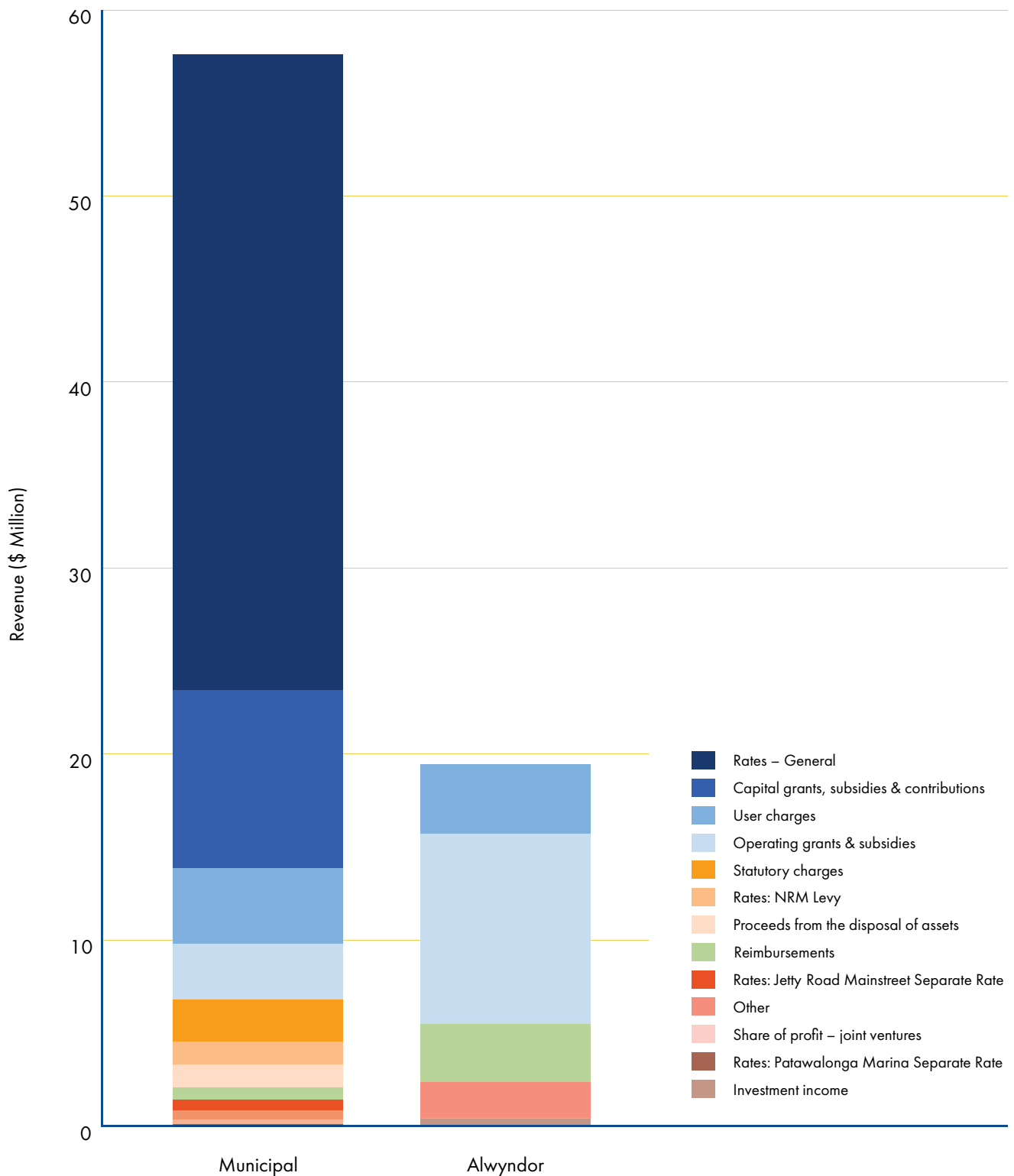
\$19.45 million

CONSOLIDATED REVENUE

TOTAL CONSOLIDATED REVENUE (INCLUDING CAPITAL & OPERATING REVENUE) \$77.09 million



2018–2019 REVENUE



2018–19 OPERATIONAL EXPENDITURE \$65.84 MILLION

We will spend \$65.84 million to deliver services to the community.

MUNICIPAL OPERATIONAL EXPENDITURE

Services

Asset management	\$6.67 million
Corporate services	\$4.93 million
Open spaces & coastal assets	\$4.83 million
Waste management	\$3.52 million
Marketing & tourism	\$2.15 million
Regulatory services	\$2.04 million
Information & technology services	\$1.88 million
Library services	\$1.56 million
Community wellbeing	\$1.50 million
Development services	\$1.39 million
Commercial & economic enterprise	\$1.33 million
Community development	\$1.28 million
Financial services	\$1.23 million
Strategic planning & development policy	\$0.85 million
Total expenditure on services	\$35.16 million
Other operational expenditure	
Depreciation - municipal	\$9.03 million
NRM Levy	\$1.23 million
Operational new initiatives	\$1.16 million
Total expenditure on other operational	\$11.42 million
TOTAL MUNICIPAL OPERATIONAL EXPENDITURE	\$46.58 million

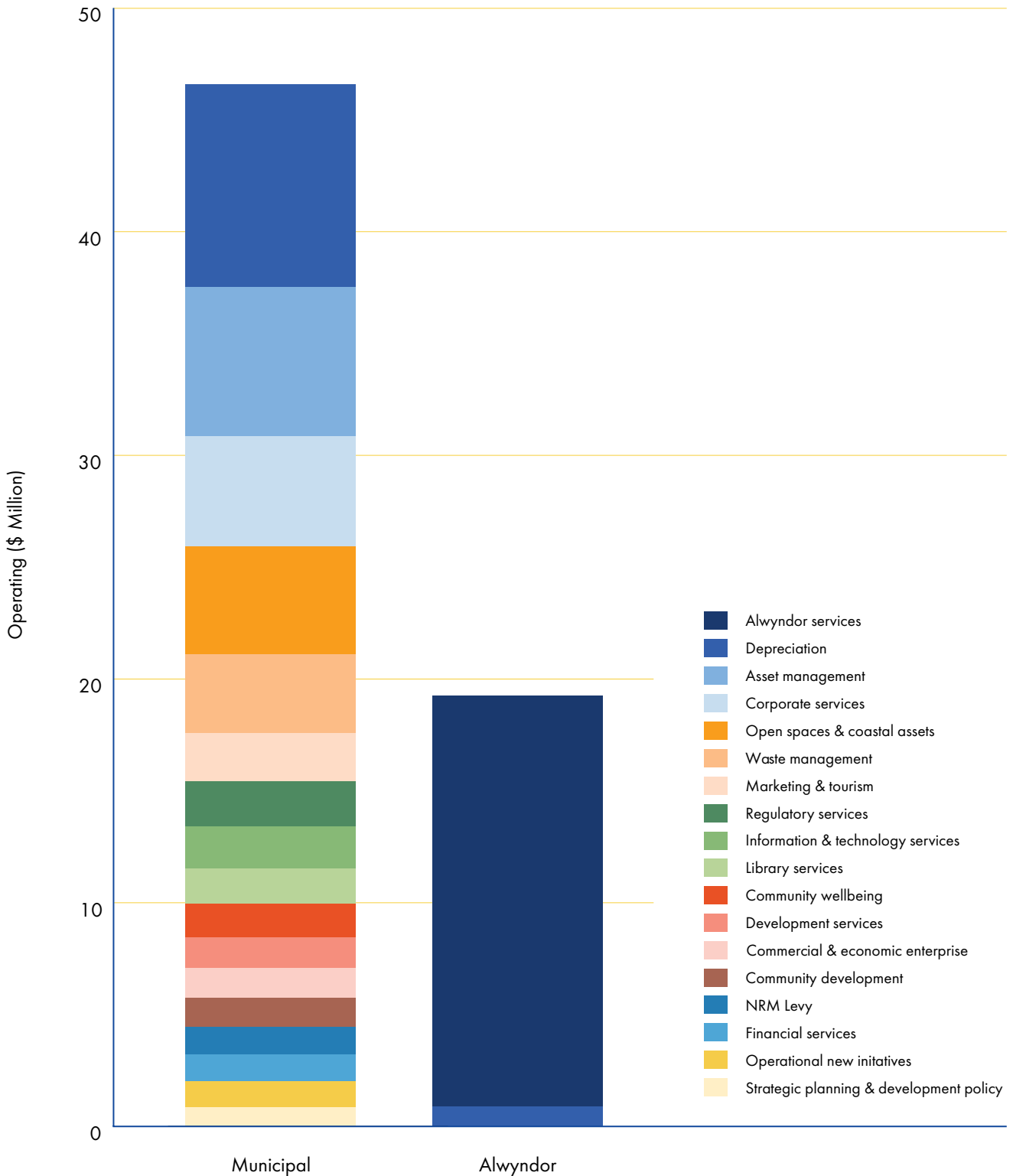
ALWYNDOR OPERATING EXPENDITURE

Alwyndor services	\$18.35 million
Total expenditure on services	\$18.35 million
Other operational expenditure	
Depreciation - Alwyndor	\$0.91 million
Total expenditure on other operational	\$0.91 million
TOTAL ALWYNDOR OPERATIONAL EXPENDITURE	\$19.26 million

CONSOLIDATED OPERATIONAL EXPENDITURE

TOTAL CONSOLIDATED OPERATIONAL EXPENDITURE **\$65.84 million**

2018-2019 OPERATIONAL EXPENDITURE



2018–19 CAPITAL PROGRAM \$23.45 MILLION

We will spend \$23.45 million on our capital program to update and maintain our community's assets in 2018–19.

MUNICIPAL CAPITAL PROGRAM

Capital new initiatives	\$16.96 million
Transport & access ¹	\$1.69 million
Buildings	\$1.66 million
Project management capitalised ²	\$0.82 million
Major plant & equipment replacement	\$0.59 million
Open space	\$0.35 million
Stormwater drainage	\$0.35 million
Library collection	\$0.09 million
Coastal	\$0.05 million
TOTAL MUNICIPAL CAPITAL EXPENDITURE	\$22.56 million

ALWYNDOR CAPITAL PROGRAM

Alwyndor asset renewal and replacement	\$0.89 million
TOTAL ALWYNDOR CAPITAL EXPENDITURE	\$0.89 million

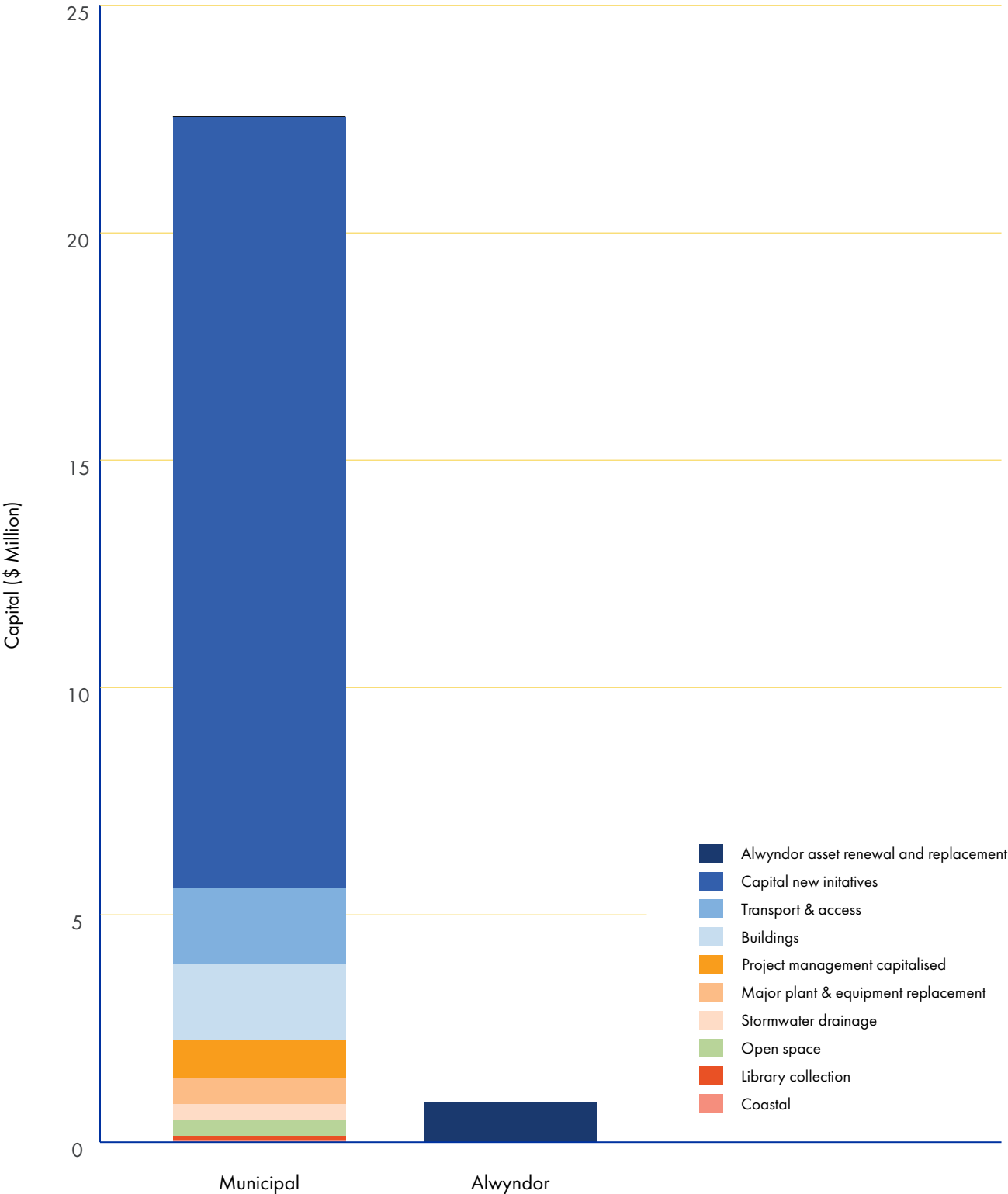
CONSOLIDATED CAPITAL PROGRAM

TOTAL CONSOLIDATED CAPITAL EXPENDITURE	\$23.45 million
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¹ to be subsidised by \$300,000 Commonwealth Government Funding through the Roads To Recovery Grant Program

² Project management capitalised is the amount of operational funding for design and project management work that is capitalised, and therefore attributed to the capital budget.

2018-2019 CAPITAL PROGRAM



OUR FINANCIAL GOVERNANCE

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

**CITY OF HOLDFAST BAY
LONG-TERM FINANCIAL PLAN**

ENSURING FINANCIAL SUSTAINABILITY

Policies and practices

We adopt prudent financial governance policies and practices to enable us to consistently deliver cost-effective services to our community. Our policies and practices are based on three goals:

- 1. Program sustainability**
To ensure the maintenance of our high-priority programs including the renewal and replacement of infrastructure
- 2. Rate stability**
To ensure a reasonable degree of stability and predictability in the overall rates
- 3. Intergenerational equity**
To ensure a fair sharing of the distribution of resources and their attendant financial burden between current and future users of our services and infrastructure.



OUR FINANCIAL PRINCIPLES

The following key financial principles were adopted in the preparation of this plan:

- › **Presenting a balanced budget**
We aim to fully fund the cost of services, including the depreciation of infrastructure and assets (ie, wear and tear), in order to share the costs of our services fairly between our current and future users. This is based on the understanding that insufficient funding would shift the cost burden of today's services on to future users in the form of higher rates or reduced services.
- › **Maintaining infrastructure and managing assets**
We aim to maintain infrastructure (eg, buildings and bridges) and assets (eg, roads, kerbs, paving, machinery, trees, irrigation systems and playground equipment) to ensure the continued delivery of services to agreed standards. This involves developing and using long-term infrastructure and asset management plans to manage our asset portfolio efficiently, and continuing to invest in renewing and replacing our assets as they wear out.
- › **Providing predictable rates**
We aim to provide our community with a reasonable degree of predictability for rates over the medium term. We aim to keep you fully informed about future rates and the corresponding services provided.
- › **Prudent debt management**
We aim to keep our debt as low as practicable. We borrow funds to invest in new long-term assets or to replace and renew existing assets and thereby spread that cost over the longer term, consistent with the typical long lives of assets.

SIGNIFICANT INFLUENCES

BROAD TRENDS AND EMERGING ISSUES

We considered the impact of a number of global, national and state trends when developing our 2018–19 *Annual Business Plan*. They include:

Communications and technology

Rapid advances in technology and communication such as the rollout of the National Broadband Network (NBN), increased mobility of technology and ongoing development of new apps and software continuously change environments. These developments can alter how people interact and undertake business, and influence customer expectations for flexible service delivery. This challenges us to keep abreast of, and capitalise on these changes so that we can maintain our high standards of customer service, based on the evolving expectations of our customers. In addition, advances in 'smart' technologies are changing the way we undertake strategic planning, designs and address problems, as well as providing valuable data for more informed and better decision making.

Economic vitality

The closure of car manufacturing in Australia coupled with uncertainty in the mining industries is presenting a number of challenges in our manufacturing sectors. We are faced with transitioning to a more diverse, knowledge-based economy.

The State and Commonwealth Governments have brought forward a number of transport and infrastructure related capital projects so as to provide employment opportunities whilst the economy is in transition.

The lower Australian dollar has made our products more competitive in international markets, and continued low interest rates are providing a favourable environment for construction and domestic development projects.

Health, wellbeing and aging

Today's modern society reportedly results in a number of lifestyle challenges for individuals, including an increasingly sedentary lifestyle, longer working hours and higher obesity rates, which are associated with a number of chronic health conditions and increasing social isolation. South Australia has a higher population of people aged over 55 than the rest of Australia, and the median age of City of Holdfast Bay residents is 46, which is significantly older than surrounding Council areas. As time passes, our portion of those aged over 65 will increase. To address these issues, we commit to providing facilities and services that promote healthy, active lifestyles, community wellbeing, opportunities for social engagement and healthy aging.

Environment

We are committed to protecting our valuable natural environment, identifying and responding to the potential impacts of climate change, reducing our reliance on fossil fuels, reducing energy consumption and addressing water security across all operations.

THE 2018-19 BUSINESS ENVIRONMENT

The following factors are expected to influence our business environment in 2018–19:

Operating and utility costs

Just like households, all Councils are subject to a number of costs, and we have a limited ability to control these. In 2018–19 we expect the Environment Protection Authority Landfill Levy to rise by 14.9 per cent from \$87 per tonne to \$100 per tonne.

Depreciation on new assets has increased by \$410,000. This increase in depreciation is offset by the benefits that new and improved facilities provide to our community.

While the costs of providing assets and services differs from Council to Council according to the needs and expectations of their individual communities, we use the Local Government Price Index (LGPI) as a benchmark for monitoring the cost of service we provide. This is similar to the Consumer Price Index (CPI), but monitors price changes in goods and materials that are specifically relevant to local government. The annual LGPI for the 2017 (December 2016 to December 2017) was 2.9 per cent. Adelaide's annual CPI change was 2.3 per cent, for the same period.

Housing industry

The housing industry has remained steady over the past few years. Housing building approvals were up from the previous year and this growth is expected to continue into 2018–19. For this reason, we have prepared our Draft 2018–19 Annual Business Plan based on an estimated growth of 0.5 per cent.

Economic and planning system reforms

The Government of South Australia has continued to progress a range of reforms to South Australia's planning and development system, to implement the Planning, Development and Infrastructure Act 2016 and modernise the system.

While the details of a new Government's broader reforms package are still unfolding, they are likely to impact on Council's business and financial operations in the area of local planning. Likely impacts may include:

- › a reduction in Council's influence in the assessment of development applications, particularly for larger-scale or high-value projects with an investment value of over \$5 million and all development exceeding 4-storeys in height within areas of Glenelg, combined with further deregulation of planning assessment through Private Certification
- › increased costs to Council to fund infrastructure that is currently provided by the government or private sector, and the potential for reduced infrastructure funding at the local metropolitan level in favour of regional projects
- › shared arrangements with the Government of South Australia and neighbouring Councils to fund and service regional planning boards and assessment panels
- › improvements to our information technology systems and cost-shifting from the Government of South Australia to service a central online planning portal and e-planning system.

We will monitor the impact of the Government of South Australia's reforms package on our business operations as details emerge.

Aged care industry transformation

Alwyndor Aged Care

With the average age of the South Australian population rising, the demand for aged care services is increasing at a rapid rate. Not only is the overall demand for services increasing but, due to the 'baby boomer' generation beginning to enter the aged care market, the expectations of the variety and levels of service are also increasing. Correspondingly the cost of funding aged care services is also rising at what the Federal Government has described as an unsustainable rate. This is increasing pressure on all levels of government to provide and fund appropriate services and infrastructure. As a result, the Government has made significant changes to the funding arrangements associated with aged care targeted at promoting greater consumer choice, income testing so those that can afford it contribute to the cost of their care and encouraging providers to become more efficient and innovative.

One of the most significant changes in the past 18 months is funding for Home Care Packages now being provided directly to consumers, giving greater choice and control of the type of care received and of the provider delivering the care. Home Care Packages have therefore become portable, allowing consumers to change their service provider whenever they wish and retain their package if they relocate. This has resulted in a more competitive and open market for services and requires providers to become more focused on the specific needs to each consumer.

The Aged Care Funding Instrument (ACFI) is the classification instrument the Australian Government applies to fund Residential Accommodation aged care services. On 1 July 2016, a range of changes were implemented to the ACFI and further changes are expected, with a proposed new tool, the R-ACFI, currently under review. This new tool combined with the absence of any CPI increase in 2017, and potentially again in 2018, is designed to slow the 'unsustainable' growth in the costs of providing aged care which will challenge many current service providers as they will be required to deliver the same levels of care with a reduced (in real terms) level of funding.

The current government 'cost control' activity combined with the increased expectations of new Aged Care consumers indicates that it will be an extremely challenging transition in the Aged Care Industry over the next few years but also one with many opportunities to prosper.

Council Community Wellbeing Service

Council continues to administer the grant-funded Commonwealth Home Support Program (CHSP), which offers older people basic maintenance and support services to continue living independently at home. Council continues to remain abreast of the changes brought about by the National Aged Care Reforms and respond accordingly, with as little disruption to service delivery as possible. Residents aged 65 years and older who are currently receiving CHSP funded services will continue to be kept informed of the impact of the changes as they occur.

The roll out of the National Disability Insurance Scheme (NDIS) (the new way of providing individualised support for people with disability, their families and carers) commenced in July 2017. The scheme will be progressively rolled out across South Australia over a number of years. People currently receiving support services through Disability SA will transition into the scheme as the changes are rolled out across each region of South Australia. Holdfast Bay residents receiving this support will convert to the new scheme from June 2018. We remain committed to continuity of care for all residents currently receiving support services through the SA-HACC program until the NDIS is fully in place.

State Government election

The South Australian State election held in March has resulted in a Liberal Government being elected. This will change the State's policy direction and will have implications for all local government jurisdictions. We look forward to working with the newly elected government as they implement their policy program. Council can not speculate on the exact nature of the impacts on our City of policies at this stage.

Local Government election

Local Government elections are held every four years with an upcoming election to be held in November 2018 by all South Australian Councils. This will potentially change the elected body who are the decision makers of each Council. These elections will be conducted and overseen by the Electoral Commission of South Australia. We have allocated \$292,000 to fund the election for our City.

Nominations for the Local Government election commences on Tuesday 4 September 2018 and closes Tuesday 18 September 2018. The election will be conducted by postal voting, with electoral materials posted out to the community beginning the week of 22 October 2018, with voting closing at 5pm on Friday 9 November 2018.

Some eligible voters will need to enrol to vote, as Local Government elections allow a broader range of people to vote. This includes non-Australian citizens over 18 and living in the city for longer than a month, landlords of rateable properties and business owners. Those fitting in this criteria must complete an enrolment form to vote by 5pm on Friday 10 August 2018. For more information visit holdfast.sa.gov.au/elections.

Whilst it is not compulsory to vote in Local Government elections, it is strongly encouraged that all eligible people take up their democratic right in this election.

External funding sources

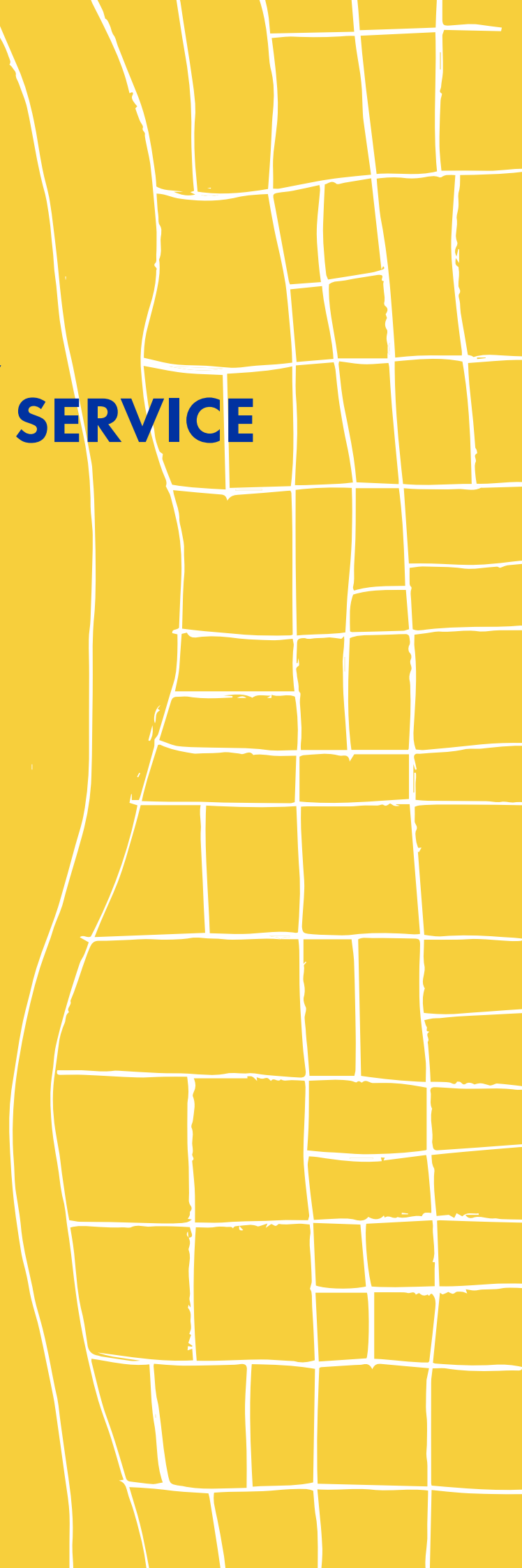
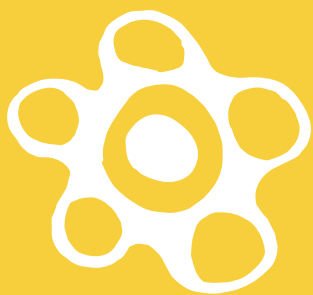
Our 2018–19 budget relies significantly on property rate revenue for our operations. Rates make up 76 per cent of our revenue, excluding Alwyndor and the NRM Levy. Whilst we are a leader in South Australia for non-rate revenue, we are still seeking to reduce this rate burden by increasing our revenue from other sources, such as rent from commercial leases, off-street car parks, income from the Brighton Caravan Park and Partridge House and grant funding from the Commonwealth and State Governments.

Reductions in Commonwealth and State Government funding levels have had a flow-on effect, reducing the grants available to local government. This affects our ability to undertake certain projects within our desired timeframes, and may influence our ability to commence this year. In 2018–19 these projects include:

- › Stormwater Management Plan implementation
- › Jetty Road Glenelg and Environs masterplan – phase 1 construction
- › Glenelg Oval Sporting Complex masterplan implementation – stage 1 (Holdfast Tennis Club)
- › water sensitive urban design installations
- › improvements to Barton Gully, Gilbertson Gully and Pine Gully
- › establish a biodiversity corridor.

In addition to external cost increases, State and Commonwealth grant funding has decreased, with fewer opportunities and reductions of funds available to Councils. The Australian Government's Roads to Recovery fund has reduced the funds for 2018–19, with a reduction of \$236,000 compared to the original budgeted amount in 2017–18. The Roads to Recovery funds allow us to undertake significant repairs and make improvements to our local roads, kerbing and stormwater system. This reduction is partially subsidised by the Supplementary Roads Grant, with an anticipated \$188,000 to be received. The Federal Assistance Grant had a freeze on indexation between 2013–14 and mid 2017, resulting in approximately \$103,000 in funding not received over this period (based on CPI indexation). In 2017–18 this grant was indexed by 2.5 per cent. In 2018–19 we have budgeted for an indexation of 2.4 per cent.

ACHIEVEMENTS, PRIORITIES AND SERVICE DELIVERY





COMMUNITY

A healthy, creative, connected community.

In 2018–19 we will allocate \$31.74 million to building a healthy, active and resilient community; celebrating culture and diversity; providing welcoming, accessible facilities; and fostering an engaged, contributing community.



OUR ACHIEVEMENTS

In 2017–18 we delivered many projects and services that supported our goal of building a strong community, creating a place with a quality lifestyle, for every generation, that celebrates culture and is safe and secure. Our activities included:

- › Completion of the Kauri Community and Sporting Complex project. This multi-year major project includes a new hockey pitch, 12 tennis courts, purpose built-facility for sporting and community clubs and surrounding landscaping and additional car parking
- › developed partnerships with Flinders University and SAHMRI focusing on health and well-being of the community for healthy aging
- › introducing five new volunteering opportunities including the dog walking program, bike pump track maintenance program and Green Thumbs, community gardens program
- › secured \$2 million of funding from the Government of South Australia to commence the construction of the Brighton Oval Sporting Complex masterplan
- › commencing works at the HY Sparks Grandstand at the Glenelg Oval. After being severely damaged in December 2016, we have commenced works to convert this space to a grassed mound.

Please visit www.holdfast.sa.gov.au for a full list of our achievements.

OUR PRIORITIES

In 2018–19 we will continue to deliver projects that build a healthy, creative, connected community, including:

- › Undertaking important restoration work at the Glenelg Town Hall
- › commence stage 1 construction of the Brighton Oval Sporting Complex masterplan
- › undertake construction of stage 1 of the Glenelg Oval Sporting Complex masterplan, focusing on the Holdfast Tennis Club.

OUR SERVICE DELIVERY \$24.73 MILLION

Alwyndor Aged Care – \$18.35 million

We will accommodate the needs of the state’s ageing community by providing appropriate assets, services and programs including the high-quality residential and out-patient services offered by Alwyndor Aged Care. Operated by Council, Alwyndor is fully funded by the Commonwealth and State Governments and Alwyndor resident and client contributions.

Alwyndor Aged Care’s services include 134 residential accommodation beds, respite care, 10 transitional care beds, hospitality services, rehabilitation and support services, plus various community service in home packages (including consumer directed care and community options program).

Community development – \$1.28 million

Our community development programs, services and events aim to promote interaction and minimise social isolation and disadvantage within our community. This includes providing places, infrastructure and funding support for people of all ages and abilities to meet, mix and build constructive connections, plus opportunities for people to participate in a wide range of sporting, recreational and cultural activities. This year, we will continue to support:

- › sports and recreation, including local sporting clubs and recreational planning and development
- › community development programs, including community gardens and community and youth sponsorship grants.
- › arts, youth and cultural activities
- › volunteer services
- › community centres, including the Holdfast Bay Community Centre, Glenelg Community Centre, Glenelg North Community Centre, Brighton Community Centre and Partridge House
- › Aboriginal reconciliation, through consultation and engagement.

Community wellbeing – \$1.50 million

We will foster and support community programs and activities that promote wellbeing and resilience, help people to remain in their homes, and provide choices that enhance people's quality of life and keep them connected to their communities. We will deliver this aim through:

- › **Commonwealth Home Support Program (CHSP)**
a range of services including, but not limited to social support, domestic assistance and basic home maintenance for eligible residents who are frail and elderly or have a disability, and their carers
- › **Life Links**
a program to engage residents from pension-only Supported Residential Facilities (SRFs) in social and recreational opportunities
- › **Community transport**
a door-to-door community bus service with routes from home to local shopping centres and facilities for eligible residents.

Library services – \$1.56 million

We will provide accessible and progressive library services that meet our community's informational and recreational reading needs while fostering a love of lifelong learning. This year, we will continue to develop our range of events, programs, services and activities through our two branches at Brighton and Glenelg.

Regulatory services – \$2.04 million

We will keep our community safe with an emphasis on equity, fairness and compliance with local, state and national regulations, laws and standards. We will achieve this by:

- › providing environmental health services, including inspecting premises where food is prepared and sold, and investigating public health risks
- › monitoring public safety and security
- › ensuring compliance with our animal management laws and local by-laws

- › monitoring and enforcing parking laws
- › educating our residents, visitors and business owners about our laws and local by-laws
- › providing immunisation services to assist in preventing the spread of infectious diseases.

OUR CAPITAL PROJECTS \$1.86 MILLION

Playgrounds – \$260,000

This year to expand on opportunities for healthy, active, outdoor play, we will upgrade playground equipment at Bindara Reserve, Dulcie Perry Park, Susan Grace Benny Reserve and other various replacements as per our playground audit. We will also be undertaking the final stages of the replacements of playgrounds at Alf Smedely/Mel Baker Reserve and Angus Neil Reserve, which was successful in obtaining \$100,000 of the South Australian Government's Fund My Neighbourhood funding in 2017 towards the delivery of the improved playground.

Open space capital renewal – \$15,000

As part of our open space management plans, we have allocated \$15,000 to repairing or upgrading infrastructure in our reserves, including drinking fountain and barbeque facilities.

Sporting and community clubrooms and facilities – \$173,000

In 2018–19, we will repair and upgrade a number of sporting and community facilities. This includes \$9,000 to resurface the tennis courts at Southerland Park, Glenelg South, \$32,000 for works at the Brighton Surf Life Saving Club and \$132,000 to undertake works at the Glenelg Oval Complex on electrical mains work on a change room and installation of shade sails over the site of the previous HY Sparks grandstand at the Glenelg Oval, which is currently being converted to a grassed mound after sustaining significant damage in December 2016.

Glenelg Town Hall – \$1.13 million

In 2017–18 we engaged specialised heritage architects to undertake an assessment of the Glenelg Town Hall. The results of this assessment has identified a range of restoration works are required. In 2018–19 we have allocated \$1.13 million to commence these important works at the State Heritage listed building. For more information see Highlights, page 9.

Library collection and improvements – \$261,000

In 2018–19 we will allocate \$86,000 to continue to maintain our library collection to ensure that materials are current, accessible and meet the cultural and informational needs of our community. We will also allocate \$20,000 to undertake sewer mains work at the Brighton Library and \$155,000 to replace the air-conditioning units at the Glenelg Library.

Public art – \$20,000

We will continue to support local arts initiatives while adding to our public art collection by purchasing sculptures from local artists and festivals, such as the Brighton Jetty Classic Sculpture Competition, and installing them in our public spaces.

OUR NEW PROJECTS \$5.15 MILLION

Brighton Library Wednesday opening – \$47,000

We will increase the number of operating days of the Brighton Library to six, with the inclusion of library operations on a Wednesday. With this, the Brighton Library will now operate Monday to Saturday.

Art and culture strategy – \$25,000

We will undertake an Art & Culture Strategy to guide the future philosophy, coordination, promotion and management of arts and culture across the city.

Holdfast Bay Community Centre masterplan – \$30,000

Our community centres play a vital role in strengthening local communities by offering a range of activities, programs and services that support social inclusion. In 2018–19 we will undertake a masterplan of the Holdfast Bay Community Centre. The masterplan will provide a strategic vision on the redevelopment of the site.



Purchase of Automated External Defibrillators – \$8,000

We will purchase four AED (Automated External Defibrillators) to be installed into council buildings.

Cemetery improvements – \$50,000

We have two Council owned cemeteries in our City, St Jude’s Cemetery (Brighton) and the North Brighton Cemetery. We will design and develop new ashes memorial sites and design extension of burial areas. A full audit of the cemeteries will also be completed, allowing updated cemetery maps and cemetery records to be made available online.

Kauri Community and Sporting Complex management – \$46,000

To manage the day-to-day operations and the ongoing promotion and coordination of the new Kauri Community and Sporting complex, we will employ a part-time facility manager.

Brighton Oval Sporting Complex masterplan implementation – stage 1 – \$4 million

We will commence the construction of the Brighton Oval Sports Complex masterplan. Stage 1 of the multi-year implementation of the masterplan includes three new buildings for the tenant clubs to use, including additional unisex change rooms, additional public amenities (accessible public toilets) and enhanced spectator facilities, meeting the needs of the clubs into the future. To undertake this project we will allocate \$2 million of funding. We have also been successful in securing an additional \$2 million from the Government of South Australia for this stage of the implementation. For more information see Highlights, page 9.

Glenelg Oval Sporting Complex masterplan implementation – stage 1 (Holdfast Tennis Club) – \$547,000

In 2018–19 we will undertake the construction of stage 1 of the Glenelg Oval Sporting masterplan. Stage 1 of this multi-year project focuses on the Holdfast Tennis Club, which includes the demolition and development of the clubroom on site, installation of new lighting and fencing around 8 courts. We have allocated \$274,000 of funding and are seeking match funding from the

Office of Recreation and Sport. The scope of the project is subject to successfully securing external funding. In addition to this we are also seeking full funding from the Office of Recreation and Sport to resize and resurface the tennis courts. For more information see Highlights, page 9.

Wigley Reserve playspace detailed designs – \$30,000

In 2018–19 we will undertake detailed designs and costings for the redevelopment of the Wigley Reserve Playspace to create a destination playspace that is a unique; including recreation infrastructure such as renewed outdoor exercise equipment, playspace structure, shade sails and amenities.

Kauri Parade playspace – \$150,000

As a result of community feedback and review of playground provision in the city, the Kauri Community and Sporting Complex site has been identified for the inclusion of a playground. We have allocated \$150,000 to construct a playground on the site.

Lockers for homeless people – \$20,000

St Andrews church is the primary provider of support for homeless people in our city. To support their program we will install locker facilities at Glenelg, which has been identified as a priority by St Andrews. The lockers would provide secure storage for personal belongings which otherwise would be unsecured.

Glenelg Town Hall Museum and Gallery upgrade – \$170,000

We will undertake concept plans and design options for the interior redevelopment of the Glenelg Town Hall Museum and Gallery, to align with international museum and gallery standards and incorporate indigenous heritage within the museum.

Disability Access & Inclusion Strategy and Action Plan – \$30,000

Introduced in 2017, The Disability Bill 2017 requires that a disability access and inclusion plan must be prepared by all state authorities and Councils. The development of Disability Access & Inclusion Strategy & Action Plan will include an audit of Council’s facilities, events and aspects of its operations to provide a strategy to address access and inclusion requirements, as per the bill.



ENVIRONMENT

A community connected to our natural environment.

In 2018–19 we will allocate \$11.91 million to protecting biodiversity; building an environmentally resilient city; using resources efficiently; and fostering an environmentally connected community.



OUR ACHIEVEMENTS

In 2017–18 we delivered many projects and services that supported our goal of creating a place that values its natural environment and manages its environmental impacts. Our activities included:

- › Continuing to upgrade our stormwater drainage system to improve capacity and mitigate the risk of flooding. This includes the completion of the Tarlton Street Stormwater Project in Somerton Park, which was a multi-year, major stormwater project
- › Implementing water sensitive urban design (WSUD) garden beds at Blackburn Avenue, Glenelg Avenue, to improve public amenity and better manage stormwater
- › progressing the Stormwater Retention Plan, which will investigate opportunities to use stormwater for aquifer recharge and recovery across the city
- › completing the installation of five rain gauges to provide better data collection and monitoring of rain events and potential flash flooding.

Please visit holdfast.sa.gov.au for a full list of our achievements.

OUR PRIORITIES

In 2018–19 we will continue to deliver projects that support a more sustainable environment and an environmentally connected community, including:

- › Commence a multi-year LED streetlight conversion program
- › deliver improvements to and conservation of our natural gullies
- › upgrading stormwater infrastructure in our city, including key sites in Somerton Park, Brighton and North Brighton.

OUR SERVICE DELIVERY \$8.35 MILLION

Open space and coastal assets – \$4.83 million

We will manage and maintain the community's natural assets in an environmentally and financially sustainable manner for the benefit of our residents and the wider community.

We will support this aim by:

- › Managing our open spaces and reserves
- › planning and implementing environmental management programs
- › planting and caring for trees in our streets and reserves
- › cleaning our streets and foreshore
- › maintaining our cemeteries (North Brighton Cemetery and St Jude's Cemetery)
- › providing well-planned, well-maintained and appropriate street lighting
- › managing and maintaining our coastal zones and foreshore.

Waste management – \$3.52 million

We will provide a safe, efficient and sustainable service for removing, recycling and disposing of our city's waste. We will achieve this by collecting and disposing of domestic rubbish, litter and e-waste and collecting and processing recyclables, hard rubbish and green waste.

OUR CAPITAL PROJECTS \$395,000

Coastal fencing – \$45,000

To improve public safety and conservation of our coastal dunes, we have allocated \$45,000 to install coastal fencing at Glenelg and Seacliff.

Flood management – \$350,000

Upgrading our stormwater drainage throughout the area improves our capacity to protect against flooding. In 2018–19 we have allocated \$350,000 to continue with stormwater improvements across our city in line with our Stormwater Management Plan. This includes works in Glenelg East, at the intersection of Augusta Street and Miller Street, and at a number of stormwater pits across the city.

OUR NEW PROJECTS \$3.16 MILLION

Street light conversion to LED – \$400,000

To reduce our environmental impact and operating costs we will convert our street lights from fluorescent lighting to more energy efficient LED lighting. In 2018–19 we will allocate \$400,000 to commence the first stage of the multi-year rollout.

Sand bag groyne installation at Brighton beach – stage 2 – \$50,000

Through community engagement it is evident that coastal protection is of great interest to our community. In conjunction with the Coastal Protection board, we will install a further two sandbag groynes at Brighton to reduce sand erosion.

Stormwater Management Plan implementation – \$2 million

Continuing to improve our stormwater systems across the city as part of our Stormwater Management Plan, to reduce the risk of flooding in our city. We have allocated \$1 million in 2018–19 to improvements to our stormwater infrastructure across the city. This includes key sites in Somerton Park, Brighton and North Brighton. This work is subject to obtaining external funding of \$1 million from the Government of South Australia's Department of Environment, Water and Natural Resources' Stormwater Management Authority. For more information see Highlights, page 9.

Water sensitive urban design installations – \$400,000

Water sensitive urban design (WSUD) is a landscape design approach to integrating stormwater into urban design to mitigate against flooding, improve amenity, replenish groundwater and improve the quality of stormwater entering the marine environment. In 2018–19 we will allocate 250,000 to implement WSUD into four streets; Partridge Street, Glenelg, Durham Street, Glenelg, Portland Street, Seacliff and Weewanda Street, Glenelg South. This project is subject to receiving external funding as we will seek a further \$150,000 of funding from the Natural Resources Management Board.

Irrigation software and control upgrade – \$88,000

Water usage is a significant expense in the maintenance of reserves and open space. To improve our monitoring, control and efficiency of our irrigation systems we will upgrade of central control software and flow sensor devices, to reduce water usage.

Improvements to Barton Gully, Gilbertson Gully and Pine Gully – \$150,000

In 2018–19 we will allocate \$100,000 to implement the first stage of the Gully masterplans, which includes formalising paths and walkways, and install interpretative and wayfinding signage. This project is subject to receiving external funding as we will seek a further \$50,000 of funding from the Natural Resources Management Board.

Establish a biodiversity corridor – \$70,000

We will formally establish a bio-diversity corridor based on the baseline biodiversity data being collected in 2017-18. The project will establish connectivity between fragmented habitats along the corridor, and include design and installation of interpretive signs in a trail format throughout the city's conservation sites. We will allocate \$50,000 of Council funds to undertake the works. This project is subject to receiving external funding as we will seek a further \$20,000 of funding from the Natural Resources Management Board.



ECONOMY

A diverse and resilient local economy.

In 2018–19, we will allocate \$4.13 million to supporting and growing local business; making it easier to do business; harnessing emerging technology; and boosting our visitor economy.



OUR ACHIEVEMENTS

In 2017–18, we delivered many projects and services that supported our goal of delivering economic prosperity – creating a place to do business, that welcomes visitors and provides value for money.

Our activities included:

- › Increasing support to local businesses in our area with a number of initiatives, including a business concierge, visiting business advisory service and improved interface for businesses on our website
- › progressing the Economic Activation Plan, setting a five year horizon in supporting local economic development and investing in future growth industries
- › holding 200 events, attracting over 445,000 event attendees. These events included, the Glenelg Christmas Pageant, New Year’s Eve, Tour Down Under Street Party and the Queens Baton Relay
- › commencing the Business Start-Up Support Scheme, which provides small businesses and start-ups to locate and/or expand in our city to increase job opportunities or invest in export opportunities
- › continuing to increase the income and occupancy of the Brighton Caravan Park. As a key business asset, the park’s income reduces the rate burden for our community.

Please visit holdfast.sa.gov.au for a full list of our achievements.

OUR PRIORITIES

In 2018–19 we will continue to support our local economy, welcome tourism and attract a variety of events to our city. Our focus for 2018–19 includes:

- › Provide a digital support program for local businesses to support and assist businesses entering or expanding an online presence
- › attracting a broad range of events to our city, in 2018–19 this will include the 2018 Life Saving World Championships
- › progressing our economic objectives by dedicating a resource to economic development and business support in Holdfast Bay.

OUR SERVICE DELIVERY \$3.48 MILLION

Tourism and business marketing services – \$2.15 million

We will continue to develop an environment that assists the future viability of local businesses and creates opportunities to attract innovative industries. Our visitor and business services include:

- › planning, implementing and supporting a wide range of community events to increase visitation and length of stay within our city
- › actively consulting and communicating with our community through our community engagement program
- › preserving and stabilising the Holdfast History collection while developing opportunities to make it more accessible to the community
- › providing targeted tourism and marketing services aligned with community desires and needs
- › developing city-wide commercial and economic opportunities
- › providing a voice for the business and property owners in the Glenelg precinct through the Jetty Road Mainstreet Committee.

Commercial and economic enterprises – \$1.33 million

We will ensure that our commercial activities, commercial leases, and the Brighton Caravan Park provide the best possible return on the community’s investment.

OUR CAPITAL PROJECTS \$140,000

Car parking – \$60,000

We will continue to upgrade car-parking facilities in our City. In 2018–19 we have allocated \$60,000 to renew the existing car park at Lipson Avenue, Seacliff, servicing the Kauri Community and Sporting Complex.

Parking ticket machines – \$80,000

In 2018–19 we have allocated \$80,000 to replace nine ticket machines at Glenelg. The new ticket machines will be credit card payment compatible to provide more convenient options.

OUR NEW PROJECTS \$288,000

International events (Life Saving Championships) – \$150,000

We host over 200 diverse events each year in our city to attract visitors to our city, boost the local economy and showcase Holdfast Bay to the world. In 2017–18 we were part of the Queens Baton relay and commenced preparations to host the 2018 Life Saving World Championships. In 2018–19 we will continue to provide operational support for Life Saving World Championships through a dedicated events officer, sponsorship and marketing support.

Digital training and support for small business – \$20,000

The Digital Training and Support program for small businesses aims to provide support and assistance to businesses entering or expanding an online presence, align online activities with their business goals and increase their knowledge and capabilities to enable businesses in a constantly changing environment.

Business Development Partner position – \$103,000

To support our aims in creating a diverse and resilient income, we will continue the Business Development Partner position. This role was created in 2017–18 to champion our business and economic development strategic objectives and to facilitate a thriving and sustainable local economy by fostering economic growth. The objectives of this role will continue in 2018–19 and is critical to the implementation of our strategic objectives in the Economy Pillar (see page 6).

Brighton Caravan Park internet – \$100,000

In 2018–19 we will install Wi-Fi internet infrastructure at the Brighton Caravan Park for access by guests of the park.

Small Business Development Grant – \$50,000

To foster vibrant business precincts and support new businesses in creating employment opportunities in the City of Holdfast Bay, we will continue to provide the Small Business Development Grant. This grant provides small businesses and start-ups to locate or expand in our city to increase local jobs, invest in export opportunities or increased participation by the local community ensuring a vibrant and sustainable community.

Parking management system – \$90,000

In 2018–19 we will purchase a parking management system to monitor timed parking areas in our city. This system will increase the efficiency of checking parked vehicles which will provide our regulatory officers more time for other activities such as beach patrols and animal management.



PLACEMAKING

An accessible, vibrant and safe coastal city that celebrates our past to build for our future.

In 2018–19, we will allocate \$19.42 million to creating vibrant and safe places; developing walkable, connected neighbourhoods; building character and celebrating history; and housing a diverse population.



OUR ACHIEVEMENTS

In 2017–18, we delivered a broad range of projects and services that supported our goal of enhancing city design and function, creating a place that is well planned, and providing choice and enhancing life. Our activities included:

- › Continuing our Heritage and Shopfront Character Grant Scheme to restore and maintain the character of our retail precincts and heritage-listed properties. In 2018–19 we will be expanding the shopfront component of this grant to also include the Jetty Road, Brighton business precincts. See page 45 for more details
- › completed the Jetty Road Glenelg and Environs masterplan. The masterplan will drive investment in infrastructure and streetscape improvements for the precinct. We are now progressing to the implementation phase of the masterplan, seeking funding from the Government of South Australia
- › commencing the open space and public realm strategy review which will reassess priorities for creating, upgrading or developing public open space projects as well as a set of design guidelines to guide these projects
- › progressing the Kingston Park section of Coast Park, running from the Seacliff Yacht Club to our city's southern boundary, with an anticipated completion of May 2018
- › securing \$4.35 million of funding from the Government of South Australia to commence the construction of the Minda Dunes section of Coast Park.

Please visit holdfast.sa.gov.au for a full list of our achievements.

OUR PRIORITIES

In 2018–19 we will continue to build a well-planned, accessible and safe city by:

- › Progressing the Jetty Road Glenelg and Environs masterplan with detailed design and construction
- › undertake an intergraded transport and movement strategy
- › constructing the Minda Dunes section of our coastal walking trail, the last section of the Coast Park walking trail for our city.

OUR SERVICE DELIVERY \$8.91 MILLION

Asset management – \$6.67 million

We will continue to manage and maintain our community's assets and infrastructure in an environmentally and financially sustainable way. This includes maintaining our playgrounds, street furniture, footpaths, roads, kerbs, water table, stormwater drainage system and buildings; controlling traffic; and implementing our 'Roads to Recovery' projects.

Development services – \$1.39 million

Our development assessment, development advice and building compliance services work to recognise opportunities while protecting the character and amenity of our suburbs. This year, we will continue to provide advice and make decisions about how to achieve an attractive and sustainable environment through well-planned buildings and places that reflect the way we'd like to live, including supporting heritage property owners via our Heritage and Shopfront Character Grant Scheme to assist in maintenance and restoration.

Strategic planning and policy – \$846,000

We will deliver robust and comprehensive policies and strategies to guide future development, enhance our built environment and improve the function of our city.

OUR CAPITAL PROJECTS \$1.74 MILLION

Roads (including signage, kerb and water table reconstruction) – \$1.30 million

Our *Asset Management Plan* allows for the systematic repair and replacement of our city's streets, kerbs and water table. In 2018–19, we have allocated \$642,000 to renewing and upgrading roads; and \$661,000 to renewing our kerb and water table.

Footpaths – \$246,000

We have allocated \$246,000 to maintaining our city's footpaths to ensure they are safe.

Bus stops – \$30,000

As part of our three-year program, we will continue with upgrading bus shelters this year to comply with the requirements of the *Disability Discrimination Act 1992*.

Public toilets – \$59,000

The development of easily accessible and well-located public toilet facilities in our open spaces is an important aspect of providing a liveable city. In 2017–18 we will allocate \$59,000 to undertaking works at a number of public toilets across the city.

Street lighting – \$50,000

By improving night visibility in our public places and streets, we help people to feel safe and enjoy living, doing business in, and visiting Holdfast Bay. We have allocated \$50,000 for lighting on Marlborough Street, Brighton and Old Beach Road, Brighton.

Signage – \$55,000

To support our goal of providing an attractive city that welcomes visitors and encourages tourism, we have allocated funding to improving our signage in reserves and throughout our suburbs. In 2017–18 we have allocated \$55,000 for signage in reserves throughout the City.

OUR NEW PROJECTS \$8.77 MILLION

Minda Dunes Coast Park – \$5.35 million

We have been successful in securing \$4.35 million of funding from the Department of Planning, Transport and Infrastructure to undertake the construction for the final section of Cast Park in Holdfast Bay. We have allocated an additional \$1 million to fund this project. The Minda Dunes section runs across the secondary dunes of the Minda site and extends from the Somerton Surf Life Saving club to the Gladstone Road car park. For more information see Highlights, page 9.

Jetty Road Glenelg and Environs masterplan – phase 1 detailed design – \$748,000

In 2018–19 we have allocated \$748,000 to develop detailed designs for the Chapel Street plaza section, which will transform this area into a civic plaza, and Coast stages 1 & 2, which includes the public open space along Colley terrace from Hope St to Jetty Rd, as well as the entrances of both Durham Road and Moseley Street. For more information see Highlights, page 9.

Jetty Road Glenelg and Environs masterplan – phase 1 construction – \$2.58 million

In addition to detailed design work, we will commence the construction of the Chapel Street and Coast stage 1 (corner of Colley Tce and Jetty Road). The development will be a two year project. In 2018–19 we will allocate \$833,000 of Council funding and seek \$1,746,000 of external funding from the Department of Planning, Transport and Infrastructure. This project is subject to receiving external funding. For more information see Highlights, page 9.

Integrated transport and movement strategy – \$90,000

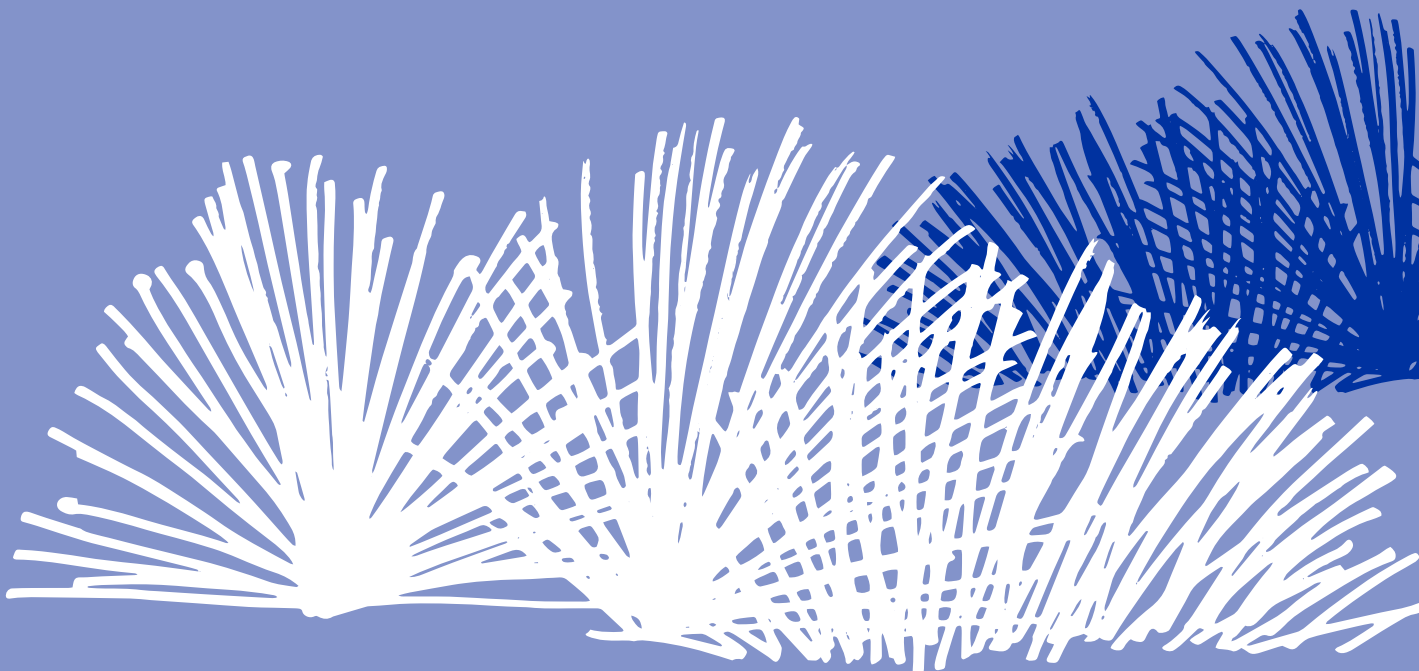
The integrated transport and movement strategy will analyse the movement of private vehicles, public transport, walking and cycling in our City and future trends to gain a better understanding of the existing and future capacities of our transport network. This strategy will be undertaken over two years, with \$90,000 to be allocated for 2018–19. This work will assist in our future planning and development of our transport network in our City.



CULTURE

An effective, customer-centred organisation.

In 2018–19, we will allocate \$10.93 million to providing customer-centred services; being financially accountable; enabling high performance; and supporting excellent, efficient operations.



OUR ACHIEVEMENTS

In 2017–18, we progressed a number of projects to improve our service delivery and efficiency, including:

- › Progressing our multi-year Business Transformation program to provide more intuitive, innovative and efficient operations. This will make it easier for our community to access information, interact with Council and lodge documents. In 2017–18 we completed the implementation of new payment software, development application software and budgeting software, for improved efficiency and convenience
- › continuing the responsible management our operational and capital expenditure, allowing us to reduce our debts
- › resolving over 48,000 incoming calls via our customer service team
- › commencing a school based trainee program, which gives the opportunity to local students to get support in gaining a qualification as well as workplace experience
- › being selected as a finalists for a Local Government Excellence award for our work on our internal cultures and WHS branding.

Please visit holdfast.sa.gov.au for a full list of our achievements.

OUR PRIORITIES

In 2018–19 we will continue to provide an effective customer-centred, responsible organisation by:

- › Continuing the transformation of our information technology system to provide a more intuitive and effective operating environment. This will also make it easier for our community to access information and transact with us
- › holding the Local Government Election for Holdfast Bay in November.

OUR SERVICE DELIVERY \$8.04 MILLION

Corporate services – \$4.93 million

We will continue to provide an organisation that enables us to deliver our services to the community in an accountable, transparent way that meets legislative requirements and provides the best value for money. The broad business areas delivering our corporate services include:

- › Customer service
- › Governance and policy
- › Human resources
- › Risk management
- › Work health and safety
- › Elected member and CEO support
- › Records management
- › Corporate communication.

Financial and rating services – \$1.23 million

We will ensure Council remains financially sustainable and accountable by providing sound financial management, including rating, investment and treasury management, grants administration and auditing services.

Information and technology services – \$1.88 million

We will provide up-to-date information and technology services that support us in delivering effective and efficient services and offer a range of easy options for our customers to contact, and do business with us.

OUR CAPITAL PROJECTS \$2.36 MILLION

Plant and equipment replacement – \$513,000

To meet our operational needs and enable safe, effective delivery of services, we have allocated \$513,000 to maintaining and replacing our major plant and equipment.

Alwyndor asset renewal and replacement – \$889,000

Alwyndor will allocate \$889,000 to fund asset renewal and replacement works, including plant and equipment replacement.

Capital building works – \$138,000

In 2018–19, we have allocated \$138,000 to renewing our buildings to ensure that they continue to provide safe and comfortable facilities.

Capital project management – \$816,000

Project management reflects the costs incurred (including staff salaries) on developing capital projects and, will be attributed to the cost of each project.

OUR NEW PROJECTS \$530,000

Information technology innovations – \$180,000

We will continue to improve our technology systems and progress our business transformation program to support us in providing efficient and effective services. In 2018–19 we will continue the implementation of our reporting and data analytics software, information and data management systems and improvements to our asset management system.

Local Government elections – \$292,000

Local Government elections are held every four years with an upcoming election to be held in November 2018 by all South Australian Councils. We have allocated \$292,000 to fund the election for our City.

Online grant application and assessment software – \$13,000

We provide a variety of funding opportunities to our residents and community groups. In 2018–19 we will implement a cloud-based grants software which will improve the efficiency and management of our Council grant processes and make it easier for people or groups to make grant submissions.

Condition assessment of Council buildings – \$45,000

In 2018–19 we will undertake a comprehensive condition assessment of our building to ensure our asset information is kept up-to-date, assist in strategic asset planning and allow for the development of more proactive maintenance schedules.



DEVELOPING OUR ORGANISATION

“We will serve the community through services and programs that meet and exceed its needs by doing things right the first time and doing them well; by having the right people with the right skills; and by managing our resources to meet the expectations of our community.”

**CITY OF HOLDFAST BAY
LONG-TERM FINANCIAL PLAN**



We are committed to our core values (ARISE):

- > **A**chievement
- > **R**espect
- > **I**nnovation
- > **S**implicity
- > **E**ngagement

Our objectives in each area of our business aim to provide the best value for our community.

Finance

We will develop and maintain a long-term financial position that ensures our financial health and sustainability.

Assets

We will drive a systematic approach to the development, maintenance and replacement of our assets and ensure that these assets meet the needs of our community.

People

We will attract and maintain the right mix of people with the skills and experience to deliver our services and achieve our goals.

Systems and processes

We will ensure that our organisation is appropriately governed, operates in a planned environment and continually works to improve services and programs.

Service delivery

We will maintain and improve our current service delivery, quality, efficiency and cost effectiveness.



FUNDING OUR CITY

OPERATING RESULT

In 2018–19 we are proposing an extensive program of services and projects. To achieve this we expect to raise \$46.85 million in operating income and expend \$46.58 million in operating expenditure (excluding Alwyndor). The funds come from a variety of sources; while our income is predominantly from rates, it also includes grants from the State and Commonwealth Governments, as well as income from statutory and user charges. In 2018–19, 76 per cent of the revenue to fund municipal operations will come from rates.

We have budgeted for a consolidated operating surplus of \$458,000 in 2018–19, composed of an operating surplus for Alwyndor of \$186,000 to be reinvested back into its operations, and an operating surplus of \$272,000 for our municipal activities.

OUR FINANCIAL STATEMENTS

We have included a summary of our projected financial statements for the 2018–19 financial year in the *2018–19 Annual Business Plan*. The plan's consolidated financial statements incorporate both our municipal operations and Alwyndor Aged Care, which is a self-funded component of our service delivery.

We intend to raise a net sum of \$34.83 million (excluding NRM Levy) from rates in 2018–19.

We own infrastructure and assets (such as roads, drains, footpaths and buildings etc) with a current value of approximately \$375 million (excluding land). These assets deteriorate over time through wear and tear, and must be replaced or renewed at appropriate intervals in order to prolong their useful lives and continue delivering services to our community. We are mindful of the impact on ratepayers and we are committed to developing options to ease the rate burden through increasing other sources of revenue.



FINANCIAL MANAGEMENT

Our financial principles include our commitment to prudent debt management. Our treasury policy recognizes the use of borrowings to spread the investment in community assets over time in support of the principle of intergenerational equity. Any funds that are not immediately required to meet approved expenditure or minimum liquidity are applied to reduce existing borrowings or defer the timing of new borrowings, or are invested in interest bearing deposits. We regularly consider the financial environment, prevailing interest rates and the life of our community assets, to ascertain a treasury position that provides an optimum balance of long- and short-term loans, and fixed and floating interest rates.

We understand that our community has high service expectations because of our coastal proximity and our high tourism focus, amongst other factors. The *2018–19 Annual Business Plan* is forecasting a projected requirement to borrow \$3.38 million to fund our program of capital works and projects. The current financial environment allows borrowing at low, fixed, long-term interest rates. We believe it is prudent to borrow to renew and replace infrastructure and assets for the benefit of the community as outlined within our *Long-Term Financial Plan* and *Asset Management Plan*, which aim to deliver service levels at lowest overall life-cycle cost. Running down the value of assets or not replacing them is very short-sighted and can lead to a lack of community and business confidence, and increased expenditure in future years.

We have a risk management framework, and an Audit Committee that comments on strategic and operational risk management. This is done holistically, having regard for all aspects of financial and overall risk management. Guided by our *Long-Term Financial Plan*, our financial management takes a long-term view that ensures we maintain a sustainable financial and asset management position.

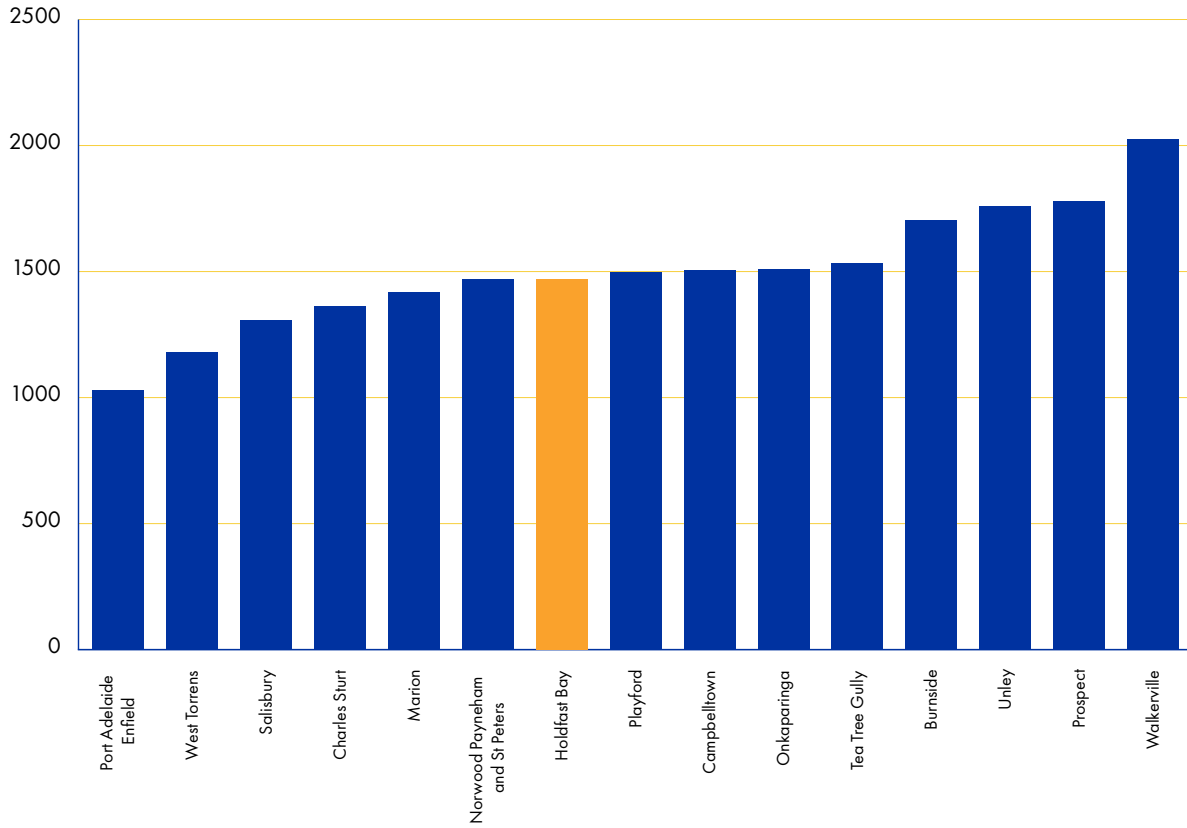
Rate comparisons

Comparing our rates with those of other councils is a complex issue. Each council has different characteristics (such as size, demographics, residential base and growth etc) and provides either different services or similar services at different standards. Councils provide a broad range and level of services to our communities and, although some of these are statutory requirements, the majority are determined by the expectations of our specific communities. The cost of providing and maintaining these services is spread across the community in the form of rates. We determine a rate in the dollar, based on the amount of revenue that will be required to meet the ongoing cost of providing services to our community for the coming year.

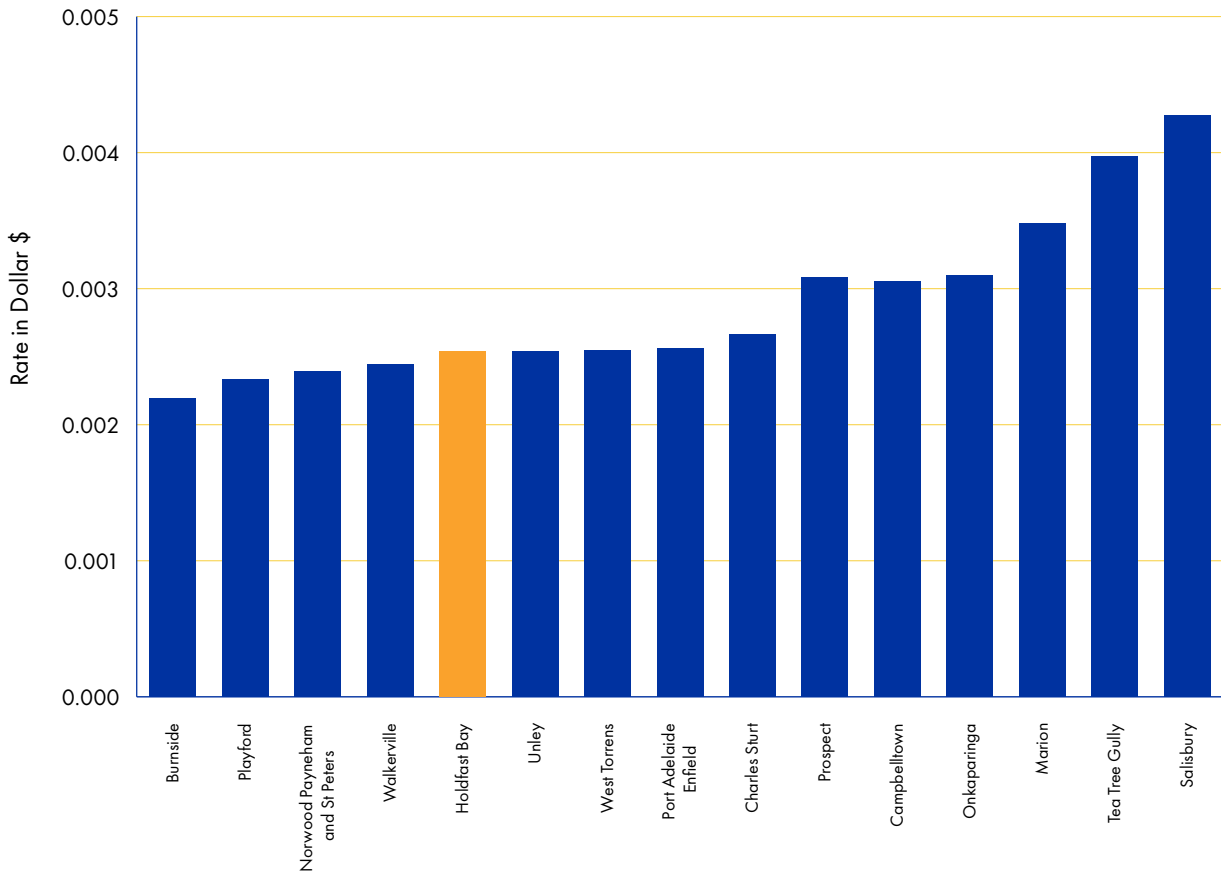
The amount of rates you pay is determined by multiplying your property's value by the rate in the dollar. For example, if the property value is \$500,000 and the rate in the dollar is 0.00223 cents in a dollar, the rates payable will be \$1,115.

The charts on the following page show a comparison of the average residential rate for Adelaide metropolitan councils for 2017–18. The average (mean) residential rate for the City of Holdfast Bay in 2017–18 was \$1,470. This represented a rate of 0.0025362 cents in the dollar of property value. We were able to deliver our program of services and projects outlined in the *2017–18 Annual Business Plan*, with a residential rate that compares favourably to other South Australian Council areas.

2017–18 Average (mean) residential rate comparison



2017–18 Residential rate-in-the-dollar comparison



What will you pay in rates?

The amount you pay is determined by the valuation of your property and the way we apportion rates across the community. We endeavour to apportion rates across the community in an equitable fashion. Based on property valuation data for 2018–19, the rate increase for the average (mean) residential premises will be approximately \$44 or \$10.25 per quarter. This is the equivalent of 79 cents per week.

Rating policy

Section 147 of the *Local Government Act 1999*, provides Council with the power to rate all land within the City of Holdfast Bay – except for land specifically exempted, such as Crown land and land occupied by Council. We continually review our rating policy to ensure that it is fair and equitable to all. Our current rating policy, adopted in June 2017, is available at the Brighton Civic Centre and can be downloaded at holdfast.sa.gov.au.

Land valuation method

We use the capital value determined by the State Valuation Office as the basis for valuing land and calculating rates, as we feel this method provides the fairest and most efficient method of distributing the rate burden across all ratepayers. If you are dissatisfied with your valuation, you can object to the State Valuation Office in writing within 60 days of receiving the notice of valuation, explaining why you object.

Residential rates

Our 2018–19 *Annual Business Plan* and financial statements have been based on a rate revenue increase of 2.7 per cent, excluding new building construction and separate rates. The average (mean) value of properties in the City of Holdfast Bay in 2018–19 is \$608,439, with the average (mean) rate of \$1,511.

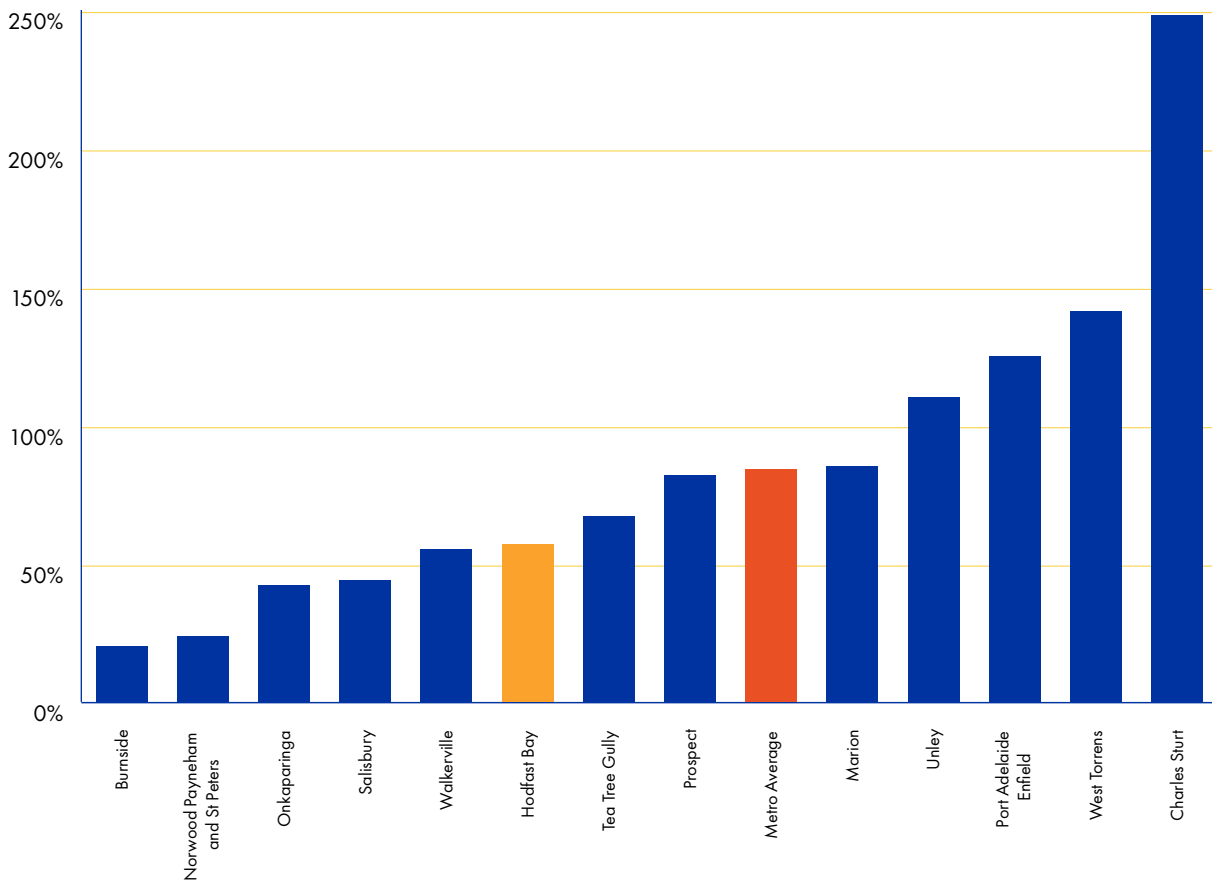
Industrial, commercial property and vacant land rates

We apply a differential rate to industrial, commercial properties and vacant land. This applies a premium based on the principle that industrial and commercial properties place a greater burden on infrastructure and achieve direct benefits from Council parking and health regulations, event and tourism etc. For vacant land, the differential rate provides an incentive to encourage property development.

In 2017–18 a differential premium 57 per cent above the residential rate had been applied, equating to 13.8 per cent of total rate revenue (\$4.64 million) being paid by this sector. This premium compares favourably with the metropolitan average of 84 per cent as shown in the following page.

In 2018–19 revenue from the Differential Rate applying to commercial, industrial and vacant properties will be maintained at 13.8 per cent of our overall general rates. This represents a Differential Rate premium of 56 per cent.

2017–18 Metropolitan differential rate premium comparison



Separate rate

We levy two separate rates on specific ratepayers to provide funding for activities and services related to those ratepayers. They are as follows:

1. The Jetty Road Mainstreet Separate Rate, which is applied to properties within the Jetty Road Mainstreet precinct to promote and enhance business viability and trade in the Jetty Road shopping precinct. Revenue from this separate rate is expected to be \$565,000 in 2018–19, with no increase to the rate levied in 2017–18.
2. The Patawalonga Marina Separate Rate, which is applied to properties that are within the basin of the Patawalonga bounded by the high water mark and comprised of marina berths. This separate rate provides funding for the ongoing maintenance of the Patawalonga lock. Because the lock is also widely used by the general public, this rate is adjusted by 50 per cent. The Patawalonga Marina Separate Rate for 2018–19 is expected to raise \$70,000. We will continue to calculate this rate this way, adjusting slightly to account for the actual maintenance costs occurred each year, as it offers the greatest amount of certainty for ratepayers.

Natural Resource Management levy

The Natural Resource Management (NRM) Levy is collected on behalf of the Government of South Australia's Adelaide and Mount Lofty Ranges Resource Management Board. In 2018–19 the NRM Levy for properties in the City of Holdfast Bay will increase by \$82,000 to \$1.25 million. This represents a 7 per cent increase to the rate levied in 2017–18.

Rebates

We are required to provide mandatory rebates under Sections 160 to 165 of the *Local Government Act 1999* in relation to properties:

- › predominantly used for service delivery or administration by a hospital or health centre (Section 160)
- › predominantly used for service delivery or administration by a community service organisation (Section 161)
- › containing a church or other building used for public worship or used solely for religious purposes (Section 162)
- › being used for the purpose of a public cemetery (Section 163)
- › occupied by a government school under a lease or licence or a non-government school being used for educational purposes (Section 165).

In addition, we may provide discretionary rebates under Section 166 where:

- › the rebate is desirable for the purpose of securing the proper development of the area or assisting or supporting a business
- › the land is being used for educational purposes, agricultural, horticultural or floricultural exhibitions, a hospital or health centre, to provide facilities or services for children or young people, to provide accommodation for the aged or disabled, for a residential aged care facility or a day therapy centre, or by an organisation which, in the opinion of Council, provides a benefit or service to the local community
- › the rebate relates to common property or land vested in a community corporation over which the public has a free and unrestricted right of access and enjoyment
- › the rebate is considered by Council to be appropriate to provide relief against what would otherwise amount to a substantial charge in rates payable due to a change in the basis of valuation.

We have previously provided a rebate of 25 per cent on state and local-heritage-listed properties. In 2016–17, a reduction of this rebate was introduced, to phase out the rebate over a three-year period, in favour of reintroducing a targeted grant scheme, providing greater incentive to ratepayers who own heritage-listed properties to invest in the maintenance, restoration and preservation of these properties.

In 2018–19 the heritage rebate will cease, with the \$50,000 saving allocated to continue to expand the Heritage and Shopfront Character and Grants Scheme.

This scheme also incorporates grant funding for the upgrade of shopfronts in our premier shopping precincts to ensure that the heritage, character and attractiveness of these precincts are maintained. The Shopfront Character Grant component of the scheme is currently available to the Jetty Road Glenelg precinct as a pilot area/precinct. In 2018–19 this component of the grant will be expanded to include Jetty Road, Brighton, as well as Jetty Road, Glenelg.

Minimum rate

We impose a minimum amount payable by way of rates. For 2018–19, the minimum rate is set at \$976.

Rate relief

Support is available for people experiencing difficulty in paying their rates. For further information please contact our Customer Service team on 8229 9999. A residential rate cap is applied to provide relief to ratepayers who own properties that have been subject to increases in valuations that are deemed excessive. Council has determined that residential ratepayers can apply for a reduction in their 2018–19 rates where they can demonstrate an increase in their annual rate bill in excess of 6 per cent.

OUR FINANCIAL TARGETS

Our financial targets are:

- 1. To achieve an operating ratio of 0–10 per cent over a five-year period**
- 2. To achieve a net financial liabilities ratio of less than 75 per cent**
- 3. To improve our asset sustainability ratio to be within the range of 90–110 per cent over a five-year period.**

1. To achieve an operating ratio of 0–10 per cent over a five-year period

In 2018–19 we will raise \$36.09 million in rate revenue (including separate rates and the NRM Levy) and this will yield an operating surplus ratio of 0.6 per cent. Currently our operating ratio measure over the five-year period from 2013–14 to mid-2018 is 1.8 per cent. The operating ratio is the operating result expressed as a percentage of total operating revenue. Our operating result is the difference between recurrent income and recurrent operating expenditure.

Recurrent income is made up of revenue received each year in the ordinary course of our activities, such as rate revenue, user and statutory charges and operating grants, but excluding capital grants. Recurrent operating expenditure is incurred in the ordinary course of providing services, including a charge for depreciation of our infrastructure and assets. Depreciation can be regarded as the cost of wear and tear. The operating result is expressed as a surplus (where income exceeds expenditure) or a deficit (where expenditure exceeds income).

While we strive to maintain a balanced budget or small surplus each year, we recognise that current cost movements, particularly in areas where we have little control, will increase the possibility of an operational deficit being forecast in future years. An operating deficit indicates that the cost of services we provide are not being adequately funded and current users are not paying enough for the

use of our services and infrastructure. Continued operational deficits would indicate that we were not able to maintain a financially sustainable outcome into the future. As a result we continue to review our revenue and expenditure, to supply services that are efficient and effective in meeting the needs of the community.

2. To achieve a net financial liabilities ratio of less than 75 per cent

Our current ceiling for our net financial liabilities ratio is 75 per cent. The net liabilities ratio is a measure of the size of our net financial liabilities (which is what we owe others, minus what others owe us), as a percentage of its total operating revenue.

However from time to time it is acceptable to exceed this ceiling, particularly when low interest rates offer the opportunity to develop infrastructure and facilities that will provide long-term benefit to the community. In 2018–19 the net financial liabilities ratio is forecast to increase from 48 per cent to 49 per cent (excluding Alwyndor Aged Care). The ratio is expected to decline in subsequent years as our fixed-term debt is reduced.

An additional, and arguably more relevant, indicator of our ability to manage and service debt is its interest cover ratio. It is measured by calculating our net financial interest as a percentage of the overall operating revenue. Council has set a ceiling of 5 per cent for this ratio. A ratio of 5 per cent indicates that, for every \$100 of revenue, \$5 is spent on net interest payments. In 2018–19 our interest cover ratio is forecast to be 1.6 per cent (excluding Alwyndor Aged Care). Our net financial liabilities the interest cover ratio indicates that Council remains in a strong and sustainable financial position to manage our debt levels

3. To improve our asset sustainability ratio to be within the range of 90-110 per cent over a five-year period

We predict that our asset sustainability ratio for the 2018–19 financial year will be 57 per cent (including Alwyndor Aged Care). The asset sustainability ratio typically fluctuates from one year to the next as a result of the timing of major asset renewal and replacement programs (ie renewal and replacement of an asset usually happens at periodic intervals). Currently our asset sustainability ratio measure over the five-year period from 2013–14 to mid-2018 is 62 per cent.

The asset sustainability ratio measures the level of our capital expenditure on the renewal and replacement of existing infrastructure and assets, relative to their depreciation. It indicates whether existing infrastructure and assets are being renewed or replaced at the same rate that our overall asset stock is wearing out.

An asset sustainability ratio of less than 100 per cent indicates that our asset stock is wearing out faster than it is being renewed or replaced. Conversely, an asset sustainability ratio greater than 100 per cent indicates that we are renewing or replacing our infrastructure and assets faster than they are wearing out.

The asset sustainability ratio measure currently indicates the ratio of capital expenditure relative to depreciation. As a result of the adoption of updated asset management plans in 2017–18, a review of the ratio will occur in 2018-19, it is anticipated that the ratio will indicate capital expenditure relative to the anticipated expenditure as per the asset management plans for a given financial year. This change will better reflect our capital renewal expenditure against our strategic priorities and condition rating data, as well as better align to industry best practice.

Under this anticipated methodology, the asset sustainability ratio for 2018–19 is anticipated to be 100%.



MEASURING OUR PERFORMANCE

We have appointed an audit committee, which includes three independent members with relevant qualifications and experience to provide advice and recommendations on financial and governance matters.

Our performance is measured against the following:

- › a range of financial reports including monthly financial statements, budget updates, four annual comprehensive budget reviews and the presentation of audited financial statements as required under the *Local Government Act 1999*
- › strategic plan measures, which measure how we are working towards achieving our strategic objectives outlined in *Our Place*
- › corporate measures, which track our internal operations that aim at improving the way we deliver services.

STRATEGIC PLAN MEASURES

In addition to outlining our vision and direction, *Our Place* identifies the measures used to monitor and assess our performance. These measures are expressed as key performance indicators. This underlines our obligation to be accountable, assure our community that we are properly managing a steady progress towards achieving the objectives promised in *Our Place*, and build a high level of trust that we will deliver these objectives.

CORPORATE MEASURES

Our corporate measures are reported on a quarterly basis to track the health of our organisation and its fitness and ability to deliver our objectives as expressed in *Our Place*. These include:

- › Capital works: Progress on the capital works program
- › *Annual business plan*: Progress on achieving projects in the *Annual Business Plan*
- › Financial management: Reviews of the budget position
- › Workplace health and safety: Review health and safety compliance and key performance indicators
- › Human resources: Review internal resources and training
- › External grants: Review of position of current grants and grant applications.

REPORTING CURRENT PERFORMANCE

We will report on our progress towards our objectives outlined in our strategic plan in our 2018–19 Annual Report.

Table of measures and targets



COMMUNITY

MEASURE	TARGET
Increase resident wellbeing	5% increase
Deliver wellbeing and resilience workshops	2 per annum
Achieve high community satisfaction with playgrounds and open space	70% satisfaction
Complete sporting and community hubs	2 completed
Attract new community initiatives through our Community Donations Program	3 per annum
Achieve high community satisfaction with our range and quality of services and programs	70% satisfaction
Engage people in culture and heritage, Aboriginal cultural programs, events and activities	200 people per annum
Increase the number of people accessing our community centres and libraries	5% increase per annum
Achieve high community satisfaction with our community facilities including, libraries, services and programs	70% satisfaction
Increase the number of opportunities for volunteering	5% increase per annum
Increase the online engagement with our "YourView" website to better represent our city's population	10% sample of the population of the city
Establish and maintain successful partnerships with Flinders University, Adelaide University, SAHMRI, local schools, community groups and centres, Alwyndor, local government partners and other relevant bodies	Establish and maintain partnerships



ENVIRONMENT

MEASURE	TARGET
Increase native flora (species and population) in natural areas	10% increase
Increase native fauna habitats in natural areas	10% increase
Increase the tree canopy within the City	10% increase
Increase the width of our recreational beaches and maintain the dune systems	10% increase
Reduce heat island areas	10% reduction
Reduce flash floods within the City for rain events less than 20mm	0 flash floods
Reduce Council's greenhouse emissions	12% reduction
Divert more waste from landfill	10% increase
Reduce stormwater discharge to the ocean	30% reduction
Increase the number of environmental volunteering opportunities	50% increase



ECONOMY

MEASURE	TARGET
Achieve high satisfaction from businesses in Council's support for business	70% satisfaction
Achieve high satisfaction from businesses in doing business with Council	70% satisfaction
Develop and begin implementing a digital economy strategy	Plan developed and begin implement by 1 July
Increase number of properties with access to high-speed internet	100% of properties
Increase number of visitors to the area (by 2022)	15% increase





PLACEMAKING

MEASURE	TARGET
Achieve high level of community satisfaction with the quality and feel of our major main street precincts	70% satisfaction
Achieve high level of community satisfaction with walkability and access to local shops, services, public transport and open space	70% satisfaction
Increase the number of people travelling to local destinations via active travel options	20% increase
Achieve high level of community satisfaction with the design of new buildings and their contribution to local character	70% satisfaction
Increase the proportion of non-detached dwelling types (the “missing middle”) in our city	10% increase



CULTURE

MEASURE	TARGET
Deliver all ‘Our New Projects’ in the <i>Annual Business Plan</i>	100% completion
Achieve a high level of internal satisfaction with Culture Brand	90% satisfaction
Achieve a high score in our Annual Leadership survey	80% score
Achieve a high level of community satisfaction with Council’s services	70% satisfaction
Increase the number of customer services available through a digital platform in addition to other service channels	100% of services
Achieve annual financial targets	<ul style="list-style-type: none"> › Operating result ≥ 0 › Operating ratio ≥ 0 › Net financial liabilities ratio $\leq 75\%$ › Interest cover ratio $\leq 5\%$
Achieve a high level of community satisfaction with Council providing good financial management and value for the rate dollar	70% satisfaction
Reduce our reliance on rate revenue	< 70% revenue from rates
Be benchmarked as one of the top five metropolitan councils in operating efficiency	> or equal to 5
Achieve a high level of community satisfaction on Council’s performance	70% satisfaction
Receive recognition for our efforts through prestigious awards of excellence	3 per annum

The background is a solid yellow color with white, hand-drawn style contour lines that resemble topographic maps. The lines are irregular and wavy, creating a sense of depth and movement. They are distributed across the page, with some areas having more closely spaced lines and others having more widely spaced lines.

FINANCIAL STATEMENTS – MUNICIPAL

CITY OF HOLDFAST BAY
BUDGET FUNDING STATEMENT - MUNICIPAL FUNDS

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u> \$		<u>Municipal</u> <u>18/19</u> <u>BUDGET</u> \$
33,102,490	Rates - General	34,199,000
564,539	Rates - Jetty Road Glenelg	564,539
68,000	Rates - Patawalonga Marina	70,000
1,172,440	Rates - NRM Levy	1,254,308
2,136,410	Statutory Charges	2,246,405
3,862,857	User Charges	4,034,965
3,032,086	Operating Grants & Subsidies	3,014,246
31,060	Investment Income	42,400
638,980	Reimbursements	682,370
521,267	Other	511,975
230,000	Net Equity Gain - Joint Ventures	230,000
45,360,129	Operating Revenue	46,850,208
17,180,220	Employee Costs	17,561,902
18,742,263	Materials, contracts and other expenses	18,882,016
1,081,458	Finance Charges	761,230
8,623,000	Depreciation	9,033,000
(796,085)	Less full cost attribution - % admin costs capitalised	(815,987)
426,733	New Initiatives - Operating	1,155,971
45,257,589	Less Operating Expenditure	46,578,132
102,540	= Operating Surplus/(Deficit)	272,076
8,623,000	Depreciation	9,033,000
61,200	Other non-cash provisions	17,240
8,684,200	Plus Non-Cash items in Operating Surplus/Deficit	9,050,240
8,786,740	= Funds Generated from Operating Activities	9,322,316
110,000	New Initiatives - Capital (External Contributions)	9,584,707
230,750	Proceeds from disposal of assets	1,202,000
340,750	Plus funds sourced from Capital Activities	10,786,707
(4,950,000)	Capital Expenditure-Asset Renewal and Replacement	(4,782,700)
(796,085)	Capital Expenditure-Full Cost Attribution	(815,987)
(587,950)	New Initiatives - Capital (Gross Expenditure)	(16,958,904)
(6,334,035)	Less total capital expenditure	(22,557,591)
208,797	Plus: Repayments of loan principal by sporting groups	208,431
208,797	Plus/(less) funds provided (used) by Investing Activities	208,431
3,002,252	= FUNDING SURPLUS/(REQUIREMENT)	(2,240,137)
Funded by:		
1,421,056	Increase/(Decrease) in cash and cash equivalents	(3,380,697)
-	Less: Proceeds from new borrowings	1,140,560
1,581,196	Plus: Principal repayments of borrowings	1,140,560
3,002,252		(2,240,137)

CITY OF HOLDFAST BAY
PROJECTED INCOME STATEMENT- MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>18/19</u> <u>BUDGET</u>
\$	REVENUES	\$
33,102,490	Rates - General	34,199,000
564,539	Rates - Jetty Road Glenelg	564,539
68,000	Rates - Patawalonga Marina	70,000
1,172,440	Rates - NRM Levy	1,254,308
2,136,410	Statutory Charges	2,246,405
3,862,857	User Charges	4,034,965
3,032,086	Operating Grants & Subsidies	3,014,246
31,060	Investment Income	42,400
638,980	Reimbursements	682,370
521,267	Other	511,975
230,000	Net Equity Gain - Joint Ventures	230,000
45,360,129	TOTAL REVENUES	46,850,208
	EXPENSES	
17,180,220	Employee Costs	17,561,902
18,742,263	Materials, contracts and other expenses	18,882,016
1,081,458	Finance Charges	761,230
8,623,000	Depreciation	9,033,000
(796,085)	Less full cost attribution	(815,987)
426,733	New Initiatives - Operating	1,155,971
45,257,589	TOTAL EXPENSES	46,578,132
102,540	Operating Surplus/(Deficit) - Before Capital Revenue	272,076
110,000	Amounts specifically for new or upgraded assets	9,584,707
212,540	NET SURPLUS/(DEFICIT)	9,856,783

CITY OF HOLDFAST BAY
PROJECTED BALANCE SHEET - MUNICIPAL FUNDS
AS AT 30TH JUNE 2019

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>18/19</u> <u>BUDGET</u>
\$		\$
	CURRENT ASSETS	
3,168,541	Cash and cash equivalents	593,154
2,097,645	Trade and Other Receivables	2,351,000
6,380	Inventory	9,000
5,272,566	TOTAL CURRENT ASSETS	2,953,154
	NON-CURRENT ASSETS	
1,638,106	Financial Assets	1,276,772
3,009,176	Equity accounted investments-Council businesses	3,215,000
625,488,271	Land, Infrastructure, Property, Plant & Equipment	710,964,809
630,135,553	TOTAL NON-CURRENT ASSETS	715,456,581
635,408,119	TOTAL ASSETS	718,409,735
	CURRENT LIABILITIES	
4,320,504	Trade and Other Payables	4,363,000
3,053,619	Borrowings	1,036,804
3,345,662	Short-term Provisions	2,808,200
10,719,785	TOTAL CURRENT LIABILITIES	8,208,004
	NON-CURRENT LIABILITIES	
17,781,343	Long-term Borrowings	18,129,137
377,643	Long-term Provisions	641,240
18,158,986	TOTAL NON-CURRENT LIABILITIES	18,770,377
28,878,771	TOTAL LIABILITIES	26,978,381
606,529,348	NET ASSETS	691,431,354
	EQUITY	
161,365,733	Accumulated Surplus	174,956,354
445,127,615	Asset Revaluation Reserve	516,439,000
36,000	Other Reserves	36,000
606,529,348	TOTAL EQUITY	691,431,354

CITY OF HOLDFAST BAY
PROJECTED STATEMENT OF CHANGES IN EQUITY - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>18/19</u> <u>BUDGET</u>
\$		\$
	ACCUMULATED SURPLUS	
161,153,193	Balance at beginning of period	165,099,571
102,540	Net Surplus/(Deficit)	9,856,783
161,255,733	Balance at end of period	174,956,354
445,127,615	ASSET REVALUATION RESERVE	516,439,000
36,000	MUNICIPAL RESERVES	36,000
445,163,615	TOTAL RESERVES CLOSING BALANCE	516,475,000
606,419,348	TOTAL EQUITY	691,431,354

CITY OF HOLDFAST BAY
PROJECTED BUDGETED STATEMENT OF CASH FLOWS - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u> \$ (OUTFLOWS)	<u>Municipal</u> <u>18/19</u> <u>BUDGET</u> \$ (OUTFLOWS)	
CASH FLOWS FROM OPERATING ACTIVITIES		
<u>Receipts</u>		
45,130,129	Operating Receipts	46,620,208
<u>Payments</u>		
(35,261,931)	Operating payments to suppliers and employees	(36,536,662)
(1,081,458)	Finance Payments	(761,230)
8,786,740	NET CASH PROVIDED BY OPERATING ACTIVITIES	9,322,316
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Receipts</u>		
110,000	Grants specifically for new or upgraded assets	9,584,707
230,750	Sale of replaced assets	202,000
-	Sale of surplus assets	1,000,000
208,797	Repayments of loans (principal) by community groups	208,431
<u>Payments</u>		
(5,746,085)	Expenditure on renewal/replacement of assets	(5,103,933)
(587,950)	Expenditure on new/upgraded assets	(17,453,658)
(5,784,488)	NET CASH (USED IN) INVESTING ACTIVITIES	(11,562,453)
CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Receipts</u>		
-	Proceeds from Borrowings - External	3,380,697
<u>Payments</u>		
(1,581,196)	Repayments of Borrowings - External	(1,140,560)
(1,581,196)	NET CASH PROVIDED BY FINANCING ACTIVITIES	2,240,137
1,421,056	NET INCREASE (DECREASE) IN CASH HELD	-
1,747,485	CASH AND CASH EQUIVALENTS AT BEGINNING OF	593,154
	REPORTING PERIOD	
	CASH AND CASH EQUIVALENTS AT END OF	
3,168,541	REPORTING PERIOD	593,154

RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

212,540	SURPLUS FROM INCOME STATEMENT	9,856,783
NON-CASH ITEMS IN INCOME STATEMENT		
8,623,000	Depreciation	9,033,000
61,200	Increase (decrease) in provisions - nett	17,240
8,684,200	TOTAL NON-CASH ITEMS	9,050,240
CASH ITEMS NOT IN INCOME STATEMENT		
(6,334,035)	Capital Expenditure	(22,557,591)
(1,581,196)	Loan Repayments - External	(1,140,560)
-	Proceeds from Borrowings - External	3,380,697
208,797	Repayments of loans (principal) by community groups	208,431
230,750	Proceeds from Disposal of Assets	1,202,000
(7,475,684)	TOTAL CASH ITEMS	(18,907,023)
	NET INCREASE/(DECREASE)	-
1,421,056	IN CASH AND CASH EQUIVALENTS	-

CITY OF HOLDFAST BAY
PROJECTED SUMMARY OF OPERATING AND CAPITAL INVESTMENT ACTIVITIES
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u>	<u>Municipal</u> <u>18/19</u> <u>BUDGET</u>
\$	\$
45,360,129 Operating Revenues	46,850,208
(45,257,589) less Operating Expenses	(46,578,132)
102,540 Operating Surplus/(Deficit) before Capital Amounts	272,076
 Less net outlays on Existing Assets	
5,746,085 Capital Expenditure on renewal & replacement of existing assets	5,103,933
(8,623,000) Less Depreciation	(9,033,000)
(2,876,915)	(3,929,067)
 Less outlays on New and Upgraded Assets	
- Capital Expenditure on new & upgraded assets	17,453,658
- Less amounts received for for new & upgraded assets	(9,584,707)
-	7,868,951
2,979,455 Net lending/(borrowing) for financial year	(3,667,808)

PROJECTED FINANCIAL INDICATORS - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Municipal</u> <u>17/18 Original</u> <u>BUDGET</u>	<u>Municipal</u> <u>18/19</u> <u>BUDGET</u>
\$	\$
OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS	
\$102,540	\$272,076
 OPERATING SURPLUS RATIO	
(Operating surplus/(deficit) before capital amounts as % of total operating revenue)	
0.2%	0.6%
 NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)	
\$21,974,479	\$22,757,455
 NET FINANCIAL LIABILITIES RATIO	
(Total liabilities less financial assets as % of total operating revenue)	
48%	49%
 INTEREST COVER RATIO	
(Net interest expense as % of total operating revenue less investment income)	
2.3%	1.6%
 ASSET SUSTAINABILITY RATIO	
(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of depreciation expense)	
67%	57%



**FINANCIAL STATEMENTS
– ALWYNDOR**

CITY OF HOLDFAST BAY
PROJECTED FINANCIAL STATEMENTS
BUDGET FUNDING STATEMENT - ALWYNDOR FUNDS

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u> \$		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u> \$
3,979,235	User Charges	3,723,292
10,485,816	Operating Grants & Subsidies	10,224,308
373,852	Investment Income	423,861
1,669,942	Reimbursements	3,144,828
1,621,927	Other	1,934,068
<u>18,130,772</u>	Operating Revenue	<u>19,450,358</u>
12,944,551	Employee Costs - Salaries & Wages	14,039,400
3,744,767	Materials, contracts and other expenses	4,248,011
80,000	Finance Charges	70,000
896,979	Depreciation	906,639
<u>17,666,297</u>	Less Operating Expenditure	<u>19,264,050</u>
<u>464,475</u>	= Operating Surplus/(Deficit)	<u>186,308</u>
896,979	Depreciation	906,639
269,086	Other non-cash provisions	127,250
<u>1,166,065</u>	Plus Non-Cash items in Operating Surplus/Deficit	<u>1,033,889</u>
<u>1,630,540</u>	= Funds Generated from Operating Activities	<u>1,220,197</u>
<u>(741,663)</u>	Capital Expenditure-Asset Renewal and Replacement	<u>(889,190)</u>
<u>(741,663)</u>	Less total capital expenditure	<u>(889,190)</u>
<u>888,877</u>	= FUNDING SURPLUS	<u>331,007</u>
 Funded by:		
<u>888,877</u>	Increase/(Decrease) in cash and cash equivalents	<u>331,007</u>
<u>888,877</u>		<u>331,007</u>

CITY OF HOLDFAST BAY
PROJECTED INCOME STATEMENT - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u>
\$	REVENUES	\$
3,979,235	User Charges	3,723,292
10,485,816	Operating Grants & Subsidies	10,224,308
373,852	Investment Income	423,861
1,669,942	Reimbursements	3,144,828
1,621,927	Other	1,934,068
<u>18,130,772</u>	TOTAL REVENUES	<u>19,450,358</u>
	EXPENSES	
12,944,551	Employee Costs	14,039,400
3,744,767	Materials, contracts and other expenses	4,248,011
80,000	Finance Charges	70,000
896,979	Depreciation	906,639
<u>17,666,297</u>	TOTAL EXPENSES	<u>19,264,050</u>
<u>464,475</u>	Operating Surplus/(Deficit) - Before Capital Revenue	<u>186,308</u>
<u>464,475</u>	NET SURPLUS/(DEFICIT)	<u>186,308</u>

CITY OF HOLDFAST BAY
PROJECTED BALANCE SHEET - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u>
\$		\$
	CURRENT ASSETS	
15,825,121	Cash and cash equivalents	18,103,399
<u>2,459,486</u>	Trade and Other Receivables	<u>2,697,564</u>
<u>18,284,607</u>	TOTAL CURRENT ASSETS	<u>20,800,963</u>
	NON-CURRENT ASSETS	
<u>38,104,941</u>	Land, Infrastructure, Property, Plant & Equipment	<u>40,369,224</u>
<u>38,104,941</u>	TOTAL NON-CURRENT ASSETS	<u>40,369,224</u>
<u>56,389,548</u>	TOTAL ASSETS	<u>61,170,187</u>
	CURRENT LIABILITIES	
29,433,698	Trade and Other Payables	33,392,245
<u>1,838,595</u>	Short-term Provisions	<u>1,541,577</u>
<u>31,272,293</u>	TOTAL CURRENT LIABILITIES	<u>34,933,822</u>
	NON-CURRENT LIABILITIES	
<u>181,715</u>	Long-term Provisions	<u>162,370</u>
<u>181,715</u>	TOTAL NON-CURRENT LIABILITIES	<u>162,370</u>
<u>31,454,008</u>	TOTAL LIABILITIES	<u>35,096,192</u>
<u>24,935,540</u>	NET ASSETS	<u>26,073,995</u>
	EQUITY	
12,205,149	Accumulated Surplus	10,588,985
6,419,288	Asset Revaluation Reserve	9,070,656
<u>6,311,103</u>	Other Reserves	<u>6,414,354</u>
<u>24,935,540</u>	TOTAL EQUITY	<u>26,073,995</u>

CITY OF HOLDFAST BAY
PROJECTED STATEMENT OF CHANGES IN EQUITY - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u>
\$		\$
	ACCUMULATED SURPLUS	
11,740,674	Balance at beginning of period	10,402,677
464,475	Net Surplus/(Deficit)	186,308
-	Transfers from reserves	-
<u>12,205,149</u>	Balance at end of period	<u>10,588,985</u>
6,419,288	ASSET REVALUATION RESERVE	9,070,656
6,311,103	ALWYNDOR RESERVES	6,414,354
<u>12,730,391</u>	TOTAL RESERVES CLOSING BALANCE	<u>15,485,010</u>
<u>24,935,540</u>	TOTAL EQUITY	<u>26,073,995</u>

CITY OF HOLDFAST BAY
PROJECTED BUDGETED STATEMENT OF CASH FLOWS - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u>
\$		\$
(OUTFLOWS)		(OUTFLOWS)
	CASH FLOWS FROM OPERATING ACTIVITIES	
	Receipts	
18,130,772	Operating Receipts	19,450,358
	Payments	
(16,420,232)	Operating payments to suppliers and employees	(18,160,161)
(80,000)	Finance Payments	(70,000)
1,630,540	NET CASH PROVIDED BY OPERATING ACTIVITIES	1,220,197
	CASH FLOWS FROM INVESTING ACTIVITIES	
	Payments	
(741,663)	Expenditure on renewal/replacement of assets	(889,190)
(741,663)	NET CASH (USED IN) INVESTING ACTIVITIES	(889,190)
888,877	NET INCREASE (DECREASE) IN CASH HELD	331,007
	CASH AND CASH EQUIVALENTS AT BEGINNING OF	
14,936,244	REPORTING PERIOD	17,772,392
	CASH AND CASH EQUIVALENTS AT END OF	
15,825,121	REPORTING PERIOD	18,103,399

RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2019

464,475	SURPLUS FROM INCOME STATEMENT	186,308
	NON-CASH ITEMS IN INCOME STATEMENT	
896,979	Depreciation	906,639
269,086	Increase (decrease) in provisions - nett	127,250
1,166,065	TOTAL NON-CASH ITEMS	1,033,889
	CASH ITEMS NOT IN INCOME STATEMENT	
(741,663)	Capital Expenditure	(889,190)
(741,663)	TOTAL CASH ITEMS	(889,190)
	NET INCREASE/(DECREASE)	
888,877	IN CASH AND CASH EQUIVALENTS	331,007

CITY OF HOLDFAST BAY
PROJECTED SUMMARY OF OPERATING AND CAPITAL INVESTMENT ACTIVITIES
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u> \$		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u> \$
18,130,772	Operating Revenues	19,450,358
(17,666,297)	less Operating Expenses	(19,264,050)
464,475	Operating Surplus/(Deficit) before Capital Amounts	186,308
Less net outlays on Existing Assets		
741,663	Capital Expenditure on renewal & replacement of existing assets	889,190
(896,979)	Less Depreciation	(906,639)
(155,316)		(17,449)
619,791	Net lending/(borrowing) for financial year	203,757

PROJECTED FINANCIAL INDICATORS - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2019

<u>Alwyndor</u> <u>17/18</u> <u>BUDGET</u> \$		<u>Alwyndor</u> <u>18/19</u> <u>BUDGET</u> \$
OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS		
\$464,475		\$186,308
OPERATING SURPLUS RATIO		
(Operating surplus/(deficit) before capital amounts as % of general revenue)		
2.6%		1.0%
NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)		
\$13,169,401		\$14,295,229
NET FINANCIAL LIABILITIES RATIO		
(Total liabilities less financial assets as % of total operating revenue)		
73%		73%
INTEREST COVER RATIO		
(Net interest expense as % of total operating revenue less investment income)		
0.5%		0.4%
ASSET SUSTAINABILITY RATIO		
(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of depreciation expense)		
83%		98%



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Item No: **6.3**

Subject: **LONG TERM FINANCIAL PLAN 2018-19 DRAFT BUDGET UPDATE**

Date: 6 June 2018

Written By: Manager Finance

General Manager: Business Services, Mr R Bria

SUMMARY

The Long Term Financial Plan (LTFP) has been updated to include budget updates to 31 March 2018 and the 2018/19 Draft Annual Business Plan. The Plan compares a base case with a projection inclusive of major strategic projects over the next 10 years. The projections in the LTFP indicate Council remains in a sound financial position.

The LTFP will be further updated and presented to the Audit Committee when the 2017/18 financial statements are completed and audited in October 2018.

RECOMMENDATION

That the Audit Committee advises Council it has received and support the updated 2018/19 Long Term Financial Plan.

COMMUNITY PLAN

Culture: Being financially accountable

COUNCIL POLICY

Not Applicable

STATUTORY PROVISIONS

Local Government Act 1999, Section 122

Local Government (Financial Management) Regulations 2011, Regulation 5

BACKGROUND

The Act requires Council to review its LTFP as soon as practicable after adopting the annual business plan. The LTFP has been updated to include the budget updates to 31 March 2018 and

the 2018/19 draft annual business plan and budget. The plan will be further reviewed and updated at the completion of the 2017/18 annual financial statements.

It is noted that the LTFP is not a static document and its purpose is to provide broad financial projections to assist in making key decisions.

Alwyndor Aged Care has been excluded from the LTFP as it is managed as a financially self-sustaining operation, however it will develop its own Long Term Financial Plan.

REPORT

The LTFP principles, targets and assumptions were reported to the Audit Committee on 25 October 2017 (Report 376/17). These have been updated for the 2018-19 Draft Annual Business Plan and Budget including current information and compares base case and strategic projects scenarios.

Refer Attachment 1.

Financial Principles and Targets

Council's key financial principles include the following:

- Delivering a balanced budget that fully funds the costs of its services including depreciation.
- Developing sound infrastructure and asset management planning by creating, enhancing and using long-term infrastructure and asset management plans.
- Providing the community with a reasonable degree of predictability for rate over the medium term.

Council's key financial performance measures and targets include the following:

- Operating result as a percentage of rate revenue between 0%-10% over a rolling 5- year period.
- Net Financial Liabilities as a percentage of operating revenue less than 75%.
- Net interest expense as a percentage of operating revenue less than 5%.

Inflation Forecasts

The following table provides inflation forecast information. It lists forecasts for the Consumer Price Index (CPI) and Local Government Price Index (LGPI). The forecast CPI has been sourced from Deloitte Access Economics. The LGPI is published by the University of Adelaide and measures price movements faced by Councils in South Australia. The LGPI increase has been determined by averaging the last six years LGPI increase above CPI. The applied LGPI is the addition of the two measures. The LGPI has been used in the LTFP model for indexing operating expenditure (excluding employment costs) and income and capital expenditure.

<u>Year</u>	<u>CPI</u>	<u>LGPI Increase</u>	<u>LGPI</u>
2018/19	2.1%	0.3%	2.4%
2019/20	2.2%	0.3%	2.5%
2020/21	2.4%	0.3%	2.7%
2021/22	2.5%	0.3%	2.8%
2022/23	2.4%	0.3%	2.7%
2023/24	2.2%	0.3%	2.5%
2024/25	2.3%	0.3%	2.6%
2025/26	2.5%	0.3%	2.8%
2067/27	2.5%	0.3%	2.8%
2027/28	2.4%	0.3%	2.7%

Other considerations and inclusions

- Asset renewal/upgrades updated and are based on 3 year capital program and adopted Asset Management Plan.
- Base Case and New Strategic Projects modelled from 2019/20.
- LGPI General Rate Increase; 0.5% rate increase for new development.
- LGPI applied for other expenditure/revenue.
- 2.6% employment costs.
- Provision for new initiatives - \$500,000 operating; \$500,000 capital.
- Provision for election costs has been allowed for every four years, commencing at \$340,000 in 2022/23.
- Stormwater upgrade estimates included in base case modelling - \$10.17m net over 10 years.
- New Strategic Projects have been allowed for (including forecast grant funding) as follows:
 - Brighton Sporting Community Centre - \$6m net over 2 years commencing in 2018/19.
 - Glenelg Oval Masterplan - \$10.1m net over 10 years commencing in 2018/19.
 - Jetty Road Glenelg Masterplan - \$9.34m net over 10 years commencing in 2018/19.
 - Coast Park and Kingston Park Masterplan - \$1.65 m over 3 years commencing in 2019/20.
 - LED conversion - \$1.2m over 3 years commencing in 2018/19.
 - Foreshore irrigation upgrade - \$488,000 over 5 years commencing in 2018/19.
 - Glenelg Town Hall Restoration Stage 2 & Caravan Park cabin renewal.
- Additional depreciation provided for new and upgraded assets based on the average useful life of the class of asset.

Rate Income

The LTFP has been updated to allow for the rate increase in the Draft 2018-19 Annual Business Plan and Budget. This is a 2.7% forecast rate increase plus 0.5% for new development growth. Thereafter LGPI has been applied in the LTFP to rate income plus 0.5% growth.

It is noted that the actual LGPI for the 12 month period ended March 2018 was 3.2%

Remaining Assumptions

Apart from the application of LGPI indexation the remaining key assumptions include:

- The 2017/18 capital works program will be completed by 30 June 2018.
- Asset renewal and upgrades are based on the latest AMP information.
- No asset sales have been forecast. The property portfolio is reviewed regularly with the aim of improving utilization of facilities and reducing holding costs.
- New storm water drainage capital expenditure has been included and depreciation forecasts adjusted accordingly.
- Commonwealth funding for the Roads to Recovery program have been forecast for the remaining life of the program with scheduled completion in 2018/19. In the final year the amount forecast is \$300,354.
- Cash and cash equivalents are modelled to include all investments and reserve funds, and borrowings are only provided for when cash is required.
- Borrowings have been forecast on a 20 year repayment basis at current long term LGFA borrowing rates of 4.8%. Loans due for roll-over are forecast for their remaining loan terms.
- Alwyndor Aged Care operating results will not adversely impact Council's LTFP as it is assumed the facility will continue to operate with modest forecast surpluses. Once Alwyndor has updated their LTFP it will be consolidated into the Council LTFP.

PROJECTIONS

A full set of financial forecast details are provided in the attached LTFP document.

The results provide a measure of overall financial capacity to respond to circumstances and undertake major new initiatives without adversely affecting the continued provision of services to our community.

The results show that the key financial performance measures and targets are forecast to be met including:

- An operating result as a percentage of rate revenue between 0%-10% over a rolling 5-year period.
- Net Financial Liabilities as a percentage of operating revenue less than 75%.
- Net interest expense as a percentage of operating revenue less than 5%.

Additional financial sensitivity analysis has been performed showing the effect of increased interest on borrowings from 4.8% to 7% combined with no receipt of grant funds for major strategic projects. The results have been charted and are included in the attached document. They show that over at least the next five years that the key financial measures and targets are met. Thereafter from 2023/24 the net financial liabilities ratio would exceed 75%.

Asset Sustainability

Asset Sustainability is expressed capital expenditure on renewal and replacement as a percentage of the optimal expenditure identified in Council's Asset Management Plans.

The AMP has provided the capital renewal expenditure figures and therefore this percentage amount is 100%.

Financial Strategies

The revision of the LTFP enables Council to reinforce its financial strategies to:

- maintain long-term financial sustainability;
- build and maintain adequate financial capacity to fund its services including the flexibility to respond to changing needs and circumstances.

The financial strategies to maintain long-term financial sustainability include:

- using the LTFP in key decision making;
- continual improvement and enhancement of Asset Management Plans;
- continue to improve the model underpinning the LTFP;
- regular review the LTFP;
- reduce the reliance on rate revenue;
- continually improving financial management practices; and
- measuring and reporting performance against targets.

Chief Executive Officer comment

It is a requirement under the Act that a review of the LTFP include a report from the Chief Executive Officer on the sustainability of Council's long term financial performance. The following updated comments from the CEO have been provided in this regard.

The LTFP has been revised and updated to include the 2018/19 Annual Business Plan and 2016/17 Financial Statements. It has also taken into account budget updates to 31 March 2018. As indicated within this report the LTFP is a modelling tool that needs to be reviewed and monitored to assist in financial forecasting and decision making.

A number of assumptions have been revised including forecasting the level of rate increase (excluding new development growth) at 2.7% and thereafter at LGPI. The indexation for other expenditure and revenue is forecast at LGPI. The revised LTFP indicates that Council is sustainable with modest operating results in the first year with an improving result in thereafter.

The Operating Ratio target of between 0 and 10% over a rolling 5-year period is being met and is also forecast to improve.

The LTFP also indicates that the Net Financial Liabilities Ratio (NFLR) will remain below the Council agreed threshold of 75%. The LTFP and NFLR indicate that the current forecast level of borrowings is sustainable over the mid-term and that from 2018/19 Council has the capacity to borrow additional funds for new major projects and remain under the threshold.

Council continually reviews and enhances its services to the community. Future decisions will also be made to invest in new and improved infrastructure and community facilities and the LTFP will assist in this regard. The LTFP indicates that Council is in a strong financial position with a sustainable outlook and has the financial capacity to fund future capital projects as they arise.

BUDGET

The LTFP informs the budget and is used as a tool in financial decisions making

LIFE CYCLE COSTS

This report does not have any direct full life cycle cost implications.

ESTIMATED COMPREHENSIVE INCOME STATEMENT

Year Ended 30 June:	2017 Actual	2018 Estimate	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)	\$(’000)
INCOME												
Rates	33,702	34,889	36,088	37,171	38,360	39,626	40,894	42,120	43,424	44,857	46,336	47,866
Statutory Charges	2,171	2,142	2,246	2,301	2,363	2,429	2,494	2,556	2,622	2,696	2,771	2,849
User Charges	3,698	4,031	4,035	4,135	4,244	4,362	4,480	4,590	4,709	4,839	4,972	5,110
Grants, Subsidies, Contributions	3,869	3,355	3,014	2,603	2,674	2,748	2,822	2,893	2,967	3,050	3,136	3,224
Investment Income	37	100	43	38	83	130	191	186	220	220	245	309
Reimbursements	361	807	682	700	718	738	758	777	797	818	839	861
Other Income	985	889	512	526	541	556	571	586	601	617	633	652
Total Revenues	44,823	46,213	46,620	47,474	48,983	50,589	52,210	53,708	55,340	57,097	58,932	60,871
EXPENSES												
Employee Costs	15,536	16,323	16,746	17,183	17,647	18,123	18,611	19,111	19,626	20,154	20,698	21,254
Materials, Contracts & Other Expenses	18,111	19,511	18,882	19,354	19,874	20,428	21,318	21,511	22,068	22,684	23,697	23,981
Depreciation, Amortisation & Impairment	8,193	8,773	9,033	9,722	10,072	10,484	10,560	10,964	11,719	11,774	12,524	12,628
Finance Costs	904	911	761	867	1,132	1,063	992	930	869	808	744	681
Loss (Profit) - Joint Ventures	(206)	(230)	(230)	(235)	(239)	(244)	(249)	(254)	(259)	(264)	(269)	(275)
Other Expenses	113	0	1,156	500	514	528	542	556	570	586	602	619
Total Expenses	42,651	45,288	46,348	47,391	49,000	50,382	51,774	52,818	54,593	55,742	57,996	58,888
OPERATING SURPLUS/(DEFICIT) BEFORE CAPITAL AMOUNTS	2,172	925	272	83	(17)	207	436	890	747	1,355	936	1,983
Net gain/(loss) on disposal or revaluations	(2,183)	0	0	0	0	0	0	0	0	0	0	0
Amounts specifically for new assets	4,446	1,730	9,585	1,920	1,562	3,339	5,940	5,717	5,860	3,896	3,587	3,557
NET SURPLUS/(DEFICIT)	4,435	2,655	9,857	2,003	1,545	3,546	6,376	6,607	6,607	5,251	4,523	5,540
Other Comprehensive Income												
Changes in revaluation surplus - IPP&E	71,311	0	0	0	0	0	0	0	0	0	0	0
Total Other Comprehensive Income	71,311	0	0	0	0	0	0	0	0	0	0	0
TOTAL COMPREHENSIVE INCOME	75,746	2,655	9,857	2,003	1,545	3,546	6,376	6,607	6,607	5,251	4,523	5,540

City of Holdfast Bay
Long Term Financial Plan Model
ESTIMATED BALANCE SHEET

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
ASSETS												
Current Assets												
Cash & Equivalent Assets	2,439	801	612	384	1,473	2,914	2,956	3,645	3,590	4,143	5,441	20
Trade & Other Receivables	2,351	2,339	2,490	2,632	2,737	2,523	2,593	2,659	2,729	2,801	2,881	2,954
Inventories	9	6	6	6	6	6	6	6	6	6	6	6
Total Current Assets	4,799	3,146	3,108	3,022	4,216	5,443	5,555	6,310	6,325	6,950	8,328	2,980
Non-Current Assets												
Receivables/Financial Assets	1,694	1,497	1,196	820	460	373	272	170	64	(41)	(151)	(256)
Equity Accounted Investments in Council Businesses	2,985	3,215	3,445	3,680	3,919	4,163	4,412	4,666	4,925	5,189	5,458	5,733
Infrastructure, Property, Plant & Equipment	692,757	698,161	710,484	718,337	717,400	718,088	723,133	727,737	733,024	736,363	738,125	749,598
Other Non-Current Assets	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019	1,019
Total Non-Current Assets	698,455	703,892	716,144	723,856	722,798	723,643	728,836	733,592	739,032	742,530	744,451	756,094
Total Assets	703,254	707,038	719,252	726,878	727,014	729,086	734,391	739,902	745,357	749,480	752,779	759,074
LIABILITIES												
Current Liabilities												
Trade & Other Payables	4,363	4,363	4,525	4,371	4,503	4,496	4,561	4,625	4,614	4,679	4,710	4,797
Borrowings	2,618	1,141	1,400	1,613	1,600	1,244	1,284	1,263	1,323	1,388	1,120	1,214
Provisions	2,747	3,184	3,118	3,275	3,325	3,434	3,517	3,616	3,711	3,812	3,914	4,020
Total Current Liabilities	9,728	8,688	9,043	9,259	9,428	9,174	9,362	9,504	9,648	9,879	9,744	10,031
Non-Current Liabilities												
Borrowings	13,589	15,785	17,766	23,153	21,553	20,309	19,025	17,762	16,439	15,051	13,931	14,367
Provisions	394	367	388	408	430	454	479	504	531	560	591	623
Total Non-Current Liabilities	13,983	16,152	18,154	23,561	21,983	20,763	19,504	18,266	16,970	15,611	14,522	14,990
Total Liabilities	23,711	24,840	27,197	32,820	31,411	29,937	28,866	27,770	26,618	25,490	24,266	25,021
NET ASSETS	679,543	682,198	692,055	694,058	695,603	699,149	705,525	712,132	718,739	723,990	728,513	734,053
EQUITY												
Accumulated Surplus	163,068	165,759	175,616	177,619	179,164	182,710	189,086	195,693	202,300	207,551	212,074	217,614
Asset Revaluation Reserve	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439
Other Reserves	36	0	0	0	0	0	0	0	0	0	0	0
TOTAL EQUITY	679,543	682,198	692,055	694,058	695,603	699,149	705,525	712,132	718,739	723,990	728,513	734,053

City of Holdfast Bay
Long Term Financial Plan Model
ESTIMATED CASH FLOW STATEMENT

Year Ended 30 June:	2017 Actual	2018 Estimate	2019 Plan Year 1	2020 Plan Year 2	2021 Plan Year 3	2022 Plan Year 4	2023 Plan Year 5	2024 Plan Year 6	2025 Plan Year 7	2026 Plan Year 8	2027 Plan Year 9	2028 Plan Year 10
	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)	\$(000)
CASH FLOWS FROM OPERATING ACTIVITIES												
<u>Receipts</u>												
Rates	33,727	34,889	36,076	37,160	38,348	39,613	40,881	42,108	43,411	44,843	46,321	47,851
Statutory Charges	2,331	2,142	2,246	2,301	2,363	2,429	2,494	2,556	2,622	2,696	2,771	2,849
User Charges	4,068	4,031	4,005	4,103	4,209	4,325	4,443	4,555	4,672	4,798	4,929	5,066
Grants, Subsidies, Contributions	4,029	3,355	3,014	2,603	2,674	2,748	2,822	2,893	2,967	3,050	3,136	3,224
Investment Income	37	100	43	31	20	78	152	148	186	190	220	288
Reimbursements	396	807	696	687	729	738	763	783	796	824	841	869
Other Income	2,876	889	511	525	540	555	570	585	600	616	632	651
<u>Payments</u>												
Employee Costs	(15,634)	(15,913)	(16,791)	(17,006)	(17,575)	(17,990)	(18,503)	(18,987)	(19,504)	(20,024)	(20,565)	(21,116)
Materials, Contracts & Other Expenses	(20,426)	(19,508)	(18,749)	(19,511)	(19,770)	(20,454)	(21,276)	(21,471)	(22,097)	(22,646)	(23,689)	(23,924)
Finance Costs	(904)	(911)	(761)	(867)	(1,132)	(1,063)	(992)	(930)	(869)	(808)	(744)	(681)
Other Expenses	0	0	(1,156)	(500)	(514)	(528)	(542)	(556)	(570)	(586)	(602)	(619)
Net Cash provided by (or used in) Operating Activities	10,500	9,881	9,134	9,526	9,892	10,451	10,812	11,684	12,214	12,953	13,250	14,458
CASH FLOWS FROM INVESTING ACTIVITIES												
<u>Receipts</u>												
Amounts Specifically for New/Upgraded Assets	4,446	1,730	9,585	1,920	1,562	3,339	5,940	5,717	5,860	3,896	3,587	3,557
Sale of Renewed/Replaced Assets	194	305	202	0	0	0	0	0	0	0	0	0
Sale of Surplus Assets	1,104	0	1,000	0	0	0	0	0	0	0	0	0
Sale of Non Current assets "Held for Sale"	2,098	0	0	0	0	0	0	0	0	0	0	0
Repayments of Loans by Community Groups	148	209	208	301	383	423	139	140	140	140	135	135
Distributions Received from Associated Entities	5	0	0	0	0	0	0	0	0	0	0	0
<u>Payments</u>												
Expenditure on Renewal/Replacement of Assets	(6,579)	(6,454)	(5,599)	(6,790)	(4,931)	(4,985)	(5,074)	(4,770)	(5,935)	(7,977)	(7,595)	(16,334)
Expenditure on New/Upgraded Assets	(5,864)	(8,028)	(16,959)	(10,785)	(4,204)	(6,187)	(10,531)	(10,798)	(11,071)	(7,136)	(6,691)	(7,767)
Loans Made to Community Groups	(21)	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided by (or used in) Investing Activities	(4,469)	(12,238)	(11,563)	(15,354)	(7,190)	(7,410)	(9,526)	(9,711)	(11,006)	(11,077)	(10,564)	(20,409)

City of Holdfast Bay
 Long Term Financial Plan Model
 ESTIMATED CASH FLOW STATEMENT - continued

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
CASH FLOWS FROM FINANCING ACTIVITIES												
<u>Receipts</u>												
Proceeds from Borrowings	0	2,300	3,381	7,000	0	0	0	0	0	0	0	1,650
<u>Payments</u>												
Repayments of Borrowings	(1,932)	(1,581)	(1,141)	(1,400)	(1,613)	(1,600)	(1,244)	(1,284)	(1,263)	(1,323)	(1,388)	(1,120)
Repayment of Bonds & Deposits	(2)	0	0	0	0	0	0	0	0	0	0	0
Net Cash provided by (or used in) Financing Activities	(1,934)	719	2,240	5,600	(1,613)	(1,600)	(1,244)	(1,284)	(1,263)	(1,323)	(1,388)	530
Net Increase/(Decrease) in cash held	4,097	(1,638)	(189)	(228)	1,089	1,441	42	689	(55)	553	1,298	(5,421)
Opening cash, cash equivalents or (bank overdraft)	(1,658)	2,439	801	612	384	1,473	2,914	2,956	3,645	3,590	4,143	5,441
Closing cash, cash equivalents or (bank overdraft)	2,439	801	612	384	1,473	2,914	2,956	3,645	3,590	4,143	5,441	20

City of Holdfast Bay
 Long Term Financial Plan Model
 ESTIMATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
ACCUMULATED SURPLUS												
Balance at end of previous reporting period	156,569	163,068	165,759	175,616	177,619	179,164	182,710	189,086	195,693	202,300	207,551	212,074
Net Result for Year	4,435	2,655	9,857	2,003	1,545	3,546	6,376	6,607	6,607	5,251	4,523	5,540
Transfers from Other Reserves	2,064	36	0	0	0	0	0	0	0	0	0	0
Balance at end of period	163,068	165,759	175,616	177,619	179,164	182,710	189,086	195,693	202,300	207,551	212,074	217,614
ASSET REVALUATION RESERVE												
Land	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261	303,261
Buildings & Other Structures	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070	36,070
Infrastructure - Drains	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004	22,004
Infrastructure - Transport	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171	137,171
Infrastructure - Open Space & Coastal	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483	17,483
Library Lending Materials	450	450	450	450	450	450	450	450	450	450	450	450
Balance at end of period	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439	516,439
OTHER RESERVES												
Balance at end of previous reporting period	2,100	36	0	0	0	0	0	0	0	0	0	0
Transfers to Accumulated Surplus	(2,064)	(36)	0	0	0	0	0	0	0	0	0	0
Balance at end of period	36	0	0	0	0	0	0	0	0	0	0	0
TOTAL EQUITY AT END OF REPORTING PERIOD	679,543	682,198	692,055	694,058	695,603	699,149	705,525	712,132	718,739	723,990	728,513	734,053

City of Holdfast Bay
 Long Term Financial Plan Model
 SUMMARY STATEMENT INCLUDING FINANCING TRANSACTIONS

Year Ended 30 June:	2017 Actual \$('000)	2018 Estimate \$('000)	2019 Plan Year 1 \$('000)	2020 Plan Year 2 \$('000)	2021 Plan Year 3 \$('000)	2022 Plan Year 4 \$('000)	2023 Plan Year 5 \$('000)	2024 Plan Year 6 \$('000)	2025 Plan Year 7 \$('000)	2026 Plan Year 8 \$('000)	2027 Plan Year 9 \$('000)	2028 Plan Year 10 \$('000)
Operating Revenues	44,823	46,213	46,620	47,474	48,983	50,589	52,210	53,708	55,340	57,097	58,932	60,871
<i>less Operating Expenses</i>	42,651	45,288	46,348	47,391	49,000	50,382	51,774	52,818	54,593	55,742	57,996	58,888
Operating Surplus/(Deficit) before Capital Amounts	2,172	925	272	83	(17)	207	436	890	747	1,355	936	1,983
Less: Net Outlays on Existing Assets												
Capital Expenditure on Renewal/Replacement of Existing Assets	6,624	6,454	5,599	6,790	4,931	4,985	5,074	4,770	5,935	7,977	7,595	16,334
<i>less Depreciation, Amortisation & Impairment</i>	8,193	8,773	9,033	9,722	10,072	10,484	10,560	10,964	11,719	11,774	12,524	12,628
<i>less Proceeds from Sale of Replaced Assets</i>	194	305	202	0	0	0	0	0	0	0	0	0
	(1,763)	(2,624)	(3,636)	(2,932)	(5,141)	(5,499)	(5,486)	(6,194)	(5,784)	(3,797)	(4,929)	3,706
Less: Net Outlays on New and Upgraded Assets												
Capital Expenditure on New/Upgraded Assets	8,794	8,028	16,959	10,785	4,204	6,187	10,531	10,798	11,071	7,136	6,691	7,767
<i>less Amounts Specifically for New/Upgraded Assets</i>	4,446	1,730	9,585	1,920	1,562	3,339	5,940	5,717	5,860	3,896	3,587	3,557
<i>less Proceeds from Sale of Surplus Assets</i>	631	0	1,000	0	0	0	0	0	0	0	0	0
	3,717	6,298	6,374	8,865	2,642	2,848	4,591	5,081	5,211	3,240	3,104	4,210
Net Lending / (Borrowing) for Financial Year	218	(2,749)	(2,466)	(5,850)	2,482	2,858	1,331	2,003	1,320	1,912	2,761	(5,933)

FINANCING TRANSACTIONS	Year Ended 30 June:											
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
New Borrowings	0	2,300	3,381	7,000	0	0	0	0	0	0	0	1,650
Repayment of Principal on Borrowings	1,932	1,581	1,141	1,400	1,613	1,600	1,244	1,284	1,263	1,323	1,388	1,120
(Increase)/Decrease in Cash and Cash Equivalents	4,097	1,638	189	228	(1,089)	(1,441)	(42)	(689)	55	(553)	(1,298)	5,421
(Increase)/Decrease in Receivables	(187)	1	(151)	(142)	(105)	214	(70)	(66)	(70)	(72)	(80)	(73)
Increase/(Decrease) in Payables & Provisions	95	410	117	23	204	126	173	188	111	195	164	225
Other – Including the Movement in Inventories	(6,155)	(3,181)	(2,211)	(2,659)	(3,105)	(3,357)	(2,636)	(2,720)	(2,679)	(2,805)	(2,935)	(2,410)
Financing Transactions	(218)	2,749	2,466	5,850	(2,482)	(2,858)	(1,331)	(2,003)	(1,320)	(1,912)	(2,761)	5,933

KEY FINANCIAL INDICATORS	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
	Actual	Estimate	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan	Plan
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10		
Operating Surplus / (Deficit) - \$'000	2,172	925	272	83	(17)	207	436	890	747	1,355	936	1,983
Operating Surplus Ratio - %	6%	3%	1%	0%	(0)%	1%	1%	2%	2%	3%	2%	4%
Net Financial Liabilities - \$'000	18,932	21,700	24,095	29,804	27,201	24,500	23,317	21,466	20,299	18,546	15,944	22,047
Net Financial Liabilities Ratio - %	42.2%	47.0%	51.7%	62.8%	55.5%	48.4%	44.7%	40.0%	36.7%	32.5%	27.1%	36.2%
Interest Cover Ratio - %	1.9%	1.8%	1.5%	1.7%	2.1%	1.8%	1.5%	1.4%	1.2%	1.0%	0.9%	0.6%

AUDIT COMMITTEE FORWARD AGENDA – 2018

	2018		
	6 Jun 18	29 Aug 18	17 Oct 18
ANNUAL BUSINESS PLAN AND LONG TERM FINANCIAL PLAN			
Annual business Plan and Budget	✓		
LTFP Update	✓		✓
ANNUAL REPORT AND EXTERNAL AUDIT			
Annual Report			✓
External Auditor's Interim Report/Update		✓	
External Auditor's Report to Council for Year End			✓
External Auditor Presentation			✓
Independence of Council Auditor			✓
REGIONAL SUBSIDIARIES			
Regional Subsidiary (SRWRA) Financial Results			✓
INTERNAL REVIEWS AND INTERNAL AUDIT			
Human Resources Internal Audit		✓	
Control Trak Self-Assessment of internal controls		✓	
Alwyndor IT System – Post Implementation Internal audit			✓
Review of Internal Audit Plan		✓	
AUDIT COMMITTEE RELATED			
Standing Items	✓	✓	✓
Audit Committee Terms of Reference Review		✓	
Loan Impairment Review		✓	
Audit Committee Self-Assessment of Performance		✓	
Update on WHS		✓	
Forward Agenda	✓	✓	✓