



Audit Committee

AGENDA

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**

Monday 8 April 2019 at 6.00pm

Roberto Bria
A/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 Presiding Member, 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 6 February 2019 be taken as read and confirmed.

Moved _____, Seconded _____

Carried

5. ACTION ITEMS

6. REPORTS BY OFFICERS

6.1 Standing Items – April 2019 (Report No: 135/19)

6.2 Draft 2019-20 Annual Business Plan (Report No: 136/19)

7. CONFIDENTIAL ITEMS

7.1 External Auditor Appointment (Report No: 137/19)

Pursuant to Section 83 (5) of the Local Government Act 1999 the Report attached to this agenda and the accompanying documentation is delivered to the Audit Committee Members upon the basis that the Audit Committee consider the Report and the documents in confidence under Part 3 of the Act, specifically on the basis that the Audit Committee will receive, discuss or consider:

- b. Information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and would, on balance, be contrary to the public interest.

8. AUDIT COMMITTEE FORWARD AGENDA

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

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 5 June 2019 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

11. CLOSURE



**ROBERTO BRIA
A/CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE
ACTION ITEMS
As at 6 February 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
29 August 2018	6.1 Standing Items	Discuss with Bentley's whether their scope of the control-trak assessment be expanded to include some sample testing of the self-assessment for the 2018-19 assessment.	R. Bria	May 2019	This action will need to be balanced with the work that the external auditor does as part of their internal controls audit as part of the end of year audit.
29 August 2018	6.2 AC self-assessment	Investigate the possibility of undertaking a tour of Council facilities and projects as part of the new Council induction program with Audit Committee members invited to attend.	R. Bria	June 2019	The Induction process for the newly elected Council has focussed on the mandatory training requirements and a bus tour may be considered for later in the year. If this occurs Audit Committee members will be invited to attend.
29 August 2018	6.2 AC Self-Assessment	Forward financial and risk based LGA Circulars to the independent members to provide information on current LG matters.	R. Bria	On-going	Appropriate LGA Circulars will be forwarded to Audit Committee members for information.
17 October 2018	6.4 Brighton Oval Redevelopment Review	<ul style="list-style-type: none"> Review Council report template to include a section on risk implications. 	R. Bria	June 2019	The template is being reviewed to see how and when this should be included.
17 October 2018	6.4 Brighton Oval Redevelopment Review	<ul style="list-style-type: none"> Some guidance to be included in the Prudential Management Policy on when in the project lifecycle that a prudential management report is undertaken. This also to be included in the Project Management training 	R. Bria	August 2019	This will be included on the next review of the Prudential Management Policy later this calendar year. The guidance will be included in the Project Management training being undertaken later this financial year.
17 October 2018	6.4 Brighton Oval Redevelopment Review	<ul style="list-style-type: none"> Council's Prudential Management Policy will be reviewed and if necessary amended to clarify the forms of recommendations the Prudential Report and any covering paper must make to Council - for example unqualified, or qualified. 	R. Bria	August 2019	The Prudential Management Policy will be reviewed later this calendar year and we be brought back to Audit Committee for comment before it goes to Council for endorsement.
6 February 2019	7.1 Standing Items	<ul style="list-style-type: none"> CHB Strategic Alignment scope to include the relevance of KPI's in the Strategic Plans 	R. Bria	February 2019	Discussion had with Bentley's to include this in the scope.



**AUDIT COMMITTEE
ACTION ITEMS
As at 6 February 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
6 February 2019	7.1 Standing Items	<ul style="list-style-type: none"> • Review the date for the next Audit Committee as one of the members could not attend. 	R. Bria	February 2019	Audit Committee member notified us that they could now attend the 8 April, therefore no need to change date.
6 February 2019	9. Urgent Business	<ul style="list-style-type: none"> • Independent Members to express an interest in the SRWRA Audit Committee to GM Business Services 	R. Bria	February 2019	Expressions of Interests were received and Council endorsed the appointment of Sam Spadavecchia to SRWRA Audit Committee.
6 February 2019	9. Urgent Business	<ul style="list-style-type: none"> • Invite the Acting GM Alwyndor to the next meeting. 	R. Bria	April 2019	Brett Capes has been invited and will attend the next meeting

Item No: **6.1**
Subject: **STANDING ITEMS – APRIL 2019**
Date: 8 April 2019
Written By: Manager Finance
A/General Manager: Business Services, Ms P Jackson

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**
 - **Audit Committee Meeting Schedule for 2019**
-

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

The Audit Committee has previously 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 half yearly budget update result for the period ended 31 December 2018 was considered by Council at its meeting on 12 February 2019. Members of the Committee received this report prior to the Council meeting.

Financial reports for Municipal and Alwyndor operations for the month ended 31 January 2019 were considered by Council at its meeting on 26 February 2019. The Committee has received copies of this 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 6 February 2019.

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 6 February 2019.

Council has purchased the updated ControlTrack software product which is based on the Better Practice Model for internal controls endorsed by the South Australian Local Government Financial Management Group. The product has been implemented with internal controls being assessed and reviewed by managers during March and April 2019. Council's internal auditor, Bentleys, have assisted in facilitating the implementation and process, and it is expected that Council's external auditor will review the assessments and outcomes as part of the 2018-19 transaction audit.

Internal Audit

An internal audit on strategic alignment was undertaken during March 2019. The outcomes will be presented to the next audit committee meeting in June. A credit card internal audit has been commissioned and will be undertaken during May 2019 to provide Council and Alwyndor assurance in regards to the robustness of internal controls around credit cards. The scope for this project was sent to committee members for feedback and subsequently updated. The final scope was sent to committee members and is attached for reference.

Refer Attachment 1

The contract for internal audit services expires in August 2019. Under Contract and Tenders Policy tenders will be called for internal audit services and Bentleys will be eligible to submit a quote.

External Audit

The option for the continuation of the contract with council's external auditor, BDO, is subject to a confidential report within this agenda. Subject to the outcome of this report the interim audit is planned for May 2019 with a 2018-19 audit plan to be presented to the next audit committee meeting in June 2019.

Whistle-Blowing

There have been no whistleblower complaints made to Council since the previous standing items report on 6 February 2019.

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 6 February 2019.

Council Recommendations

At its meeting on 23 October 2018 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 6 February 2019.

The one year term of Vicki Brown as independent member on the Southern Region Waste Resource Authority (SRWRA) Audit Committee finished in March 2019. Expressions of interest were called for from the independent members of Councils audit committee. At its meeting on 12 March 2019 council appointed Mr Sam Spadavecchia the SRWRA for a term of 12 months (report 53/19).

The three year term of John Wood on Council's Audit Committee finished on 23 March 2019. At its meeting on 29 January 2019 Council resolved that in the interests of good governance that the position be open to wider expressions of interest and there were 27 submissions including Mr Wood. Five applicants were interviewed, including Mr Wood and all interviewed strongly. At its meeting on 26 March 2019 Council received a report (111/19) on the appointment to the Audit Committee. The selection panel recommended Paula Davies and Council resolved to appoint her

for a three year period expiring 26 March 2022. Council also formally recognised and recorded its appreciation to Mr Wood for his valuable service to the Audit Committee since 2013.

2019 Remaining Meeting Schedule

The Audit Committee's terms of reference require it to meet at least 4 times each year and at least once each quarter. Meetings are usually set to align with two important financial programs in which the Audit Committee plays important roles:

- Development of the annual business plan and budget
- Completion of the annual financial statements and external audit

In order to accommodate the remaining reporting requirements the following ordinary meeting schedule is proposed for 2019:

- Wednesday 5 June 2019
- Wednesday 28 August 2019
- Wednesday 9 October 2019.

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 2018/19 rate)
Credit Card Audit – Alwyndor	<p>Background</p> <p>Alwyndor Aged Care (“Alwyndor”) has engaged Bentleys SA Pty Ltd to conduct an internal audit project – Credit Card Audit in May 2019 in line with the Audit Committee’s request. The City of Holdfast Bay has been Trustee of the Dorothy Cheater Trust since 1973. As trustee, CHB is responsible to ensure the Trust is operated by Alwyndor in such a way to provide the benefits outlined in the Trust.</p> <p>The <i>Local Government Act 1999</i> S49(a1) and the <i>Independent Commissioner Against Corruption Act 2012</i> S4 require that a Council must “obtain value in the expenditure of public money” and protect public money from being used in fraudulent activities. To this end, Council and Alwyndor have developed and maintained the relevant Procurement Policy and the Fraud, Corruption, Misconduct and Maladministration Policy; and built up a system to ensure that effective and consistent practices and procedures are in place.</p> <p>This audit will consider whether credit card management is efficient and effective to mitigate the key risk to address fraud and theft in the area of purchasing.</p> <p>Audit objectives</p> <p>This audit will assess the adequacy and efficiency of credit card controls implemented within Council to prevent and detect credit card fraud. Specific objectives include</p> <ul style="list-style-type: none"> • Review credit cards transactions for compliance with the applicable legislations and Council’s policies on credit card to determine <ul style="list-style-type: none"> ○ Whether transactions are clearly business related; ○ The adequacy of transaction explanations provided by cardholders; ○ Whether transactions are supported by Tax Invoices/Receipts; and ○ Compliance with set meal and accommodation rates. • Identify risks associated with the use of credit cards, and to assess the design and effective operation of Council’s controls to address those risks in an efficient manner, including <ul style="list-style-type: none"> ○ Both financial and non-financial, e.g. reputational risk; and ○ Both internal and external, e.g. CNP frauds – card not present. • Compare the results of this audit to the Risk Register, particularly: <ul style="list-style-type: none"> ○ Risk descriptions; ○ Control descriptions; ○ Risk rating assessments – pre and post controls; and ○ Treatment Plan. <p>Audit scope and approach</p> <p>The scope includes credit card activities between July 2018 and April 2019 inclusive (ten months) and considers:</p> <ul style="list-style-type: none"> • Controls that provide reasonable assurance that authority for local procurement functions and various tasks provided by Alwyndor 	<p>40 hours @ \$161 \$6,440</p>

Project	High level scope	Estimated Hours/Cost (Ex GST based on 2018/19 rate)
	<p>and the CEO has been delegated formally and in accordance with relevant regulations and rules;</p> <ul style="list-style-type: none"> • Review documents to ensure procurement policies and procedures align with the financial delegations; • Logic test financial authorities, e.g. purchasing limit not exceeding budget limit / are reasonable based on level of responsibility; • Review, assess and obtain an understanding of the credit card processes, systems and controls, but not limited to <ul style="list-style-type: none"> ○ Understand the issuance of credit cards; amendments to card limits and basis of utilisation (i.e. field service spend on materials etc). • Assess the post-control risk pertaining to the credit card processes using Council's Risk Management Framework and compare to the rating in the Risk Register; • Assess up to 30 transactions across the three card holders of the organisation for compliance with policy and procedure; • Adherence to ATO GST and FBT requirements; • Obtaining appropriate approvals for entertainment/hospitality expenses; • Adherence to policy and procedure, including allowable purchases; • Periodic reporting and monitoring; • Conduct spend analytics to determine high usage employees and high spend types (subject to data availability); and • Where possible, the level of compliance will be assessed via statistical analysis and recommendations will be made on improving purchase card compliance and efficiency. 	

DRAFT

Project	High level scope	Estimated Hours/Cost (Ex GST based on 2018/19 rate)
Credit Card Audit – Council	<p>Background</p> <p>The Council has engaged Bentleys SA Pty Ltd to conduct an internal audit project – Credit Card Audit in May 2019 in line with the Audit Committee’s request.</p> <p>The <i>Local Government Act 1999</i> S49(a1) and the <i>Independent Commissioner Against Corruption Act 2012</i> S4 require that a Council must “obtain value in the expenditure of public money” and protect public money from being used in fraudulent activities. To this end, Council has developed and maintained the relevant Procurement Policy and the Fraud, Corruption, Misconduct and Maladministration Policy; and built up a system to ensure that effective and consistent practices and procedures are in place.</p> <p>This audit will consider whether credit card management is efficient and effective to mitigate the key risk (#2 of the Council’s Risk Workshop Report 2017) to address fraud and theft in the area of purchasing.</p> <p>Audit objectives</p> <p>This audit will assess the adequacy and efficiency of credit card controls implemented within Council to prevent and detect credit card fraud. Specific objectives include</p> <ul style="list-style-type: none"> • Review credit cards transactions for compliance with the applicable legislations and Council’s policies on credit card to determine <ul style="list-style-type: none"> ○ Whether transactions are clearly business related; ○ The adequacy of transaction explanations provided by cardholders; ○ Whether transactions are supported by Tax Invoices/Receipts; and ○ Compliance with set meal and accommodation rates. • Identify risks associated with the use of credit cards, and to assess the design and effective operation of Council’s controls to address those risks in an efficient manner, including <ul style="list-style-type: none"> ○ Both financial and non-financial, e.g. reputational risk; and ○ Both internal and external, e.g. CNP frauds – card not present. • Compare the results of this audit to the Risk Register, particularly: <ul style="list-style-type: none"> ○ Risk descriptions; ○ Control descriptions; ○ Risk rating assessments – pre and post controls; and ○ Treatment Plan. <p>Audit scope and approach</p> <p>The scope includes credit card activities between July 2018 and April 2019 inclusive (ten months) and considers:</p> <ul style="list-style-type: none"> • Controls that provide reasonable assurance that authority for local procurement functions and various tasks provided by Council and the CEO has been delegated formally and in accordance with relevant regulations and rules; 	<p>70 hours @ \$161 \$11,270</p>

Project	High level scope	Estimated Hours/Cost (Ex GST based on 2018/19 rate)
	<ul style="list-style-type: none"> • Review documents to ensure procurement policies and procedures align with the financial delegations; • Logic test financial authorities, e.g. purchasing limit not exceeding budget limit / are reasonable based on level of responsibility; • Review, assess and obtain an understanding of the credit card processes, systems and controls, but not limited to <ul style="list-style-type: none"> ○ Understand the issuance of credit cards; amendments to card limits and basis of utilisation (i.e. field service spend on materials etc). • Assess the post-control risk pertaining to the credit card processes using Council's Risk Management Framework and compare to the rating in the Risk Register; • Assess up to 15 transactions per month across the card holders of the Council for compliance with policy and procedure; • Adherence to ATO GST and FBT requirements; • Obtaining appropriate approvals for entertainment/hospitality expenses; • Adherence to policy and procedure, including allowable purchases; • Appropriate Bank system controls/reports have been engaged by management; • Periodic reporting and monitoring; • Conduct spend analytics to determine high usage employees and high spend types (subject to data availability); and • Where possible, the level of compliance will be assessed via statistical analysis and recommendations will be made on improving purchase card compliance and efficiency. 	

DRAFT

Item No: **6.2**

Subject: **DRAFT 2019-20 ANNUAL BUSINESS PLAN AND BUDGET**

Date: 8 April 2019

Written By: Manager Finance

A/General Manager: Business Services – Ms P Jackson

SUMMARY

The draft 2019-20 budget was presented to Council at workshops on 5 March and 2 April 2019. It was developed on the assumptions and parameters discussed at a Council workshop held on 5 February 2019. The draft budget satisfies Council's financial sustainability and performance measures.

Pursuant to its term of reference, the Audit Committee has an opportunity to review the assumptions, parameters and outcomes providing comments to Council in relation to the draft budget and associated Annual Business Plan.

RECOMMENDATION

That the Audit Committee support the draft 2019-20 Annual Business Plan, as presented, for presentation to Council for the purpose of public consultation.

COMMUNITY PLAN

Culture: Being financially accountable

COUNCIL POLICY

Not Applicable.

STATUTORY PROVISIONS

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

BACKGROUND

The first draft of the 2019-20 Budget (excluding Alwyndor operations) was presented to Council at a workshop on 5 March 2019. It was developed in response to a previous workshop held on 5 February 2019. A third workshop was held on 2 April 2019 and included a presentation which

included changes from the initial draft as well as the draft budget for Alwyndor and Jetty Road Mainstreet operations. The full presentation will be shown to the Audit Committee at this meeting.

The Audit Committee received a report (38/19) on 6 February 2019 dealing with the 2019-20 budget timetable and development and the Committee resolved to support the timetable and key parameters as outlined in the report.

The Audit Committee has a further opportunity to provide comments to Council on the Draft Budget and Annual Business Plan (DB & ABP). A further opportunity will arise for the Audit Committee to receive information on community consultation outcomes and provide further advice on the Draft Budget and Annual Business Plan at its next meeting on 5 June 2019.

REPORT

Development of the Draft 2019–20 Annual Business Plan and Budget

The current Draft 2019-20 Budget (excluding Alwyndor) is based on a number of parameters and considerations as listed:

Key Parameters

- Target of \$250,000 operating surplus.
- 2.7% general rate revenue increase (excluding separate rates/NRM levy). Based on December Local Government Price Index (LGPI).
- 0.5% rate revenue increase for new development growth.
- (LGPI) applied where applicable to revenue and expenditure. The annual percentage change in LGPI December 2017 – December 2018 is 2.7%.
- 2.0% average employment cost increase.
- Alwyndor and Jetty Road Mainstreet budgets to be self-funding.

Other considerations/inclusions

- NRM Levy expected to increase by 2% (\$26,000). Levy is collected by Council on behalf of NRM Board and amount will be finalised in April/May 2019.
- Jetty Road Mainstreet budget increased by 2.4% (\$14,000) and is cost neutral.
- Marina separate rate increased by 2% (\$2,000) to maintain the cost of upkeep of boat lock and walkway.

- Supplementary Road Grant (untied - \$188,000) not included as grant is not guaranteed in 2019-20.
- Roads to Recovery Grant (\$300,000) included. This is the first estimated allocation for the 1/7/19 - 30/6/24 program.
- Depreciation is based on existing asset valuations and has increased by 2.8% (\$255,000). Buildings and open space asset classes were revalued as at 30 June 2018.
- EPA landfill levy expected to increase from \$100 to \$103 per tonne.
- Waste management costs estimated to increase by \$383,000 and includes a provision for the impact of "China Sword" policy.
- Fees and charges have been reviewed and assessed in accordance with a user pays principle, taking LGPI into account.
- Proposed operational new initiatives based on business cases included totaling \$829,000.
- Capital renewal program based on Asset Management Plans totaling \$6m included.
- Proposed capital new initiatives based on business cases included totaling \$16m and include \$5.9m for Brighton Sports Precinct, \$2m for stormwater management, \$1m for Glenelg Town Hall restoration, \$2.5m Jetty Road Glenelg stage 1 Chapel St. Plaza (subject to grant funding), \$1m for Wigley Reserve playspace.
- Proposed capital grants total \$3.4m and include \$1m for stormwater management, \$1.9m for Jetty Road Glenelg and \$500,000 Wigley reserve playspace.

Commercial Activities – Increase net earnings compared to 2017-18 budget

- Brighton Caravan Park increase - \$82,900.
- Partridge House decrease - \$9,000.

Alwyndor draft 2019-20 budget

- The draft Alwyndor budget was presented to and supported by the Alwyndor Management Committee on 21 March 2019. The summary outcome was presented at the Council workshop on 2 April 2019.
- Operating deficit \$180,000, cash funding surplus \$280,000.
- Employment costs increase 2.3% - as per current enterprise agreements.

- Residential – Occupancy target 97.5%; target increase of 2.3% in Aged Care Funding Instrument.
- Home Support – 23% increase in consumer directed care (CDC) services.
- Healthy Living – Increase in CDC services.

Rate Revenue

The major variable determining the ability to meet the draft budget program of services, works and financial targets is rate revenue. This is budgeted to increase by 2.7% excluding separate rates, development growth (estimated at 0.5%) and the NRM Levy.

The apportionment of rate revenue derived from industrial, commercial properties and vacant land is proposed to remain at 13.8%. The Differential Rate premium applied to these properties will be determined once land valuations are received by the Valuer-General. The premium applied to industrial, commercial properties and vacant land in the 2018-19 financial year is 60%.

The Patawalonga Marina Separate Rate of \$72,000 has been increased by 2% and based on the expected cost of boat lock maintenance. It is adjusted to provide an annual maintenance cost and to provide a 50% discount to account for the general public's use of the lock. This approach provides greater certainty for our ratepayers who are the subject of the Patawalonga Separate Rate.

Draft Budget Financial Performance and Position

The draft budget (excluding Alwyndor) features:

- Operating surplus of \$247,000 for Council's municipal activities;
- Capital expenditure of \$22.8m comprising \$6m on renewal and replacement of existing assets and \$16m for new and upgraded assets and \$832,000 for employee costs capitalised;
- Council's Net Financial Liabilities Ratio ceiling is 75%. The ratio is expected to be 60%. The projected Interest Cover Ratio of 1.2%, 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	Target	2.7% Increase	Comments
Operating Result – after proposed new initiatives Forecast for 2019/20 <i>Operating revenue less operating expenditure</i>	≥ 0	\$252,000 surplus	<input checked="" type="checkbox"/> Draft result
Net Financial Liabilities Ratio – after allowing for proposed new initiatives Forecast to 30 June 2020 <i>Total liabilities less financial assets as a percentage of operating revenue (excluding NRM levy)</i>	≤ 75%	60%	<input checked="" type="checkbox"/> Current (18/19 forecast) ratio is 42%. Increase in ratio due to proposed new net borrowings (\$9.2m) required to fund proposed new capital projects including Brighton Sports Precinct; Stormwater Management; Glenelg Town Hall.
Interest Cover Ratio Forecast for 2019/20 <i>Net interest expense as a percentage of operating revenue (excluding NRM levy)</i>	≤ 5%	1.2%	<input checked="" type="checkbox"/> Low interest-bearing debt and historically low interest rates.

Long Term Financial Plan

The Long Term Financial Plan (LTFP) was reviewed and presented to the audit committee on 17 October 2018 and included base case and strategic projects forecasts. The LTFP has been updated to include the draft 2019-20 budget and was presented in chart form to the Council workshop on 2 April 2019.

Refer Attachment 1

The long-term strategic projects included in the LTFP are:

- Brighton Sporting Community Centre - \$6m net over 2 years.
- Glenelg Oval Masterplan - \$10.1m net over 10 years.
- Jetty Road Glenelg Master Plan - \$9.34m net over 10 years.
- Coast Park and Kingston Park Masterplan - \$1.65m over 3 years.

The charts indicate that Council is financially sustainable and has the financial capacity to fund new strategic projects when they arise. The LTFP shows that the main financial indicators substantially remain within the targets and thresholds.

Draft Annual Business Plan

The Draft 2019–20 Annual Business Plan document has been prepared taking into consideration the objectives and directions of the Our Place Strategic Plan, Long Term Financial Plan and Asset Management Plans.

The document contains a more detailed analysis of the projected financial performance for the coming year including new strategic initiatives and includes Alwyndor operations. The document will be presented to Council on 11 April 2019 for Council endorsement for community consultation. The draft annual business plan including the draft budget financial statements are provided as Attachment 2.

*Refer Attachment 2
(The Draft Annual Business Plan will be provided under separate cover)*

Budget and Annual Business Plan Timeline

A Council workshop was held on 2 April 2019 to receive an update on the development of the draft budget. On 9 April 2019 Council will receive a report to endorse the updated 2019-20 Draft Budget and Annual Business Plan for community consultation.

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

- 9 April: Council receives report and endorses Draft Budget and Annual Business Plan for community consultation.
- 15 April – 10 May: Community consultation period.
- 7 May: Council hears and considers community submissions.
- 21 May: Council workshop to review consultation results.
- 28 May: Council accept and note results of consultation.
- 5 June: Audit Committee review updated DB&ABP.
- 11 June: Council receives Audit Committee recommendations and endorse final 2019-20 Budget and Annual Business Plan.
- 25 June: Council rate declaration.

The Audit Committee has a further opportunity on 5 June 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.

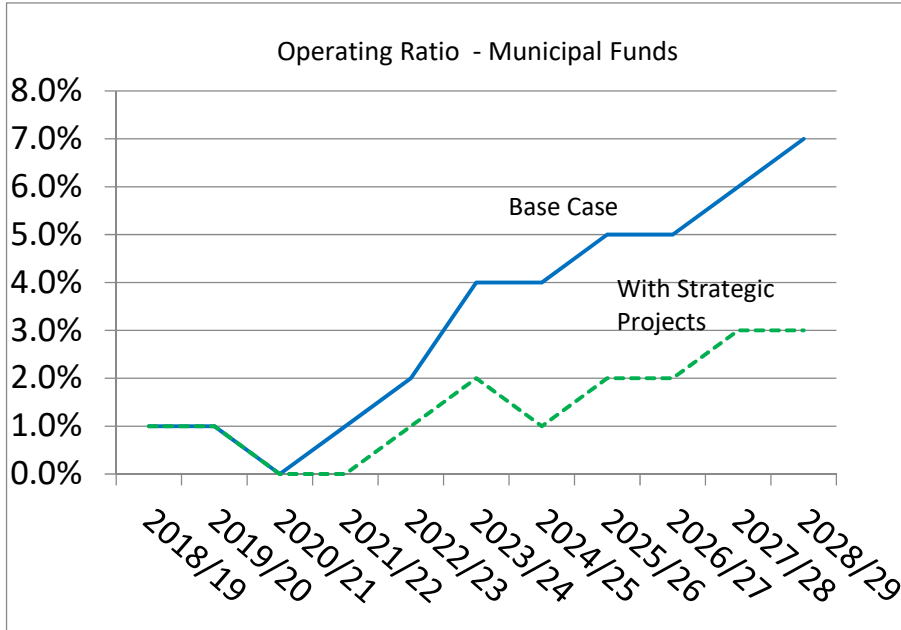
BUDGET

The cost of production of the 2019–20 Annual Business Plan and associated community engagement will be met within the current budget.

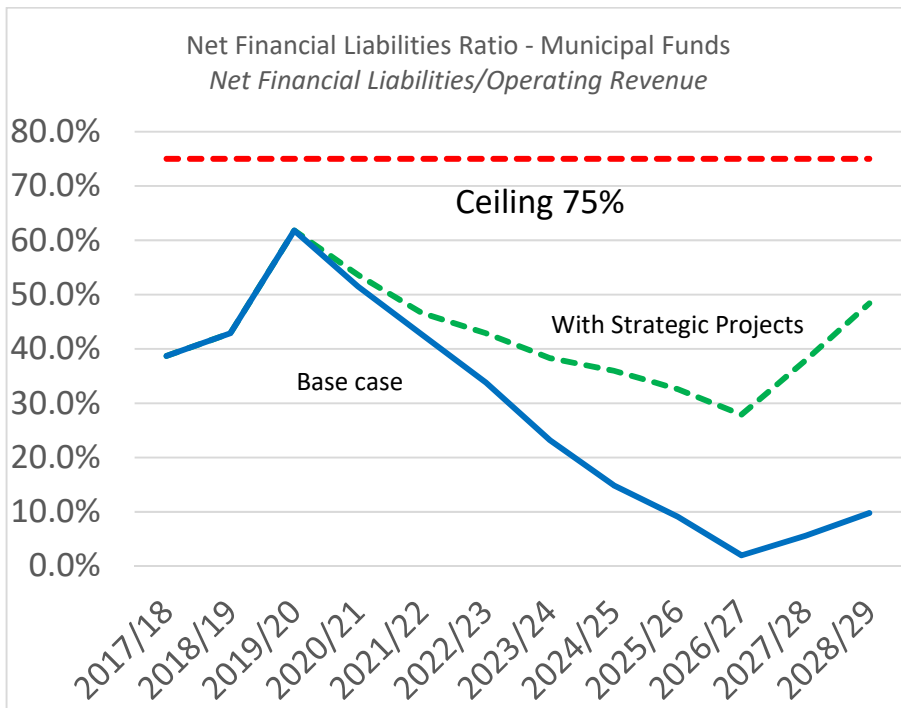
LIFE CYCLE COSTS

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

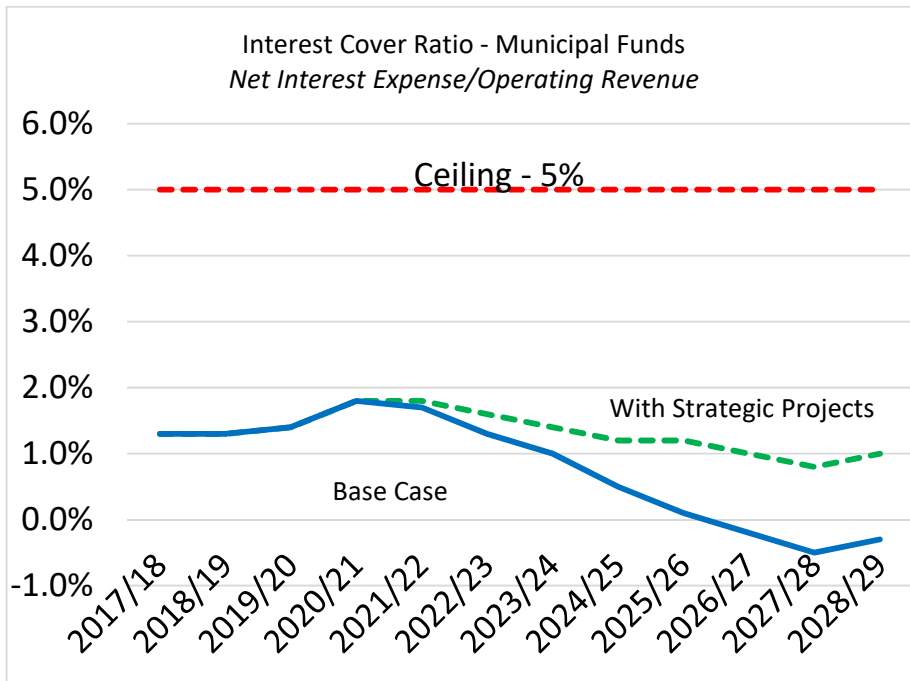
Target – Operating Ratio of 0-10% over 5 year period



Target – Net Financial Liabilities Ratio less than 75%

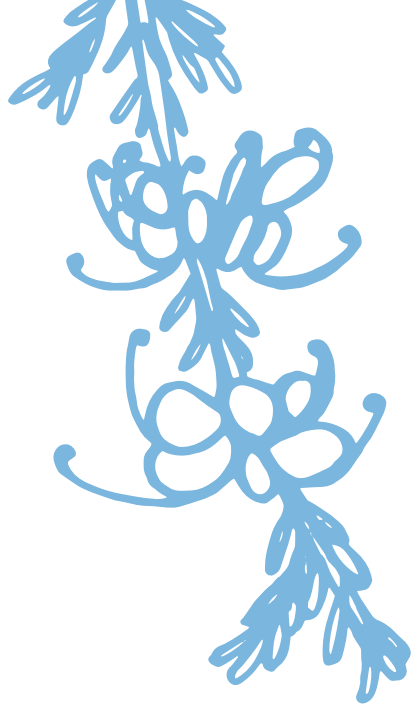


Target – Interest Cover Ratio ceiling 5%



OUR PLAN FOR OUR PLACE

**DRAFT 2019–20
ANNUAL BUSINESS PLAN**



OUR PLAN FOR OUR PLACE

SHARE YOUR VIEW ON OUR DRAFT 2019–20 ANNUAL BUSINESS PLAN

The City of Holdfast Bay's Annual Business Plan outlines Council's priorities and program of works for the next 12 months. It allocates funding for key projects and services and shows how your rates are invested.

We welcome your feedback on this draft version, which will be considered by Council before the 2019–20 Annual Business Plan is finalised in June 2019.

You can access additional copies of the Draft 2019–20 Annual Business Plan from Monday 15 April 2018 at:

- › yourviewholdfast.com/DABP19-20
- › **Brighton Civic Centre, 24 Jetty Road, Brighton**
- › **Brighton Library, 20 Jetty Road, Brighton (to read on-site)**
- › **Glenelg Library, 2 Colley Terrace, Glenelg (to read on-site).**

Feedback must be received by 5pm Friday 10 May 2019 to be considered by Council. You can provide comments by:

- › [visiting yourviewholdfast.com/DABP19-20](http://yourviewholdfast.com/DABP19-20)
- › **Completing a feedback form available at each of the locations listed above**
- › **writing to Corporate Planning Officer, PO Box 19, Brighton SA 5048**
- › **emailing the Corporate Planning Officer at mail@holdfast.sa.gov.au**
- › **or telephoning us on 8229 9999 during office hours**
- › **Making a representation to Council at its meeting on Tuesday 7 May 2018 (commences 7pm, Glenelg Town Hall, Moseley Square, Glenelg). Please contact the Corporate Planning Officer, Vivienne Holloway, on 8229 9999 by 5pm Tuesday 30 April 2019 if you wish to make a representation.**

For more information, please visit www.yourviewholdfast.com/DABP19-20 or call Council on 8229 9999.

TRADITIONAL CUSTODIANS

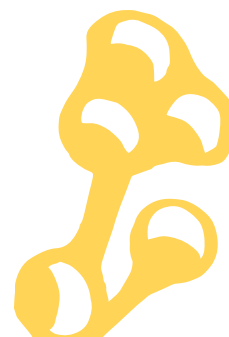
We acknowledge the Kurna people as the traditional custodians of this land. We respect their spiritual relationship with the country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to the Kurna people today.

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TRADITIONAL CUSTODIANS

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WELCOME

On behalf of the City of Holdfast Bay, I am pleased to present our Draft 2019–20 Annual Business Plan.

The City of Holdfast Bay remains committed to keeping rates as low as possible, while maintaining a high quality of services for our residents, businesses and visitors, and funding projects that make the city a great place to live and to visit.

The Brighton Oval Masterplan is a \$13.5million redevelopment of a major sporting and recreation facility in our city. Stage 1 of the masterplan commenced in 2018–19 with a \$6.4 million investment from council along with a \$2 million investment from the State Government. The Federal Government recently announced a \$5million grant for Stage 2 of the project, providing our community with the opportunity to complete the whole of the Masterplan by mid 2021. The Masterplan includes all new facilities including the construction of new club room facilities for the Rugby, Lacrosse and Football/Cricket clubs along with upgrades to community recreation facilities, upgraded spectator and public amenities, cricket training facilities, car parking and safety upgrades to adjacent roadway. These brand new facilities will create significant economic, social and health benefits for the community.

The Draft 2019–20 Annual Business Plan includes a broad range of initiatives including:

- › **Progressing the Jetty Road Masterplan with the construction of the Chapel Street Community Plaza (subject to grant funding)**
- › **The Glenelg Town Hall Restoration**
- › **Glenelg Oval sporting complex Master plan Stage 1: the redevelopment of the Holdfast Tennis Club**
- › **Wigley Reserve Playspace and Fitness Hub (subject to grant funding)**
- › **Remediation of the Buffalo Site**
- › **Continuing to roll out our Economic Activation Plan 2018–2023**

All of our new capital projects have been calculated on a three year rolling budget which will ensure that our rates remain reasonable whilst we improve our City. We also aim to continue to leverage federal and state grant funding wherever possible.

We are very pleased to announce that this year we have managed to plan a comprehensive program with no reduction to services, with a low 2.7 percent rate increase. This is in line with Local Government Price Index to December 2018. All of our key financial indicators are positive.

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 continuing our street light conversion to LED. We will continue to install Water Sensitive Urban Design projects, and work on improvements to the three gullies: Pine Gully, Gilbertson Gully and Barton Gully, focusing on storm water flow path remediation and significant revegetation.

I look forward to your feedback on our draft plan for Our Place for the 2019-20 financial year.



Amanda Wilson

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

TOTAL POPULATION



52.4% females
47.6% males

MEDIAN AGE

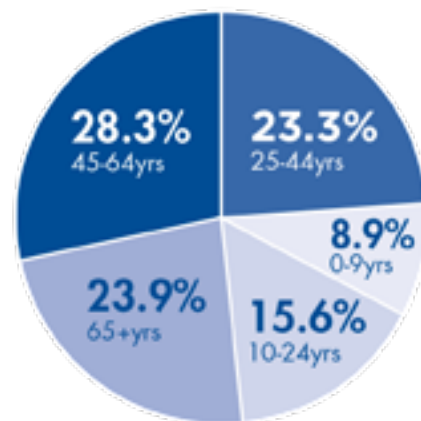


NEW RESIDENTS

1854 since 2006



AGE SEGMENTATION



SNAPSHOT

Prosperous yet not necessarily a wealthy community



HIGH

- Average Income
- Education
- Housing Mortgages



LOW

- Unemployment

CULTURAL DIVERSITY

18% of residents were born overseas



HIGH DENSITY HOUSING MEDIAN

Compared to greater Adelaide

50.9%



HOUSEHOLD TYPES



Couples with children

21.5%



Couples without children

26.4%



One parent families

7.5%



Lone person households

34.6%



Other

10%

INTERNET ACCESS

By July 2019 all of Holdfast Bay with have NBN access



LOWER VEHICLE USAGE

Households in Holdfast Bay have lower vehicle usage than greater Adelaide.



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 vibrant 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 (2019)

HOW YOU RATED YOUR COUNCIL OUT OF 10

COMMUNITY



8.5

Providing library services



7.95

Providing sporting facilities



7.85

Delivering services for the elderly and people with a disability



8.0

Promoting programs and services that encourage an active lifestyle

PLACEMAKING



7.0

Maintaining roads and kerbing



7.2

Maintaining cycle networks



8.2

Providing a sense of safety in neighbourhoods

ENVIRONMENT



8.0

Maintaining beaches and coastal areas



8.15

Providing adequate waste management services



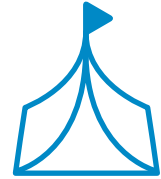
Overall rating of Holdfast Bay as a place to live

ECONOMY



7.9

Encouraging a diverse range of business and services in the area



7.8

Supporting and promoting tourism and events

CULTURE



6.8

Quality of service provided by Council staff



7.1

Overall satisfaction with the quality of service and performance of the Council



8.2

Maintaining well laid out parks and reserve



7.7

Providing programs that foster social interaction and community wellbeing



8.8

Likelihood to recommend Holdfast Bay as a place to live



HIGHLIGHTS

Major projects

In 2019–20 we will fund and undertake a number of major projects to support the vision and objectives outlined in our strategic plan, *Our Place 2030*.

These include:

› **Wigley Reserve Playspace and Fitness Hub**

We will commence construction of the Wigley Reserve Playspace and Fitness Hub in line with the preferred detailed concept design based on community engagement findings. This project will upgrade the current playground and fitness area into a destination playspace with opportunities for all ages and abilities. The upgrade of this playspace will activate a largely under utilised space turning it into a well loved community asset. Construction is subject to successful grant funding from the State Government.

› **Glenelg Oval Sporting Complex Masterplan Stage 1**

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. The project was unsuccessful in securing Grant Funding in 2018–19. Council is committed to completing Stage 1 in 2019–20.

› **Brighton Oval Masterplan**

The Brighton Oval Masterplan is a \$13.5million redevelopment that commenced in 2018–19 with a \$2 million investment from the State Government. The Federal Government recently announced a \$5million grant for the project, providing our community with the opportunity to complete the whole of the Masterplan by mid 2021. The Masterplan includes all new facilities including the construction of new club room facilities for the Rugby, Lacrosse and Football/Cricket clubs as a part of Stage 1 of the Masterplan. The Federal funding means we can now proceed with Stage 2 which includes upgrades to community recreation facilities, upgraded spectator and public amenities, cricket training facilities, car parking and safety upgrades to adjacent roadway. These upgrades will benefit the whole community with both formal and non-formal users provided with brand new facilities.

› **Glenelg Town Hall Restoration**

In 2017–18 we engaged specialised heritage architects to undertake an assessment of the Glenelg Town Hall. This assessment identified a range of restoration works required to be undertaken to this important, historic State Heritage listed building over a multi-year program. In 2019–20 we have allocated \$1 million to continue these repair works to ensure the building can be enjoyed for many years to come.

› **Jetty Road Glenelg and Environs Masterplan**

Progressing the implementation of the Jetty Road Glenelg and Environs Masterplan, which was adopted in February 2018. Council was unsuccessful in receiving grant funding in 2018–19 for construction of the Chapel Street civic plaza and Coast stages 1 & 2. In 2019–20, Council has committed \$1.8 million to construct the Chapel Street Plaza project (which now includes upgrades to Hindmarsh Lane) and will apply to the State Government for funding the remaining \$1.8 million. In 2019–20 Council will progress the designs for Stage 2—Moseley Street to Colley Terrace.

› **The Buffalo Site**

Council recognises the importance of the Buffalo site to our community. We are committed to finding a long term purpose for the site that will meet the current and future desires of our community for generations to come. In 2019–20 Council will rehabilitate the site and determine long term plans for it.



FINANCIAL OVERVIEW

In the 2019–20 financial year we predict we will be working with:

- › a consolidated operating surplus of \$72,000 (Alwyndor deficit of (\$180,000) and Municipal operations surplus of \$252,000)
- › a consolidated operating income of \$67.69 million to cover our operating expenditure of \$67.62 million
- › a 2.7 per cent increase in rate revenue (excluding separate rates and the Natural Resource Management Levy).

In the 2019–20 financial year we will invest \$79.19 million to provide services, implement programs and build or maintain essential assets. Our main areas of investment will include:

- › \$56.33 million to provide services to our community
- › \$7.71 million to upgrade and maintain our community assets
- › \$15.15 million for new capital infrastructure and service improvements.

FINANCIAL SUMMARY



2019–20 REVENUE \$71.58 MILLION

We will receive \$71.58 million to provide services and infrastructure to the community.

MUNICIPAL REVENUE

Rate Revenue

Rates General	\$35.22 million
Rates: Jetty Road Mainstreet Separate Rate	\$0.578 million
Rates: Patawalonga Marina Separate Rate	\$0.072 million
Rates: NRM Levy	\$1.28 million
Total rate revenue	\$37.15 million

Operational Revenue

Statutory charges	\$2.298 million
User charges	\$4.138 million
Investment income	\$0.084 million
Reimbursements	\$0.712 million
Other	\$0.565 million
Total operational revenue	\$7.80 million

External Revenue

Proceeds from the disposal of assets	\$0.357 million
Operating grants and subsidies	\$2.88 million
Capital grants, subsidies and contributions	\$3.52 million
Share of profit - joint ventures	\$0.23 million
Total external revenue	\$7.0 million

TOTAL MUNICIPAL REVENUE

\$51.95 million

ALWYNDOR REVENUE

Operational Revenue

User charges	\$3.97 million
Investment income	\$0.49 million
Reimbursements	\$3.07 million
Other	\$1.75 million
Total operational revenue	\$9.29 million

External Revenue

Operational grants and subsidies	\$10.34 million
Total external revenue	\$10.34 million

TOTAL ALWYNDOR REVENUE

\$19.63 million

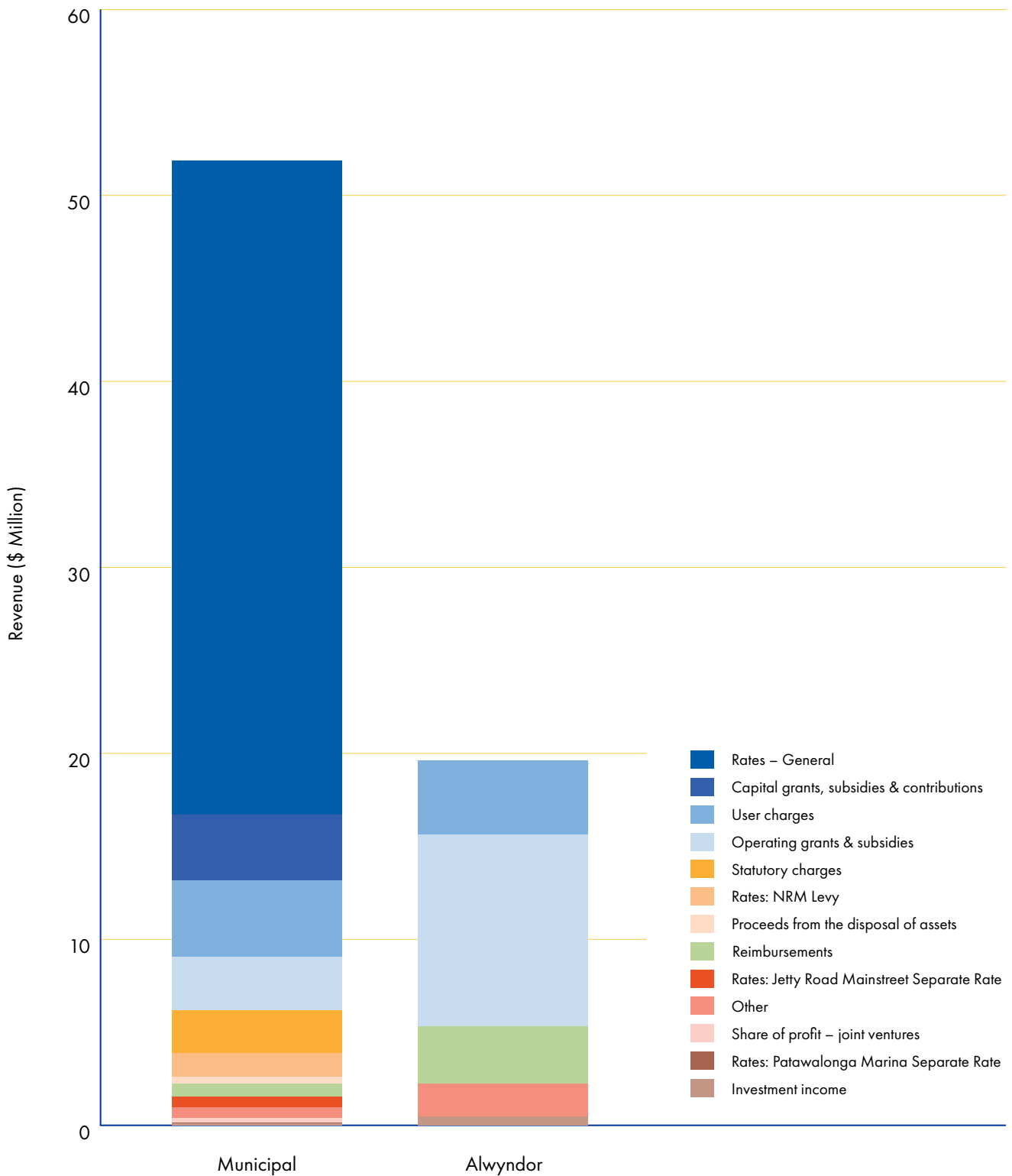
CONSOLIDATED REVENUE

TOTAL CONSOLIDATED REVENUE (INCLUDING CAPITAL & OPERATING REVENUE)

\$71.58 million



2019-20 REVENUE



2019–20 OPERATIONAL EXPENDITURE \$67.62 MILLION

We will spend \$67.62 million to deliver services to the community.

MUNICIPAL OPERATIONAL EXPENDITURE

Services

Asset management	\$8.12 million
Corporate services	\$5.15 million
Open spaces & coastal assets	\$3.37 million
Waste management	\$3.94 million
Marketing & tourism	\$2.27 million
Regulatory services	\$1.97 million
Information & technology services	\$2.04 million
Library services	\$1.62 million
Community wellbeing	\$1.57 million
Development services	\$1.37 million
Commercial & economic enterprise	\$1.50 million
Community development	\$1.28 million
Financial services	\$1.18 million
Strategic planning & development policy	\$1.03 million
Total expenditure on services	\$36.41 million
Other operational expenditure	
Depreciation - municipal	\$9.29 million
NRM Levy	\$1.28 million
Operational new initiatives	\$0.83 million
Total expenditure on other operational	\$11.40 million
TOTAL MUNICIPAL OPERATIONAL EXPENDITURE	\$47.81 million

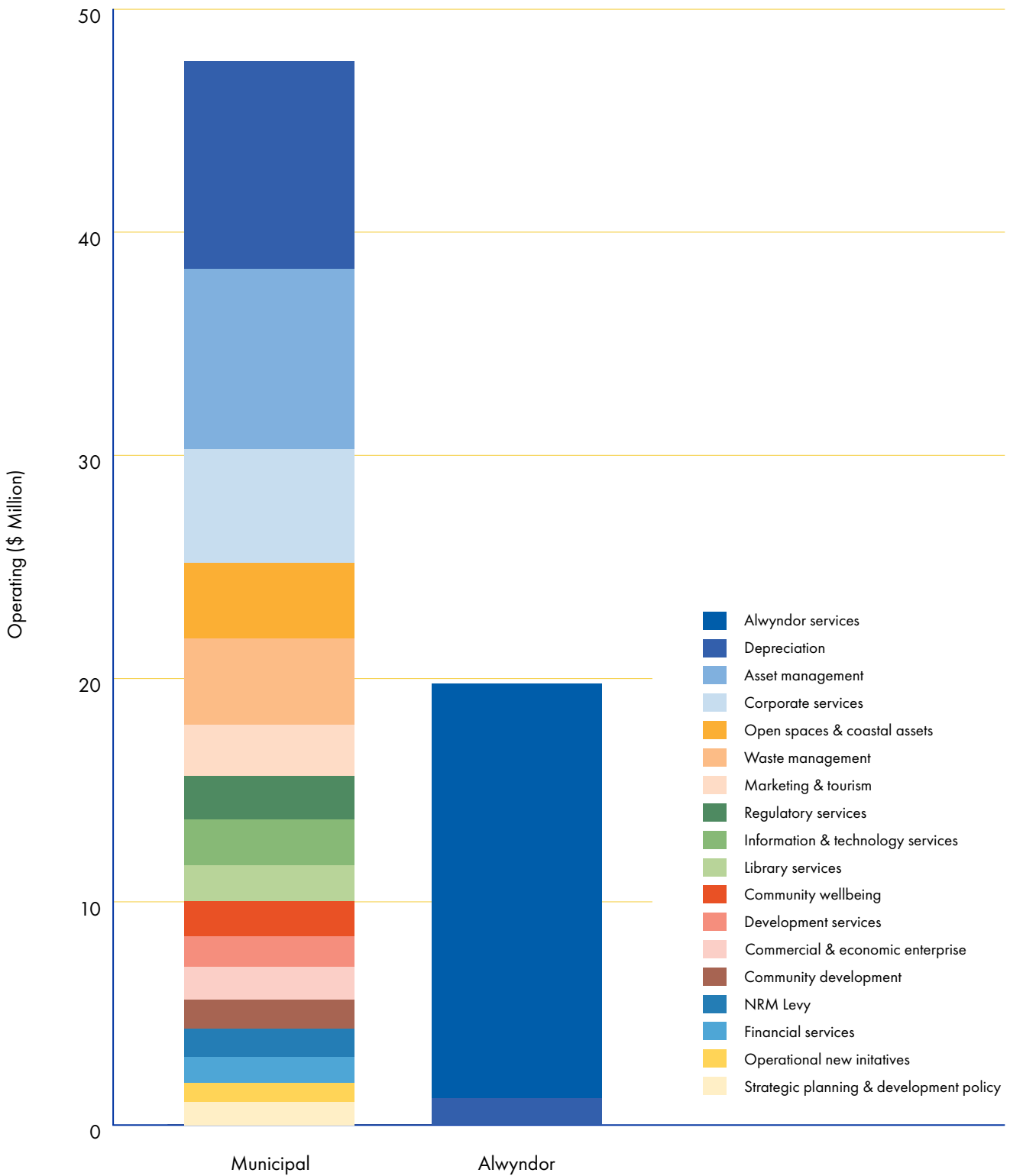
ALWYNDOR OPERATING EXPENDITURE

Alwyndor services	\$18.63 million
Total expenditure on services	\$18.63 million
Other operational expenditure	
Depreciation - Alwyndor	\$1.18 million
Total expenditure on other operational	\$1.18 million
TOTAL ALWYNDOR OPERATIONAL EXPENDITURE	\$19.81 million

CONSOLIDATED OPERATIONAL EXPENDITURE

TOTAL CONSOLIDATED OPERATIONAL EXPENDITURE	\$67.62 million
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2019–20 OPERATIONAL EXPENDITURE



2019–20 CAPITAL PROGRAM \$23.69 MILLION

We will spend \$23.69 million on our capital program to update and maintain our community's assets in 2019–20.

MUNICIPAL CAPITAL PROGRAM

Capital new initiatives	\$15.98 million
Transport & access ¹	\$2.70 million
Buildings	\$0.87 million
Major plant & equipment replacement	\$1.23 million
Open space	\$0.73 million
Stormwater drainage	\$0.37 million
Library collection	\$0.09 million
Coastal	\$0.05 million
Project management capitalised ²	\$0.83 million
TOTAL MUNICIPAL CAPITAL EXPENDITURE	\$22.85 million

ALWYNDOR CAPITAL PROGRAM

Alwyndor asset renewal and replacement	\$0.84 million
TOTAL ALWYNDOR CAPITAL EXPENDITURE	\$0.84 million

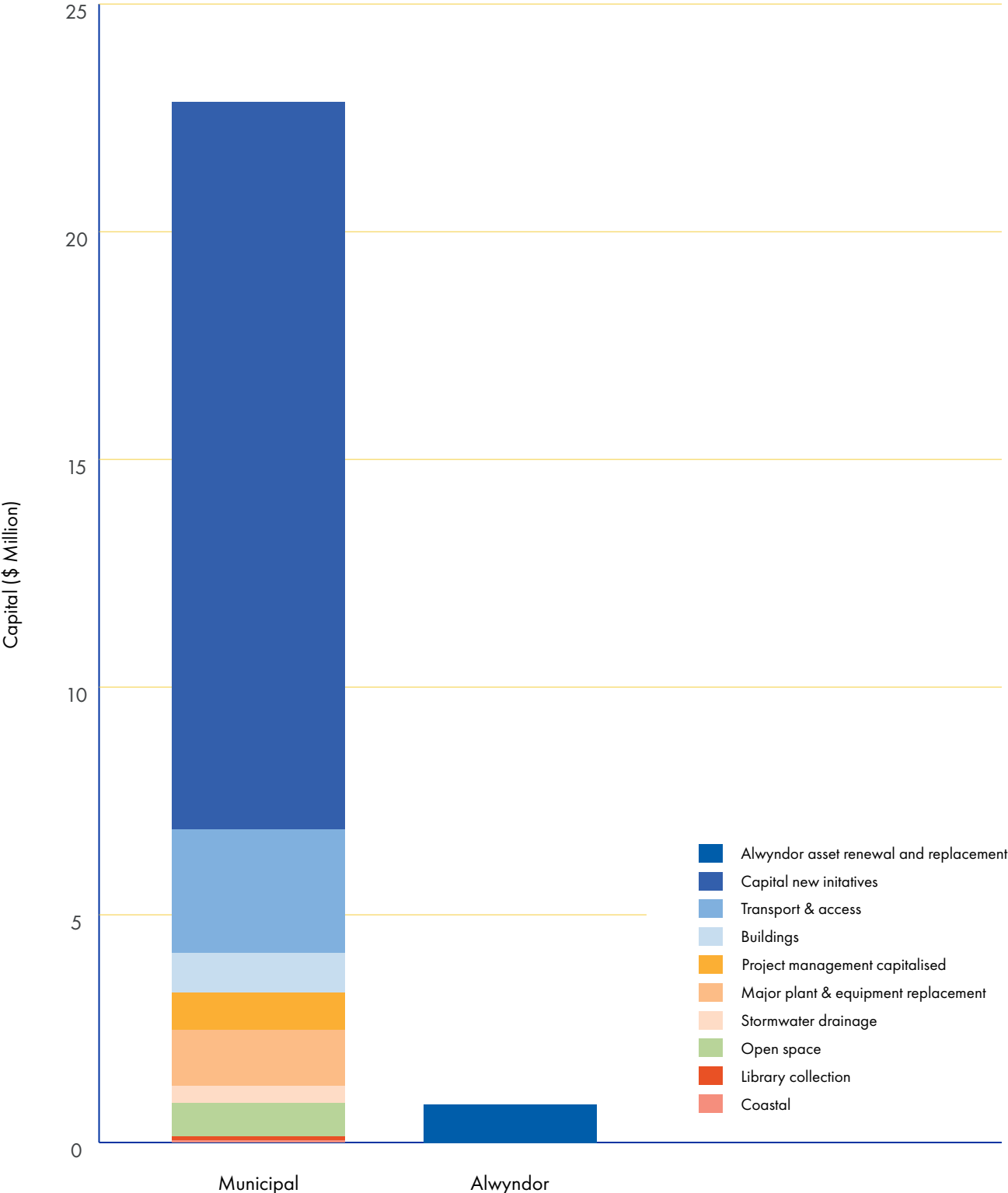
CONSOLIDATED CAPITAL PROGRAM

TOTAL CONSOLIDATED CAPITAL EXPENDITURE	\$23.69 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.

2019-20 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 2019–20 Annual Business Plan. They include:

Waste management - China Sword

The Green Sword policy is a ruling introduced by China in 2017 to reduce the volume and contamination levels of recyclable materials it imports for reprocessing.

Twenty-four types of recyclables have been banned (ceasing of import licenses) across both industrial and household categories. Those most relevant to local recycling services are household plastics and waste paper recycling. Banned plastics include scrap PET, scrap polyethylene, scrap PVC and scrap polystyrene.

Paper and cardboard waste types are still imported but have to meet lower contamination levels of 0.5%, down from the previous 1.5% contamination rate. For impact of this on the 2019–20 budget we have provisioned \$383,000.

Economic vitality

Turbulence in financial markets has increased in recent times, reflecting concerns around the outlook for major economies, as well as risks related to the US-China trade dispute, Brexit and the Italian-European Commission budget dispute. Equity and commodity markets have exhibited considerable volatility and this, together with a slowdown in global growth in the December quarter, has contributed to doubts around the strength of the global economy through this financial year.

However, the South Australian Tourism Economy has continued to exceed growth expectations, with the value of tourism to South Australia soaring to an all time high of \$6.9 million. Our City is perfectly positioned to benefit from this growth, with our premium offering, and award winning tourism campaign. The Council

continues to invest in the economic vitality of our City through the implementation of the Economic Activation Plan, supporting and growing local business, making it easier to do business, boosting our visitor economy and harnessing emerging technology.

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.

Environmental sustainability

We are committed to protecting our valuable natural environment, with a focus on biodiversity and protecting our unique coastal environs. We are committed to reducing our reliance on fossil fuels, replacing streetlighting with LED lights, and conducting an energy audit of Council buildings. We continue our water sensitive urban design projects, remediating three gullies and maintaining our precious beaches. In 2019–20 we will develop an Environmental Strategy to provide a holistic approach and priority for our resources in tackling the impacts of climate change.

THE 2019–20 BUSINESS ENVIRONMENT

The following factors are expected to influence our business environment in 2019–20

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 2019–20 we expect the Environment Protection Authority Landfill Levy to rise by 3 per cent from to \$103 per tonne.

Depreciation on new assets has increased by \$255,000. 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 December 2018 quarter was 2.7 per cent.

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 2019–20. For this reason, we have prepared our *Draft 2019–20 Annual Business Plan* based on an estimated growth of 0.5 per cent. Potential changes to negative gearing legislation may have an impact on development levels.

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.

Whilst some of the Government's reform agenda has been delivered, the remaining reforms are likely to continue to impact 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.
- › Increased costs to Council to manage an expanded building inspection regime, required to monitor and regulate the anticipated rise in non-conforming developments that will be approved independent of Council.
- › 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.

Likewise, the impact of the 2019 Federal Government Elections will require close monitoring.

Aged care industry transformation

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 Program

Council continues to administer the grant-funded Commonwealth Home Support Program (CHSP), which offers older people subsidised basic maintenance and support services to enhance independence, promote social inclusion and support wellness. In October 2018, the Minister for Senior Australians and Aged Care, the Hon Ken Wyatt AM, MP announced \$50 million per year in growth funding over 2 years to a select number of existing CHSP service providers from 2018–19 with strong record of delivery. The City of Holdfast Bay has so far secured additional grant funding for domestic assistance and for home modifications and looks forward to continuing to provide these valued services to local residents of the City of Holdfast Bay for the 2019/20 financial year.

The National Disability Insurance Scheme (NDIS) (the new way of providing individualised support for people with disability, their families and carers) continues to roll out across South Australia. Local Holdfast Bay residents have been transitioning into the new scheme since June 2018 and continue to do so. The City of Holdfast Bay remains committed to continuity of care for all residents currently receiving support services through the SA-HACC program until the NDIS is fully in place and will also continue to provide services to those people who do not meet the eligibility for the NDIS and are not already receiving similar support through other specialist disability providers.

External funding sources

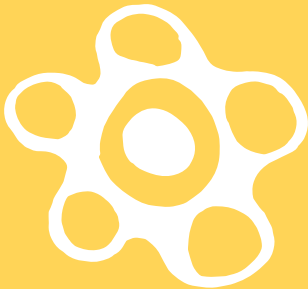
Our 2019–20 budget relies significantly on property rate revenue for our operations. Rates make up 77 per cent of our revenue, excluding Alwyndor and the NRM Levy. Whilst we are a leader in South Australia for non-rate revenue, we are still seeking to reduce this rate burden by increasing our revenue 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 2019–20 these projects include:

- › Stormwater Management Plan implementation
- › Jetty Road Glenelg and Environs masterplan - phase 1 construction
- › Wigley Reserve Playspace and Fitness Hub

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 Supplementary Roads Grant which allows Council to undertake significant repairs and make improvements to our local roads, kerbing and stormwater system is not guaranteed in 2019–20. This grant was \$188,000 in 2018–19.

ACHIEVEMENTS, PRIORITIES AND SERVICE DELIVERY





COMMUNITY

A healthy, creative, connected
community.

In 2019–20 we will allocate \$35.53 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 2018–19 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:

- › Upgraded playground equipment at Bindara Reserve and Susan Grace Benny Reserve
- › Undertook important maintenance works at Brighton Surf Life Saving Club
- › Installed shade sails at the Glenelg Oval
- › Increased Brighton Library opening hours to six days a week increasing patronage by over 16,500 visitors (31%)
- › Developed an Arts and Culture Strategy
- › Developed the Holdfast Bay Community Centre Masterplan
- › Installed automated defibrillators in council buildings
- › Completed cemetery improvements including new ashes memorial sites and design extension of burial areas. A full audit of the cemeteries was completed allowing updated cemetery maps and records to be made available online.
- › Undertaking preparatory design work for important restoration work at the Glenelg Town Hall
- › Commenced Stage 1 construction of the Brighton Oval Sporting Complex Masterplan including three new buildings for tenant clubs, additional public amenities including accessible toilets and enhanced spectator facilities. Council secured \$2million in State Government funding for this stage of the implementation.
- › Created detailed designs for Wigley Reserve Playspace and Fitness Hub
- › Constructed a playspace at Kauri Sports & Community Centre
- › Undertook concept plans and design options for the Glenelg Town Hall Museum and Gallery
- › Developed a Disability Access and Inclusion Strategy and Action Plan

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

OUR PRIORITIES

In 2019–20 we will continue to deliver projects that build a healthy, creative, connected community, including:

- › Continuing restoration work at the Glenelg Town Hall
- › Implementing phase one of our new Arts and Culture Strategy
- › Commencing implementation of the Access and Inclusion Strategy
- › Undertaking an update on our Social Needs and Community Infrastructure Planning and Analysis Report
- › Construction of the Wigley Playspace and Fitness Hub upgrade (subject to grant funding)
- › Completing Stage 1 and commencing Stage 2 of the Brighton Oval Masterplan
- › Undertaking construction of Stage 1 of the Glenelg Oval Sporting Complex Masterplan, focusing on the Holdfast Tennis Club.

OUR SERVICE DELIVERY \$25.07 MILLION

Alwyndor Aged Care – \$18.63 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 – \$1.57 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.
- › Commencing implementation of our Access and Inclusion Strategy.

Library services – \$1.62 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 – \$1.97 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 \$1.24 MILLION

Playgrounds – \$24,393

This year to ensure full enjoyment of the well loved Glenelg Foreshore Playground we are replacing the trampolines. See Our New Projects for a broad range of playground upgrades.

Open space capital renewal – \$ 212,787

As part of our open space management plans, we have allocated \$212,787 to repairing or upgrading infrastructure in our reserves, including irrigation, fencing. We're also replacing a number of picnic settings, bins and park benches.

Public reserve lighting - \$141,240

We are keeping our reserves safe and well lit.



Sporting and community clubrooms and facilities – \$698,000

In 2019–20 we will repair and maintain a number of sporting and community facilities. This includes replacing tennis court surfaces at a number of locations, and maintenance works at Holdfast Bay Community Centre, Partridge House, Ringwood Community Centre, Seacliff Youth Centre, Brighton Table Tennis Clubrooms, Brighton Croquet Clubrooms, Brighton Bowling Club, Brighton Seacliff Yacht Club, Brighton Tennis Club and Glenelg North Community Centre.

Library collection and improvements – \$160,340

In 2019–20 we will allocate \$85,340 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 continue to maintain our two important community libraries including external works at Glenelg and Brighton. See below for information on a new Mobile Digital Hub.

OUR NEW PROJECTS \$9.22 MILLION

Glenelg Town Hall – \$1 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 2019–20 we have allocated \$1 million to continue these important works at the State Heritage listed building. For more information see Highlights, page 9.

Glenelg Oval Sporting Complex Masterplan implementation – stage 1 (Holdfast Tennis Club) – \$889,949

In 2019–20 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 the courts. Council was unsuccessful in attracting grant funding in 2018–19 and will pursue the project in the upcoming year as a fully Council funded proposition, should external funding not be achieved. For more information see Highlights, page 9.

Brighton Oval Masterplan – \$5,932,670

We will complete Stage 1 of the Masterplan in 2019–20 which comprises the construction of new club room facilities for the Rugby, Lacrosse and Football/Cricket clubs, and commence construction of Stage 2 of the Masterplan which includes upgrades to community recreation facilities, upgraded spectator and public amenities, cricket training facilities, car parking and safety upgrades to adjacent roadway. For more information see Highlights, page 9.

Wigley Reserve Playspace and Fitness Hub – \$1 million

We will commence construction of the Wigley Reserve Playspace and Fitness Hub in line with the preferred detailed concept design based on community engagement findings. This project will upgrade the current playground and fitness area into a destination playspace with opportunities for all ages and abilities. The upgrade of this playspace will activate a largely under utilised space turning it into a well loved community asset. Construction is subject to successful grant funding from the State Government.

Disability Access & Inclusion Strategy and Action Plan implementation – \$24,000

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 implementation of Disability Access & Inclusion Strategy & Action Plan will include an audit of Council's facilities and aspects of its operations to provide a prioritised action plan to address access and inclusion requirements, as per the bill.

Advanced Pump Track – \$71,810

In response to a request from local residents Council will investigate options for an advanced pump track suited to more senior and experienced riders at a site on Cedar Avenue.

Kingston Park Masterplan – \$100,000

Council will review the Masterplan and implement Stage 1.

Investing in our partnership with the Kaurua Nation – \$35,000

We will continue to work together with Kaurua, other aboriginal groups, and State Government to promote projects and opportunities of cultural significance across the City, to promote a greater understanding of the Kaurua people's cultural heritage and spiritual beliefs.

Social Needs and Community Infrastructure Planning and Analysis Report – \$40,800

This report describes the alignment between community infrastructure and current and projected social needs. The last assessment was conducted in 2012 and an update is required.

Library Mobile Digital Hub – \$10,000

In pursuit of our endeavour to ensure our libraries become hubs of knowledge, creativity and innovation Council is investing \$10,000 in a Mobile Digital Hub to showcase digital technologies to the community, including schools, community centres and service clubs. Various technologies will be covered, such as: 3D printing, basic coding and robotics, drones, augmented and virtual reality.

Wattle Reserve multi-use court upgrade – \$34,000

Upgrade current 3:3 basketball court into a multi-use netball and basketball court with separate rings and regulation goal ring/three point shooting lines. This investment will create a recreation asset with higher carrying capacity (including basketball 3 point arc and netball ring) and community interest at this well used community space.

Dulcie Perry Reserve Playspace Redevelopment – \$82,500

A redevelopment of the Dulcie Perry Playspace including extending the play zone around the existing modular play equipment and slide to include a 4 way rocker/seesaw and the existing (or a new) swing set.





ENVIRONMENT

A community connected to our natural environment.

In 2019–20 we will allocate \$9.66 million to protecting biodiversity; building an environmentally resilient city; using resources efficiently; and fostering an environmentally connected community.



OUR ACHIEVEMENTS

In 2018–19 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:

- › Commenced a multi-year LED streetlight conversion program
- › Delivered improvements to and conservation of Barton, Gilbertson and Pine Gullies
- › Upgraded stormwater infrastructure in our city, including key sites in Somerton Park, Brighton and North Brighton
- › Upgraded stormwater drainage at Glenelg East and a number of stormwater pits across our City
- › Improved public safety and conservation of our coastal dunes at Glenelg and Seacliff
- › Installed a further two sand groynes at Brighton to reduce sand erosion
- › Implemented Water Sensitive Urban Design projects through stormwater integration in areas of Glenelg, Seacliff and Glenelg South
- › Established a Biodiversity Corridor along the Sturt River including design and installation of interpretive signs in a trail throughout the City's conservation sites
- › Undertook tours of our conservation sites.

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

OUR PRIORITIES

In 2019–20 we will continue to deliver projects that support a more sustainable environment and an environmentally connected community, including:

- › Continue to deliver Water Sensitive Urban Design rain gardens around the Council area
- › Continue to deliver improvements to and conservation of our natural gullies
- › Continue upgrading stormwater infrastructure in our city, including key sites in Somerton Park, Brighton and North Brighton
- › Continue to establish our biodiversity corridor along the Sturt River
- › Install further bins along the esplanade at Brighton
- › Install further dog bag dispensers
- › Continue our program to improve household waste reduction.

OUR SERVICE DELIVERY \$7.31 MILLION

Open space and coastal assets – \$3.37 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 – \$3.94 million

Purchase additional kitchen organic baskets and compostable bags. Implement additional educational campaigns to assist in landfill diversion.

OUR CAPITAL PROJECTS \$412,200

Flood management – \$367,000

Upgrading our stormwater drainage throughout the area improves our capacity to protect against flooding. In 2019-20 we have allocated \$367,000 to continue with stormwater improvements across our city in line with our Stormwater Management Plan. This includes remedial work on the Harrow Road Headwall and a replacement of the Marine Parade Outfall, as well as works on a broad range of other pipes and pits.

Coastal works – \$45,200

To improve public safety and conservation of our coastal dunes, we have allocated \$45,200 to install coastal fencing including Marlborough Street and Wheatland Street. We'll replace the drinking fountain at Whyte Street, and undertake repairs to Glenelg Jetty.

OUR NEW PROJECTS \$1.94 MILLION

Plan development of beach width increase – \$10,000

Our beaches are consistently rated as our most valuable asset in terms of quality of life and visitation. Council will develop a comprehensive plan to increase and sustain beach width.

Energy Audit and Program – \$35,000

This project will undertake an audit of current energy use within the council and its buildings. It will recommend opportunities to reduce use of energy or implement alternative/renewable energy sources.

Street light conversion to LED – \$40,000

To reduce our environmental impact and operating costs we will continue to convert our street lights from fluorescent lighting to more energy efficient LED lighting.

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.

Water Sensitive Urban Design – \$300,000

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.

Dog bag dispensers – \$30,750

Replace existing dog bag dispensers with compostable bag compatible models and install an additional 6 dispensers in various locations across Holdfast Bay.

Develop an environmental strategy – \$60,000

This project will develop an environmental strategy which will assist to pull together the environmental pillar plans, climate change and emerging activities such as reducing single use plastic.

Continuing to support the Food 2 Green program – \$20,000

Continue to support community uptake of the Food 2 Green program through the purchase of additional, compostable bags, increased promotion, bin inspections and a door knocking campaign.

Tree canopy – \$40,000

This project will undertake activities such as planting new trees and protecting existing trees to increase the urban forest.



Improve coastal dunes biodiversity – \$40,000

Biodiversity baseline data was undertaken in 2018 to provide for improvement actions such as removal of weeds, pests and planting of new native plants.

Stormwater Management Plan implementation – \$1 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 2019–20 to improvements to our stormwater infrastructure across the city.

Improvements to Barton Gully, Gilbertson Gully and Pine Gully – \$200,000

In 2019–20 we will allocate \$200,000 to implement the second stage of the Gully masterplans, which focuses on stormwater flow, path remediation and vegetation improvements.

Additional inspector patrols along the foreshore area – \$32,000

We will provide additional patrols along the foreshore area for 6 months (24 weeks) from September to February inclusive to cover the plover breeding and peak season to regulate, enforce and educate in terms of parking, protecting native flora and fauna and responsible dog ownership. A three year trial.

Additional bins for Brighton Esplanade – \$1,800

We will install additional bins to accommodate the popular covered seating areas along the esplanade at Brighton.

Gross Pollutant Trap Cleaning – \$40,000

To improve the efficacy of our stormwater systems, additional cleaning over and above the programmed cleaning of gross pollutant traps will be undertaken.



ECONOMY

A diverse and resilient local economy.

In 2019–20, we will allocate \$4.22 million to supporting and growing local business; making it easier to do business; harnessing emerging technology; and boosting our visitor economy.



OUR ACHIEVEMENTS

In 2018–19, 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, towards a five year horizon in supporting local economic development and investing in future growth industries
- › Progressing our economic objectives by dedicating a resource to economic development and business support in Holdfast Bay
- › Continuing 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
- › Providing a digital support program for local businesses to support and assist businesses entering or expanding an online presence
- › Upgrading our carpark facilities, replacing nine ticket machines in Glenelg with credit card enabled machines and introducing a new parking management system
- › Hosting more than 250 events, attracting over 500,000 event attendees. These events included New Year's Eve, TDU Street Party and Race Start, TDU People's Challenge, Christmas Pageant, Adelaide Fashion Festival Street Party, Moseley Beach Club, Winter Wonderland and the Skyline Ferris Wheel amongst many others
- › With over 7,000 registered participants which included 4,400 competing athletes from 45 nations, the LWC2018 hosted in Glenelg has been the largest Lifesaving World Championships ever conducted.

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

OUR PRIORITIES

In 2019–20 we will continue to support our local economy, welcome tourism and attract a variety of events to our city. Our focus for 2019–20 includes:

- › Providing a digital support program for local businesses to support and assist businesses entering or expanding an online presence
- › Continuing to support small business start ups with our \$50,000 small business development grants
- › Attracting a broad range of events to our city, through upgrading our event infrastructure, continuing to resource a busy professional events team and introducing an event attraction fund
- › Progressing the objectives in our economic activation plan.

OUR SERVICE DELIVERY \$3.77 MILLION

Tourism and business marketing services – \$2.27 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 – \$1.50 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 \$26,000

Car parking – \$26,000

We will continue to upgrade car-parking facilities in our City. In 2019–20 we have allocated \$26,000 to upgrades and maintenance in the Partridge Street carpark.

OUR NEW PROJECTS \$424,456

Economic Activation Plan

Economic prosperity has been a core element of Council's strategic planning and reflected in the Council's 'Our Place 2030' Strategic Plan as a core pillar to ensure 'A diverse and resilient local economy'.

In July 2018 Council endorsed the Economic Activation Plan 2018-2023 focusing on five strategic directions and working objectives that form the plan. These strategic directions form the basis of a five year action plan for the delivery of collaborative economic development programs and initiatives, resulting in ongoing economic prosperity for the city in the following key areas:

- › **Business Capacity Building**
- › **Investment Attraction and Growth**
- › **Innovation and Digital Evolution**
- › **Regional Collaboration**
- › **Adelaide's Premier Seaside Destination.**

Small business development grants – \$50,000

The Business Grant program assists new and existing businesses in Holdfast Bay to innovate and to further develop and grow their business.

The grant aims to provide a level of ongoing benefit to the city through increased employment, potential export opportunities and increased participation by the local community ensuring a vibrant and sustainable community.

The initiative seeks to support new and existing businesses that:

- › Demonstrate innovation, creativity and sustainable practices
- › Increase employment and export opportunities
- › Ensure a level of collaboration to increase partnerships and business engagement across the city
- › Demonstrate exemplar business practices
- › Encourages new businesses to locate in Holdfast Bay.

Western Adelaide Alliance – \$10,000

The four Western Adelaide councils are currently positioned well and are demonstrating growth that is leading the State. The Western Adelaide Alliance has the opportunity to continue this growth and partner with business in order to further capitalise on the economic prosperity for the region, with the end result being increased economic output for each member Council.

Project Initiatives:

- › Development of a western regional economic development strategy (activation plan)
- › Continuation of current initiatives in tourism, transport, business development, health, defence
- › Extend scope of projects to include waste management, business capacity building, smart cities, infrastructure.

Southern Business Advisory Service – \$10,000

The Southern Business Advisory Service funded currently by cities of Marion and Onkaparinga and State Government operates within the four southern council areas. A new funding bid is required in 2019–20 and the current funding bodies have request both Holdfast Bay and Mitcham councils contribute to the program.

Circular Economy Audit – \$20,000

Somerton Park Industry Precinct is a highly desirable and sought after area of Adelaide, unique in nature as the only light industrial area within Holdfast Bay bordering residential properties. The precinct has close access to major transport corridors, public transport services, is within 15 minutes of Adelaide International Airport and ideal to foster future industry growth sectors.

Digital training – \$20,000

The Digital Training and Support Program for small businesses is designed to assist and align businesses online activities with their business goals and increase their knowledge and capabilities to improve bottom line results in a constantly changing environment.

New Signage for Jetty Road Brighton – \$25,000

Council will install street banners to increase the visibility of Jetty Road Brighton and increase vibrancy for this popular mainstreet.



Major events support and attraction

Open space electricity supply – \$150,000

Upgrades to existing and installation of new electrical distribution services to support public functions and events in the Moseley Square and foreshore area.

Event investment and attraction Fund – \$50,000

A fund that will allow us to develop, attract and support targeted events into the city that will align with new events strategy and new 3 year business plan including business events into the area.

Event Support – position continuation – \$79,456

Resource continuation to continue to support and grow our annual events calendar.

Support for Jetty Road Brighton Winter Solstice Activation – \$10,000

Council will support the traders to create a winter activation that focuses on Solstice 21-22 June. The Winter Solstice event proposes to create a Nordic themed event with tepees, fire drums and pines (wind breaks). This will be achieved through a street closure, family activities, acoustic performances and business engagement through street party activation both instore and on the street. The themed event will bring elements of the Jetty Road Brighton's relationship with sculptures and charitable involvement.



PLACEMAKING

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

In 2019–20, we will allocate \$16.98 million to creating vibrant and safe places; developing walkable, connected neighbourhoods; building character and celebrating history; and housing a diverse population.



OUR ACHIEVEMENTS

In 2018–19, 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:

- › Progressing the Jetty Road Glenelg and Environs Masterplan with detailed design for the Chapel Street Plaza and Coast sections
- › Developing an integrated 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 which was assisted by \$4.35 million of funding from the Government of South Australia.

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

OUR PRIORITIES

In 2019–20 we will continue to build a well-planned, accessible and safe city by:

- › Progressing the Jetty Road Glenelg and Environs Masterplan with construction of the Chapel Street Plaza (subject to external funding)
- › Improving the amenity of the Buffalo site
- › Improving a number of locations around the Council area by installing traffic control devices
- › Implementing an accelerated footpath improvement program
- › Seacliff public toilets upgrade
- › Safety improvements at Parkinson Reserve
- › A pedestrian crossing at Angus Neill Reserve, Seacliff
- › Creating a new civic place with place making and landscaping around The Brighton Civic Centre.

OUR SERVICE DELIVERY \$10.52 MILLION

Asset management – \$8.12 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 – \$1.37 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 – \$1.03 million

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 \$2.77 MILLION

Roads (including kerb and water table reconstruction) – \$2.49 million

Our *Asset Management Plan* allows for the systematic repair and replacement of our city's streets, kerbs and water table. In 2019–20, we have allocated \$1.33 million to renewing and upgrading roads; and \$1.16 million to renewing our kerb and water table.

Footpaths – \$152,841

Our *Asset Management Plan* allocates \$152,841 for 2019–20 to maintaining our city’s footpaths to ensure they are safe. In addition to this we’ve included an accelerated program as part of our new projects outlined below.

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 – \$38,000

Well maintained and well-located public toilet facilities in our open spaces is an important aspect of providing a liveable city. In 2019–20 we will allocate \$38,000 to undertaking works at a number of public toilets across the city.

Signage – \$56,100

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 2019–2020 we have allocated \$56,100 for signage in reserves throughout the City.

OUR NEW PROJECTS \$3.69 MILLION

Jetty Road Glenelg and Environs Masterplan – phase 1 construction – \$2.55 million

We will commence the construction of the Chapel Street Public Plaza. This project is subject to receiving external funding. For more information see Highlights, page 9.

Buffalo site amenity improvements – \$300,000

Council recognises the importance of the Buffalo site to our community. We are committed to finding a long term purpose for the site that will meet the current and future desires of our community for generations to come. In 2019–20 Council will rehabilitate the site and determine long term plans for it.

Traffic control studies and devices – \$140,000

This project will improve a number of locations by installing traffic control devices. This project will complement the traffic studies undertaken.

Accelerated footpath improvement program – \$200,000

Council has allocated an additional \$200,000 to accelerate the footpath improvement program.

Seacliff public toilets upgrade – \$15,000

Council will undertake the design and specification for a replacement of the public toilet and shower facility located on the Esplanade at Seacliff. These toilets are very close to reaching the end of their serviceable life and their replacement needs developed. It is proposed the upgraded facility would provide additional capacity for male, female and disability. It would be designed to include additional public amenities such as beach showers and drinking facilities as well as complement the new surf lifesaving infrastructure.

Brighton Civic Centre – \$250,000

Placemaking and landscape upgrade. Civic Centres have long been an important meeting and gathering place for communities. This project will transform the space into a lovely place for casual meetings, create opportunities for small markets, and improve the biodiversity of the area, as well as greening a dry urban space.

Pedestrian Crossing Angus Neill Reserve – \$200,000

We will improve safety for pedestrians crossing the esplanade to and from this popular playspace and reserve.

Parkinson Reserve Safety Improvements – \$35,000

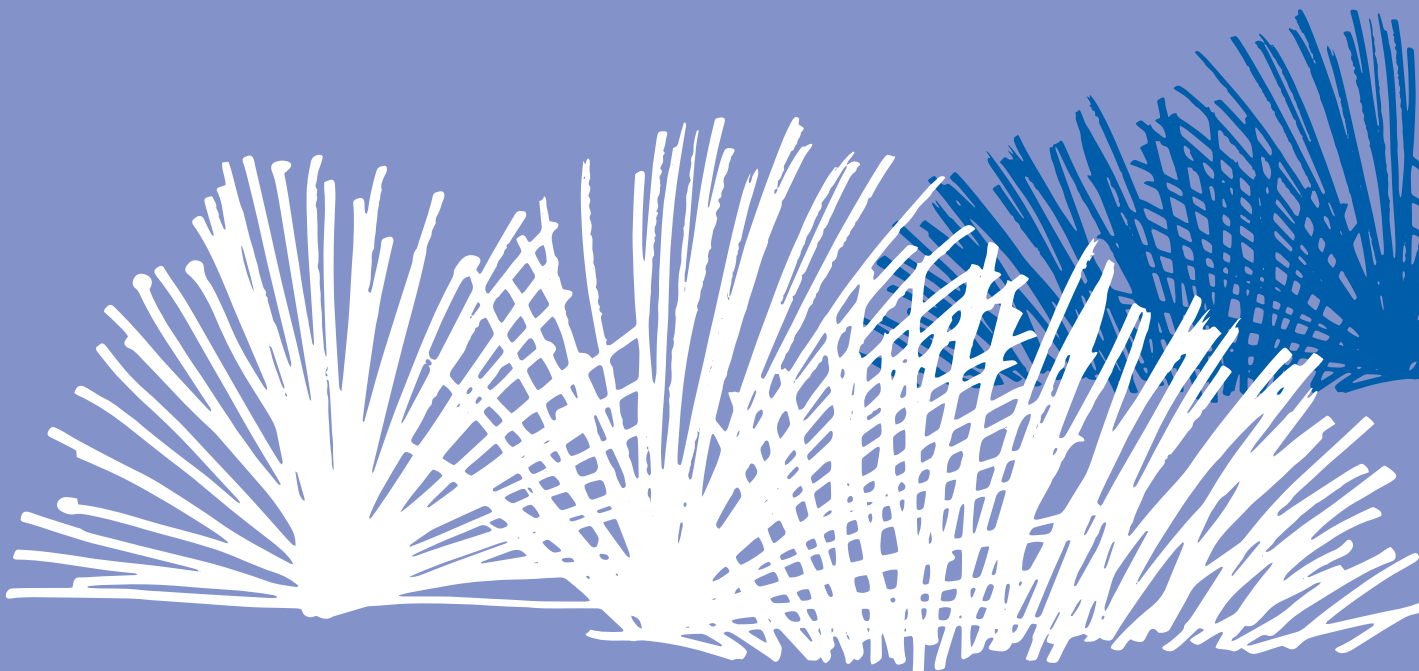
We will provide additional lighting and CCTV coverage for the western pathway and playspace to reduce illegal and antisocial behaviour.



CULTURE

An effective, customer-centred organisation.

In 2019–20, we will allocate \$11.22 million to providing customer-centred services; being financially accountable; enabling high performance; and supporting excellent, efficient operations.



OUR ACHIEVEMENTS

In 2018–19, 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 2018/19 we completed the implementation of new payment software, development application software and budgeting software, for improved efficiency and convenience.
- › In 2018 the Council was awarded a Local Government Information Technology SA (LGITSA) Award for Excellence in Information Management.
- › 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.
- › Continued a school based trainee program, which gives the opportunity to local students to get support in gaining a qualification as well as workplace experience.
- › Conducted a comprehensive condition assessment of Council buildings.
- › Implemented an online grant application and assessment system to make it easier for our community members to apply for grants.
- › Held the Local Government Election for Holdfast Bay in November.
- › Continued our commitment to Leadership Development.

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

OUR PRIORITIES

In 2019–20 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.
- › We will develop a Customer Service Strategy which will develop an holistic approach to creating high quality customer service for Council.
- › We will provide a grant to support an Aboriginal Traineeship Program at the Visitor Information Centre which will strengthen community connections and sustainability as well as improve the Visitor Centre's staff's understanding of the indigenous culture.

OUR SERVICE DELIVERY \$8.37 MILLION

Corporate services – \$5.15 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 communications.

Financial and rating services – \$1.18 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 – \$2.04 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 \$2.44 MILLION

Plant and equipment replacement – \$1.23 million

To meet our operational needs and enable safe, effective delivery of services, we have allocated \$1.23 million to maintaining and replacing our major plant and equipment.

Alwyndor asset renewal and replacement – \$844,063

Alwyndor will allocate \$844,063 to fund asset renewal and replacement works, including plant and equipment replacement.

Capital building works – \$363,868

In 2018–19, we have allocated \$363,868 to renewing our buildings to ensure that they continue to provide safe and comfortable facilities.

OUR NEW PROJECTS \$413,500

Customer Service Strategy 2019–2021 – \$56,000

The strategy outlines a holistic approach to creating high quality customer service for Council, and aims to ensure that staff are fully equipped with the attitudes and skills to provide exceptional customer service and experiences, for all customers. Previously customer service has been exclusively the remit of the customer service team. This proposal creates opportunities to embed service ambassadors/champions, alongside systems and processes to support a successful dynamic experience for our customers. An essential factor will be the implementation of a project team – initially consisting of managers, and then filtering down to staff and team members to drive the success of the project and become staff ambassadors within business units.

Aboriginal Traineeship Grant – \$7,500

Council will contribute \$7,500 to support an adult Aboriginal Trainee at the Visitor Centre.

Business Transformation – \$350,000

Commence the upgrade of our core system to enable the delivery of our transactional services through a customer portal.



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 2019–20 we are proposing an extensive program of services and projects. To achieve this we expect to raise \$48.06 million in operating income and expend \$47.81 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 2019–20, 77 per cent of the revenue to fund municipal operations will come from rates.

We have budgeted for a consolidated operating surplus of \$72,000 in 2019–20, composed of an operating deficit for Alwyndor of \$180,000 and an operating surplus of \$252,000 for our municipal activities.

OUR FINANCIAL STATEMENTS

We have included a summary of our projected financial statements for the 2019–20 financial year in the *2019–20 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 \$35.87 million (excluding NRM Levy) from rates in 2019–20.

We own infrastructure and assets (such as roads, drains, footpaths and buildings etc) with a current value of approximately \$369 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 2019–20 *Annual Business Plan* is forecasting a projected requirement to borrow \$10 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.

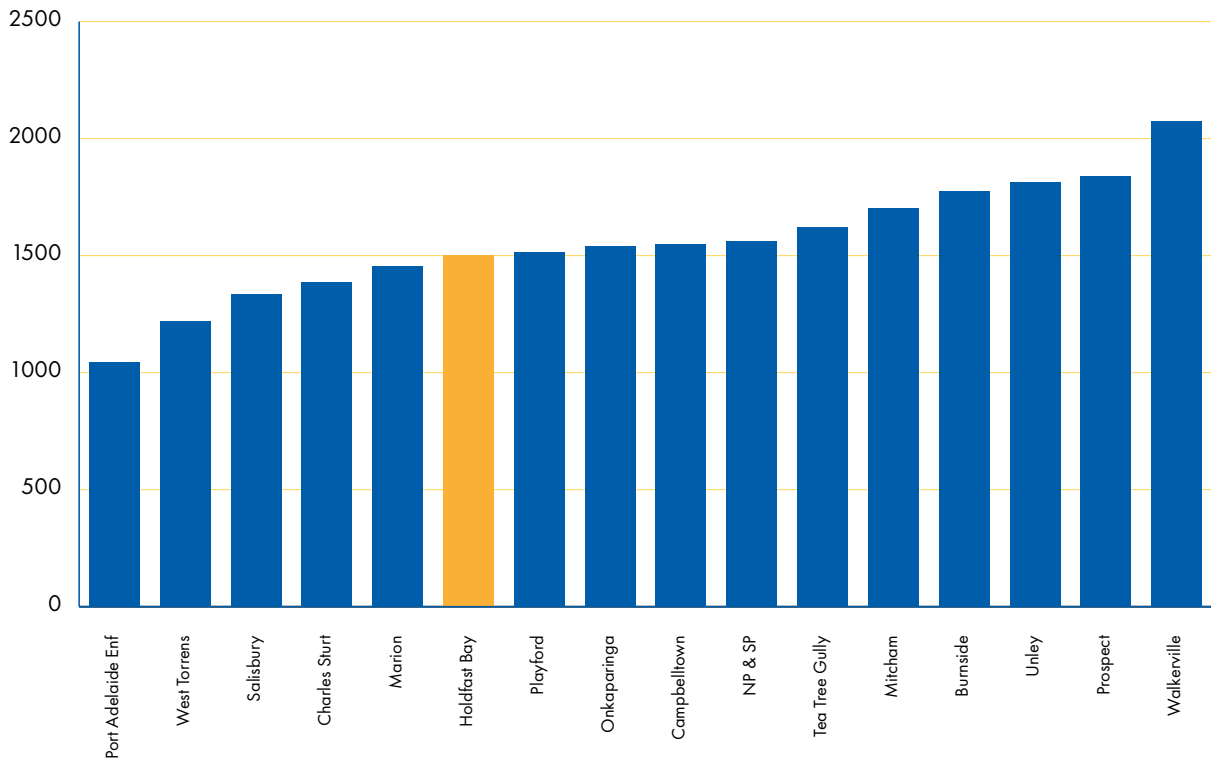
Rate comparisons

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.

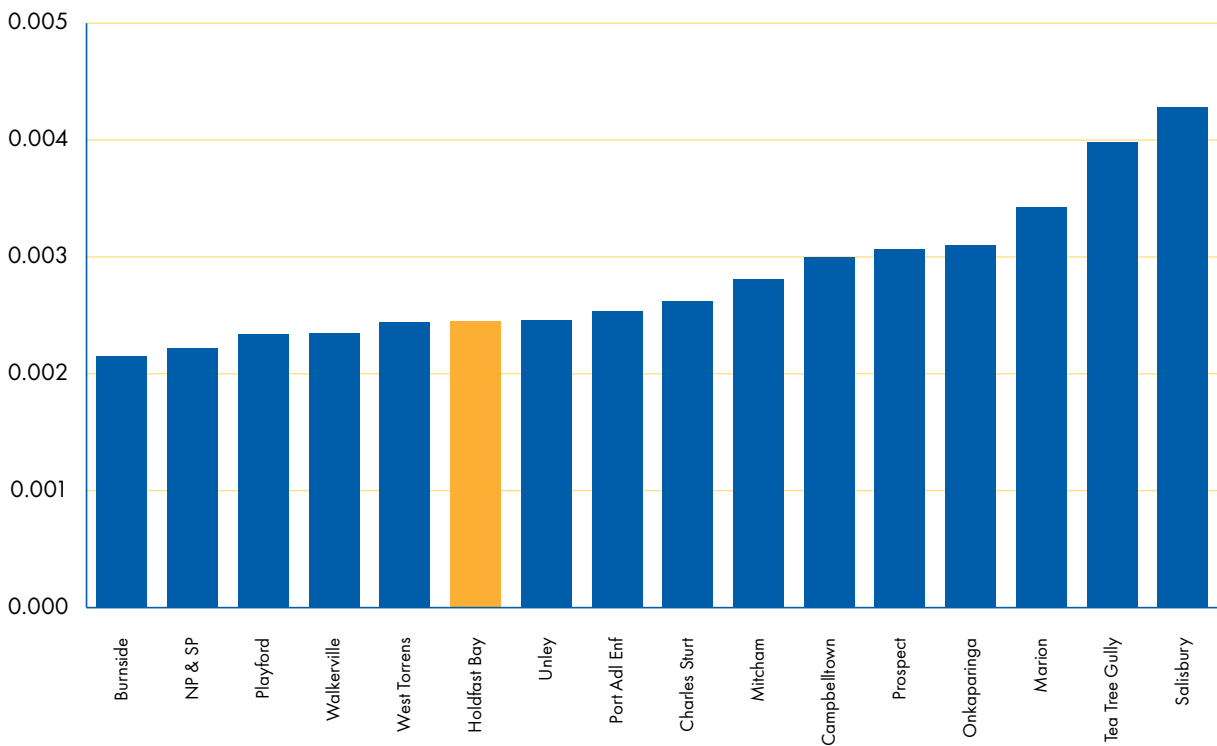
The amount of rates you pay is determined by multiplying your property's value by the rate in the dollar. For example, if the property value is \$500,000 and the rate in the dollar is 0.00223 cents in a dollar, the rates payable will be \$1,115.

The charts on the following page show a comparison of the average residential rate for Adelaide metropolitan councils for 2018–19. The average (mean) residential rate for the City of Holdfast Bay in 2018–19 was \$1,500. This represented a rate of 0.0024474 cents in the dollar of property value. We were able to deliver our program of services and projects outlined in the 2018–19 *Annual Business Plan*, with a residential rate that compares favourably to other South Australian Council areas.

2018–19 Average (mean) residential rate comparison



2018–19 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. At this stage we have not received the relevant property valuations information and, therefore, have yet to make a decision on how the rates will be apportioned.

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 2018, 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. The Valuer General may extend the 60 day objection period where it is shown there is reasonable cause to do so.

Residential rates

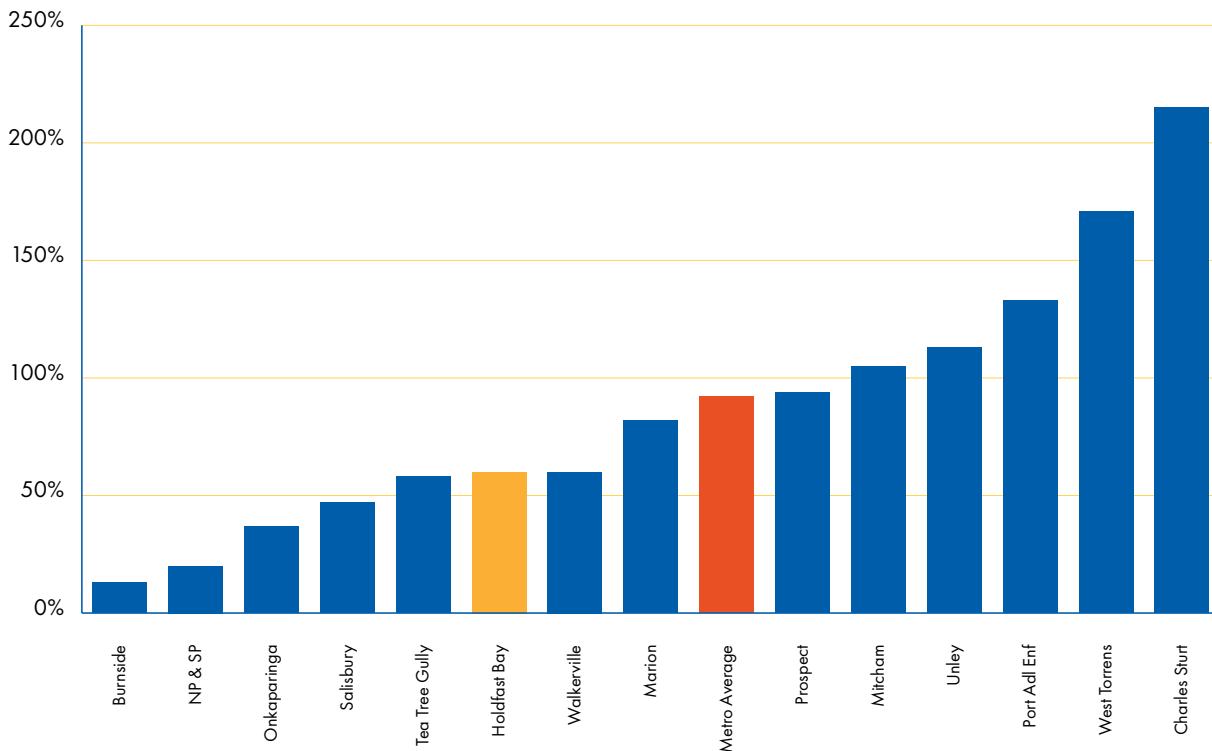
The residential rate for 2019–20 has yet to be determined. Our *Draft 2019–20 Annual Business Plan* and financial statements have been based on a rate revenue increase of 2.7 per cent, excluding new building construction and separate rates. The average (mean) value of properties in the City of Holdfast Bay in 2018–19 was \$612,537, with the average (mean) rate of \$1,500.

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 2018–19 a differential premium of 60 per cent above the residential rate was applied, equating to 13.8 per cent of total rate revenue (\$4.81 million) being paid by this sector. This premium compares favourably with the metropolitan average of 92 per cent as shown in the following page.

2018–19 Metropolitan differential rate premium comparison



In 2019–20 it is proposed to maintain the rate revenue from commercial, industrial and vacant properties will be maintained at 13.8 per cent of our overall general rate. The premium to apply has yet to be determined.

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 \$578,088 in 2019–20, which represents an increase of 2.4 per cent in the rate levied in 2018–19
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 2019–20 is expected to raise \$71,750. 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 was increased by \$26,192 to \$1.28 million. The NRM Board has yet to advise us of the final increase in the levy for this year, however the Draft 2019–20 Annual Business Plan has been developed based on an anticipated 2 per cent increase on the levy for the coming year.

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.

Minimum rate

We impose a minimum amount payable by way of rates. In 2018–19 this rate was set at \$976. For 2019–20, the minimum rate is yet to be set.

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. In 2018–19 Council determined that residents could apply for a reduction in their rates where they could demonstrate an increase in their annual rate bill in excess of 6 per cent. No decision about the residential rate cap for 2019–2020 has been made at this time.

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 2019–20 we will raise \$35.87 million in rate revenue (including separate rates and but excluding the NRM levy) and this will yield an operating surplus ratio of 0.5 per cent. Currently our operating ratio measure over the five-year period from 2014-2015 to mid 2019 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.

We are committed to a balanced budget or modest operating surplus. To achieve this we constantly undertake reviews of the services provided to our community, and our business processes, to provide the most cost-effective and efficient service delivery. In 2019–20, we will continue to monitor and review Council's operations to ensure that we can continue to meet our community's expectations in a financially sustainable way.

- 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 2019–20 the net financial liabilities ratio is forecast to increase from 48 per cent to 60 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 2019–20 our interest cover ratio is forecast to be 1.2 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

The asset sustainability ratio measures the level of our capital expenditure on the renewal and replacement of existing infrastructure and assets. It is measured against the level proposed in the Asset Management Plan. For 2019–20 this is forecast to be 125 per cent due to increased building and equipment renewal requirements.



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 2019–20 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 a topographic map. 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>18/19 Original</u> <u>BUDGET</u> \$		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u> \$
34,199,000	Rates - General	35,222,300
564,539	Rates - Jetty Road Glenelg	578,088
70,000	Rates - Patawalonga Marina	71,750
1,254,308	Rates - NRM Levy	1,280,500
2,246,405	Statutory Charges	2,298,430
4,034,965	User Charges	4,137,639
3,014,246	Operating Grants & Subsidies	2,884,766
42,400	Investment Income	84,400
682,370	Reimbursements	711,795
511,975	Other	564,661
230,000	Net Equity Gain - Joint Ventures	230,000
46,850,208	Operating Revenue	48,064,329
17,561,902	Employee Costs	18,205,071
18,882,016	Materials, contracts and other expenses	19,660,240
761,230	Finance Charges	661,643
9,033,000	Depreciation	9,288,000
(815,987)	Less full cost attribution - % admin costs capitalised	(832,307)
1,155,971	New Initiatives - Operating	829,306
46,578,132	Less Operating Expenditure	47,811,953
272,076	= Operating Surplus/(Deficit)	252,376
9,033,000	Depreciation	9,288,000
17,240	Other non-cash provisions	22,185
9,050,240	Plus Non-Cash items in Operating Surplus/Deficit	9,310,185
9,322,316	= Funds Generated from Operating Activities	9,562,561
9,584,707	Capital (External Contributions)	3,524,000
1,202,000	Proceeds from disposal of assets	357,250
10,786,707	Plus funds sourced from Capital Activities	3,881,250
(4,782,700)	Capital Expenditure-Asset Renewal and Replacement	(6,035,588)
(815,987)	Capital Expenditure-Full Cost Attribution	(832,307)
(16,958,904)	New Initiatives - Capital (Gross Expenditure)	(15,982,679)
(22,557,591)	Less total capital expenditure	(22,850,574)
208,431	Plus: Repayments of loan principal by sporting groups	202,966
208,431	Plus/(less) funds provided (used) by Investing Activities	202,966
(2,240,137)	= FUNDING SURPLUS/(REQUIREMENT)	(9,203,797)
 Funded by:		
-	Increase/(Decrease) in cash and cash equivalents	
(3,380,697)	Less: Proceeds from new borrowings	(10,150,397)
1,140,560	Plus: Principal repayments of borrowings	946,600
(2,240,137)		(9,203,797)

CITY OF HOLDFAST BAY
PROJECTED INCOME STATEMENT- MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Municipal</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u>
\$	REVENUES	\$
34,199,000	Rates - General	35,222,300
564,539	Rates - Jetty Road Glenelg	578,088
70,000	Rates - Patawalonga Marina	71,750
1,254,308	Rates - NRM Levy	1,280,500
2,246,405	Statutory Charges	2,298,430
4,034,965	User Charges	4,137,639
3,014,246	Operating Grants & Subsidies	2,884,766
42,400	Investment Income	84,400
682,370	Reimbursements	711,795
511,975	Other	564,661
230,000	Net Equity Gain - Joint Ventures	230,000
46,850,208	TOTAL REVENUES	48,064,329
	EXPENSES	
17,561,902	Employee Costs	18,205,071
18,882,016	Materials, contracts and other expenses	19,660,240
761,230	Finance Charges	661,643
9,033,000	Depreciation	9,288,000
(815,987)	Less full cost attribution	(832,307)
1,155,971	New Initiatives - Operating	829,306
46,578,132	TOTAL EXPENSES	47,811,953
272,076	Operating Surplus/(Deficit) - Before Capital Revenue	252,376
9,584,707	Amounts specifically for new or upgraded assets	3,524,000
9,856,783	NET SURPLUS/(DEFICIT)	3,776,376

CITY OF HOLDFAST BAY
PROJECTED BALANCE SHEET - MUNICIPAL FUNDS
AS AT 30TH JUNE 2020

<u>Municipal</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
	CURRENT ASSETS	
593,154	Cash and cash equivalents	(306,714)
2,351,000	Trade and Other Receivables	2,093,034
9,000	Inventory	10,000
2,953,154	TOTAL CURRENT ASSETS	1,796,320
	NON-CURRENT ASSETS	
1,276,772	Financial Assets	1,287,569
3,215,000	Equity accounted investments-Council businesses	3,072,000
710,964,809	Land, Infrastructure, Property, Plant & Equipment	713,362,899
715,456,581	TOTAL NON-CURRENT ASSETS	717,722,468
718,409,735	TOTAL ASSETS	719,518,788
	CURRENT LIABILITIES	
4,363,000	Trade and Other Payables	3,721,000
1,036,804	Borrowings	1,130,000
2,808,200	Short-term Provisions	2,837,425
8,208,004	TOTAL CURRENT LIABILITIES	7,688,425
	NON-CURRENT LIABILITIES	
18,129,137	Long-term Borrowings	24,367,131
641,240	Long-term Provisions	311,000
18,770,377	TOTAL NON-CURRENT LIABILITIES	24,678,131
26,978,381	TOTAL LIABILITIES	32,366,556
691,431,354	NET ASSETS	687,152,232
	EQUITY	
174,956,354	Accumulated Surplus	179,916,232
516,439,000	Asset Revaluation Reserve	507,236,000
36,000	Other Reserves	
691,431,354	TOTAL EQUITY	687,152,232

CITY OF HOLDFAST BAY
PROJECTED STATEMENT OF CHANGES IN EQUITY - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Municipal</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
	ACCUMULATED SURPLUS	
165,099,571	Balance at beginning of period	176,139,856
9,856,783	Net Surplus/(Deficit)	3,776,376
174,956,354	Balance at end of period	179,916,232
516,439,000	ASSET REVALUATION RESERVE	507,236,000
36,000	MUNICIPAL RESERVES	-
516,475,000	TOTAL RESERVES CLOSING BALANCE	507,236,000
691,431,354	TOTAL EQUITY	687,152,232

CITY OF HOLDFAST BAY
PROJECTED BUDGETED STATEMENT OF CASH FLOWS - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Municipal</u> <u>18/19 Original</u> <u>BUDGET</u> \$ (OUTFLOWS)		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u> \$ (OUTFLOWS)
	CASH FLOWS FROM OPERATING ACTIVITIES	
	<u>Receipts</u>	
46,620,208	Operating Receipts	48,064,329
	<u>Payments</u>	
(36,536,662)	Operating payments to suppliers and employees	(37,840,125)
(761,230)	Finance Payments	(661,643)
9,322,316	NET CASH PROVIDED BY OPERATING ACTIVITIES	9,562,561
	CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>Receipts</u>	
9,584,707	Grants specifically for new or upgraded assets	3,524,000
202,000	Sale of replaced assets	357,250
1,000,000	Sale of surplus assets	-
208,431	Repayments of loans (principal) by community groups	202,966
	<u>Payments</u>	
(5,103,933)	Expenditure on renewal/replacement of assets	(6,867,895)
(17,453,658)	Expenditure on new/upgraded assets	(15,982,679)
(11,562,453)	NET CASH (USED IN) INVESTING ACTIVITIES	(18,766,358)
	CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>Receipts</u>	
3,380,697	Proceeds from Borrowings - External	10,150,397
	<u>Payments</u>	
(1,140,560)	Repayments of Borrowings - External	(946,600)
2,240,137	NET CASH PROVIDED BY FINANCING ACTIVITIES	9,203,797
	- NET INCREASE (DECREASE) IN CASH HELD	-
	CASH AND CASH EQUIVALENTS AT BEGINNING OF	
593,154	REPORTING PERIOD	(306,714)
	CASH AND CASH EQUIVALENTS AT END OF	
593,154	REPORTING PERIOD	(306,714)

RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

9,856,783	SURPLUS FROM INCOME STATEMENT	3,776,376
	NON-CASH ITEMS IN INCOME STATEMENT	
9,033,000	Depreciation	9,288,000
17,240	Movements in provisions	22,185
9,050,240	TOTAL NON-CASH ITEMS	9,310,185
	CASH ITEMS NOT IN INCOME STATEMENT	
(22,557,591)	Capital Expenditure	(22,850,574)
(1,140,560)	Loan Repayments - External	(946,600)
3,380,697	Proceeds from Borrowings - External	10,150,397
208,431	Repayments of loans (principal) by community groups	202,966
1,202,000	Proceeds from Disposal of Assets	357,250
(18,907,023)	TOTAL CASH ITEMS	(13,086,561)
	NET INCREASE/(DECREASE)	
-	IN CASH AND CASH EQUIVALENTS	-

CITY OF HOLDFAST BAY
PROJECTED SUMMARY OF OPERATING AND CAPITAL INVESTMENT ACTIVITIES
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Municipal</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
46,850,208	Operating Revenues	48,064,329
<u>(46,578,132)</u>	less Operating Expenses	<u>(47,811,953)</u>
272,076	Operating Surplus/(Deficit) before Capital Amounts	252,376
Less net outlays on Existing Assets		
5,103,933	Capital Expenditure on renewal & replacement of existing assets	6,867,895
<u>(9,033,000)</u>	Less Depreciation	<u>(9,288,000)</u>
(3,929,067)		(2,420,105)
Less outlays on New and Upgraded Assets		
17,453,658	Capital Expenditure on new & upgraded assets	15,982,679
<u>(9,584,707)</u>	Less amounts received for for new & upgraded assets	<u>(3,524,000)</u>
7,868,951		12,458,679
<u>(3,667,808)</u>	Net lending/(borrowing) for financial year	<u>(9,786,198)</u>

PROJECTED FINANCIAL INDICATORS - MUNICIPAL FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Municipal</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Municipal</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS		
\$272,076		\$252,376
OPERATING SURPLUS RATIO		
(Operating surplus/(deficit) before capital amounts as % of total operating revenue)		
0.6%		0.5%
NET FINANCIAL LIABILITIES - (Total liabilities less financial assets)		
\$22,757,455		\$28,985,953
NET FINANCIAL LIABILITIES RATIO		
(Total liabilities less financial assets as % of total operating revenue)		
49%		60%
INTEREST COVER RATIO		
(Net interest expense as % of total operating revenue less investment income)		
1.6%		1.2%
ASSET SUSTAINABILITY RATIO		
(Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of asset management plan)		
98%		127%



**FINANCIAL STATEMENTS
– ALWYNDOR**

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

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u>	<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u>
\$	\$
3,723,292	3,970,562
10,224,308	10,339,428
423,861	490,650
3,144,828	3,073,592
<u>1,934,069</u>	<u>1,753,378</u>
19,450,358	19,627,610
Operating Revenue	
14,039,400	13,915,273
4,248,011	4,590,834
70,000	125,000
906,639	1,176,579
<u>19,264,050</u>	<u>19,807,686</u>
Less Operating Expenditure	
<u>186,308</u>	<u>(180,076)</u>
= Operating Surplus/(Deficit)	
906,639	1,176,579
127,250	128,097
<u>1,033,889</u>	<u>1,304,676</u>
Plus Non-Cash items in Operating Surplus/Deficit	
<u>1,220,197</u>	<u>1,124,600</u>
= Funds Generated from Operating Activities	
<u>(889,190)</u>	<u>(844,063)</u>
Capital Expenditure-Asset Renewal and Replacement	
<u>(889,190)</u>	<u>(844,063)</u>
Less total capital expenditure	
<u>331,007</u>	<u>280,537</u>
= FUNDING SURPLUS	
Funded by:	
<u>331,007</u>	<u>280,537</u>
Increase/(Decrease) in cash and cash equivalents	
<u>331,007</u>	<u>280,537</u>

CITY OF HOLDFAST BAY
PROJECTED INCOME STATEMENT - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u>
\$	REVENUES	\$
3,723,292	User Charges	3,970,562
10,224,308	Operating Grants & Subsidies	10,339,428
423,862	Investment Income	490,650
3,144,828	Reimbursements	3,073,592
<u>1,934,068</u>	Other	<u>1,753,378</u>
<u>19,450,358</u>	TOTAL REVENUES	<u>19,627,610</u>
	EXPENSES	
14,039,400	Employee Costs	13,915,273
4,248,011	Materials, contracts and other expenses	4,590,834
70,000	Finance Charges	125,000
<u>906,639</u>	Depreciation	<u>1,176,579</u>
<u>19,264,050</u>	TOTAL EXPENSES	<u>19,807,686</u>
<u>186,308</u>	Operating Surplus/(Deficit) - Before Capital Revenue	<u>(180,076)</u>
<u>186,308</u>	NET SURPLUS/(DEFICIT)	<u>(180,076)</u>

CITY OF HOLDFAST BAY
PROJECTED BALANCE SHEET - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
	CURRENT ASSETS	
18,103,399	Cash and cash equivalents	20,775,333
2,697,564	Trade and Other Receivables	765,559
20,800,963	TOTAL CURRENT ASSETS	21,540,892
	NON-CURRENT ASSETS	
40,369,224	Land, Infrastructure, Property, Plant & Equipment	39,562,753
40,369,224	TOTAL NON-CURRENT ASSETS	39,562,753
61,170,187	TOTAL ASSETS	61,103,645
	CURRENT LIABILITIES	
33,392,245	Trade and Other Payables	34,829,344
1,541,577	Short-term Provisions	1,760,092
34,933,822	TOTAL CURRENT LIABILITIES	36,589,436
	NON-CURRENT LIABILITIES	
162,370	Long-term Provisions	128,440
162,370	TOTAL NON-CURRENT LIABILITIES	128,440
35,096,192	TOTAL LIABILITIES	36,717,876
26,073,995	NET ASSETS	24,385,769
	EQUITY	
10,588,985	Accumulated Surplus	8,900,758
9,070,656	Asset Revaluation Reserve	9,070,657
6,414,354	Other Reserves	6,414,354
26,073,995	TOTAL EQUITY	24,385,769

CITY OF HOLDFAST BAY
PROJECTED STATEMENT OF CHANGES IN EQUITY - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
	ACCUMULATED SURPLUS	
10,402,677	Balance at beginning of period	9,080,834
186,308	Net Surplus/(Deficit)	(180,076)
-	Transfers from reserves	-
10,588,985	Balance at end of period	8,900,758
9,070,656	ASSET REVALUATION RESERVE	9,070,657
6,414,354	ALWYNDOR RESERVES	6,414,354
15,485,010	TOTAL RESERVES CLOSING BALANCE	15,485,011
26,073,995	TOTAL EQUITY	24,385,769

CITY OF HOLDFAST BAY
PROJECTED BUDGETED STATEMENT OF CASH FLOWS - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u>		<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u>
\$		\$
(OUTFLOWS)		(OUTFLOWS)
	CASH FLOWS FROM OPERATING ACTIVITIES	
	<u>Receipts</u>	
19,450,358	Operating Receipts	19,627,610
	<u>Payments</u>	
(18,160,161)	Operating payments to suppliers and employees	(18,378,010)
(70,000)	Finance Payments	(125,000)
<u>1,220,197</u>	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>1,124,600</u>
	CASH FLOWS FROM INVESTING ACTIVITIES	
	<u>Payments</u>	
(889,190)	Expenditure on renewal/replacement of assets	(844,063)
<u>(889,190)</u>	NET CASH (USED IN) INVESTING ACTIVITIES	<u>(844,063)</u>
331,007	NET INCREASE (DECREASE) IN CASH HELD	280,537
	CASH AND CASH EQUIVALENTS AT BEGINNING OF	
17,772,392	REPORTING PERIOD	20,494,796
	CASH AND CASH EQUIVALENTS AT END OF	
<u>18,103,399</u>	REPORTING PERIOD	<u>20,775,333</u>

RECONCILIATION OF INCOME STATEMENT TO BUDGETED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30TH JUNE 2020

186,308	SURPLUS/(DEFICIT) FROM INCOME STATEMENT	(180,076)
	NON-CASH ITEMS IN INCOME STATEMENT	
906,639	Depreciation	1,176,579
127,250	Increase (decrease) in provisions - nett	128,097
<u>1,033,889</u>	TOTAL NON-CASH ITEMS	<u>1,304,676</u>
	CASH ITEMS NOT IN INCOME STATEMENT	
(889,190)	Capital Expenditure	(844,063)
<u>(889,190)</u>	TOTAL CASH ITEMS	<u>(844,063)</u>
	NET INCREASE/(DECREASE)	
<u>331,007</u>	IN CASH AND CASH EQUIVALENTS	<u>280,537</u>

CITY OF HOLDFAST BAY
PROJECTED SUMMARY OF OPERATING AND CAPITAL INVESTMENT ACTIVITIES
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u> \$	<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u> \$
19,450,358 Operating Revenues	19,627,610
<u>(19,264,050) less Operating Expenses</u>	<u>(19,807,686)</u>
186,308 Operating Surplus/(Deficit) before Capital Amounts	(180,076)

PROJECTED FINANCIAL INDICATORS - ALWYNDOR FUNDS
FOR THE YEAR ENDED 30TH JUNE 2020

<u>Alwyndor</u> <u>18/19 Original</u> <u>BUDGET</u> \$	<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u> \$
OPERATING SURPLUS/(DEFICIT) - BEFORE CAPITAL AMOUNTS \$186,308	-\$180,076
OPERATING SURPLUS RATIO (Operating surplus/(deficit) before capital amounts as % of general revenue) 1.0%	-0.9%
NET FINANCIAL LIABILITIES - (Total liabilities less financial assets) \$14,295,229	\$15,176,984
NET FINANCIAL LIABILITIES RATIO (Total liabilities less financial assets as % of total operating revenue) 73%	77%
INTEREST COVER RATIO (Net interest expense as % of total operating revenue less investment income) 0.4%	0.7%
ASSET SUSTAINABILITY RATIO (Capital expenditure on renewal/replacement of existing assets, excluding new capital expenditure as % of depreciation expense) 98%	72%



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AUDIT COMMITTEE FORWARD AGENDA – 2018/19

	2018-19			
	8 Apr 19	5 Jun 19	28 Aug 19	9 Oct 19
ANNUAL BUSINESS PLAN AND LONG TERM FINANCIAL PLAN				
Annual business Plan and Budget	✓	✓		
Annual Business Plan and Budget – Key parameters				
LTFP Update	✓			✓
ANNUAL REPORT AND EXTERNAL AUDIT				
Annual Financial Statements				✓
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				
Strategic Planning Alignment – Internal Audit		✓		
Review of Internal Audit Plan		✓		
Credit Card – Internal Audit			✓	
Control Trak Assessment		✓		
Annual Report from Internal Auditor			✓	
Recommendation for appointment of Internal Auditor			✓	
AUDIT COMMITTEE RELATED				
Standing Items	✓	✓	✓	✓
Audit Committee Terms of Reference Review		✓		
Loans Receivable Review			✓	
Audit Committee Self-Assessment of Performance			✓	
Update on WHS		✓		✓
Forward Agenda	✓	✓	✓	✓