



Audit Committee

NOTICE OF MEETING

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

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

Wednesday 5 June 2019 at 6.00pm

Roberto Bria
ACTING CHIEF EXECUTIVE OFFICER

AGENDA



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 8 April 2019 be taken as read and confirmed.

Moved _____, Seconded _____

Carried

5. ACTION ITEMS

6. REPORTS BY OFFICERS

6.1 Standing Items (Report No: 209/19)

6.2 Risk Management Risk Consequence Table Review (Report No: 208/19)

6.3 Draft 2019-20 Annual Business Plan and Budget (Report No: 210/19)

7. AUDIT COMMITTEE FORWARD AGENDA

8. OTHER BUSINESS

8.1 Update on Alwyndor (Acting Chief Executive Officer will provide a verbal update)

9. CONFIDENTIAL ITEMS

9.1 Internal Audit Services (Report No: 211/19)

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:

- k. tenders for the supply of goods, the provision of services or the carrying out of works.

10. DATE AND TIME OF NEXT MEETING

The next meeting of the Audit Committee will be held on Wednesday 28 August 2019 in the Kingston Room, Civic Centre, 24 Jetty Road, Brighton.

11. CLOSURE

**ROBERTO BRIA
ACTING CHIEF EXECUTIVE OFFICER**



**AUDIT COMMITTEE
ACTION ITEMS
As at 5 June 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-track assessment be expanded to include some sample testing of the self-assessment for the 2018-19 assessment.	R. Bria	August 2019	New version of Control Trak has been implemented which takes a risk based approach. This report will be tabled at the meeting in August.
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.
17 October 2018	6.4 Brighton Oval Redevelopment Review	Review Council report template to include a section on risk implications.	R. Bria	August 2019	The template is being reviewed to see how and when this should be included. Council agenda process is to be reviewed and the template will be part of the review.
17 October 2018	6.4 Brighton Oval Redevelopment Review	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	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.
8 April 2019	6.2 Draft 2019-20 Annual Business Plan	That a Long Term Financial Plan for Alwyndor be brought back to the Committee	GM Alywndor	December 2019	



**AUDIT COMMITTEE
ACTION ITEMS
As at 5 June 2019**

Meeting	Agenda Item	Action Required	Responsibility	Estimated Completion Date	Current Status
8 April 2019	7.1 External Auditor Appointment	External Audit Services be put to tender and an external auditor appointed prior to the commencement of work required for the 2020/21 financial year	Manager, Finance	September 2020	

Item No: **6.1**
Subject: **STANDING ITEMS – JUNE 2019**
Date: 5 June 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**
 - **Audit/Internal control**
 - **Risk management**
 - **Whistleblowing**
 - **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.

Financial reports for Municipal and Alwyndor operations for the month ended 28 February 2019 were considered by Council at its meeting on 26 March 2019. The Committee has received copies of this report.

The budget update result for the period ended 31 March 2019 was considered by Council at its meeting on 23 April 2019. Members of the Committee received this report (152/19) prior to the Council meeting. The report showed an improved financial position for both Council and Alwyndor operations.

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 8 April 2019.

External Audit

At its meeting on 23 April 2019 Council endorsed the minutes of the Audit Committee held on 8 April 2019. As part of this motion Council endorsed the option to extend the provision of external audit services to BDO Audit (SA) for a period effective from 1 July 2019 until the completion of the 2019-20 financial year audit. The external audit services will then be put to tender prior to the completion of the 2019-20 financial year audit.

The interim transaction audit commenced in May 2019 the 2019 Audit Plan is presented as attached.

Refer Attachment 1

BDO have supplied their engagement letters covering financial and internal controls. The letters are attached for the Committees noting and information.

Refer Attachment 2

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 8 April 2019.

Internal controls have been assessed and reviewed by managers during April and May 2019 using the ControlTrack software product. This process has been facilitated by Bentleys and the ControlTrack assessment report on the outcomes and action updates for Council activities is attached.

Refer Attachment 3

Alwyndor activities have been assessed during May and are presently being reviewed. A report on the outcomes of the Alwyndor internal controls will be presented to the next audit committee meeting in June 2019.

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. Administration is preparing management responses to the audit findings and the outcomes will be presented to the next Audit Committee meeting on 28 August 2019.

A credit card internal audit was undertaken during May 2019 to provide Council and Alwyndor assurance in regards to the robustness of internal controls around credit cards. The outcomes will be presented to the next audit committee meeting on 28 August 2019.

The contract for internal audit services expires in August 2019. A separate report is included in this agenda outlining the process and outcomes to date for the Committees consideration.

Whistle-Blowing

There have been no whistleblower complaints made to Council since the previous standing items report on 8 April 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 8 April 2019.

Council Recommendations

At its meeting on 23 April 2019 Council received the minutes and endorsed the recommendations of the meeting of the Audit Committee held on 8 April 2019.

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 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.

CITY OF HOLDFAST BAY

Annual Audit Plan

Year ended 30 June 2019



KEY CONTACTS



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Risks of material misstatement



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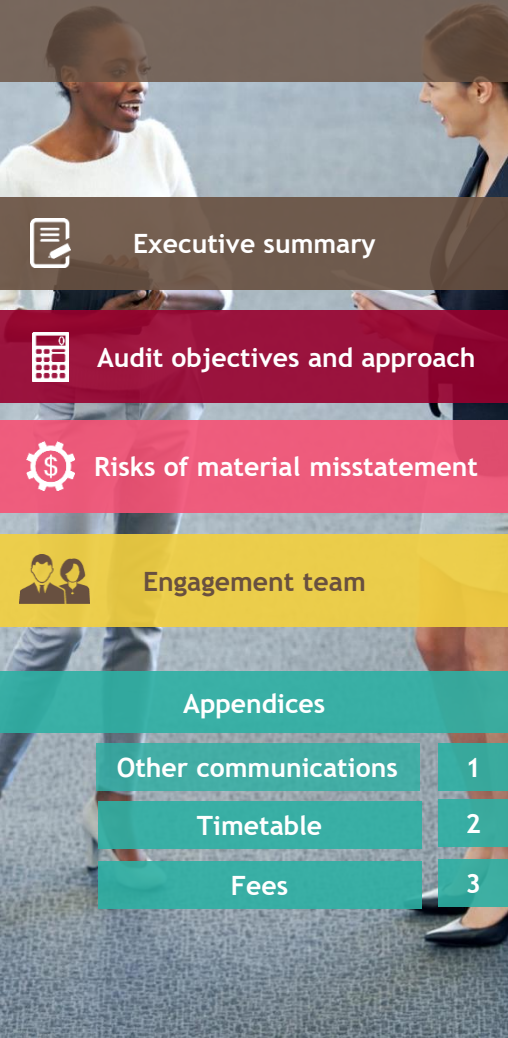
Chelsea Aplin
Engagement Manager
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EXECUTIVE SUMMARY



EXECUTIVE SUMMARY



Introduction

We have set out in this document the key considerations in relation to our audit of City of Holdfast Bay (the Council) for the year ended 30 June 2019. This summary covers those matters we believe to be material in the context of our work.

Scope of engagement

The scope of our work is to carry out:

1. The audit of the financial reports of the Council and of Alwyndor Aged Care, which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes comprising a summary of significant accounting policies and other explanatory information, and the certification of financial statements.
2. The audit of the controls exercised by the Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities.
3. Other ancillary audits as set out in Appendix 3

Audit objectives and approach

The objectives of the audit and key information on our audit approach are set out in section 2.

Risks of material misstatement

The risks of material misstatement identified in our planning are set out in section 3.

Engagement team

The key members of the engagement team are detailed in section 4.

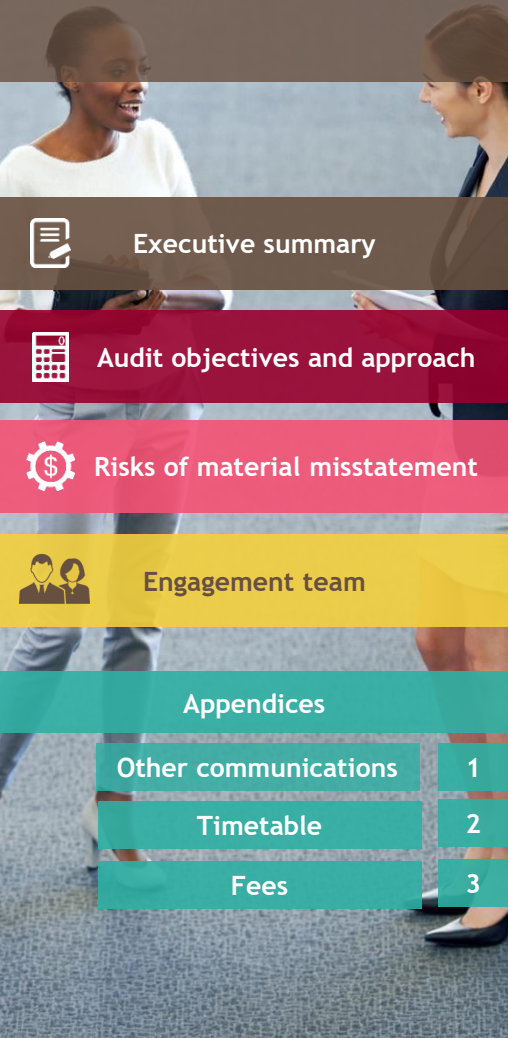
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EXECUTIVE SUMMARY (CONTINUED)



Independence ▶

We confirm that we have complied with the ethical requirements regarding our independence as your auditor. Please refer to Appendix 1 for more details.

Timetable ▶

A timetable has been prepared in accordance with your reporting requirements. This timetable covers our on-site visits, key meeting dates and reporting deadlines. Please refer to Appendix 2 for details.

Fees ▶

Our fee for the audit is \$40,430. Please refer to Appendix 3 for details.

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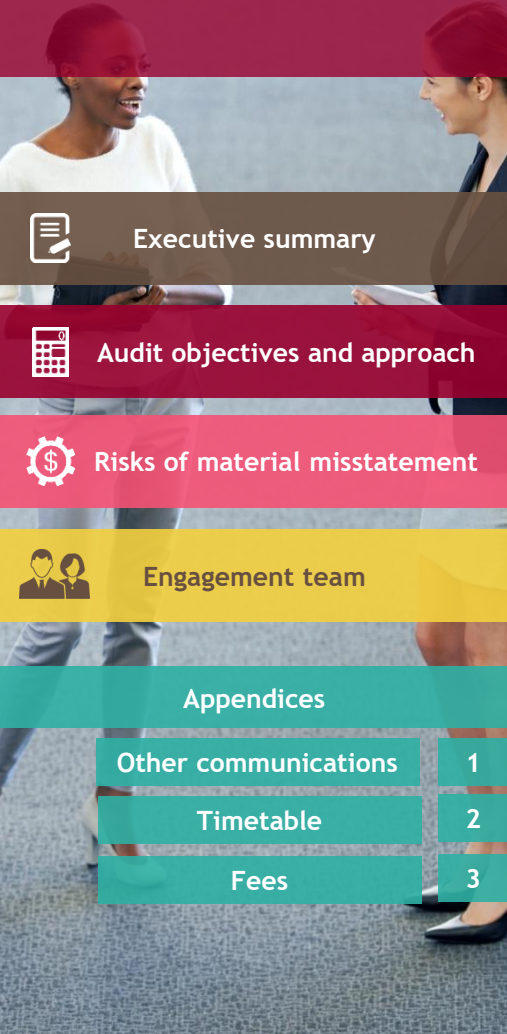
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AUDIT OBJECTIVES AND APPROACH



AUDIT OBJECTIVES AND APPROACH



Audit objectives

The objective of the audit is to enable us to express an opinion as to whether:

- The financial report is prepared, in all material respects, in accordance with Australian Accounting Standards, the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011, and
- Controls exercised by the Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with law based on criteria established in the Better Practice Model - Financial Internal Control for South Australian Councils issued by the Local Government Association of South Australia.

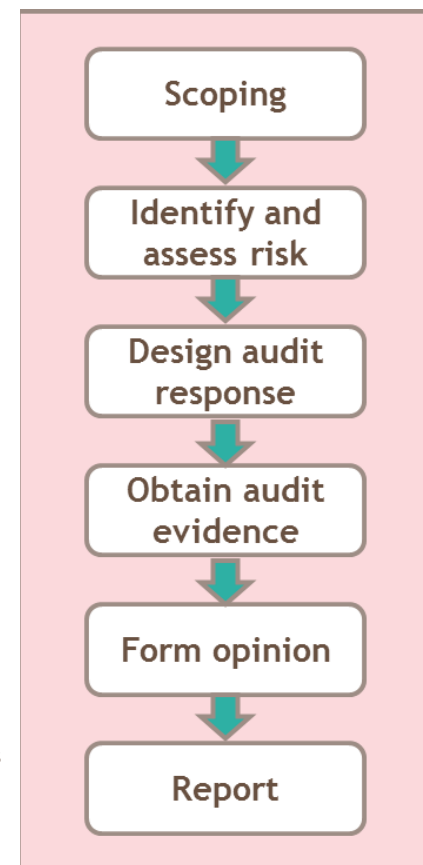
Our approach

Our audit is performed in accordance with the BDO Audit Approach which consists of six phases and is documented using our global audit tool, APT.

The approach is centred around:

- Obtaining an understanding of the business being audited from an internal and external point of view
- Assessing the risk of material misstatements and the controls in place to address and prevent these risks
- Choosing appropriate procedures to obtain evidence, including the use of data analytics where appropriate
- Ensuring rigorous quality control over audit performance
- Providing constructive ideas for improving internal controls and business systems.

Other key aspects of the approach are set out on subsequent pages.



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Audit quality and professional scepticism

To support and promote audit quality at BDO, we have developed an Audit Quality Framework (AQF) that sets out the key drivers of audit quality, including the specific attributes that are important for audit quality to be maintained and enhanced. Refer to our [Transparency report](#) for further information.

The AQF recognises that professional scepticism is essential to obtain audit evidence which is sufficient and appropriate to reduce the likelihood of a material misstatement to an acceptable level.

Professional scepticism is defined in the auditing standards as ‘an attitude that includes a questioning mind, being alert to conditions which may indicate possible misstatement due to error or fraud, and a critical assessment of audit evidence.’

The application of professional scepticism by all members of the engagement team is central to BDO’s Audit Approach.

Going concern

As part of our audit we will review management’s assessment of the ability of City of Holdfast Bay to continue as a going concern for the 12 months from the date of signing the financial report and therefore whether the going concern basis for the preparation of the financial report is appropriate.

As part of this process we require management to document their assessment of going concern (including cash flow projections for 12 months after the expected date of approval of the financial report), and we will be reviewing actual outcomes against previous estimates and representations made by management.

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Materiality

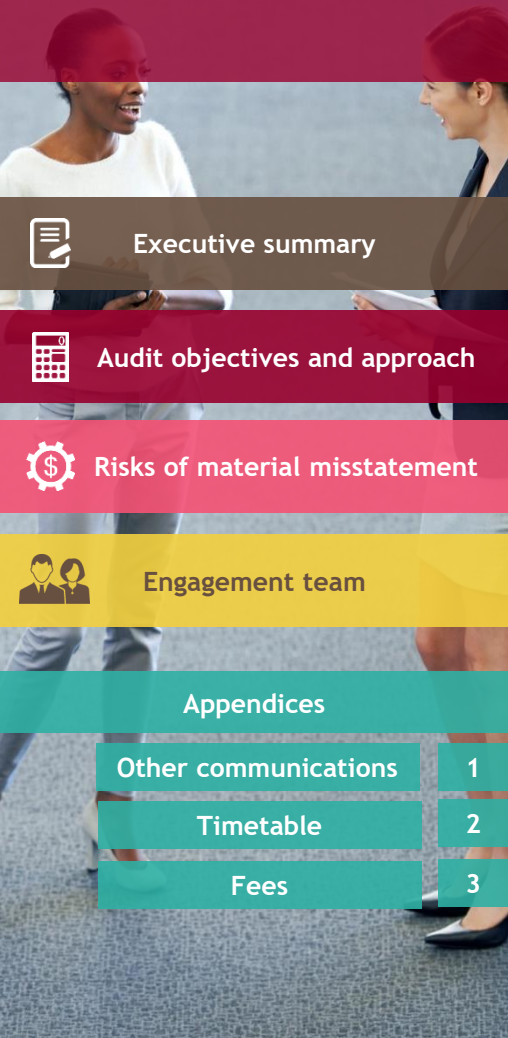
Materiality means, in the context of an audit, if financial information is omitted, misstated or not disclosed it has the potential to (adversely) affect the decisions of users of the financial report. Materiality is used by auditors in making judgements on the amount of work to be performed, which balances require work and for evaluating the effect of misstatements. Materiality is initially calculated at the planning stage and re assessed prior to providing our opinion. Materiality is not only based on a numeric quantification but is assessed qualitatively for some balances and disclosures.

During the course of our audit we may identify misstatements and these will be reported to you at the conclusion of our work based on our assessment of materiality at that stage (this may have been updated from the materiality calculated at the planning stage). It should be noted that the auditing standards do not require us to communicate misstatements that are considered 'clearly trivial' and as such, if we identify such misstatements we will not communicate these to you.

Fraud

During the course of our audit we make enquiries of those charged with governance, management and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls. It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.

OUR APPROACH



Internal control

In accordance with the auditing standards, we obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers the five areas listed below:

- The overall control environment
- The entity’s risk assessment process
- The information system, including the related business processes, relevant to financial reporting, and communication
- Control activities relevant to the audit
- Activities the entity uses to monitor internal controls relevant to financial reporting.

We communicate to the Audit and Governance Committee in writing any significant deficiencies that come to our attention during the audit on a timely basis.

In addition we communicate with management the significant deficiencies being reported to those charged with governance and any other deficiencies identified that in our judgement are of sufficient importance to merit management’s attention.

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Laws and regulations

We make enquiries in relation to any non-compliance with laws and regulations impacting the period under audit. Should we become aware of any instances of non-compliance with laws and regulations which would materially impact on the financial position or performance of the entity, then we will report them to you on a timely basis to consider the impact on the financial report.

Confirmations

In accordance with auditing standards we will be sending the following confirmation requests:

- Bank confirmations
- Confirmations of balances with the LGFA; and
- Solicitor's representation letter.



RISKS OF MATERIAL MISSTATEMENT



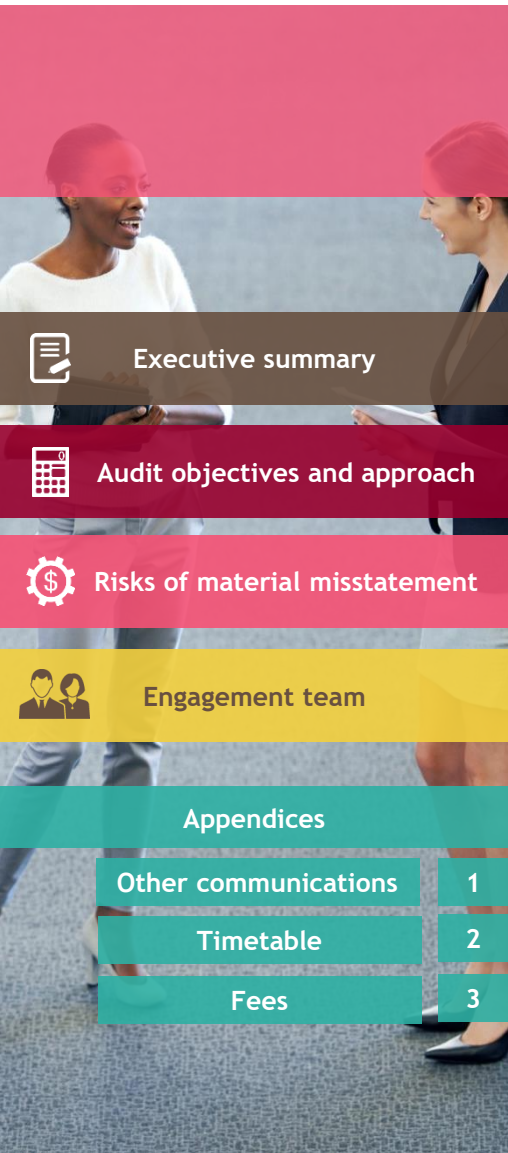
RISKS OF MATERIAL MISSTATEMENT

In line with our audit approach, and based on our understanding of City of Holdfast Bay, we will identify and assess the risks of material misstatement at both the engagement and assertion level.

Our audit procedures are focused on areas that are considered to represent risks of material misstatement to the financial report or in relation to controls. We have identified the following risk areas based on our historical knowledge of the Council, and will update these as part of our risk assessment procedures during the planning phase.

Further discussions will be held with management prior to the commencement of our audit to determine whether any additional risks exist in relation to the year ending 30 June 2019, and to determine which risks we will consider to be significant for the purpose of our audit.

Risk description
Revaluation, useful lives and residual values of infrastructure, land and buildings
Recoverability of loans made to community organisations
Management override of internal controls - presumed risk under Australian Auditing Standards
Potential deficiencies in internal controls
Accounting treatment for grant funding
Disclosure of the impact of new Accounting Standard AASB 9 this year, and AASB 15, 16 and 1058 the following year.



RISKS OF MATERIAL MISSTATEMENT



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Our planned responses

Our response to the risks identified above will be to obtain an understanding of Council's controls that are relevant to those risks, including control activities, evaluate the design, implementation and operating effectiveness of these controls, and perform substantive procedures that are specifically responsive to the individual risks.

This may include where applicable:

- Reviewing the documentation provided to management including any supporting correspondences from relevant third parties, the Council's legal advisors and other consultants to confirm our understanding of the specific circumstances for each item.
- Holding discussions with key Council staff members involved in managing the risk and those responsible for recording the impact in the financial report and review responses from legal representation letters sent to legal representatives.
- Working with Council staff to assist in the interpretation and application of the financial reporting framework applying to Council.
- Additional detailed testing of transactions or balances.
- Ensuring that mitigating controls are appropriately designed and implemented, and are operating effectively throughout the period.



ENGAGEMENT TEAM



ENGAGEMENT TEAM

The following staff members have been assigned to your engagement team. Any changes to key members of the engagement team will be communicated to you on a timely basis.

Role	Name	Telephone	Email address
Engagement partner	Geoff Edwards	08 7324 6061	geoff.edwards@bdo.com.au
Engagement manager	Chelsea Aplin	08 7324 6097	chelsea.aplin@bdo.com.au
Audit senior	Matthew Khuu	08 7324 6134	matthew.khoo@bdo.com.au

Contractual arrangements and rotation requirements

The year ended 30 June 2019 is the first year of our two year contractual arrangement as auditor of the Council. We look forward to working with Council and its staff this year, and the following year.

This year is also the final year of Geoff Edwards' 5 year term. Andrew Tickle will take over the role of engagement partner for the following year.



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Ethics and independence

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* made under that act and s290 of APES 110 *Code of Ethics for Professional Accountants*.

We obtain independence declarations from all staff engaged in the audit. We also have policies and procedures in place to identify any threats to our independence, and to appropriately deal with and if relevant mitigate those risks.

Should any independence matters be raised, we will bring them to your immediate attention.

For the comfort of those charged with governance, we note that the following processes assist in maintaining our independence:

- Restrictions on BDO employees having financial interests in audit clients
- No other work is permitted to be undertaken by any BDO division or office without the express approval of the engagement director/partner
- Services including valuation and similar services are specifically prohibited to be provided by any other BDO office to you.

BDO has not provided any other services during the year to the Council.

APPENDIX 1

Other communications (continued)

Communications with those charged with governance

City of Holdfast Bay has an Audit and Governance Committee. It is usual practice for the auditor to liaise with the Audit and Governance Committee. All our reporting will be to the Chairman of Audit and Governance Committee.

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with Audit and Governance Committee and management via:

- This audit plan
- An interim management letter
- An audit completion report at the conclusion of the audit

Communications will include the following matters:

- Our response to identified risks of material misstatement
- Expected modifications to the audit report
- Corrected and uncorrected misstatements
- Significant deficiencies in internal control and any other deficiencies identified that in our judgement are of sufficient importance to merit management's attention
- Views about the qualitative aspects of the entity's accounting practices and financial reporting including the application of Accounting Standards by management
- Changes in significant accounting policies
- Material uncertainties relating to the entity's ability to continue as a going concern
- Any matters of governance interest identified, including any specifically required by Auditing Standards
- New developments.



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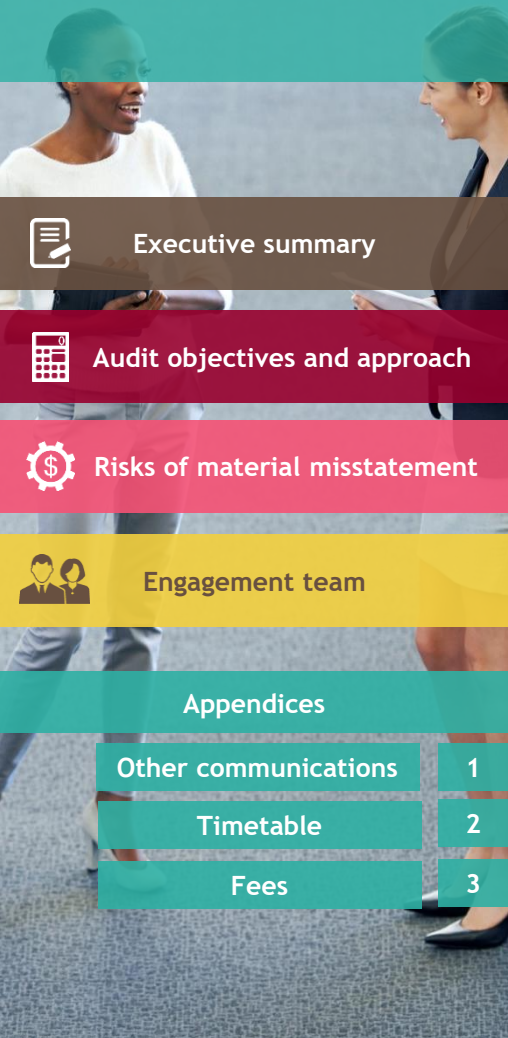
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Timetable

We have set out below the timing of significant milestones to include on-site visits, key meeting dates and reporting deadlines with respect to the completion of the audit.

Council

Milestone	Responsibility	Date
Interim audit visit commences	BDO & the Council	6 May 2019
Audit and Governance Committee meeting and submission of Annual audit plan	BDO & the Council	5 June 2019
Draft financials ready for the audit	The Council	2 September 2019
Final audit visit commences	BDO & the Council	2 September 2019
Closing meeting with auditors	BDO & the Council	13 September 2019
Audit committee meeting and submission of Audit completion report	BDO & the Council	9 October 2019
Chief Executive Officer and Principal Member of the Council to approve and sign off Regulation 14 Certification of Financial Statements, Certificate of Auditor Independence and management representation letter	BDO & the Council	TBC October/November 2019
Independent Auditor's Report signed	BDO	TBC October/November 2019
Acquittal audits	BDO & the Council	TBC - By 31 st October 2019



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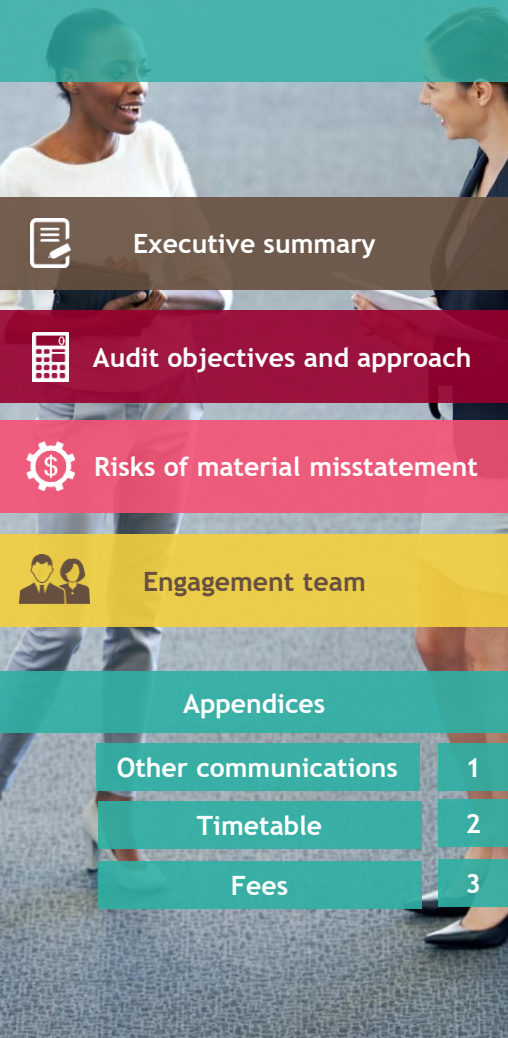
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Timetable (Cont)

Alwyndor Aged Care

Milestone	Responsibility	Date
Interim audit visit commences	BDO & Alwyndor	17 June 2019
Draft financials ready for the audit	Alwyndor	2 September 2019
Final audit visit commences	BDO & Alwyndor	2 September 2019
Alwyndor Management Committee to approve and sign off the Committee Declaration and management representation letter	BDO & Alwyndor	TBC October 2019
Independent Auditor's Report signed	BDO	TBC October 2019
Prudential Compliance Submission	BDO & Alwyndor	By 31 st October 2019



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APPENDIX 3

Fees

The proposed fee for all services provided for the year ending 30 June 2019 is \$40,430 excluding GST (\$44,473 including GST).

This fee encompasses the audits of:

- Annual financial statements - Council and Alwyndor Aged Care
- Internal controls
- Roads to Recovery Chief Executive Officer's Financial Statement
- LGAWCS Actual Wages Declaration
- Prudential compliance report (Alwyndor Aged Care)

Estimates

Our proposed fee do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc advice provided in the course of our audit will generally be included in our fee, formal advice, assistance with complex issues or meetings to discuss these issues will fall outside the scope of our proposed engagement fee. Fees for any assistance provided in this regard will be negotiated prior to the services being performed.

The proposed fees assume that all engagement schedules and reports will be available as agreed in the timetable and that the financial report will be prepared by your staff. If schedules and reports are not provided within the agreed timetable, additional costs could be incurred and charged to you.

Should these assumptions not remain valid BDO will inform you prior to the occurrence of additional costs.



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Assistance required

In order to keep our time and costs to a minimum, we appreciate your assistance with the following:

- Management providing all deliverables in line with the agreed timetable
- Assistance from your staff with supporting documentation and explanations during the audit process
- Disclosure by your staff of all information relevant to the engagement in a timely manner.

Prior to the commencement of our audit, we will provide you with an audit preparation package.



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We have prepared this report solely for the use of City of Holdfast Bay. As you know, this report forms part of a continuing dialogue between the company and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy of this report without prior consent, we would not accept any responsibility for any reliance they may place on it.

BDO Audit (SA) Pty Ltd ABN 33 161 379 086 is a member of a national association of independent entities which are all members of BDO (Australia) Ltd ABN 77 050 110 275, an Australian company limited by guarantee. BDO Audit (SA) Pty Ltd and BDO (Australia) Ltd are members of BDO International Ltd, a UK company limited by guarantee, and form part of the international BDO network of independent member firms. Liability limited by a scheme approved under Professional Standards Legislation other than for the acts or omissions of financial services licensees.

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AUSTRALIA

Councillor J Smedley
Presiding Member - Audit Committee
City of Holdfast Bay
24 Jetty Road
BRIGHTON SA 5048

28 May 2019

Dear Councillor Smedley

TERMS OF ENGAGEMENT - AUDIT

The purpose of this letter is to set out the basis on which BDO Audit (SA) Pty Ltd (BDO) acts as auditors of City of Holdfast Bay (the Council) and the respective areas of responsibility of the Council's officers and of BDO.

Audit of the financial report

The objective and scope of the audit

You have requested that we audit the financial report of City of Holdfast Bay which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies, and the certification of the financial statements by the Chief Executive Officer and Principal Member of the consolidated entity comprising the council and the entities it controlled at the year's end or from time to time during the financial year.

You have also requested that we audit the separate financial report of the controlled entity Alwyndor Aged Care, the Annual Prudential Compliance Report of Alwyndor Aged Care, and various ancillary reports prepared by Council and Alwyndor Aged Care.

We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter.

The objectives of our audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

The responsibilities of the auditor

We will conduct our audit in accordance with Australian Auditing Standards. Those standards require that we comply with ethical requirements. As part of an audit in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Council's officers.
- Conclude on the appropriateness of Council officers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements may not be detected, even though the audit is properly planned and performed in accordance with Australian Auditing Standards.

The responsibilities of Council's officers and identification of the applicable financial reporting framework

Our audit will be conducted on the basis that the Council's officers acknowledge and understand that they have responsibility:

- a) For the preparation and fair presentation of the financial reports in accordance with the *Local Government Act 1999* and *Local Government (Financial Council's officers) Regulations 2011* made under that act and Australian Accounting Standards (City of Holdfast Bay), and in accordance with the *Aged Care Act 1997* Australian Accounting Standards (Alwyndor Aged Care)
- b) For such internal control as Council's officers determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error and
- c) To provide us with:
 - i. Access to all information of which Council's officers are aware that is relevant to the preparation of the financial report whether obtained from within or outside of the general and subsidiary ledgers, such as records, documentation and other matters including access to information relevant to disclosures;
 - ii. Additional information that we may request from Council's officers for the purpose of the audit; and
 - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence;
- d) To inform us of any documents that you expect to issue that may comprise other information;
 - i. If the other information is provided prior to the auditor's report date; the financial report and any other information obtained prior to the date of the auditor's report will be consistent with one another, and the other information will not contain any material misstatements;

- ii. If the other information is not provided prior to the auditor's report date; to provide and/or issue such other information that will enable us to complete our required procedures.
- iii. As part of our audit process, we will request from Council's officers and where appropriate, those charged with governance, written confirmation concerning representations made to us in connection with the audit.

We look forward to full cooperation from your staff during our audit.

Other requirements

Council's officers will inform us of any material event occurring between the date of our report and the date of issue of the financial report, which may affect the financial report.

Expected form and content of the auditor's report

We have included an example audit report for City of Holdfast Bay in Appendix 1 to this letter, which reflects the form and content of the auditor's report, in the circumstance where the auditor has concluded that an unmodified opinion is appropriate based on the audit evidence obtained, including the reporting on other information. The form and content of our report may vary from the example in light of our audit findings.

Fees

We have proposed your audit fee for the year ended 30 June 2019 as \$40,430 (excluding GST).

Our fees are based on our understanding of your current operations and the required scope of the engagement. If these alter, the estimated fee will need to be revised.

Our fees do not include any advice or assistance that may be given in respect of accounting issues. Whilst brief ad hoc advice provided in the course of our engagement is generally included in our proposed fee, formal advice, assistance with complex issues or meetings to discuss these issues which necessitate increased professional time will fall outside the scope of our proposed engagement fee. Fees for any assistance provided in this regard will be negotiated prior to the services being performed.

The fees assume that all engagement schedules and reports will be available upon commencement of the engagement and that the financial report will be prepared by your staff. If schedules and reports are not provided within the agreed timetable, additional costs may be incurred and charged to you.

Should these assumptions not remain valid, we will inform you prior to the occurrence of additional costs.

Other matters under the Local Government Act 1999

Independence

We confirm that, to the best of our knowledge and belief, we currently meet the independence requirements of the *Local Government Act 1999* in relation to the audit of the financial report. In conducting our audit of the financial report, should we become aware that we have contravened the independence requirements of the *Local Government Act 1999*, we shall notify you on a timely basis. As part of our audit process, we shall also provide you with a written independence declaration as required by the *Local Government Act 1999*.

Enquiries from oversight bodies

The Council's officers shall notify BDO of any enquiries, such as financial reporting surveillance enquiries, from any oversight body that relate to the audit engagement as soon as practicable.

Presentation of the audited financial report on the internet

If you intend to electronically present the audited financial report and auditor's report on your web site or any other digital media, the security and controls over information on the relevant web site shall be addressed by the entity to maintain the integrity of the data presented. The examination of the controls over the electronic presentation of audited financial information on the entity's web site is beyond the scope of the audit of the financial report. Responsibility for the electronic presentation of the financial report on the entity's web site is that of the governing body of the entity.

Terms of Trade

The terms of this engagement are per the Contract for the Provision of External Audit Services, Contract Number 2019 C24.

Yours faithfully

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

G K Edwards
Director



Appendix 1

DRAFT INDEPENDENT AUDITOR'S REPORT TO THE PRINCIPAL MEMBER OF CITY OF HOLDFAST BAY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of the City of Holdfast Bay (“the Council”), which comprises the statement of financial position as at 30 June 2019, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the certification of the financial statements.

In our opinion the financial report of the City of Holdfast Bay, presents fairly, in all material respects, the Council’s financial position as at 30 June 2019 and its financial performance for the year ended on that date in accordance with Australian Accounting Standards, the *Local Government Act 1999*, and the *Local Government (Financial Council’s officers) Regulations 2011*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Council in accordance with the *Local Government Act 1999* and the ethical requirements of the Accounting Professional and Ethical Standards Board’s *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Local Government Act 1999*, which has been given to the Council, would be in the same terms if given to the Council as at the time of this auditor’s report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Report and Auditor’s Report Thereon

Management is responsible for the other information. The other information obtained at the date of this auditor’s report is information included in the Annual Report, but does not include the financial report and our auditor’s report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report of the City of Holdfast Bay, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard. Council's responsibility for the Financial Report

The Council's officers are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the *Local Government Act 1999* and the *Local Government (Financial Council's officers) Regulations 2011* and for such internal control as the Council's officers determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Council's officers are responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council's officers either intend to liquidate the Council or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_files/ar3.pdf.

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, XX Month XX



DRAFT INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITY OF HOLDFAST BAY

Report on the Audit of the Financial Report

Opinion

We have audited the financial report of City of Holdfast Bay - Alwyndor Aged Care (the registered entity), which comprises the statement of financial position as at 30 June 2019, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial report, including a summary of significant accounting policies, and the responsible entities' declaration.

In our opinion the accompanying financial report of City of Holdfast Bay - Alwyndor Aged Care, is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission Act 2012*, including:

- (i) Giving a true and fair view of the registered entity's financial position as at 30 June 2019 and of its financial performance for the year then ended; and
- (ii) Complying with Australian Accounting Standards and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the Financial Report* section of our report. We are independent of the registered entity in accordance with the auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* (ACNC Act) and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of responsible entities for the Financial Report

The responsible entities of the registered entity are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the ACNC Act, and for such internal control as the responsible entities determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, responsible entities are responsible for assessing the registered entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the responsible entities either intends to liquidate the registered entity or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing the registered entity's financial reporting process.

Auditor's responsibilities for the audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website (<http://www.auasb.gov.au/Home.aspx>) at: http://www.auasb.gov.au/auditors_responsibilities/ar4.pdf

This description forms part of our auditor's report.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, XX Month XX

Councillor J Smedley
Presiding Member - Audit Committee
City of Holdfast Bay
24 Jetty Road
BRIGHTON SA 5048

28 May 2019

Dear Councillor Smedley

ASSURANCE ENGAGEMENTS ON CONTROLS

Design and Operating Effectiveness of Controls

You have requested that we undertake a reasonable assurance engagement on the design of controls established by City of Holdfast Bay (the Council) in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, and the operating effectiveness of these controls throughout the period 1 July 2018 to 30 June 2019 in accordance with the requirements of the Local Government Act 1999. The control objectives to be addressed are specified by legislation, which are that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities are conducted properly and in accordance with law.

We are pleased to confirm our acceptance and our understanding of this reasonable assurance engagement by means of this letter. Our assurance engagement will be conducted with the objective of expressing an opinion on the suitability of the design of controls within City of Holdfast Bay systems to achieve the stated control objectives, and the operating effectiveness of those controls throughout the period.

Responsibilities of the assurance practitioner

We will conduct our assurance engagement in accordance with Standard on Assurance Engagements ASAE 3150 *Assurance Engagements on Controls*. That standard requires that we comply with ethical requirements applicable to assurance engagements and plan and perform procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives, and the controls operated effectively throughout the period. An assurance engagement involves performing procedures to obtain evidence about the design, description and operating effectiveness of controls.

The procedures selected depend on the assurance practitioner's professional judgement, including the assessment of the risks of material deficiencies in the design or deviations in the operating effectiveness of the controls.

Because of the inherent limitations of an assurance engagement, together with the inherent limitations of any system of controls there is an unavoidable risk that some deficiencies in the design or deviations in the operating effectiveness of controls may not be detected, even though the engagement is properly planned and performed in accordance with Standards on Assurance Engagements.

The responsibilities of management and identification of the applicable control framework

Our assurance engagement will be conducted on the basis that management acknowledges and understands that they have responsibility:

- a) that throughout the period, in all material respects, and based on suitable criteria:
 - i. the controls within City of Holdfast Bay system were suitably designed to achieve the identified control objectives; and
 - ii. the controls operated effectively to achieve the control objectives;
- b) for the identification of suitable control objectives which are specified by law in relation to the system;
- c) for the identification of risks that threaten achievement of the control objectives identified;
- d) for design of the system, comprising controls which will mitigate those risks so that those risks will not prevent achievement of the identified control objectives and therefore that the control objectives will be achieved;
- e) for operation of the controls as designed throughout the period;
- f) to provide us with:
 - i. access to all information of which those charged with governance and management are aware that is relevant to the description of the system and design and operation of the controls within that system;
 - ii. additional information that we may request from those charged with governance and management for the purposes of this assurance engagement; and
 - iii. unrestricted access to persons within the entity from whom we determine it necessary to obtain evidence.

As part of our engagement, we will request from management written confirmation concerning representations made to us in connection with the engagement.

Assurance Approach

We will examine and evaluate the controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities.

Due to the complex nature of internal control, our assurance procedures will not encompass all individual controls at City of Holdfast Bay, but will be restricted to an examination of those controls reported which achieve the control objectives specified by legislation.

Assurance Procedures

Our assurance procedures will include:

- a) obtaining an understanding of the control environment of City of Holdfast Bay relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) evaluating the design of specific controls by:
 - i. assessing the risks that threaten achievement of the control objectives; and
 - ii. evaluating whether the controls described are capable of addressing those risks and achieving the related control objectives;
- c) making enquiries, inspecting documents, conducting walk throughs and re-performance of controls to ascertain whether the degree of compliance with controls is sufficient to achieve their control objectives throughout the period.

Assurance Report

The format of the report will be in accordance with ASAE 3150 with respect to reasonable assurance engagements. An example of the proposed report is contained in the appendix to this letter.

Our opinion will be phrased in terms of the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls as designed.

Material Deficiencies in Design or Deviations in Operating Effectiveness of Controls]

We will issue an assurance report without modification, to provide a reasonable assurance conclusion on the controls relevant to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities where our procedures do not identify a material deficiency in the design of controls necessary to achieve the control objectives, or deviation in the operating effectiveness of controls as designed. For this purpose, a material deviation, misstatement or deficiency exists when:

- a) the controls as designed or the degree of compliance with them will not or may not achieve the control objectives in all material respects; and
- b) knowledge of that deficiency or deviation would be material to users of the assurance report.

If our assurance engagement identifies that there are material deficiencies in the design or deviations in the operating effectiveness of controls during the period covered by the report, such deficiencies or deviations will be disclosed in our report even if they were corrected prior to the end of the reporting period. However, our report will indicate that such deviations were corrected if that is the case. If any material deficiencies or deviations disclosed in our report have been corrected subsequent to this period (or are in the process of being corrected), we will refer to this in our report.



Although the primary purpose of our assurance engagement will be to enable us to issue the above described report, we may also provide you with a letter containing recommendations for strengthening controls if such matters are observed during the process of the assurance engagement. Although issues raised may not represent deficiencies in design or deviations in operating effectiveness of the controls which are material to our conclusion, our recommendations will address areas where we believe controls could be improved.

We look forward to full cooperation from your staff during our assurance engagement.

Terms of Trade

The terms of this engagement are per the Services Agreement for External Audit Services between the City of Holdfast Bay and BDO Audit (SA) Pty Ltd.

Yours sincerely

BDO Audit (SA) Pty Ltd

A handwritten signature in blue ink, appearing to read 'G K Edwards'.

G K Edwards
Director

Appendix 1

DRAFT INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF CITY OF HOLDFAST BAY

Scope

We have undertaken a reasonable assurance engagement on the design and the operating effectiveness of controls established by City of Holdfast Bay (“the Council”) in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, throughout the period 1 July 2018 to 30 June 2019 relevant to ensuring such transactions have been conducted properly and in accordance with law.

The Council’s Responsibility for the Internal Controls

The Council is responsible for:

- a) the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities;
- b) identifying the control objectives;
- c) identifying the risks that threaten achievement of the control objectives;
- d) designing controls to mitigate those risks, so that those risks will not prevent achievement of the identified control objectives; and
- e) operating effectively the controls as designed throughout the period.

Our Independence and Quality Control

We have complied with the relevant ethical requirements relating to assurance engagements, which include independence and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. In accordance with Auditing Standard ASQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements, BDO Audit (SA) Pty Ltd maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Assurance Practitioner’s Responsibility

Our responsibility is to express an opinion on the suitability of the design to achieve the control objectives and operating effectiveness of controls established by Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. We conducted our engagement in accordance with Standard on Assurance Engagements ASAE 3150 Assurance Engagements on Controls issued by the Auditing and Assurance Standards Board. That standard requires that we comply with relevant ethical requirements and plan and perform our procedures to obtain reasonable assurance about whether, in all material respects, the controls are suitably designed to achieve the control objectives and the controls operated effectively throughout the period.

An assurance engagement to report on the design and operating effectiveness of controls involves performing procedures to obtain evidence about the suitability of the design of controls to achieve the control objectives and the operating effectiveness of controls throughout the period. The procedures selected depend on our judgement, including the assessment of the risks that the controls are not suitably designed or the controls did not operate effectively. Our procedures included testing the operating effectiveness of those controls that we consider necessary to achieve the control objectives identified. An assurance engagement of this type also includes evaluating the suitability of the control objectives.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved and so fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on operating effectiveness of controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Opinion

Our opinion has been formed on the basis of the matters outlined in this report.

In our opinion, in all material respects:

- (a) the controls established by the Council in relation to financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities were suitably designed to ensure such transactions have been conducted properly and in accordance with law; and
- (b) the controls operated effectively as designed throughout the period from 1 July 2018 to 30 June 2019.

BDO Audit (SA) Pty Ltd

G K Edwards
Director

Adelaide, XX Month 20XX

Attachment 3



Where you want to be.



May 2019

City of Holdfast Bay

2018-19 ControlTrack Assessment Summary Report

David Papa, Partner, Risk & Assurance
Level 5, 63 Pirie St, Adelaide SA 5000
Telephone +61 8 8372 7900 | Mobile 0412 219 804
advice@adel.bentleys.com.au | bentleys.com.au

▶ Advisors

▶ Accountants

▶ Auditors

21 May 2019

John Newton
Manager, Financial Services
City of Holdfast Bay
PO Box 19
BRIGHTON SA 5048

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Dear John

2018-19 ControlTrack Assessment Summary Report

Please find attached our summary report on the status of ControlTrack assessment for the City of Holdfast Bay as at 21 May 2019.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the assessment.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely



David Papa
Partner

Enclosure

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Inherent Limitations

Due to the inherent limitations of any internal control structure, it is possible that fraud, error or non-compliance with laws and regulations may occur and not be detected. Further, the internal control structure, within which the control procedures that have been subject to this review operate, has not been reviewed in its entirety and, therefore, no opinion or view is expressed as to its effectiveness of the greater internal control structure. This review is not designed to detect all weaknesses in control procedures as it is not performed continuously throughout the period and the tests performed on the control procedures are on a sample basis. Any projection of the evaluation of control procedures to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

We believe that the statements made in this report are accurate, but no warranty of completeness, accuracy or reliability is given in relation to the statements and representations made by, and the information and documentation provided by City of Holdfast Bay management and personnel. We have indicated within this report the sources of the information provided. We have not sought to independently verify those sources unless otherwise noted within the report. We are under no obligation in any circumstance to update this report, in either oral or written form, for events occurring after the report has been issued in final form unless specifically agreed. The findings expressed in this report have been formed on the above basis.

Third Party Reliance

This report is solely for the purpose set out in the Official Order and for City of Holdfast Bay information, and is not to be used for any other purpose or distributed to any other party without Bentleys (SA) Pty Ltd's prior consent.

This summary report has been prepared at the request of City of Holdfast Bay management or its delegate. Other than our responsibility to the management of City of Holdfast Bay, neither Bentleys (SA) Pty Ltd nor any member or employee of Bentleys (SA) Pty Ltd undertakes responsibility arising in any way from reliance placed by a third party, including but not limited to City of Holdfast Bay external advisors, on this summary report. Any reliance placed is that party's sole responsibility. Liability limited by a scheme approved under Professional Standards Legislation.

Executive summary

Introduction

Internal control is one of the foundations of a robust corporate governance framework. Financial internal control, as a part of a Council's broader internal control processes, focuses on Council's financial processes and functions that deal with, but are not limited to, budgeting, financial reporting, transaction processing, financial delegations, treasury management and infrastructure management. ControlTrack sets out a framework and guidelines within which Councils can establish "better practice" financial internal control management.

Background

Bentleys (SA) Pty Ltd was engaged to facilitate the control self-assessment in ControlTrack for both the City of Holdfast Bay (Council) and Alwyndor Aged Care (Alwyndor) in 2018-19. Council has been Trustee of the Dorothy Cheater Trust since 1973. As trustee, the Council is responsible to ensure the Trust is operated by Alwyndor in such a way to provide the benefits outlined in the Trust. In prior years the risk and control registers of Council and Alwyndor have been aligned however it was found that this wasn't appropriate and didn't accurately reflect Alwyndor's risk environment. The risks and controls were tailored to present a more accurate assessment of Alwyndor's operations. Due to this change we have decided to separate the assessment summary reports and develop a stand alone report for Alwyndor.

We facilitated the ControlTrack self-assessment by conducting the following:

- We met with all risk owners to tailor the risks and controls to provide a comprehensive control environment which was representative of Council's operations;
- Facilitated the input and allocation of risks and controls within ControlTrack and applied inherent ratings;
- Assigned assessors and reviewer and oversaw the assessment process and timeline; and
- We provided advice to the assessors and/or reviewers regarding the accounting queries and the use of system.

During the ControlTrack assessment, the Council applied risk management techniques to

- Identify the financial risks faced by the Council;
- Assess each of the identified financial risks;
- Assess Council's existing financial internal controls;
- Develop and implement effective financial internal controls to address the identified risks; and
- Perform regular review of the effectiveness of Council's financial internal controls.

It was management's responsibility to ensure that proper consideration was given to rate controls, from one (1, meaning significantly ineffective) to five (5, meaning effective). Where the control rating was three (3) or below, an Action Plan was developed to address the gaps. Arrangements were put in place to monitor the progress on the implementation of Action Plans by management.

2018-19 Control Effectiveness

The overall outcome of the 2018-19 ControlTrack self-assessment was satisfactory with the average rating of control effectiveness for the Council 4.6. Details are listed in Figure 1 next page:

Figure 1: Control Effectiveness for Group 2017-18 vs 2016-17



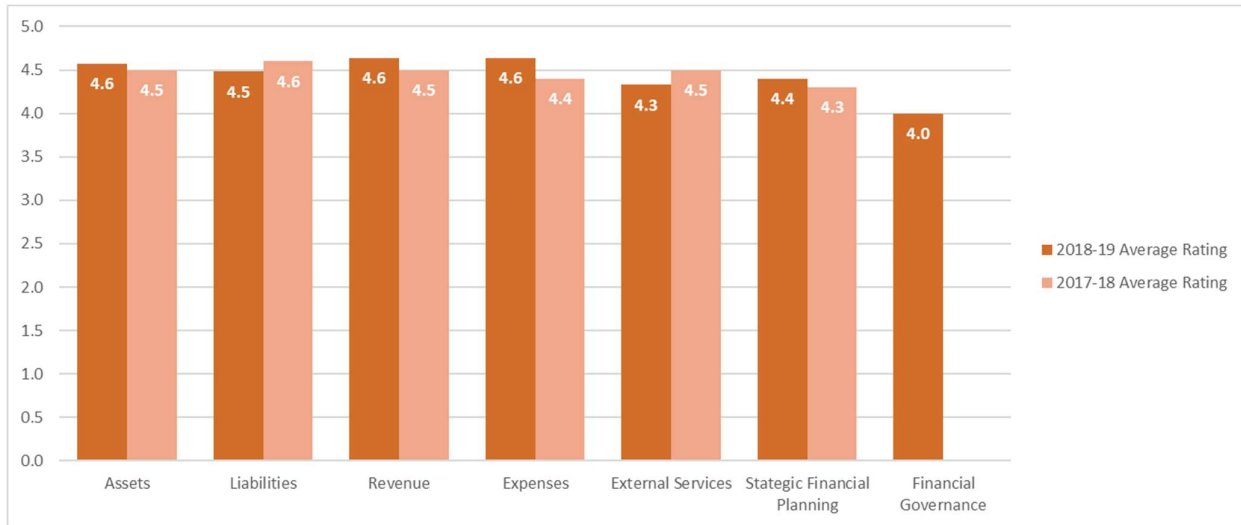
Within the ControlTrack framework, the following seven (7) risk categories identified from the Council’s financial processes and functions were assessed:

- Strategic Financial Planning;
- Assets;
- Liabilities;
- Revenue;
- Financial Governance;
- Expenses; and
- External Services.

➤ City of Holdfast Bay

Council has maintained a largely effective control environment with further improvement accomplished in 2018-19. The Council has improved controls relating to five (5) risk categories – Assets, Revenue, Expenses, Strategic Financial Planning and Financial Governance in 2018-19, compared to the control effectiveness for 2017-18. Financial Governance was included as an additional risk category in 2018-19 which was not assessed in 2017-18. It forms four (4) controls and has an average assessor rating of 4. Although there is room for improvement in this area should management see value in doing so, we believe that current controls are sufficient for the associated risks mitigated (for details refer to Figure 2 next page). Council needs to identify areas they believe require further improvement, however, when Council invests resources into the internal control framework, they need to ensure a cost-effective principle is adopted, assessing the level of benefit obtained versus the costs incurred.

Figure 2: Control Effectiveness for Council 2017-18 vs 2016-17



Control Rating and Future Consideration

Rating of the controls assessed is summarised below:

Of the 220 controls assessed in this program for 2018-19, a total of 7 (3%) (2017-18: 13) were rated between one (1) and three (3) with the corresponding Action Plans developed by management. It should be noted that:

- All of the 7 Action Plans (100%) were Low Priority but of the seven (7), six (6) were reported as Not Started and one (1) was In Progress at the time of reporting (10 May 2019). There was one (1) Revenue control with no improvement from the 2017-18 assessment. Control 3 of Appendix 1 has retained a rating of three (3). We were advised by finance that the control improvements from the ControlTrack Assessment Summary Report 2017-18 were being actioned but didn't received endorsement in time for this year's assessment. The control improvement was formally endorsement in April 2019. We recommend that management review priorities and complete all required actions by the scheduled deadline. For details refer to Appendix 1.
- There were no controls rates as zero (0) in the 2018-19 assessment. This is as result of interviews and meetings held prior to assessment to tailor the Risk and Controls laid out in the Better Practice Model. Tailored controls allowed for only relevant controls
- Based on our industry experience from most metropolitan Local Government Councils, Councils tend to apply comprehensive financial controls to mitigate risks of fraud and error, improving reliability of financial reporting and compliance with legislation and policies. The SALGFMG "Better Practice Model" also requires a Council to ensure that its resources are allocated in the most appropriate manner. Therefore, we recommend that the Council review and assess the necessity of the controls implemented to achieve the operational and financial objectives as well as compliance with the *Local Government Act*.

We encourage the Audit Committee to review the Audit Plan for its currency and advise of any required change to reflect the control weaknesses identified in this 2018-19 ControlTrack self-assessment program.

Acknowledgement

We appreciate the assistance and cooperation received from management and staff of the City of Holdfast Bay in completing the ControlTrack assessment.

Appendix 1 City of Holdfast Bay 2018-19 ControlTrack Assessment Action Plans Status

#	Risk Category	Business Process	Control	Rating	Status	Roles	Action Plan	Assessment Comments and Update
1	Assets	Inventory	Physical inventory is counted periodically with review by an appropriate person and is reconciled against the general ledger, material variances investigated. BPM Control Type: Core Control Code: ASS-INY-0006	3	Not Started Due Date: 30/06/2020 Priority: Low	Assessor: Andy Bayliss Reviewer: Ross Whitfield	Schedule quarterly Stocktake of Inventory items	Ownership of regular stocktakes can become a scheduled activity with mandated reporting on a quarterly basis. Ultimate ownership of this task will sit with Work Group Leaders (or their delegate) and Andy Bayliss (Or his delegate)
2	Assets	Debtors	There is a process in place to review and approve all credit notes for sundry debtors in accordance with delegations of authority. BPM Control Type: Core Control Code: ASS-DEB-0015	3	In Progress Due Date: 01/05/2019 Priority: Low	Assessor: Susanne Challinder Reviewer: Cadel Blunt	Identify how to run a report that will show all credit notes raised in the last month and set up a process where these are reviewed and authorised.	The above process is correct, however, no system review is undertaken to identify all credit notes that have been raised in a given period of time to check they are all legitimate.
3	Revenue	Grants	Council reviews services where grant funding has ceased to ensure it understands the financial impact on its sustainability. BPM Control Type: Core Control Code: REV-GRA-0001	3	Not Started Due Date: 30/06/2019 Priority: Low	Assessor: Vivienne Holloway Reviewer: Pam Jackson	Grant funding reports to be tabled with SLT quarterly.	Grant funding is not regularly discussed with Executive.
4	Revenue	Grants	There is a process in place for the regular review of all grant income to monitor compliance with the terms of the grant. BPM Control Type: Core Control Code: REV-GRA-0004	3	Not Started Due Date: 01/07/2019 Priority: Low	Assessor: Vivienne Holloway Reviewer: Pam Jackson	Grant funding report to be tabled with SLT quarterly	Information is recorded in the corporate reporting system but not tabled regularly with Executive.
5	Strategic Financial Planning	General Ledger	Formal disaster recovery plan is in place and communicated to relevant staff. BPM Control Type: Core Control Code: STR-GEN-0008	3	Not Started Due Date: 20/12/2019 Priority: Low	Assessor: Stephen Skehan Reviewer: Pam Jackson	Disaster Recovery Plan developed	Disaster recovery plan to be reviewed.

#	Risk Category	Business Process	Control	Rating	Status	Roles	Action Plan	Assessment Comments and Update
6	Strategic Financial Planning	Management Reporting	Council has a suite of accounting policies and procedures that are regularly reviewed, and updates are communicated to appropriate personnel. BPM Control Type: Core Control Code: STR-MAN-0001	3	Not Started Due Date: 28/02/2020 Priority: Low	Assessor: John Newton Reviewer: Pam Jackson	Review of Financial policies and procedures	Review of financial policies and procedures require review to ensure currency.
7	Strategic Financial Planning	Statutory Reporting	Financial policies and procedures, and related guidance are reviewed and updated as required. BPM Control Type: Core Control Code: STR-STA-0004	3	Not Started Due Date: 02/09/2020 Priority: Low	Assessor: John Newton Reviewer: Pam Jackson	Review of Financial Policies and Procedures	Review of policies and procedures to ensure currency.

Item No: **6.2**

Subject: **RISK MANAGEMENT FRAMEWORK - RISK CONSEQUENCE TABLE REVIEW**

Date: 5 June 2019

Written By: Team Leader, Governance

A/General Manager: Business Services, Ms P Jackson

SUMMARY

The Risk Management Framework, Policy and Procedure were endorsed by the Audit Committee on 31 January 2018 and by Council on 13 March 2018.

The Risk Management Framework, Policy and Procedure provide a comprehensive suite of documents that detail Council's approach to risk management activities. These documents outline the key requirements, purpose, scope and responsibilities in relation to risk management and are referenced by the organisation for managing risks.

It is identified that the current 'Consequence Scale and Descriptions' table (the Risk Consequence table), of the Risk Management Framework, has a very low financial threshold for the category 'business impact'. This results in reaching 'catastrophic' (critical) status with a financial loss/exposure impact of only greater than \$100,000, which is a very low financial level to reach for this category.

It is recommended, after comparing with a sample of Adelaide metropolitan Council's, that the 'business impact' category be amended to better reflect a financial range for a 'catastrophic' rating, to be changed to be greater than \$1 million.

In addition, the following change to the Risk Consequence table is to change the category 'Public Safety' to 'People Safety', which incorporates a more appropriate approach to include the health and safety of people in general, rather than just public safety.

The proposed amended Risk Consequence table is attached with tracked changes for endorsement by the Audit Committee.

RECOMMENDATION

That the Audit Committee endorse the amended Consequence Scale and Descriptions table, attached as Attachment 4 to be updated in the Risk Management Framework.

COMMUNITY PLAN

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

COUNCIL POLICY

Risk Management Policy

STATUTORY PROVISIONS

Not applicable

BACKGROUND**Risk Management Framework**

A Risk Management Framework was developed by Council's Internal Auditors, Bentleys, in consultation with administration. The Framework is the overarching document that details Council's guidelines for the identification, monitoring and reporting of risks at both a strategic and operational level. The new Framework provides a comprehensive description of the activities, processes and responsibilities that contribute to risk management for the Council.

Included in the Risk Management Framework is the Risk Consequence table (Appendix 3). This table provides the classifications of risk as it relates to reputation, business impact, public safety, environment and service delivery. The table is referenced to calculate the risk consequence, which then forms part of the overall risk rating.

Refer Attachment 1

Risk Management Policy

Council's Risk Management Policy has been reviewed, with one main change being the removal of the descriptions of each of the Risk Management Principals from the Australian Standard. A reference to this standard is still included within the policy, and the list of each of the principles is now captured in the Risk Management Procedure. The roles and responsibilities have been clarified at a policy level in relation to the Chief Executive Officer and the Audit Committee. All other details, and the administration allocation of roles and responsibilities that have been deleted, are now captured in the Risk Management Procedure.

Refer Attachment 2

Risk Management Procedure

A Risk Management Procedure has been drafted by administration to support the operation of the Risk Management Framework and Policy. The Procedure captures the Risk Management Principles from the Australian Standard, the roles and responsibilities of the Council, Audit Committee, Chief Executive officer and all levels of administration. The Procedure also includes all the risk management tables referenced in the Framework.

Refer Attachment 3

REPORT

The current Risk Consequence table of the Risk Management Framework, has a ‘catastrophic’ (critical) classification currently defined as including “critical financial loss/ exposure- impact greater than \$100k”. As this is a very low financial threshold to reach the ‘business impact’ classification, this results in risk assessments reaching catastrophic status where there is a low value financial impact.

Comparison was obtained from five other Council’s for their classification of ‘catastrophic’ for financial impact, which are shown below:

(Note >= greater than):

	City of Holdfast Bay	City of Onkaparinga	City of Marion	City of Adelaide	City of Playford	City of Salisbury
Catastrophic	>\$100k	>\$5m	>\$4m	>\$5m	>\$1m	>\$1m

It is recommended, taking into account the classification at other Council’s, that the ‘business impact’ category be amended to reflect a financial range for ‘catastrophic’ to be greater than (>) \$1 million i.e. change to “critical financial loss/ exposure- impact greater than \$1 million”. This would allow a more realistic approach for the business impact classification of catastrophic and in line with the City of Playford and City of Salisbury.

The ‘major’ classification for business impact will be affected by this change and will need to be amended from “major financial loss – impact of between \$50k and \$100k” to be “major financial loss – impact of between \$50k and \$1 million”.

In addition, the following change to the Risk Consequence table is to change the category ‘Public Safety’ to ‘People Safety’, which incorporates a more appropriate approach to include the health and safety of people in general, rather than just public safety. This was recommended by a Risk Consultant engaged by the Council, on the basis that it is better to include the health and safety of people in general (rather than just public safety).

The amended Consequence Scale and Descriptions table, with the proposed changes shown with tracked changes is detailed in Attachment 4.

Refer Attachment 4

The amended Appendix 3 would then attach to the Risk Management Framework.

BUDGET

There are no budget implications with the review of these documents.

LIFE CYCLE COSTS

There are no life cycle costs associated with this report.

Trim Container	FOL/18/737
Trim Document Number:	DOC/18/6087
First Issued / Approved:	13 March 2018
Last Reviewed:	13 March 2018
Next Review:	13 March 2021
Parent Policy	N/a
Responsible Officer:	Team Leader Governance
Date placed on Intranet	14 March 2018

1. PREAMBLE

The structure of managing risk, includes the roles and responsibilities for risk management within the City of Holdfast Bay and the risk management recording and reporting requirements.

1.1 Background

The international risk management standard (ISO 31000:2009) provides a generic risk management process that can be applied to any organisation of any size and in any jurisdiction or sector.

The City of Holdfast Bay (Council) needs to ensure that it has an appropriate risk management framework that meets Council’s strategic and operational objectives and promotes a positive risk culture across Council.

1.2 Purpose and Scope

This framework provides guidelines and step by step processes for all Council employees in the identification, management and reporting of risks across all areas of Council operations which will minimise potential negative exposures and maximise opportunities. This framework is supported by Council’s Risk Management Policy and Risk Management Procedure.

2. RISK MANAGEMENT

2.1 What is risk management?

Risk is defined in Australian Standard ISO 31000: Risk Management – Principles and Guidelines (the Standard) as *“the effect of uncertainty on objectives”*. The Standard defines risk management as *“the process designed to identify potential events that may affect an entity and manage risk to be within its risk appetite and provide reasonable assurance regarding the achievement of entity objectives”*.

Risk includes a failure to identify, assess, evaluate and manage threats and recognise and seize opportunities. Risk is measured in terms of likelihood of

RISK MANAGEMENT FRAMEWORK

occurrence and consequences in light of the existing management strategies and controls in place to manage the risk.

Risk management includes:

- the identification, sourcing and measurement of risk;
- design and implementation of capabilities for avoiding, retaining, transferring and exploiting risk; and
- monitoring risk within acceptable tolerance levels.

The goal is not to eliminate all risks, but instead manage risks involved in Council's operations and services.

2.2 Benefits of risk management

Risk influences every aspect of the operations of Council and are both internal and external. Understanding risks and managing them appropriately will enhance our ability to make better decisions, safeguard our assets, enhance the ability to provide services to the community and to meet Council's strategic objectives.

The benefits of a coordinated and systematic approach to risk management include:

- having a clear understanding of the key risks facing the City of Holdfast Bay;
- providing assurance to Council, the CEO, senior management and stakeholders that critical risks are being appropriately managed;
- encouraging proactive management of strategies to identify and manage risks;
- promoting a positive risk management culture; and
- establishing an effective method for decision making, planning and reporting.

3. RISK MANAGEMENT PROCESS

A graphic summary of the risk management process is included in **Appendix 1**.

Each component of the risk management process is detailed below.

3.1 Communicate and Consult

Ongoing communication and consultation with all involved parties to ensure understanding of the risk management process and its intended outcomes is performed by the Risk Manager. This includes the following:

- collating reports for presentation to the Senior Leadership Team, the Audit Committee and Council;
- facilitating ongoing operational reviews of risk registers;
- coordinating risk assessments for specific projects and events and ongoing advice and support to ensure compliance with the Risk Management Framework.

A consultative approach will:

- help define the context;

RISK MANAGEMENT FRAMEWORK

- ensure risks are identified effectively;
- bring different areas of expertise together (internal as well as external parties) in analysing risks;
- ensure that different views are appropriately considered in evaluation risks and appropriate change management occurs during risk treatment;
- promote the ownership of risk by managers; and
- facilitate the engagement of stakeholders allowing them to understand and appreciate the benefits of controls and the need to endorse and support a treatment plan.

3.2 Establish Context

The internal and external contexts in which the risk management process is addressing need to be considered. Establishment of the context is required to define the basic parameters for risks to be identified, examined and managed and sets the scope for the risk management process.

3.2.1 External Context

Consideration of the external context includes the following:

- opportunities and threats associated with the local, regional, state and global economic, social, political, cultural, regulatory and competitive environments;
- Government policies, legislation and objectives/strategies;
- other external stakeholders and their objectives and strategies.

3.2.2 Internal Context

Consideration of the internal context includes the following:

- Council's plans, objectives and strategies;
- Council's organisational capabilities;
- risk appetite, including when risk is tolerable or not;
- operational constraints, including budget, resources and capabilities;
- Council policies, procedures and guidelines.

3.3 Risk Identification

Risk identification is a critical activity at both a strategic and operational level. It needs to include all significant sources of risk, including those beyond Council's control. If a risk or threat has not been identified, then strategies cannot be created to defend against it. Identification should include all risks whether or not they are under the influence of Council. An example of a documented risk from Council's Strategic Risk Register is contained at **Appendix 2**.

The process for identifying risks will usually involve the use of:

- workshops (using brainstorming approaches, SWOT analysis techniques, project or business categories) with key stakeholders that are best equipped to identify and assess the risks and those who will be involved in risk mitigating processes and actions;
- interviews with respective Risk Owners by the Risk Manager;
- documentation of risks in a Risk Register; and

RISK MANAGEMENT FRAMEWORK

- verification of the output by the key stakeholders.

Risk management activities should be directed towards the identification and capture of key risks ensuring the benefit outweighs the potential increased cost and effort in capturing all possible risks.

Council has identified eight risk categories, including the Business Unit responsible. Details of the risk categories are contained in the Risk Management Procedure.

3.4 Risk Analysis

Risk analysis is the process of developing an understanding of each risk. The analysis is based on an assessment of the:

- **risk likelihood** (the chance of something happening); and
- **risk consequence** (the outcome or impact of an event)

and considers the controls or mitigating activities already in place that reduce the level of risk.

The following tables are used in estimating risk likelihood and risk consequence in order to determine an overall risk rating.

Likelihood Ratings for Risk Occurrence		
Level	Descriptor	Description
E	Almost certain	Event is expected to occur in most circumstances
D	Likely	Event could occur in most circumstances
C	Possible	Event could occur at some time
B	Unlikely	Event could occur in circumstances
A	Rare	Event may only occur in exceptional circumstances

Consequence Ratings for Risks		
Level	Descriptor	Description
1	Insignificant	Not worthy of intervention. Existing controls and procedures are able to cope with the event.
2	Minor	Minor event with consequences which can be readily absorbed but requires management effort to minimise the impact
3	Moderate	Moderate event which can be managed under normal circumstances
4	Major	Major event which will be endured with proper management
5	Catastrophic	Critical event with potential to lead to business, project or event failure

RISK MANAGEMENT FRAMEWORK

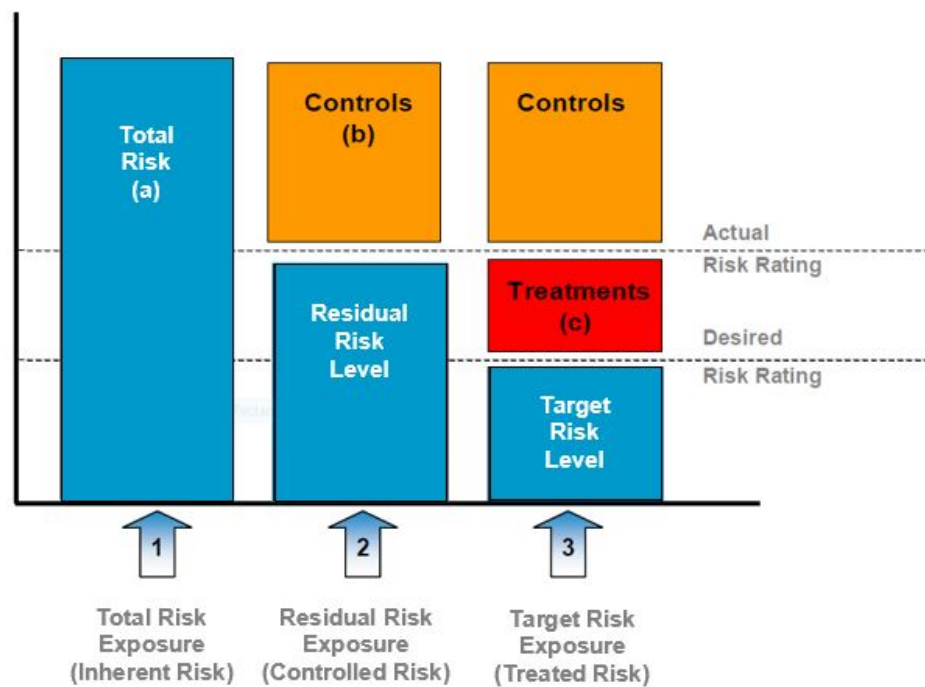
Additional detail on consequences in terms of reputation, business impact, public safety, environment and service delivery is contained at **Appendix 3**.

Once the likelihood and consequence have been assessed for a particular risk, the overall risk can be calculated using the following risk priority matrix:

		Consequence				
		Insignificant	Minor	Moderate	Major	Catastrophic
Likelihood		1	2	3	4	5
Almost Certain	E	Moderate	High	High	Extreme	Extreme
Likely	D	Low	Moderate	High	Extreme	Extreme
Possible	C	Low	Low	Moderate	High	Extreme
Unlikely	B	Low	Low	Low	Moderate	High
Rare	A	Low	Low	Low	Moderate	High

3.5 Risk Evaluation

Risk evaluation is the process used to develop and document a greater understanding of the risk as a basis for future management and treatment. The following diagram illustrates the risk decision process for the City of Holdfast Bay.



Inherent risk is the risk level prior to the implementation of risk treatment and controls.

RISK MANAGEMENT FRAMEWORK

Residual risk is the risk level that takes into account the effectiveness of existing controls to reduce or mitigate risk exposures.

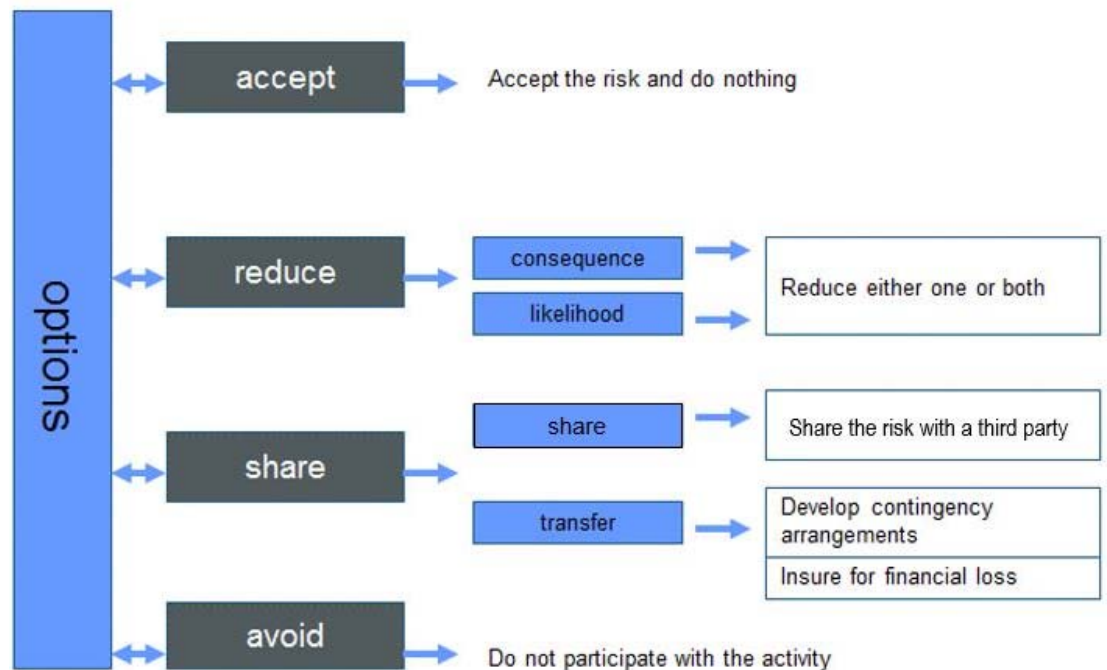
Target risk is the aspirational risk level deemed acceptable with additional treatment and controls over and above those of the residual level.

3.6 Risk Treatment

Each risk is evaluated against a range of different risk management strategies including:

- **Risk Acceptance**
- **Risk Reduction**
- **Risk Avoidance**
- **Risk Sharing**

The following table details these risk treatment options with the aim of reducing residual risk exposure to a tolerable level in a cost effective and timely manner. The treatment plan may incorporate one or more of the options below.



Risk treatment plans should be integrated into the relevant work area of Council, have a designated owner and timeframes for completion. A final risk analysis should then be conducted to determine the proposed residual risk rating assuming the treatments will be correctly implemented.

3.7 Monitoring and Review

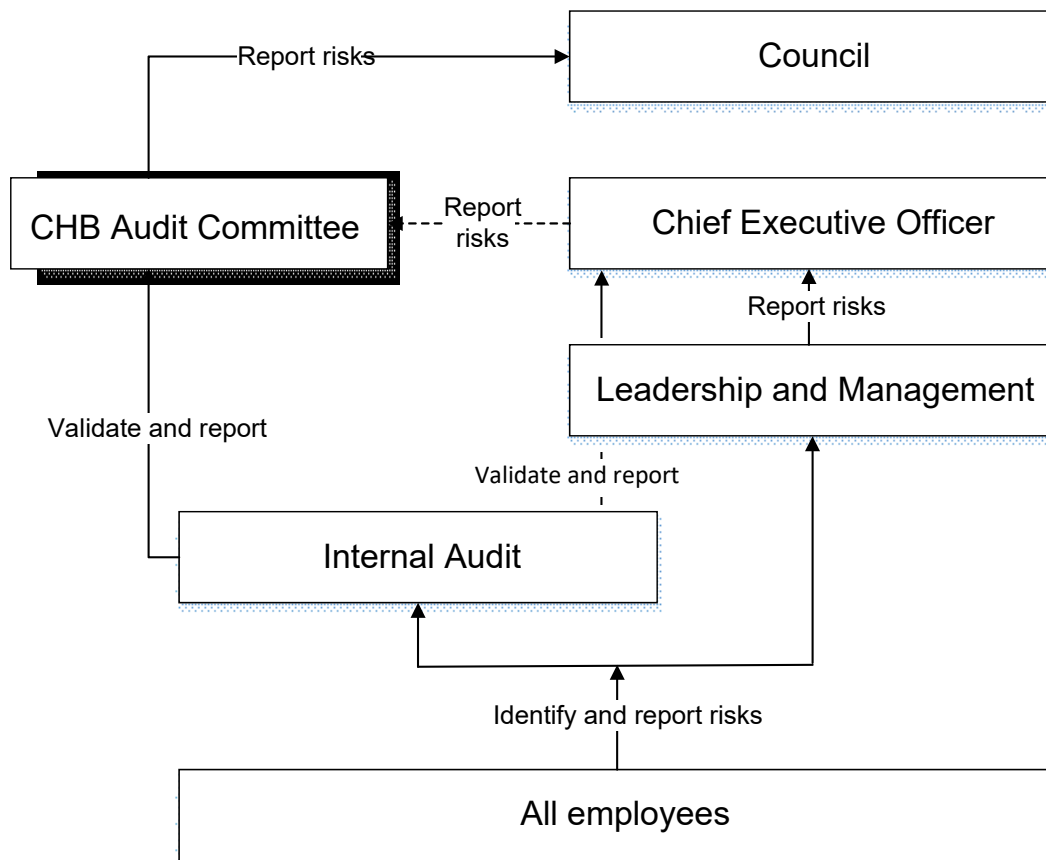
An effective risk management process requires ongoing monitoring and review of all risks, controls and treatments and is part of normal management activities. The City of Holdfast Bay has a process that ensures risk registers are

RISK MANAGEMENT FRAMEWORK

monitored and reviewed regularly and risk owners are engaged in the process. This ensures that treatment plans are achieving their aim and remain relevant. It also highlights changes in risk analysis ratings and identifies any new risks arising from any changed internal or external context.

3.7.1 Reporting

Reporting is undertaken on a regular basis to ensure that key stakeholders have visibility of relevant risks and the implications of risks can be considered by management and in decision making. The following diagram provides a high-level overview of reporting of risk information for the City of Holdfast Bay.



3.7.2 Review of Risk Registers

Review of risk registers aims to validate the accuracy and trends of risk related information and is coordinated by the Team Leader Governance. A summary of risk reporting requirements is provided in the tables below:

Risk Rating	Strategic Risk Reporting
Extreme	All Strategic risks, regardless of rating, are reported to the CHB Audit Committee, Senior Leadership Team and CEO.
High	
Moderate	

RISK MANAGEMENT FRAMEWORK

Low	Strategic Risks are managed by CHB Leadership and Management.
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All strategic risks will be reported to the CHB Audit Committee at each Audit Committee meeting, including the status of each risk and any mitigating action occurred in managing the risk.

Residual Risk Rating	Operational Risk Reporting
Extreme	All Extreme Operational risks are reported to the CHB Audit Committee, Senior Leadership Team and the CEO.
High	All High Operational risks are reported to the CHB Audit Committee, Senior Leadership Team and the CEO.
Moderate	Reported and managed by CHB Leadership and Management
Low	Reported and managed by CHB Leadership and Management

All extreme and high rated risks will be reported to the CHB Audit Committee at each Audit Committee meeting, including the status of each risk and any mitigating action occurred in managing the risk.

5. INTEGRATION OF RISK MANAGEMENT INTO COUNCIL PROCESSES

An integrated risk management process requires embedding risk management into every aspect of Council’s operations to manage risks and achieve its objectives. This includes both strategic and operational activities, processes, functions, projects, services and assets. Risk management is integrated into the following activities and processes:

5.1 Strategic and Operational Risks

Strategic and Operational Risk Registers will be reviewed, reassessed and monitored on an annual basis. The review will be undertaken by a group coordinated by the Risk Manager including both Elected Members and Senior Management as deemed appropriate by the Risk Manager. Risks are recorded in terms of the inherent risk, residual risk and target risk and mitigation strategies identified for those risks with gaps between the residual and target risk.

The Internal Audit Program will address the key risks identified in the Risk Registers, which can be ranked according to their likelihood and consequence.

Who responsible: Risk Manager

Frequency: Annual

5.2 Financial Risks

RISK MANAGEMENT FRAMEWORK

Financial Risks including fraud and theft in the areas of payroll, purchasing, contracting, cash handling and investment are captured as a part of the Strategic Risk Register. Controls to mitigate these risks include policies and procedures, controls within the finance system, and compliance monitoring using Control Track.

Who responsible: Manager Finance

Frequency: Annual

5.3 **Budget and Annual Business Planning**

Throughout the development of the Annual Business Plan and the budget planning process, key risks and opportunities facing Council are considered. The planning process identifies and reviews key risks that may impact its ability to meet its strategic and legislative requirements and objectives. Council's New Initiative process includes a risk assessment for all new requests for funding, and risk is incorporated into the prioritisation of projects.

Who responsible: Senior Leadership Team

Frequency: Annual

5.4 **Procurement and Contractor Management**

Council balances risk and opportunity in ensuring that the right mix of risk between suppliers and Council is maintained. It also ensures that suppliers have sufficient professional indemnity and public liability insurance, including the obtaining of Certificates of Currency over the contract duration. It also ensures that its suppliers are committed to workplace health and safety as well as being competent in the provision of goods or services.

Who responsible: Staff with financial delegation, project managers, Team Leader Governance

Frequency: Ongoing

5.5 **Event Management**

For any events to be undertaken, a risk management plan is developed, consistent with this framework that includes the recording of risks, consequences, likelihood, risk rating, preventative action required, responsive action required. It also includes a guide of possible risks to assist event organisers complete the plan eg. food handling, traffic disruption, trip hazards, etc.

Who responsible: Manager City Activation

Frequency: Every Event application

5.6 **Alwyndor Aged Care Accreditation**

RISK MANAGEMENT FRAMEWORK

All aged care homes receiving government subsidies need to meet quality standards called accreditation standards. They cover areas such as management, staffing, health and personal care, resident lifestyle, living environment, catering, cleaning, continuous improvement, and safety and security. Accreditation assessment teams provide ongoing monitoring and make planned visits and yearly unannounced visits to aged care homes as part of the monitoring activities. Alwyndor has its own compliance program ensuring it meets the 44 accreditation requirements. Alwyndor also has its own Risk Management Plan and also maintains a corporate risk register.

Who responsible: General Manager Alwyndor

Frequency: Ongoing

5.7 Workplace Health and Safety

Workplace health and safety (WHS) is managed throughout the City of Holdfast Bay in dealing with its employees, contractors and volunteers. These groups are thoroughly inducted in WHS principles before commencing work at the City of Holdfast Bay and include topics such as worksite hazard management, personal safety, plant and equipment storage, electrical safety and reporting of incidents. Different induction checklists are used for approved contractors depending on the nature (risk) of the work to be performed. Job Safety Assessments are also performed consistent with this framework that includes the recording of hazards and risks, risk ratings, risk control measures and the name of the person responsible for implementing the control measures.

WHS also includes healthy catering to ensure that Council's staff, elected members, volunteers and visitors always have access to healthy catering options when attending City of Holdfast Bay meetings, workshops, events and facilities.

Who responsible: All staff, WHS Coordinator

Frequency: Ongoing

5.8 Project Management

Key risks are considered as part of projects to ensure they are effectively managed from concept to implementation. All major projects require a formal documented risk assessment be performed, consistent with this framework, at the concept stage, ongoing and post project completion, as part of the post project review process.

Who responsible: Project Managers

Frequency: Throughout the project lifecycle

5.9 Asset Management

RISK MANAGEMENT FRAMEWORK

Council performs regular assessments of risks associated with service delivery from its assets. Council's Asset Management Plans are reviewed every 4 years and include an assessment of risk. Individual asset classes are also reviewed more frequently with risk management forming a part of the condition assessment. Council's Capital Works Program is also determined as a result of risk management processes with project prioritised accordingly.

Who responsible: Project Managers, General Manager City Assets and Services

Frequency: Ongoing

5.10 Business Continuity

Key risks that impact on the ongoing continuity of service delivery of Council following a disruptive incident have been considered and assessed and included in the Business Continuity Plan.

Who responsible: Senior Leadership Team

Frequency: Yearly

5.11 Emergency Risk Management Plan

The Cities of Holdfast Bay, Marion, Mitcham and Unley have developed a regional framework that is designed to provide support to current Council systems in place to manage emergencies as well as provide scope for future, ongoing planning and development of improved strategies to prevent, prepare to respond to or recover from emergencies within the community.

Who responsible: Senior Leadership Team

Frequency: Yearly

6. REFERENCES

6.1 Policies and Procedures

- Risk Management Policy
- Risk Management Procedure
- Procurement Policy
- Internal Purchasing Policy
- Internal Tendering Policy
- Climate Change Policy
- WorkHealth and Safety Policy
- WHS Contractor Management Procedure
- Healthy Catering Policy

6.2 Forms and Templates

- Risk Register
- Events @ The Bay – Risk Management Plan Template

RISK MANAGEMENT FRAMEWORK

- Job Safety Assessment
- Induction Checklist for Approved Contractors providing High risk or Construction Works
- Induction Checklist for Approved Contractors – Medium Risk and/or repeated works
- WHS Hot Work Permit Form
- WHS Construction Activities Guidance Checklist
- Contractor Feedback Form
- Induction checklist for Consultants and Temporary Staff
- WHS Contractor Induction Handbook
- Procurement Plans

6.3 Legislation

- Civil Liability Act 1936
- Work Health and Safety Act 2012
- Local Government Act 1999
- Emergency Management Act 2004
- Aged Care Act 1997
- Quality of Care Principles 2014
- South Australian Public Health Act 2011

6.4 Other References

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2017 SALGFMG
- City of Holdfast Bays Strategic Plan
- Public Health Plan 2014 - 2019
- Events @ The Bay – Risk Management Plan Guidelines and Template
- Asset Management Plans
- Emergency Risk Management Plan
- Business Continuity Plan
- Community Emergency Management Framework
- Workplace Emergency Evacuation Plan

6.5 Definitions

Key Term	Definition
Consequence	The outcome of an event expressed qualitatively or quantitatively, being a loss, injury, disadvantage or gain. There may be a range of possible outcomes associated with an event.
Control	Any action taken by staff, management, Council, event organisers and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved.

RISK MANAGEMENT FRAMEWORK

Key Term	Definition
Cost	Of activities, both direct and indirect, involving any negative impact, including money, time, labour, disruption, goodwill, political and intangible losses.
Contingency	Budget (cost benefit) or time (duration) that may be used in the event of a risk occurrence.
Event	An incident or situation, which occurs in a particular place during a particular interval of time.
Frequency	A measure of the rate of occurrence of an event expressed as the number of occurrences of their event in a given time. See also Likelihood and Probability.
Hazard	A source of potential harm or a situation with a potential to cause loss.
Inherent limitations	Those limitations of all enterprise Risk Management Frameworks. The limitations relate to the limits of human judgment; resource constraints and the need to consider the cost of controls in relation to expected benefits; the reality that breakdowns can occur; and the possibility of management override and collusion.
Inherent risk	High inherent risks that are well controlled may fall out of our field of view if only the residual risk is assessed. The purpose of assessing inherent risk is to ensure that we maintain focus on compliance with controls. The inherent risk should be considered in the absence of added controls.
Likelihood	Used as a qualitative description of probability or frequency of a risk occurring.
Loss	Any negative consequence, financial or otherwise. Can be differentiated as follows: <ul style="list-style-type: none"> • Maximum foreseeable loss- highest possible loss after considering controls • Maximum possible loss – highest possible loss without considering controls
Monitor	To check, supervise, observe critically or record the progress of an activity, action or system on a regular basis in order to identify change.
Probability	The likelihood of a specific event or outcome, measured by the ratio of specific events or outcomes to the total number of possible events or outcomes.
Reasonable assurance	The concept that enterprise risk management, no matter how well designed and operated, cannot guarantee that an entity's objectives will be met. This is because of inherent limitations in all Risk Management

RISK MANAGEMENT FRAMEWORK

Key Term	Definition
	Frameworks.
Residual risk	The remaining risk after action has occurred to alter the risk's likelihood or consequence.
Risk	The possibility of an event occurring that will have an impact on the achievement of objectives. Risk is measured in terms of consequence and likelihood.
Risk Acceptance	An informed decision to accept the consequences and the likelihood of a particular risk.
Risk acceptance criteria	The formal establishment of criteria or boundaries designed so that the residual risk does not exceed the selected range of financial and operating outcomes.
Risk analysis	A systematic use of available information to determine how often specified events may occur and the magnitude of their consequences.
Risk appetite	The level of risk that is acceptable to Council. This may be set for Council as a whole, for different groups of risks or at an individual risk level.
Risk assessment	The overall process of risk analysis and risk evaluation.
Risk avoidance	An informed decision not to become involved in a risk situation.
Risk evaluation	The process used to determine risk management priorities by comparing the level of risk against predetermined standards, target risk levels or other criteria.
Risk identification	The process of determining what can happen, why and how.
Risk Management Framework	The totality of the structures, methodology, procedures and definitions that Council has chosen to use to implement its Risk Management Processes.
Risk Management Processes	Processes to identify, assess, manage, and control potential events or situations, to provide reasonable assurance regarding the achievement of Council's objectives.
Risk Register	The summary report of all individual risks within each assessment, which include risk ratings (inherent, residual and targeted), level of control, risk decision, risk owner and summary of key controls and/or mitigating actions.

RISK MANAGEMENT FRAMEWORK

Key Term	Definition
Risk Treatment	The means by which an entity elects to manage or treat the individual risks. The main categories are to accept the risk; to mitigate it by reducing its consequence or likelihood; to transfer it to another party or to avoid the activity creating it.
Stakeholders	Parties and stakeholders who may affect, be affected by, or perceive themselves to be affected by, a decision or activity.
Target risk	The aspirational risk level deemed acceptable with additional controls over and above those of the residual level.

RISK MANAGEMENT FRAMEWORK

APPENDIX 1 – Documented Risk Example

Identify Risk			
Risk Number	1	Risk Owner	GM City Assets
Risk Description	Damage and destruction of major council assets (infrastructure and operational assets)		
Sources of Risk	Asset/Infrastructure		
Causes of Risk	<ul style="list-style-type: none"> • Adverse Weather • Lack of maintenance program • Vandalism • Worker Error • Impact of other new development • Terrorism • Public disruption • Incorrect design and poor planning and engineering 		
Consequences	<ul style="list-style-type: none"> • Business continuity of council • Reputation damage • Disruption of trade • Loss of revenue • Financial liability to repair asset replacement • Loss of life 		

Assess Risk – Inherent Risk (Before Controls)		
Consequence Rating	Likelihood Rating	Inherent Risk Rating
Catastrophic	Possible	Extreme

Evaluate Risk			
Mitigation Strategy	Reduce		
Existing Controls		Last Review	Effectiveness
<ul style="list-style-type: none"> • Insurance policies • Maintenance programs IAMP • Safe operating procedures • Security measures and deterrents • Trained staff • Good project management framework • Spare ticket machines on hand plus, spare parts to repair 			Effective / Partial / Not effective
Overall Effectiveness of Controls	Effective / Partial / Not Effective		

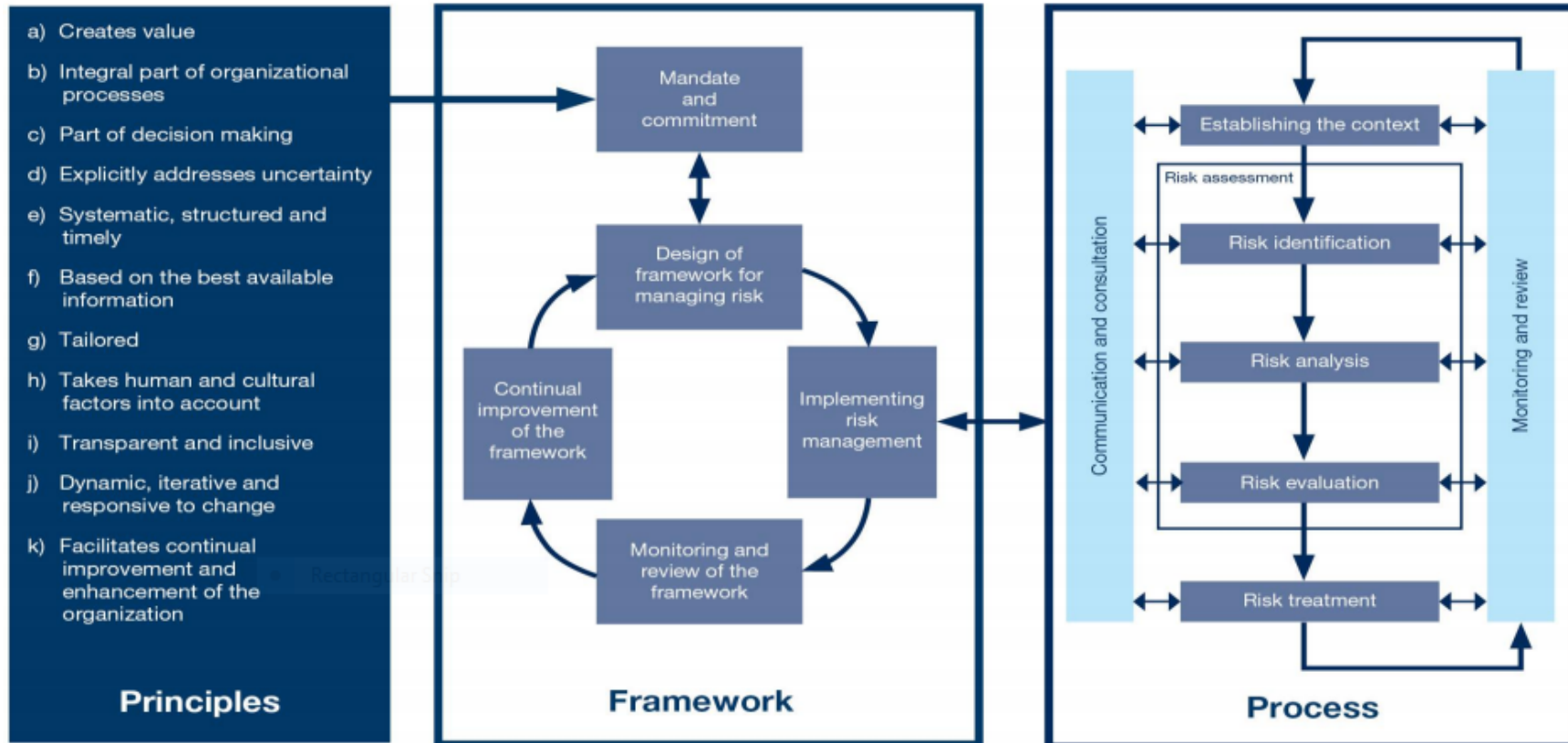
Assess Risk – Residual Risk (After Controls)		
Consequence Rating	Likelihood Rating	Residual Risk Rating
Moderate	Possible	Moderate

Target Risk		
Consequence Rating	Likelihood Rating	Target Risk Rating
Moderate	Unlikely	Low

Treat Risk			
Treatment Number	Treatment Plan	Responsibility	Due Date
1.1	Review IAMPs and related maintenance programs		

APPENDIX 2 – Risk Management Process

The risk management process is based upon the Standard as shown below:



RISK MANAGEMENT FRAMEWORK

APPENDIX 3 – Consequence Scale and Descriptions

Impact Scale	Reputation	Business impact	Public Safety	Environment	Service Delivery
1. Insignificant	<p>No adverse effect on public image</p> <p>No media interest</p> <p>Insignificant level of community concern. A slight but manageable increase in the number of adverse resident complaints</p> <p>Negligible adverse impact upon social health and wellbeing of the community which has little or no impact upon established community relationships and links.</p>	<p>Low financial loss – impact of less than \$5k</p> <p>Operational issues manageable within normal activities</p>	<p>No injuries</p> <p>Minor repairs required of an insignificant nature to property / infrastructure.</p>	<p>“Nuisance” category under the SA Environment Protection Act (1993) met</p> <p>Short term, immediately reversible effects on ecosystem</p>	<p>Insignificant impact on Council’s ability to achieve strategic outcomes</p>
2. Minor	<p>Minor adverse effect on public image</p> <p>Minor media coverage in paper distributed within the local area (small scale single article).</p> <p>Minor level of community concern, an increase in the number of resident complaints requiring direct effort to resolve/attend to.</p> <p>Minor adverse impact upon social health and wellbeing of the community that may have a minor impact upon established community relationships & links.</p>	<p>Medium financial loss – impact of between \$5k and \$20k</p> <p>Minor impact in undertaking routine activities</p>	<p>Only First Aid treatment required</p> <p>Minor loss or infrastructure damage.</p> <p>Normal seasonal illness leading to minor disruption to activities</p>	<p>“Nuisance” category under SA Environment Protection Act (1993)</p> <p>Some minor adverse effects to few species/ ecosystem parts that are short term and immediately reversible.</p> <p>Contamination – on-site release immediately contained</p>	<p>Some delays in delivery of strategic initiatives, but only minor aspects impacted. Overall strategic intent still achievable</p>
3. Moderate	<p>Moderate adverse effect on public image</p> <p>Adverse media campaign in Messenger over two or more issues, supported by uptake of issue in Advertiser and or local electronic media</p> <p>Moderate level of community concern, large number of complaints and letters to editor in Messenger Paper</p> <p>Minor common law action or ombudsman investigation threatened/ initiated.</p>	<p>Moderate financial loss – impact of between \$20k and \$50k</p> <p>Impaired ability to maintain normal operations. Reprogramming required.</p> <p>Minor legal issues, non-compliances and breaches of regulation.</p>	<p>Medical treatment required which may include short term admission to hospital</p> <p>Moderate loss/or infrastructure damage</p> <p>Local epidemic leading to noticeable disruption of activities</p>	<p>“Material” category under the SA Environment Protection Act (1993)</p> <p>Contamination – on-site release contained with outside assistance</p> <p>Ecosystems- temporary, reversible damage, loss of habitat and migration of animal populations, some reduction in numbers and die back of plants. Pollution requires physical removal, air quality constitutes potential long term health problems.</p> <p>Manageable restrictions in resource usage</p>	<p>Some key components of the Strategic Plan cannot be achieved within expected timeframes.</p> <p>Additional funding/resources or some strategies reprioritisation is required</p>
4. Major	<p>Significant adverse effect on public image</p> <p>Widespread adverse media campaign including electronic local and national media.</p> <p>Social media going viral requiring management intervention. Pressure on State Government and Agencies to intervene</p> <p>Significant level of community concern</p> <p>Social health and wellbeing of the community seriously affected by major community unrest and/or significant breakdown of established community relationships and links.</p> <p>Significant Common Law Action threatened, major ombudsman investigation initiated</p>	<p>Major financial loss - impact of between \$50k and \$100k</p> <p>Significant effects loss of ability to complete programs, major restrictions to services and project delivery</p> <p>Serious breach of regulation with investigation or report to authority with prosecution and/or moderate fine possible.</p>	<p>Serious & extensive injuries</p> <p>Serious structural damage to infrastructure or serious loss of assets.</p> <p>Widespread epidemic that causes significant disruption to activities</p>	<p>“Serious” category under the SA Environment Protection Act (1993)</p> <p>Contamination – off-site release with no detrimental effects</p> <p>Ecosystems – recoverable damage, death of animals in large numbers, widespread habitation destruction, significant air quality issues. Pollution issues requiring long term management, serious introduction of invasive species</p> <p>Restrictions on resource usage threatening viability of accepted lifestyle</p>	<p>Key Strategic Objectives unable to be achieved; review of Strategic Plan is required</p>
5. Critical	<p>Major effect on public image</p> <p>Widespread adverse media campaign including electronic local, national and international media.</p> <p>Widespread community outrage</p> <p>Social media going viral, unable to be contained. State Government and Agencies to intervene.</p> <p>Social health & wellbeing of the community severely affected resulting in fracturing of established community relationships & links.</p> <p>Class Actions, Judicial Inquiries Initiated</p>	<p>Critical financial loss/exposure – impact greater than \$100k</p> <p>Projects & programs failure, inability to meet minimum acceptable standards,</p> <p>Major breaches of regulation, sanctions imposed</p>	<p>Fatalities</p> <p>Critical loss, irreversible damage property / infrastructure with a replacement cost that overwhelms the capital budget (>25%)</p> <p>Community movements restricted under State Emergency Plan</p>	<p>“Serious Material harm” category under the SA Environment Protection Act (1993) and EPA actions initiated</p> <p>Off-site contamination requiring immediate and significant remediation actions</p> <p>Ecosystems – irreversible damage, widespread loss of animals, and key stone species extinctions, destruction of flora species, widespread domination of invasive species. Pollution unable to be effectively remediated.</p> <p>Restriction on resource usage resulting in permanent disruption of accepted life-style</p>	<p>Goals of Strategic Plan not achievable; total and immediate re-work of Plan is required</p>

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Trim Container	FOL/18/737
Trim Document Number:	DOC/19/6085
First Issued / Approved:	13 March 2018
Last Reviewed:	N/A
Next Review:	30/06/2019
Responsible Officer:	Team Leader Governance
Date Placed on Intranet::	14 March 2018

1. PREAMBLE

This Policy outlines the Council’s responsibilities and commitment to risk management within Council operations. This approach is intended to protect Council’s employees, assets, liabilities and community against potential exposures. By undertaking risk management practices Council will minimise uncertainty in achieving its goals and objectives, and maximise opportunities to achieve its Strategic Plan.

1.1 Background

This Policy is part of Council’s Risk Management Framework and various management systems processes and procedures, and forms an integral part of the City of Holdfast Bay’s continuous improvement process and ultimately the Council’s Strategic Planning process.

1.2 Purpose

The purpose of this Policy is to give outline the key principles in Council’s Risk Management Framework, providing an effective process for the identification, analysis and management of both negative and positive impacts on physical, social and economic capital. This will support sustainability and safeguard Council’s assets, infrastructure, people, finances and reputation.

1.3 Scope

This policy applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

1.4 Strategic Reference

Culture: Supporting excellent, efficient operations

RISK MANAGEMENT POLICY

2. PRINCIPLES

- 2.1 In managing risk at the City of Holdfast Bay, Council will ensure that the organisation has an ethos and operating culture, which integrates risk management processes into management activities at both strategic and operational levels.
- 2.2 Council's Risk Management Framework is based on the principles contained within AS/Nz ISO 31000:2009 Risk Management – Principles and Guidelines.
- 2.3 Council will ensure that appropriate policies and procedures of internal control are implemented and maintained.
- 2.4 Council will apply risk management strategies to all business activities using contemporary and industry best practice models to ensure all staff are provided with the tools to achieve the objectives of the Risk Management Framework, Policy and Procedure.
- 2.5 Council will implement a monitoring and reporting process to ensure that risks are regularly reviewed, amended and mitigated as required.
- 2.6 Risk Registers
 - 2.6.1 Council will establish a Strategic Risk Register and an Operational Risk Register.
 - 2.6.2 Within the registers, the individual risks will be rated for inherent, residual and target risks.
 - 2.6.3 Treatments plans will be developed where action is required to achieve the desired target risk rating.
- 2.7 Risk Appetite
 - 2.7.1 Council will determine a target risk rating for all strategic and operational risks.
 - 2.7.2 Council will tolerate an inherent or residual risk rating of moderate or low, unless:
 - a. action is required to achieve the target risk rating
 - b. there is a legal or statutory requirement to take further action
 - c. there is a specific Council direction requiring further action
 - d. it is in the public interest to take further action
 - e. the benefit to be gained from implementing the treatment plan is greater than the costs required to implement the treatment plan.
 - 2.7.3 Any treatment plans that are within the above tolerance will not be given priority for action.

2.8 Roles and Responsibilities

- 2.8.1 Council is responsible for facilitating resources and guidance in relation to the Risk Management Policy and setting the organisation's risk appetite. Council must also review and consider any report or recommendations regarding the Risk Management Framework. .
- 2.8.2 The Chief Executive Officer is responsible for ensuring overall effectiveness of risk management process in accordance with Council's Risk Management Framework by ensuring that adequate resources are available and employees have the necessary knowledge and skills. The Chief Executive Officer must also ensure that annual risk management planning is undertaken.
- 2.8.3 The Audit Committee is responsible for assisting Council in discharging its responsibility in relation to risk management. The responsibilities of the Committee are contained in the Committee's Terms of Reference.

3. REFERENCES

3.1 Legislation

- *Civil Liability Act 1936*
- *Work Health and Safety Act 2012*
- *Local Government Act 1999*
- *Emergency Management Act 2004*

3.2 Other References

- *AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines*
- *Audit Committee Terms of Reference*
- *Better Practice Model – Internal Financial Controls 2012 SALGFMG*
- *Business Continuity Plan*
- *Community Emergency Management Framework*
- *Risk Management Framework*
- *Risk Management Procedure*
- *Workplace Emergency Evacuation Plan*

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Trim Document Number:	DOC/19/6092
First Issued / Approved:	13 March 2018
Last Reviewed:	N/A
Next Review:	30 June 2021
Parent Policy	Risk Management Policy
Responsible Officer:	Team Leader Governance
Date placed on Intranet	14 March 2018

1. PREAMBLE

This procedure details the Council’s Risk Management processes and responsibilities in relation to Council operations, to protect Council’s employees, assets, liabilities and community against potential exposures.

1.1 Background

This procedure is part of Council’s Risk Management Framework and is required to contribute to Council’s continuous improvement and strategic planning processes and minimise uncertainty in achieving its goals and objectives.

1.2 Purpose

This procedure provides a process by which key principles from the *Australian/New Zealand Risk Management Standard ISO31000:2009* are used to effectively manage risk and uncertainties for Council, employees, community and assets, while maximising opportunities to achieve strategic plans

1.3 Scope

This procedure applies to all internal and external stakeholders, authorised to act on behalf of Council, including Elected Members, employees, contractors and volunteers at the City of Holdfast Bay.

The Risk Management Process should be fully informed at all stages to ensure ownership and acceptance at all levels. Communication with all relevant stakeholders should be an ongoing and holistic process.

1.4 Definitions

Risk the effect of uncertainty on objectives

Risk assessment overall process of risk identification, risk analysis, risk evaluation

Risk identification process of finding, recognizing and describing risks

Risk analysis process to comprehend the nature of risk and determine the level of risk

Risk evaluation process of comparing the results of risk analysis with risk criteria to determine whether the risk magnitude is acceptable or tolerable

Risk treatment process to modify risk

2. RISK MANAGEMENT PRACTICE

2.1 Principles of Risk Management

- 2.1.1 Risk Management creates and protects value
- 2.1.2 Risk Management is an integral part of all organizational processes
- 2.1.3 Risk Management is part of decision making
- 2.1.4 Risk Management addresses uncertainty
- 2.1.5 Risk Management is systematic, structured and timely
- 2.1.6 Risk Management is based on best available information
- 2.1.7 Risk Management is tailored
- 2.1.8 Risk Management takes human and cultural factors into account
- 2.1.9 Risk Management is transparent and inclusive
- 2.1.10 Risk Management is dynamic and responsive to change
- 2.1.11 Risk Management facilitates continual improvement of the organisation

2.2 Roles and responsibilities

RISK MANAGEMENT PROCEDURE

- 2.2.1 Council is responsible for:
- Facilitating resources and guidance in relation to the Risk Management Policy;
 - Reviewing and considering any report or recommendations regarding the Risk Management Framework; and
 - Setting the organisation's risk appetite.
- 2.2.2 The Chief Executive Officer is responsible for ensuring:
- Overall effectiveness of risk management process in the organisation and that Council is not exposed to unnecessary or uncontrolled risks;
 - The direction, methodology and on-going management of risk across the organisation is in accordance with Council's Risk Management Framework;
 - Adequate resources are made available for the planning and implementation of the Risk Management Framework;
 - General Managers, Managers and employees have the necessary knowledge and skills to effectively fulfil their risk management responsibilities and are accountable for risks arising from the activities of their business units;
 - Annual risk management planning is undertaken.
- 2.2.3 General Managers are responsible for:
- Ensuring that the Council's assets and operations are adequately protected through appropriate risk management plans and programs;
 - The implementation of risk management procedures and programs within their department;
 - Ensuring risk management action plans are developed for activities or responsibilities of the department;
 - Ensuring annual risk management planning is undertaken
 - Reporting on compliance with the Risk Management Framework.
- 2.2.4 Managers will be responsible for:
- Ensuring that they identify risk for operations within their business units;
 - Developing action plans to mitigate and control risk;
 - The inclusion of risks to the Council's risk register;
 - Identifying and re-evaluating risks annually;
 - Applying Council's Risk Management Framework to risks associated with any planned new activity or proposal being presented to Council.
- 2.2.5 Employees (and Contractors) are responsible for:

RISK MANAGEMENT PROCEDURE

- Performing their duties and functions in a safe manner;
- Adhering to safe work practices and ensuring that they are familiar with the Council's Risk Management Framework.
- Identifying and reporting risk in their area of responsibility;
- Assisting to identify ways of controlling those risks;
- Taking action attributed to them by any action plan;
- Ensuring they remain alert to and report any risks which they might identify while carrying out their normal duties.

2.2.6 The Audit Committee is responsible for assisting Council in discharging its responsibility in relation to risk management. The responsibilities of the Committee are contained in the Committee's Terms of Reference, specifically:

- Reviewing annual financial statements;
- Reviewing the adequacy of Council – wide risk management systems;
- Proposing, and providing information relevant to, a review of Council's Strategic/Annual Business Plans;
- Proposing and reviewing, the exercise of powers under Section 130A of the LG Act;
- Liaising with Council's Auditor;
- Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices.

2.2.7 Risk Manager will support the Chief Executive Officer in discharging their responsibilities and is responsible for:

- Providing appropriate risk management resources to guide and support the Risk Management Framework;
- Assisting Management and their direct reports in managing risks;
- Updating and maintaining CHB's Risk Register;
- Co-ordinating an annual formal risk review process with reporting to the Audit Committee (and the Council) on the outcomes of the review; and
- Conducting periodic reviews and recommending improvements to the Risk Management Framework as appropriate.

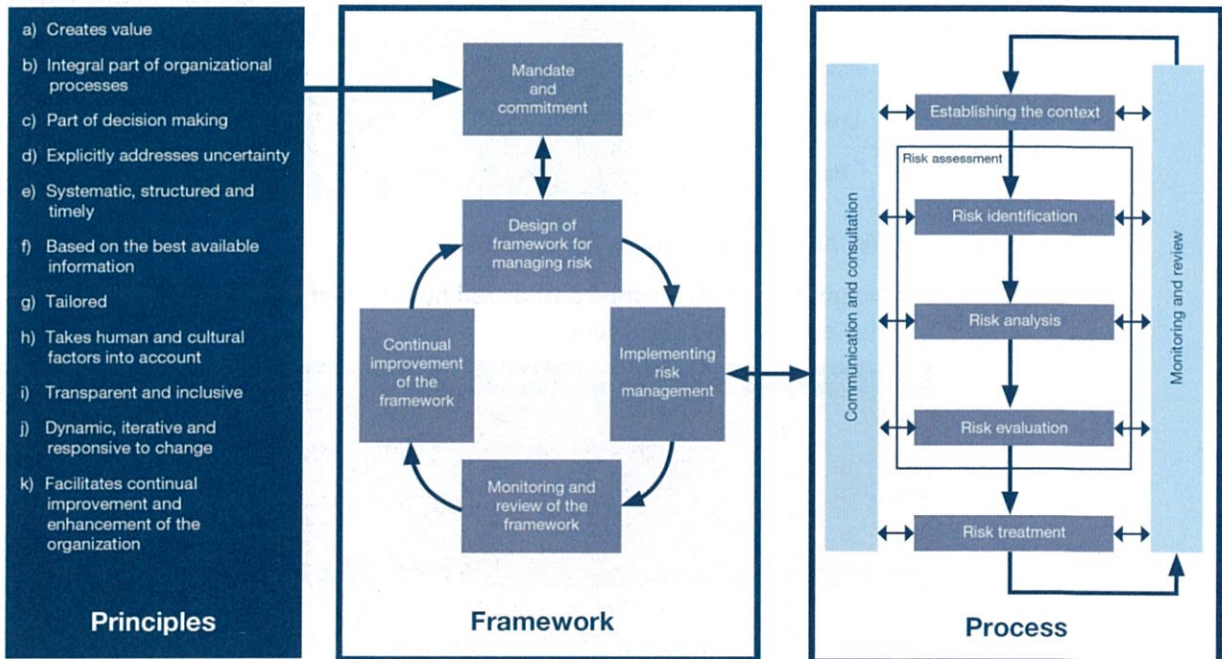
2.2.8 The Risk Owner is responsible for:

- Recommending to CEO whether the level of risk is acceptable
- Providing progress reports to CEO and Audit Committee on risk status
- Securing agreement to:

RISK MANAGEMENT PROCEDURE

- a. The organisation's assessment of the risk, title; description; tolerance and "acceptable level of risk"
- b. The risk mitigation strategy (e.g. accept, treat, terminate)
- c. Actions and their owners to take forward the agreed controls or treatment plans. Can task people to undertake the treatment strategies that are to be directed towards that particular risk.
- d. Assisting control / treatment owner in seeking resources / budget for mitigation actions
- e. Setting and monitoring key milestones, risk indicators and review dates

2.3 Risk Management Process



2.4 Risk Categories

RISK MANAGEMENT PROCEDURE

Category	Description	Business Unit Responsibility
Asset/Infrastructure	Managing assets – including condition assessment, replacement and planning new assets	Assets & Depot
Financial	Risks associated with budgetary requirements and allocation. Tax obligations. Grants	Finance
Customer/service delivery	Meeting the current and changing expectations of customers	Customer Service
Environment	The risks arising from the management of the environment when applying Council services and functions	Environment
Human Resources	Risks associated with recruitment and retention of employees and workforce planning	People & Culture
Compliance/legal	Compliance with legislative and policy framework	Governance
Political/Reputation	Risks associated with the delivery of State/Local Government legislation and meeting Council's overall strategic goals	CEO/COUNCIL
Safety & Welfare	Risk associated with the safety and welfare of employees and contractors of Council.	People & Culture

2.5 Risk Consequence and Likelihood

Consequence		Insignificant	Minor	Moderate	Major	Catastrophic	
		1	2	3	4	5	
Likelihood	Almost Certain	E	Moderate	High	High	Extreme	Extreme
	Likely	D	Low	Moderate	High	Extreme	Extreme
	Possible	C	Low	Low	Moderate	High	Extreme
	Unlikely	B	Low	Low	Low	Moderate	High
	Rare	A	Low	Low	Low	Moderate	High

2.6 Risk Acceptance Criteria / Tolerance

Exceptions to this must be authorized by the Chief Executive Officer and/or the Senior Leadership Team.

Residual Risk Descriptions		
Extreme	<ul style="list-style-type: none"> - Immediate implementation if risk mitigation plans/actions to reduce current residual risk or halt/remove activity - Successful reduction of residual risk to be regularly reported (daily or weekly) to the management group responsible, until risk becomes acceptable 	Not acceptable
High	<ul style="list-style-type: none"> - Senior management attention required to regularly monitor the risk (monthly or quarterly) - Review of current controls and further risk assessment required - Consideration of development and implementation of further mitigating actions/strategies 	Not acceptable (without approval)
Moderate	<ul style="list-style-type: none"> - Managers to monitor and reassess periodically (6 months – 1 year) - Report to senior management as to effectiveness of existing controls - Ensure rating does not increase over time 	Acceptable (Post review with General Manager)
Low	<ul style="list-style-type: none"> - Managed through routine - Consideration should be given to streamlining of excessive or redundant controls 	Acceptable

2.7 Consequence scale and descriptions

E. Almost Certain	Is expected to occur in most circumstances – 95% to 100% probability over next 5 years or had occurred in the last 12 months.
D. Likely	Will probably occur in most circumstances – 76% to 94% probability over next 5 years or had occurred in the last 12 -24months.
C. Possible	Might occur at some time – 26% to 75% probability over next 5 years or had occurred in the last 2-10years.
B. Unlikely	Could occur at some time– 6% to 25% probability over next 5 years or had occurred in the last 10-100 years.
A. Rare	May occur only in exceptional circumstances– 0% to 6% probability over next 5 years or had occurred in over 100 years.

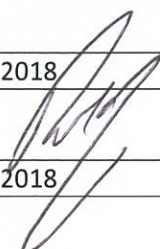
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3.2 Other References

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Audit Committee Terms of Reference
- Better Practice Model – Internal Financial Controls 2012 SALGFMG
- *Business Continuity Plan*
- *Community Emergency Management Framework*
- *Risk Management Framework*
- *Risk Management Policy*
- *Workplace Emergency Evacuation Plan*

Date Endorsed by Senior Leadership Team	13 March 2018
General Manager Signature	
Date of General Manager Signature	

Item No: **6.3**

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

Date: 5 June 2019

Written By: Manager Finance

A/General Manager: Business Services – Ms P Jackson

SUMMARY

The draft 2019-20 Annual Business Plan and Budget was developed on the assumptions and parameters discussed at a Council workshops held in February, March and April 2019. The draft budget satisfies Council's financial sustainability and performance measures.

The Audit Committee at its meeting on 8 April 2019, received, considered and supported the draft 2019-20 Annual Business Plan for public consultation. Subsequent to this meeting on 9 April 2019 Council approved its Draft 2019-20 Annual Business Plan and Budget for public consultation.

Council received a report covering the above outcomes on 28 May 2019 (Report 188/19) and resolved that the submissions be received and noted.

At its meeting on 28 May 2019 council resolved to include a new footpath project on Gladstone Road North Brighton (Report 200/19) in the 2019/20 capital new budget. The 2019/20 capital budget has therefore increased by \$40,000. This is the only change to the overall draft 2019/20 budget.

The draft 2019/20 Annual Business Plan and Budget is presented to Audit Committee for their comment and support that it satisfies Council's financial sustainability and performance measures.

RECOMMENDATION

That the Audit Committee note that the draft 2019-20 Annual Business Plan and Budget satisfies Council's financial sustainability and performance measures and support its presentation to Council for adoption.

COMMUNITY PLAN

Culture: Being financially accountable

COUNCIL POLICY

Not Applicable.

STATUTORY PROVISIONS

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

BACKGROUND

The Audit Committee at its meeting on 8 April 2019, received, considered and supported the draft 2019-20 Annual Business Plan for public consultation. Subsequent to this meeting on 9 April 2019 Council approved its Draft 2019-20 Annual Business Plan and Budget for public consultation. The consultation period ran from 16 April 2019 until 10 May 2019. Council provided a period of one hour to hear verbal submissions and comments from members of the community at its meeting on 14 May 2019.

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

Details of the draft budget parameters, considerations and inclusions were included in the Audit Committee report 136/19 on 8 April 2019. The report included the detailed draft 2019-20 Annual Business Plan which was subsequently published and made available for community consultation.

Draft Budget Financial Performance and Position

The municipal draft budget features:

- an operating surplus of \$252,376 for Council's municipal activities;
- gross capital expenditure of \$22.85m comprising \$6.04m on renewal and replacement of existing assets and \$15.98m 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 – Municipal Activities	Target	2.7% Rate Increase	Comments
Operating Result – after proposed new initiatives Forecast for 2019/20 <i>Operating revenue less operating expenditure</i>	≥ 0	\$252,376 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 41%. Increase in ratio due to new borrowings (\$10.15m) required to fund proposed new (19/20) capital new initiatives.
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.

For Alwyndor activities the financial measures are as follows:

Measure – Alwyndor Activities	Target	Forecast	Comments
Operating Result – Forecast for 2019/20 <i>Operating revenue less operating expenditure</i>	≥ 0	(\$180,076) deficit	<input checked="" type="checkbox"/> Draft result
Net Financial Liabilities Ratio – Forecast to 30 June 2020 <i>Total liabilities less financial assets as a percentage of operating revenue</i>	≤ 75%	77%	<input checked="" type="checkbox"/> Current (18/19 forecast) ratio is 76%. This ratio includes Aged Care Facility deposits which are recorded as current liabilities.
Interest Cover Ratio Forecast for 2019/20 <i>Net interest expense as a percentage of operating revenue</i>	≤ 5%	0.3%	<input checked="" type="checkbox"/> Alwyndor have no borrowings.

Consultation submissions

Council received a report covering the above outcomes on 28 May 2019 (Report 188/19) and resolved that the submissions be received and noted. There were no changes to the draft budget document.

A total of twelve submissions were received. Written submissions were received via three emails, and seven through the interactive web page. There were four submissions directed to Council at its meeting of 14 May 2019, with two of these being accompanied by emailed submissions mentioned above.

These submissions were presented and discussed at an Informal Gathering of Council on 21 May 2019. The full presentation will be shown to the Audit Committee at this meeting.

The feedback and comments received during the consultation period and outcomes of Council's Informal Gathering are attached. This information has been presented for discussion in Attachment 1.

Refer Attachment 1

The key items raised within the submissions included:

- Support for Councils plans for programs and projects including library services, restoration of the Town Hall, and environmental programs, as well as the Customer Service Strategy and Social needs and Community Infrastructure review, Kurna partnership
- Concerns about dealing with non-conforming development
- Concerns about rubbish in the Patawalonga
- Ideas for improvements to a number of reserves
- Traffic management and pedestrian safety along the southern end of the Esplanade
- Stabilising the sand dunes
- A Heritage Booklet for Seacliff and Kingston Park
- Queries regarding the presentation of items within the document
- Allocation of budget to specific projects (ie sandbag groynes, stormwater, etc.)
- Coast Park lighting at Minda Dunes
- Comments and queries on specific projects/areas, including; the Seacliff Public Toilets, Kingston Park Masterplan, Advanced Pump Track, Bouldering and amounts expended/costs of various projects/programs.

Amendments to 2019/20 draft budget

At its meeting on 28 May 2019 council resolved to include a new footpath project on Gladstone Road North Brighton (Report 200/19) in the 2019/20 capital new budget. The 2019/20 capital budget has therefore increased by \$40,000. This is the only change to the overall draft 2019/20 budget. The current Draft 2019/20 Annual Business Plan is attached with updated financial statements for Council Municipal activities. The increase in capital expenditure has not had a material impact on Councils financial indicators or long term financial plan.

Refer Attachment 2

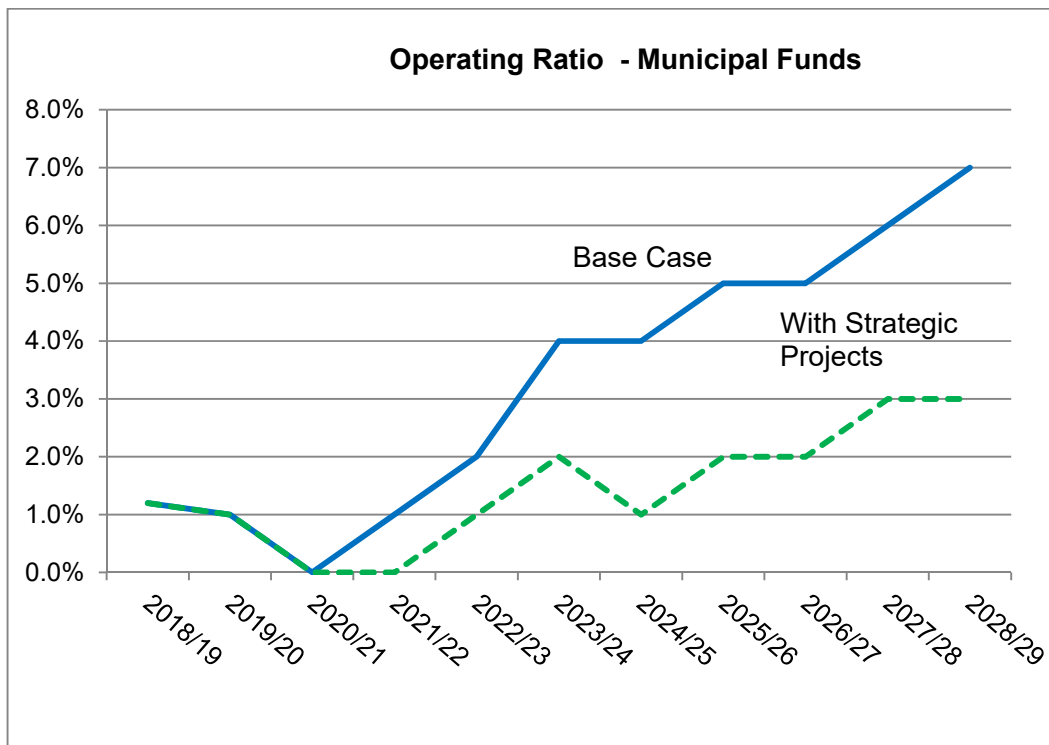
There are no changes to the draft 2019/20 Alwyndor budget.

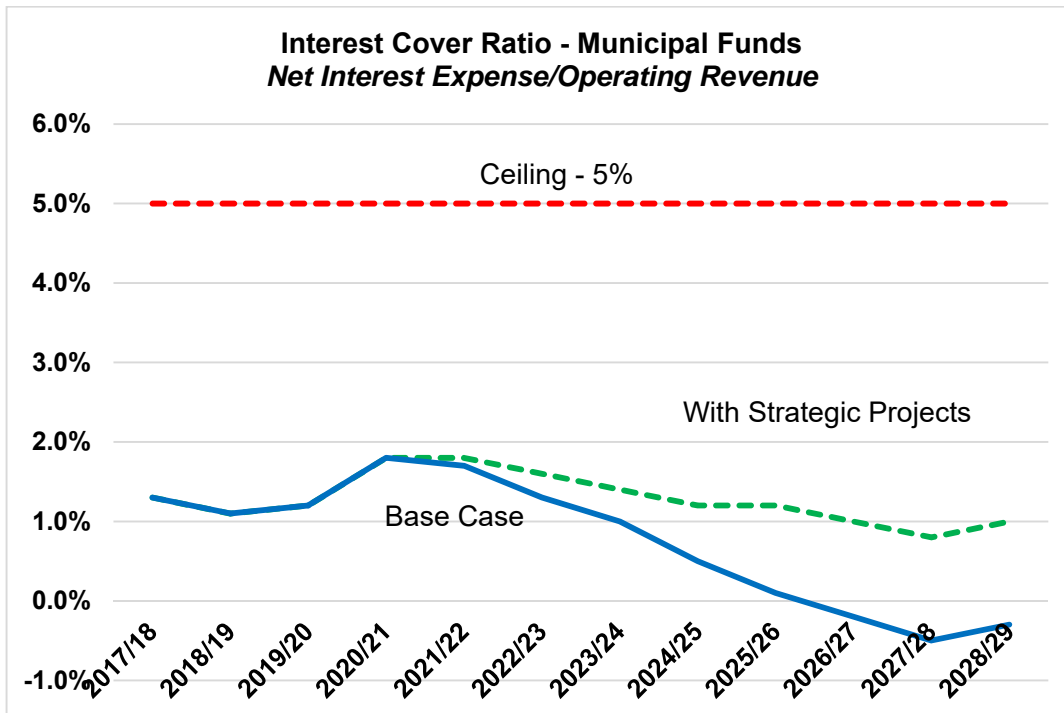
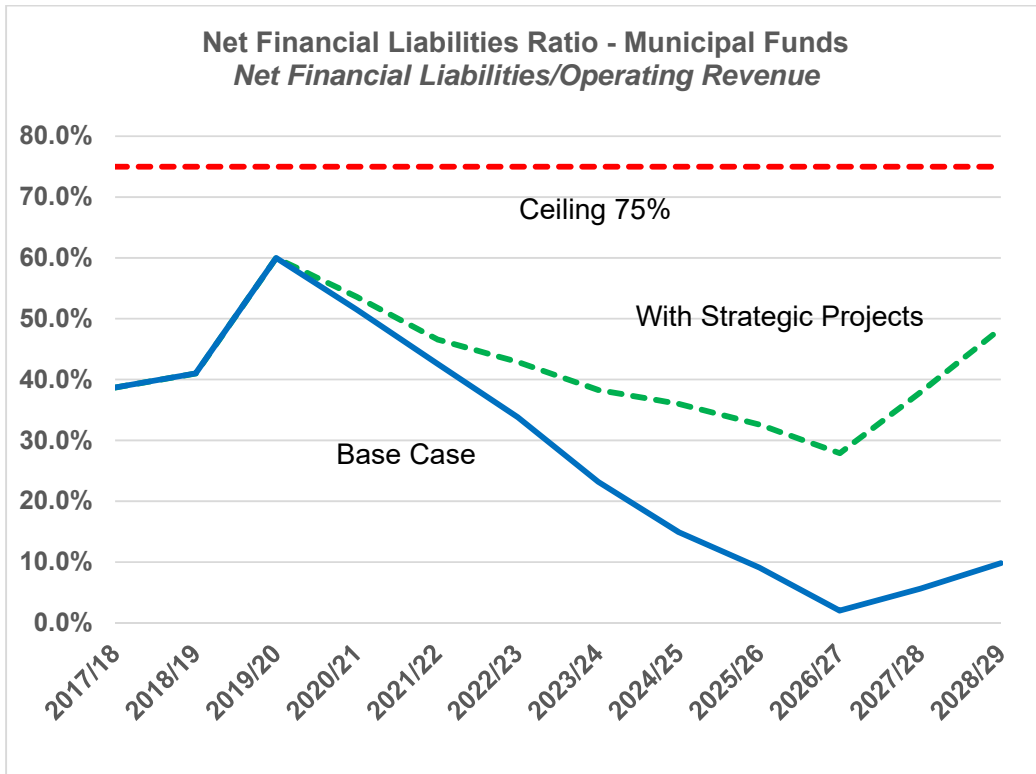
Long Term Financial Plan (LTFP)

The LTFP was presented to the Audit Committee in October 2018 and updated financial indicator charts were presented at subsequent Council budget workshops. The key financial indicators of the LTFP were then updated for the final draft 2019-20 budget and 31 March 2019 budget update. The charts were included in the presentation at the Council workshop on 21 May 2019. They indicate that over a ten year forecast period Council will:

- Achieve an operating surplus
- Achieve a net financial liabilities ratio of less than 75%
- Achieve an interest cover ratio of less than 5%.

The forecast results are reflected in the following charts:





Budget and Annual Business Plan Timeline

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

- 11 June: Council receives Audit Committee recommendations and endorse final 2019-20 Budget and Annual Business Plan.
- 25 June: Council rate declaration.

Audit Committee response

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

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

BUDGET

The cost of production of the 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.

Attachment 1



DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

Submission	Response
Danielle Fopp – Glenelg South	
<p>Pleased with: Commitment to Library services, Restoration to Town Hall (notes that heritage buildings are important for tourism), Commitment to urban forest and coastal environment. “Holdfast Bay can be proud of its green spaces and trees...these should be protected and maintained”</p>	
<p>Expressed a concern regarding non-conforming development, not in keeping with “the coastal themed lifestyle” of Glenelg. She expresses particular concern over 4 storey development and its impact in terms of increasing traffic.</p>	<p>The changes to the scale and design of the built form are the likely result of the zoning reforms introduced by the State Government in 2016, which raised building height limits beyond four storeys and diluted policies requiring comparative architecture in parts of Glenelg. Council typically arranges independent assessment of traffic volumes and movements for each proposed new major development, however often these developments are assessed and approved by the State Assessment Panel. In those circumstances, Council can only provide comments which the State Panel can consider or reject. Council aims to ensure that sufficient on-site car parking is provided for new buildings and that the movement of traffic is not compromised by access arrangements to each new development.</p>
Andrew Ward – Glenelg North	
<p>Concerns regarding rubbish in the Patawalonga, suggested a cutting edge “rubbish trap” and extra bins</p>	<p>Council has installed a gross pollutant trap to reduce rubbish discharge to the Patawalonga . Rubbish bins have also been installed and are emptied regularly to reduce rubbish risks. The Patawalonga itself is a State Government asset. So whilst a <i>SeaBin</i> would be a great initiative, it would be best undertaken by the State Government in partnership with the marina owner.</p>

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

<p>Patawilya Reserve – “overwatered”. Suggested a basketball ring and tennis court for families with younger and older kids.</p>	<p>Council reserves are watered automatically with irrigation times and durations set by reference to turf water needs. We are happy to re-assess whether the reserve is being over watered.</p> <p>We have an oversupply of tennis courts in the City. There are public courts available at each of our existing tennis clubs and the closest in the Glenelg North Helmsdale and Holdfast Tennis Club.</p> <p>The Playspace action plan outlines Council's plans for all of City's playspaces. Patawilywa is identified as a local area playspace, due for refurb in 2025/26, and it has been identified that at that time we may add some additional elements. We are replacing the basketball ring at Wattle Reserve in 19/20.</p>
<p>Liliana Spagnuolo and Connie Boravos -South Brighton</p>	
<p>Traffic Management is required along the Esplanade between Seacliff and Edward Street. Recommend traffic management infrastructure, to ensure community safety</p>	<p>Through our preliminary investigations, traffic issues along the Esplanade and other localised areas within Seacliff have been identified. Council is currently undertaking an Integrated Transport Strategy that reviewing the entire road network within the city, and identifying the priority for traffic infrastructure while understanding the impacts that infrastructure will have on the entire local traffic network.</p>
<p>Management of ‘sand being blown’ into properties once plants have been removed. To ensure established coastal plants are used.</p>	<p>Council is working to rehabilitate the coastal dunes between Brighton and Seacliff. This includes removal of woody weeds and non-indigenous species. There are times when there is a lag between weed removal and r and obviously plants and native grasses need time to grow and p extensive cover. Council is installing sand drift netting where pos prevent sand being blown onto paths,roads and into private pro replanted native vegetation re-establishes.</p>

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

Ian Young - Seacliff	
A Heritage Booklet for Seacliff and Kingston Park, similar to the Glenelg Booklet	The Brighton Booklet is currently undergoing research and design, and there are a number of other resource intensive projects underway for the current and upcoming business plan. Unless fully outsourced, there are insufficient internal resources to undertake a new History project until 2020-21.
Kathy Field -Seacliff	
Pleased to see plans to develop a Customer Service Strategy. “I have found some Departments of Council to give fantastic Customer Service (eg the Library, the Front Desk and the Volunteer Programme) and others to be terrible (ie the after hours Safety Officer)” She would like Council to consider adopting a Customer Service Charter and Customer Service Standards and Customer Service training for all employees	Key outcomes of the development of Council’s Customer Experience Strategy will include a Customer Service Charter, Standards and training for staff. Council looks to continually improve its level of service to the community. Council will work with the external provider of our after hours service to increase customer satisfaction.
Steve Nield - Hove	
Perceived discrepancies in the totals in the document	Mr Nield will be provided with an explanation of the way the figures are aggregated.
5049 Coastal Community Association	
Emphasis on Glenelg and Northern areas at the expense of Seacliff and Kingston Park, though notes with pleasure a number of activities planned in those areas.	Each year Council identifies the work required within the City based on priority and need. In recent years the Seacliff area has been the focus for a number of large scale infrastructure projects including \$16M Kauri Parade project, Coast Park, Angus Neill Reserve and the Brighton Oval Redevelopment.
Sporting facilities again seem to be a focus of major improvements with minimal funding for community facilities	Due to funding received through Federal and State Governments, Council has been able to undertake major upgrades to some of our sporting facilities. Council, however, remains committed to supporting our community facilities and this is evidence by the current master plan of the Holdfast Bay Community Centre.

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

<p>Good to see the investment in the Kaurua Nation partnerships Good emphasis on environmental initiatives including coastal protection and waste minimisation Interesting to know more about the funding for the improved community transport initiatives</p>	
<p>The open space capital renewal fund of approx \$200K seems very light on given how important they are</p>	<p>The funding for Open Space Capital Renewal is somewhat reduced this year as major upgrades underway for a number of our reserves. The focus this year is on upgrading reserves rather than renewing existing facilities. As a result there is an increase to our capital projects for these upgrades.</p>
<p>The provision of \$40K to increase the “urban forest” seems modest if this is a serious environmental initiative.</p>	<p>Council currently funds its planting program to deliver approx. 500-600 new trees per year. These are predominantly block planted (ie planting whole street trees rather than individual trees), but some infill/maintenance planting also occurs. The additional \$40,000 aims to plant an additional 100 trees per year and allows for purchase of the tree stock, planting, watering and formative pruning to ensure that the maximum number of new trees can be planted and survive to grow into healthy trees. Watering and formative pruning is carried out for 3 years after planting, after which time the tree reverts to a lower intensity maintenance program.</p>
<p>The report claims the Integrated Transport Strategy as an achievement. This is a welcome initiative but it is far from complete.</p>	<p>The Council decided to defer the project for 3 months. Community engagement is expected to resume in July with further engagement on a draft strategy later in the year.</p>
<p>Pleased to see Social needs and Community Infrastructure Review; the association would like to be part of that process.</p>	<p>An engagement program will be developed as a part of the project and input will be sought from our community in the review process.</p>
<p>The targets for Council Performance give no indication of the 2018-19 score card?</p>	<p>The scorecards comprise achievement for the financial year as a whole, hence are included in the Annual Report, rather than the business plan.</p>

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

Will Seacliff Public toilets include change rooms?	The inclusion of change rooms can be considered in the design process however constraints such as available space may limit the ability to include changerooms.
Kauri Community and Sport Centre playground is listed as an achievement. There is no evidence of this at the site?	The project is on schedule to be completed by EOFY
No mention of the Seacliff Plaza MasterPlan implementation	Two key elements of the Seacliff Plaza MasterPlan were the rebuilding of the surf lifesaving tower and the toilet block. Both elements are expected for completion within 2019/20 year.
Kingston Park Master Plan review and stage 1 implementation funding (\$100K), unclear as to the funding split and what stage 1 is to be?. No major projects are planned for Kingston Park, No funding for the Kingston Park Reserve Café, promised in 2014? rejuvenation of the Tjilbruke spring area, more solar amenity lighting to the Coastal Path in Kingston Park.	At their meeting on 14 May 2019 Council endorsed changes to the existing Kingston Park Reserve MasterPlan. The funding in the 2019/20 budget will be used to amend the concept of the MasterPlan, as well as commence revegetation on the reserve, including Tjilbruke Spring. In addition, remaining funds from the Kingston Park Coast Park project will be used for the project. Further investigation will be conducted on possible locations for a permanent kiosk, while a temporary kiosk will remain at the reserve until a permanent kiosk is operational.
Concerns over increasing occupancy in an already “overcrowded” caravan park	The occupancy of the caravan park reaches capacity on a few occasions per year, generally around major summer and spring holidays. Council acknowledges the concerns of local residents with regard to parking capacity within the caravan park and local area. Council is continuing to look for ways to alleviate this problem, improve the caravan park and maintain a high standard of service.
Unclear on what portion of the general funding would be given to improving streetscapes in Kingston Park and Seacliff.	Council funds a wide range of services from rates which are provided to all residents. These includes roads, drainage, footpaths, libraries, parks, playgrounds, community centres, sports facilities, waste management, street lighting, public health services, management of planning and development, and administration of local laws. Rates also fund renewal of Council’s assets such as footpaths, roads and open space. Renewals are determined on age, condition and performance following regular asset audits. Council also funds new assets and/or major asset

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

	<p>upgrades based on community needs and preference. Plans for these “new initiatives” are informed by community consultation and feedback on Council’s long term strategies and plans. Projects such as expanded sports facilities at Kauri Parade Seacliff or at Brighton Oval, Kingston Park Coast Park and the upgrade of Jetty Road Glenelg are examples of major new initiatives adopted by Council over the past few years. New initiatives are typically funded by a mix of debt (which Council aims to pay back over 20 years) and rate revenue.</p>
<p>Emma Sandery - Seacliff</p>	
<p>Was pleased to see the focus placed on environmental initiatives including reducing carbon emissions, water sensitive urban design, increased biodiversity and increased waste diversion. Environmental expenditure and targets could be increased. Hopes that money allocated for stormwater works will incorporate principles of green infrastructure and water sensitive urban design.</p>	<p>Within the 2019/20 budget, Council is proposing to fund development of its environmental strategy which will bring together and prioritise all key environmental strategies being pursued by Council. This strategy will be open for public consultation later in 2019 or in early 2020. Council would welcome strong community feedback and guidance on key issues so this can be considered during the formation of the 2020/21 budget. In the meantime, Council is implementing a wide range of environmental initiatives across biodiversity, coastal dune improvements, water sensitive urban design, energy management, climate change adaption, water quality, waste management and recycling. Council does consider water conservation and reuse for all projects.</p>
<p>On behalf of the Seacliff Community Produce Swap: Small improvements to the reserve on Kauri Pde / Wheatland Street Seacliff such as some native plantings along Wheatland Street, along with a low fence to provide protection to our children from this busy street. We would also love to have some simple bench seating under the trees. The group is also keen to support the planting of fruit and nut trees if possible.</p>	<p>Small upgrades can be completed within the operating budget and staff will review the works requested. The group may be eligible to apply for the community donations program.</p>
<p>Tim Voss - Brighton</p>	

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

Advanced Pump Track – the plan mentions investigation but not construction	The budgeted amount includes construction based on the initial scope of the project. The change and scope of the project requires consideration by Council.
Bouldering Structure – not mentioned, please provide provision for construction of a Bouldering Wall	The bouldering structure has not been included in the draft budget. Council will be receiving a report on the proposed project at which time they can make a determination on whether or not to make budget provision for it or not.
Eric Foubert - North Brighton and Terry Bruun – Brighton Dunes Apartments Committee	
Minda Coast Lighting	<p>Extensive consideration was given to the lighting of the path. Council, Minda and DPTI weighed the benefits, limitations and constraints of lighting as part of the design. All stakeholders decided that public safety was of most importance and as a result decided not to light the path. While appearing counter-intuitive, lighting of the path would attract people to an isolated area of coast that has limited access and is difficult to patrol.</p> <p>Council understands the concerns raised by some members of the community and are giving further consideration to the possible options of lighting. A report will be provided by Council to make a determination as to further action in this area.</p>
Holdfast Bay Resident’s Association	
Questioned “effective community consultation” and a benchmark for LG in South Australia	Council is always looking to improve engagement with our community. Our Public Consultation Policy sets out how Council consults which is underpinned by our obligations under the Local Government Act.
Queried whether Council supports the re-introduction of the independent inter-Council comparison survey.	The City of Holdfast Bay supports any initiative for benchmarking across the local government sector in South Australia.
Queried a projected loss for Alywndor for 2020, and the components of Alywndor’s depreciation schedule	Based on a business as usual proposition in light of regulatory changes as a result of the royal commission. Depreciation information provided.

DRAFT 2019-2020 ANNUAL BUSINESS PLAN - SUMMARY OF SUBMISSIONS

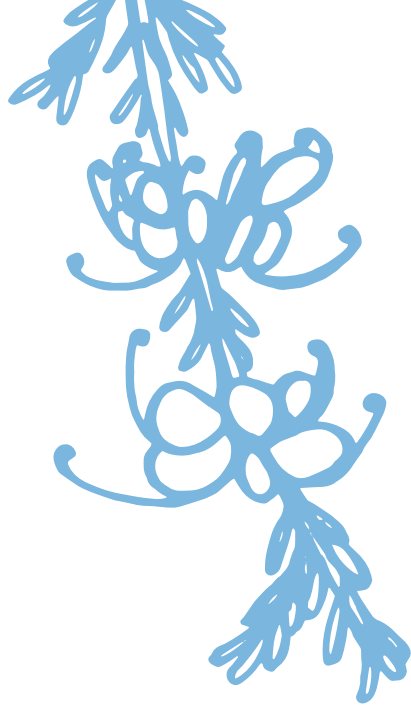
<p>what is the proposed 2020 performance for each of Council’s commercial and economic enterprises, and the 2018 and prior year performances for the Caravan Park.</p>	<p>Information provided</p>
<p>Queried expenditure on playspaces</p>	<p>The playspace upgrades are in line with the 2019-2029 Playspace Action Plan, which aims to create accessible intergenerational play opportunities.</p>
<p>Asked what “event support position continuation” means.</p>	<p>The resource will support the operational delivering and development of over 200 events annually, contributing \$55M to the local economy. Events play a pivotal role supporting objectives outlined within the Tourism Plan 2020, Economic Activation Plan 2018-2023 and Our Place 2030 Strategic Plan.</p>
<p>Queried debt and depreciation</p>	<p>Council monitors its level of debt by measuring its net financial liabilities being total liabilities including borrowings less total financial assets. This is expressed as a ratio of total annual operating revenue. Council has set the maximum ratio to be 75%. Page 54 of the draft annual business plan document explains this ratio more fully. The 19/20 draft budget has forecast this ratio to be 60% well below the maximum ceiling. Council’s long term financial plan also measures this ratio over a ten year forecast period and the ratio remains well below the ceiling over the 10 year period.</p> <p>Depreciation is forecast annually based on property, plant and equipment and infrastructure useful lives and renewal plans. The amount for 19/20 has increased due to recent and forecast valuations of assets, while also providing depreciation for new assets forecast to be completed during 2018/19.</p>

Attachment 2A



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

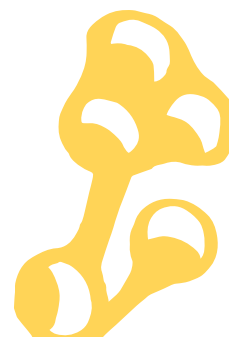
We acknowledge the Kurna people as the traditional custodians of this land. We respect their spiritual relationship with the country that has developed over thousands of years, and the cultural heritage and beliefs that remain important to the Kurna people today.

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TRADITIONAL CUSTODIANS

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.



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

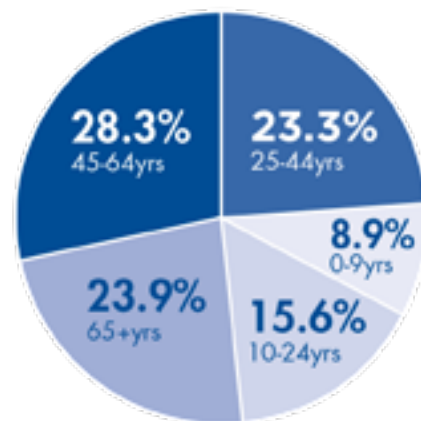


NEW RESIDENTS

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

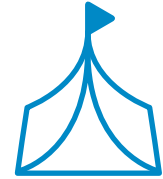
Providing adequate waste management services

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



Overall rating of Holdfast Bay as a place to live



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

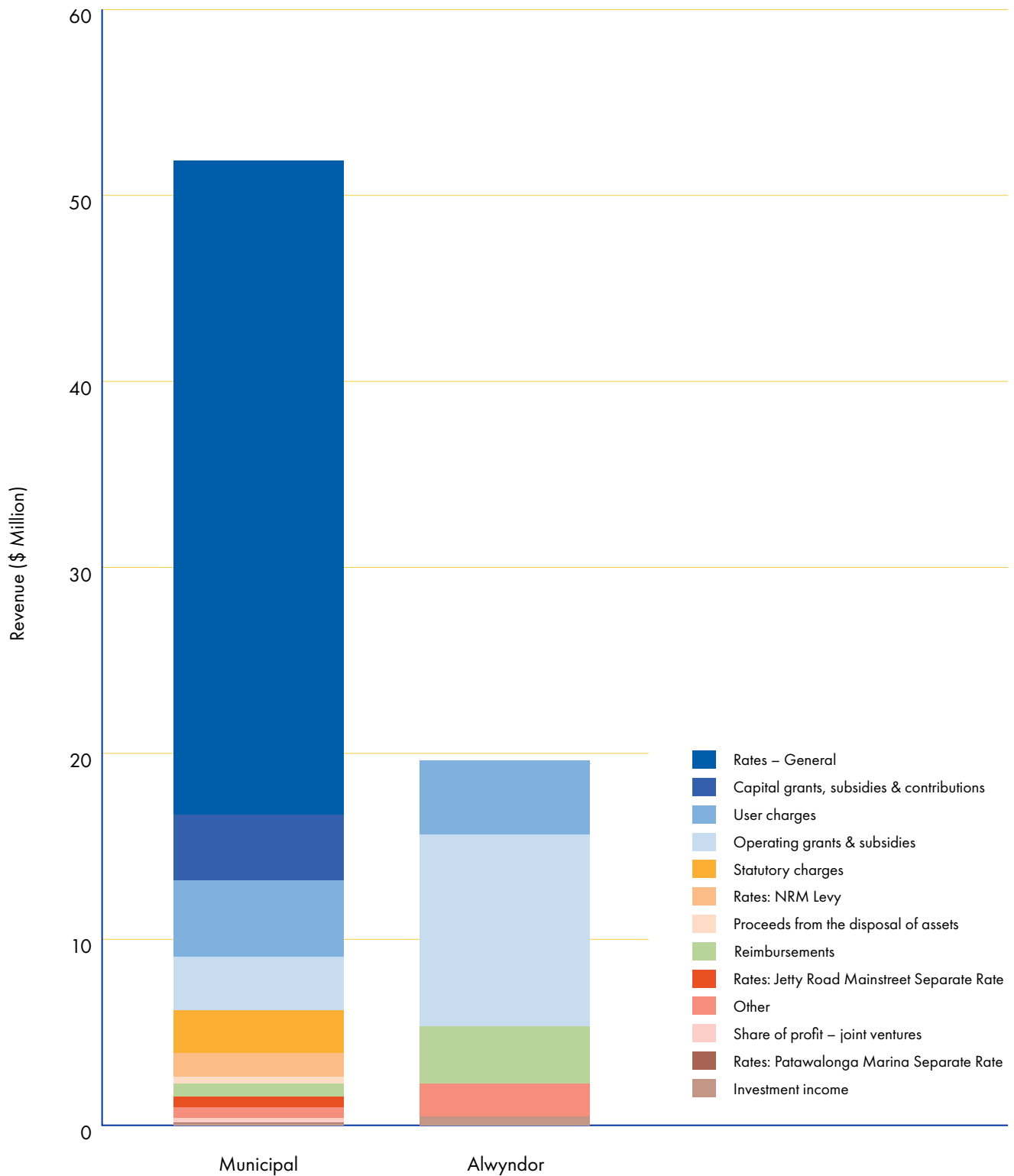
TOTAL ALWYNDOR REVENUE **\$19.63 million**

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

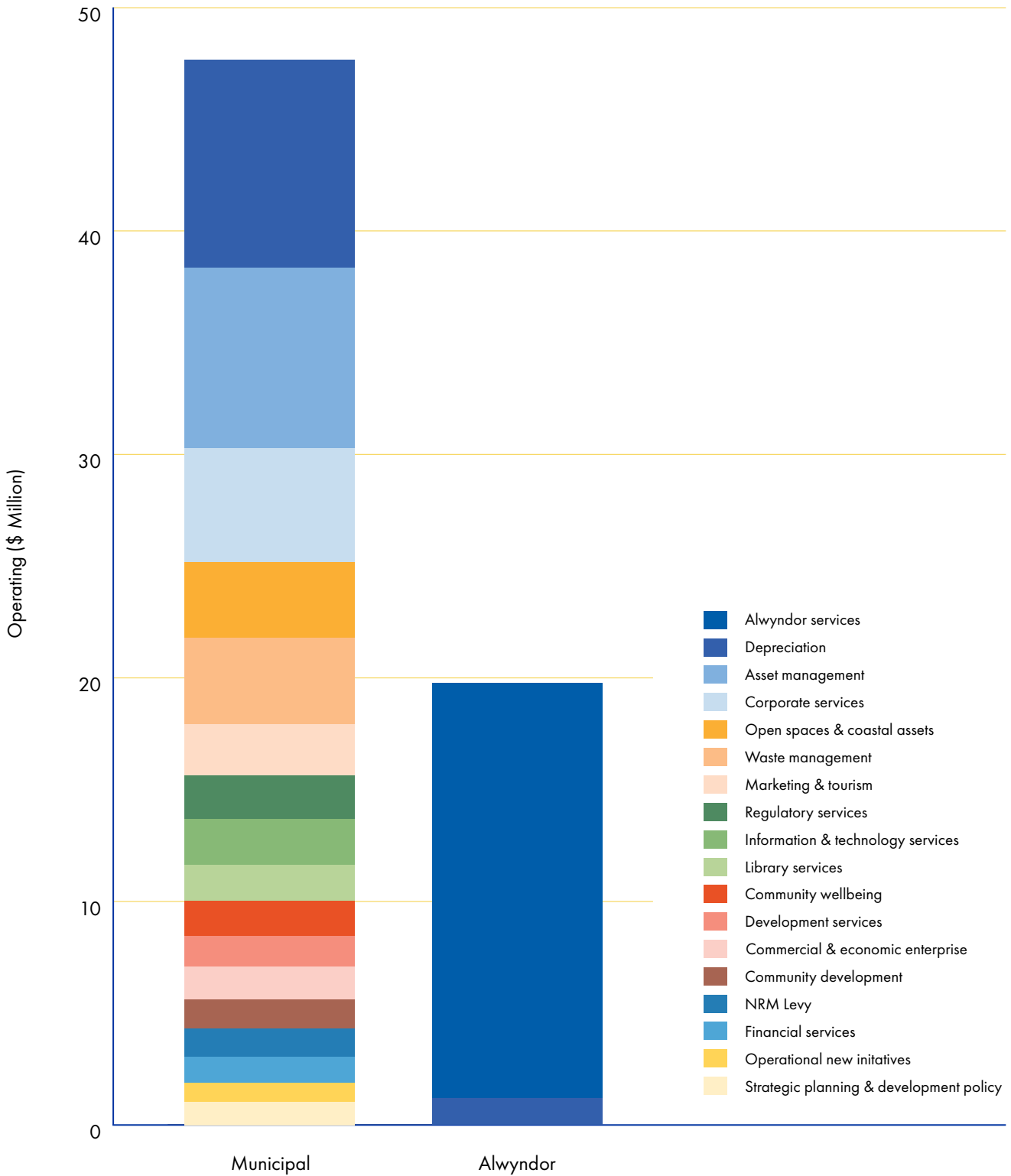
ALWYNDOR OPERATING EXPENDITURE

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

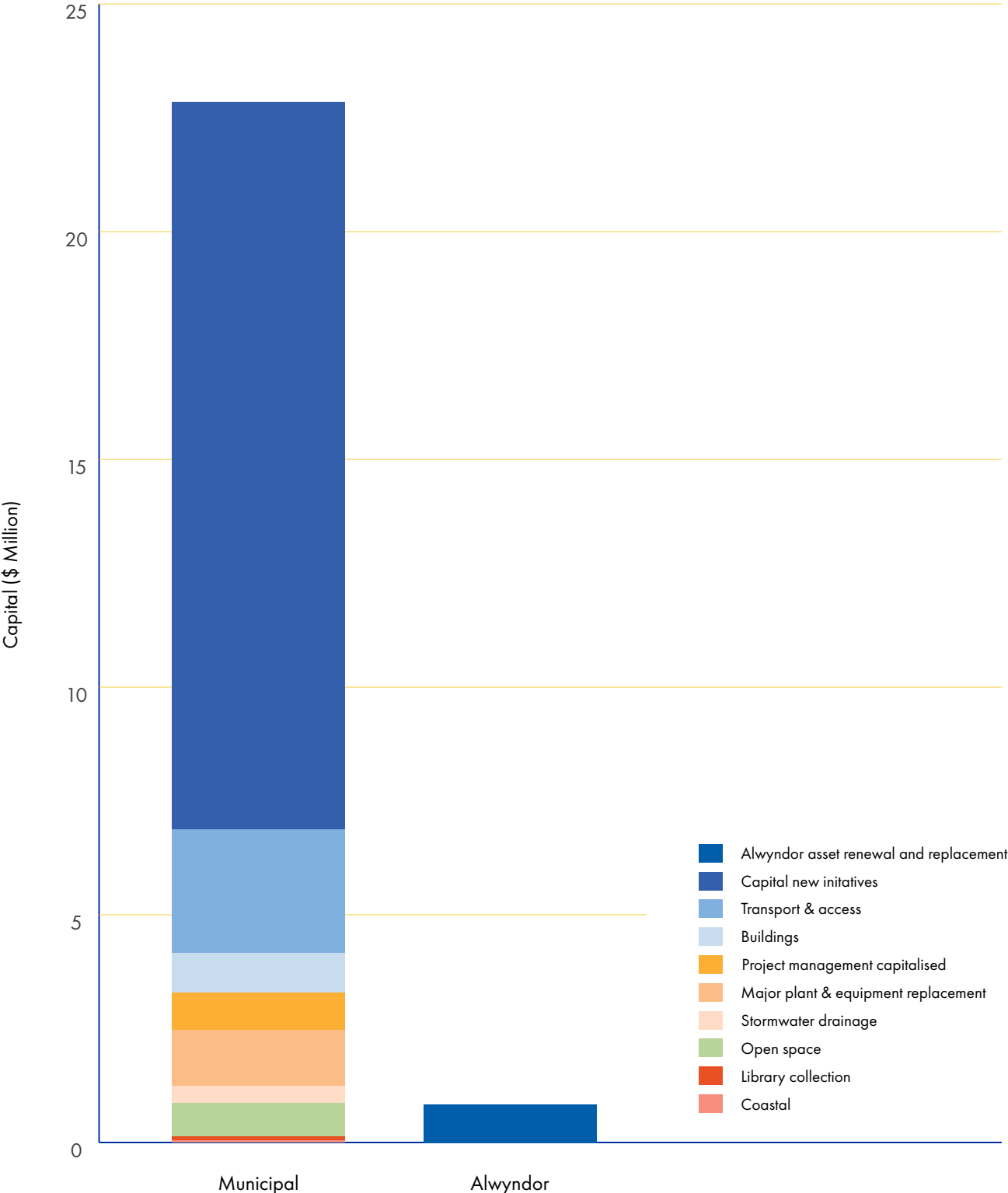
CONSOLIDATED CAPITAL PROGRAM

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

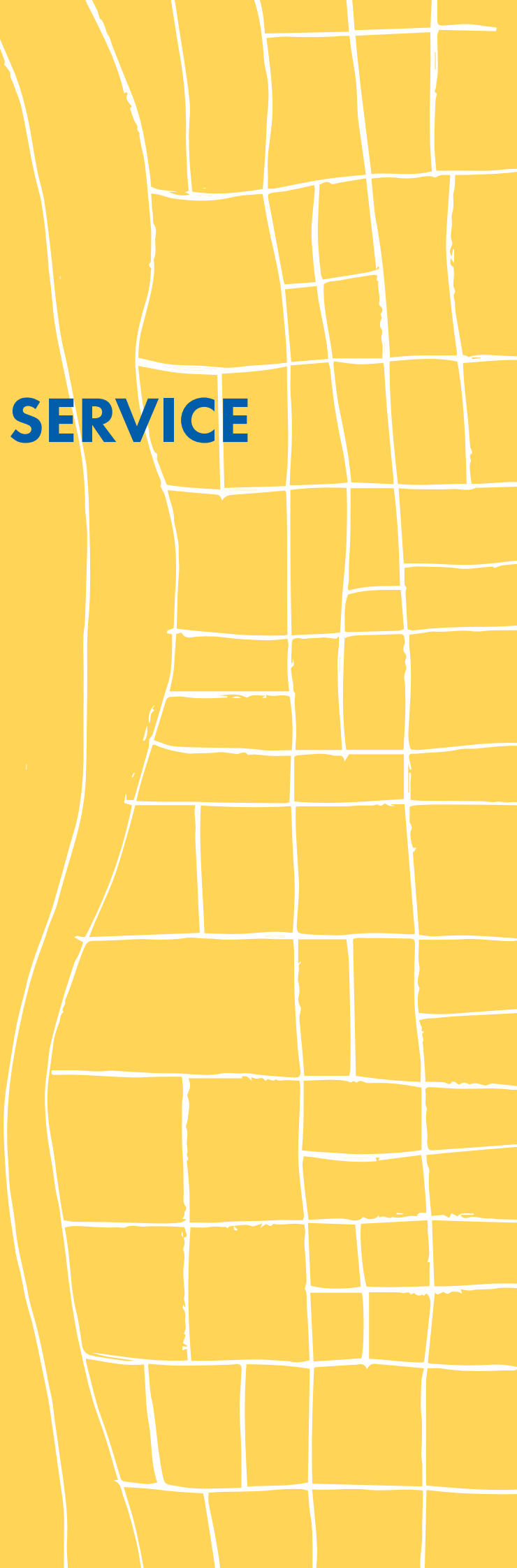
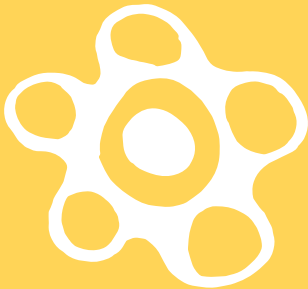
Our 2019–20 budget relies significantly on property rate revenue for our operations. Rates make up 77 per cent of our revenue, excluding Alwyndor and the NRM Levy. Whilst we are a leader in South Australia for non-rate revenue, we are still seeking to reduce this rate burden by increasing our revenue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

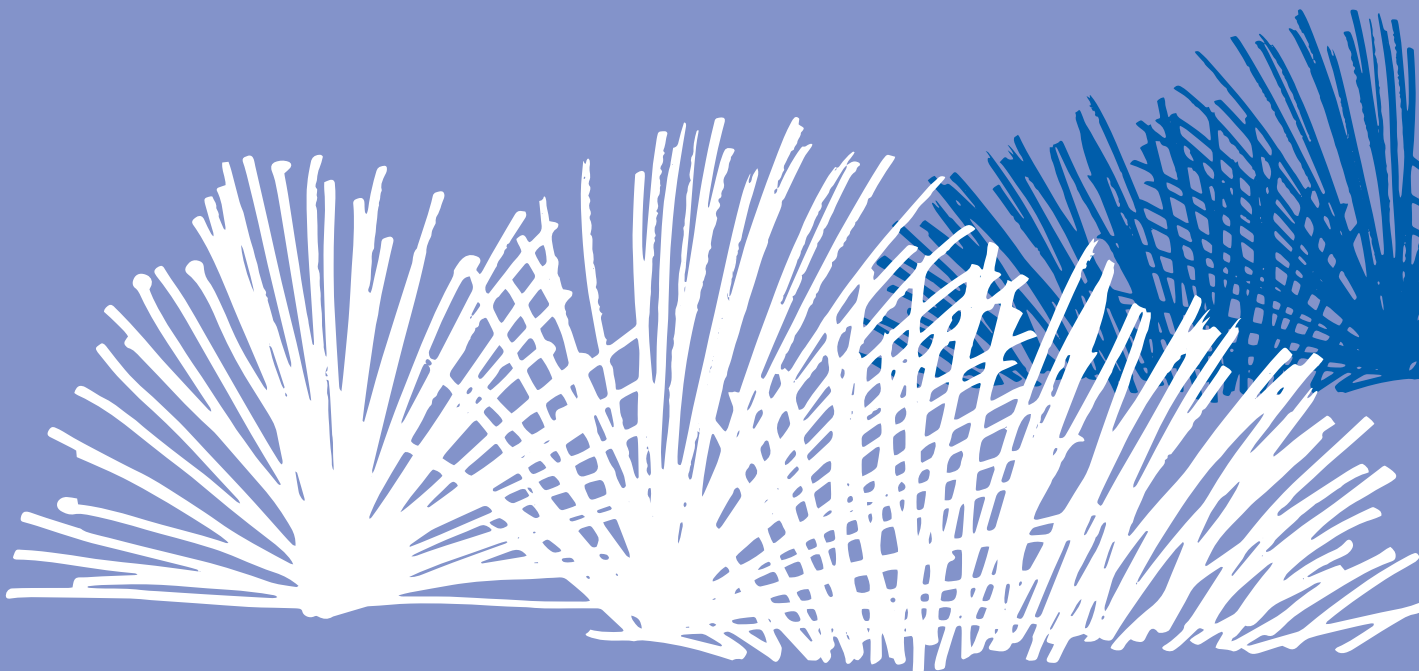
We will provide additional lighting and CCTV coverage for the western pathway and playspace to reduce illegal and antisocial behaviour.



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.

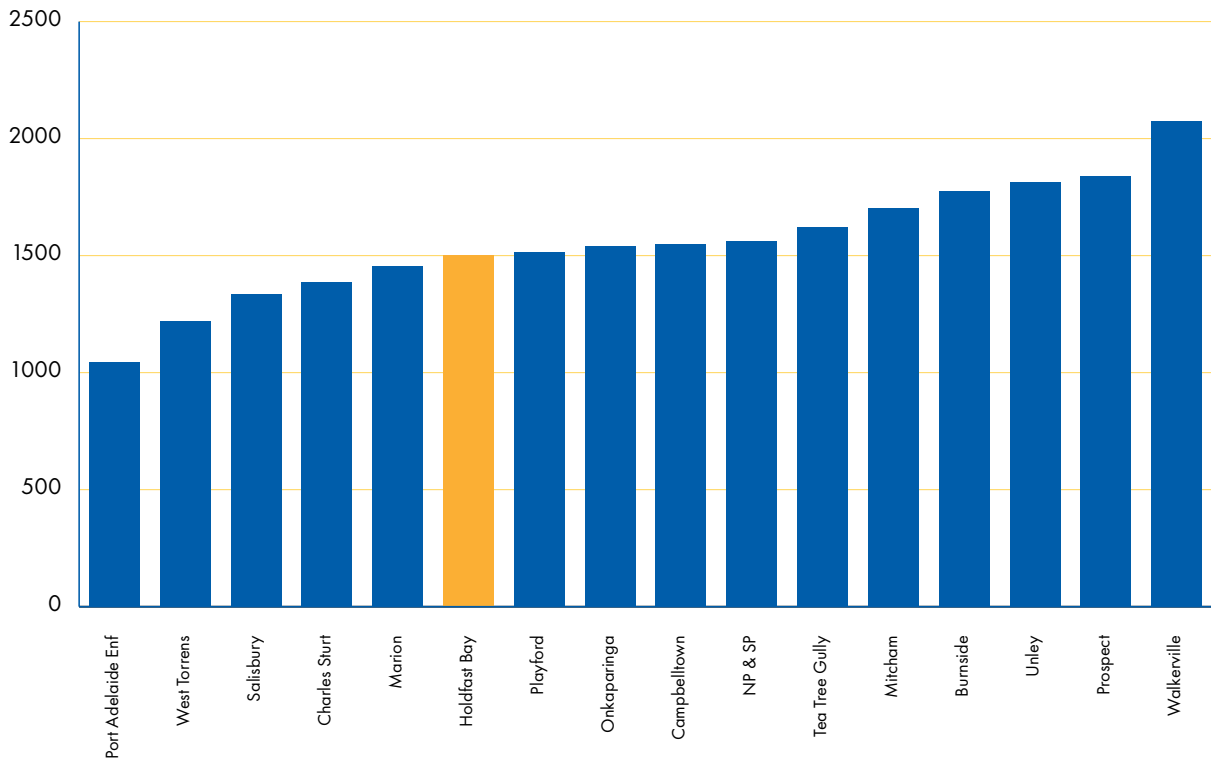
Rate comparisons

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.

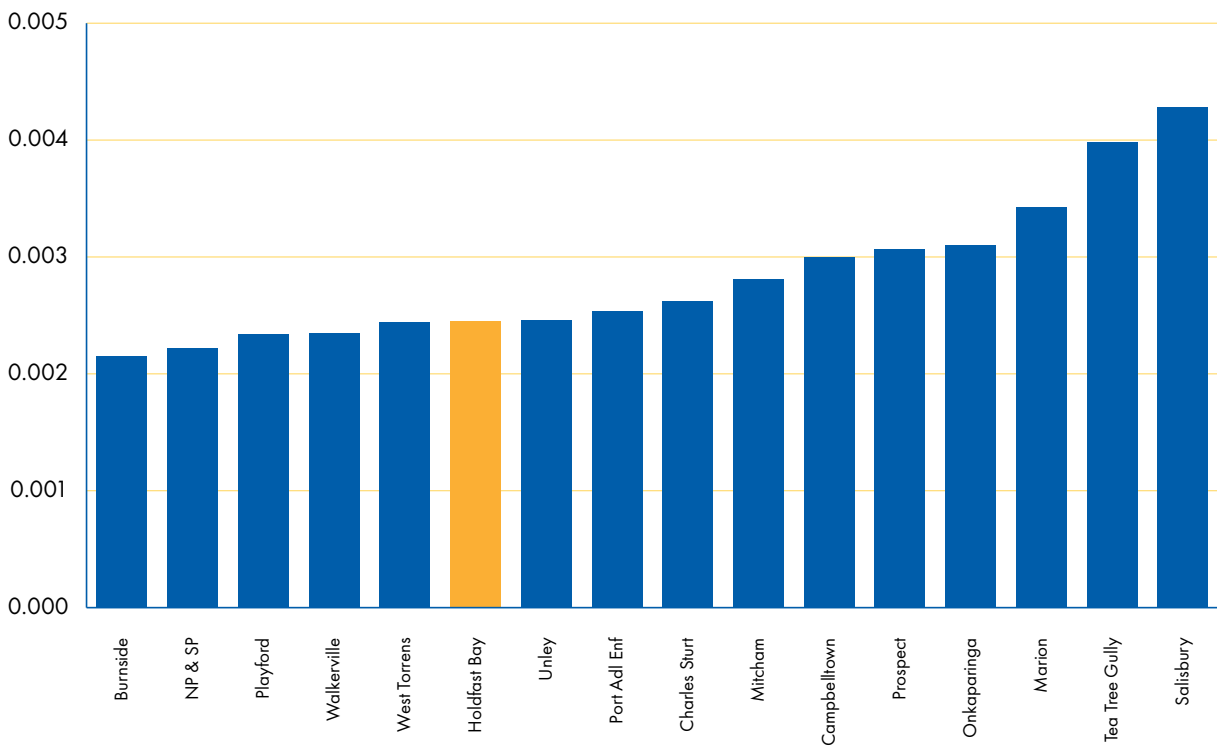
The amount of rates you pay is determined by multiplying your property's value by the rate in the dollar. For example, if the property value is \$500,000 and the rate in the dollar is 0.00223 cents in a dollar, the rates payable will be \$1,115.

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

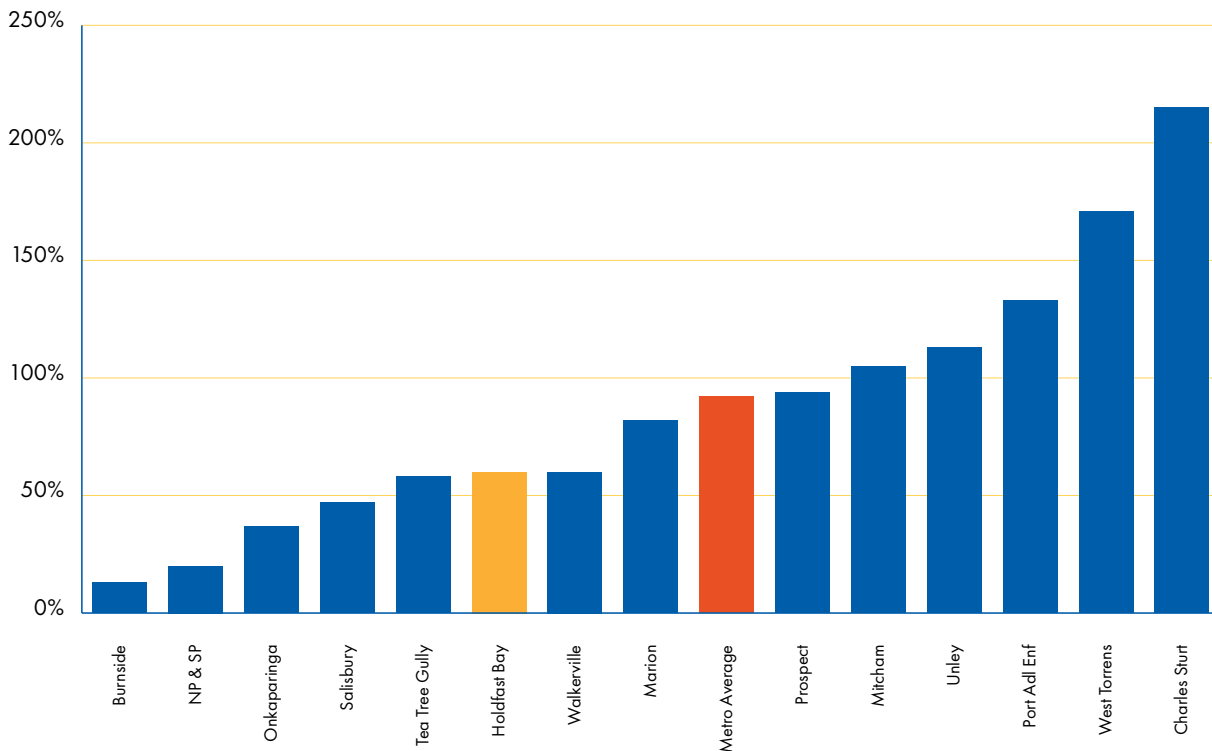
The residential rate for 2019–20 has yet to be determined. Our *Draft 2019–20 Annual Business Plan* and financial statements have been based on a rate revenue increase of 2.7 per cent, excluding new building construction and separate rates. The average (mean) value of properties in the City of Holdfast 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	User Charges	3,970,562
10,224,308	Operating Grants & Subsidies	10,339,428
423,861	Investment Income	490,650
3,144,828	Reimbursements	3,073,592
1,934,069	Other	1,753,378
<u>19,450,358</u>	Operating Revenue	<u>19,627,610</u>
14,039,400	Employee Costs - Salaries & Wages	13,915,273
4,248,011	Materials, contracts and other expenses	4,590,834
70,000	Finance Charges	125,000
906,639	Depreciation	1,176,579
<u>19,264,050</u>	Less Operating Expenditure	<u>19,807,686</u>
<u>186,308</u>	= Operating Surplus/(Deficit)	<u>(180,076)</u>
906,639	Depreciation	1,176,579
127,250	Other non-cash provisions	128,097
<u>1,033,889</u>	Plus Non-Cash items in Operating Surplus/Deficit	<u>1,304,676</u>
<u>1,220,197</u>	= Funds Generated from Operating Activities	<u>1,124,600</u>
<u>(889,190)</u>	Capital Expenditure-Asset Renewal and Replacement	<u>(844,063)</u>
<u>(889,190)</u>	Less total capital expenditure	<u>(844,063)</u>
<u>331,007</u>	= FUNDING SURPLUS	<u>280,537</u>
 Funded by:		
<u>331,007</u>	Increase/(Decrease) in cash and cash equivalents	<u>280,537</u>
<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> \$ (OUTFLOWS)	<u>Alwyndor</u> <u>19/20</u> <u>BUDGET</u> \$ (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)
1,220,197	NET CASH PROVIDED BY OPERATING ACTIVITIES	1,124,600
CASH FLOWS FROM INVESTING ACTIVITIES		
<u>Payments</u>		
(889,190)	Expenditure on renewal/replacement of assets	(844,063)
(889,190)	NET CASH (USED IN) INVESTING ACTIVITIES	(844,063)
331,007	NET INCREASE (DECREASE) IN CASH HELD	280,537
17,772,392	CASH AND CASH EQUIVALENTS AT BEGINNING OF	
	REPORTING PERIOD	20,494,796
	CASH AND CASH EQUIVALENTS AT END OF	
18,103,399	REPORTING PERIOD	20,775,333

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
1,033,889	TOTAL NON-CASH ITEMS	1,304,676
CASH ITEMS NOT IN INCOME STATEMENT		
(889,190)	Capital Expenditure	(844,063)
(889,190)	TOTAL CASH ITEMS	(844,063)
	NET INCREASE/(DECREASE)	
331,007	IN CASH AND CASH EQUIVALENTS	280,537



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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Attachment 2B



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)	(16,022,679)
(22,557,591)	Less total capital expenditure	(22,890,574)
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)	(9,243,797)
Funded by:		
-	Increase/(Decrease) in cash and cash equivalents	
(3,380,697)	Less: Proceeds from new borrowings	(10,190,397)
1,140,560	Plus: Principal repayments of borrowings	946,600
(2,240,137)		(9,243,797)

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	713,402,899
715,456,581	TOTAL NON-CURRENT ASSETS	717,762,468
718,409,735	TOTAL ASSETS	719,558,788
	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	24,407,131
641,240	Long-term Provisions	311,000
18,770,377	TOTAL NON-CURRENT LIABILITIES	24,718,131
26,978,381	TOTAL LIABILITIES	32,406,556
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)
<u>9,322,316</u>	NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>9,562,561</u>
	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	(16,022,679)
<u>(11,562,453)</u>	NET CASH (USED IN) INVESTING ACTIVITIES	<u>(18,806,358)</u>
	CASH FLOWS FROM FINANCING ACTIVITIES	
	<u>Receipts</u>	
3,380,697	Proceeds from Borrowings - External	10,190,397
	<u>Payments</u>	
(1,140,560)	Repayments of Borrowings - External	(946,600)
<u>2,240,137</u>	NET CASH PROVIDED BY FINANCING ACTIVITIES	<u>9,243,797</u>
	- NET INCREASE (DECREASE) IN CASH HELD	-
593,154	CASH AND CASH EQUIVALENTS AT BEGINNING OF	(306,714)
	REPORTING PERIOD	
	CASH AND CASH EQUIVALENTS AT END OF	
<u>593,154</u>	REPORTING PERIOD	<u>(306,714)</u>

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
<u>9,050,240</u>	TOTAL NON-CASH ITEMS	<u>9,310,185</u>
	CASH ITEMS NOT IN INCOME STATEMENT	
(22,557,591)	Capital Expenditure	(22,890,574)
(1,140,560)	Loan Repayments - External	(946,600)
3,380,697	Proceeds from Borrowings - External	10,190,397
208,431	Repayments of loans (principal) by community groups	202,966
1,202,000	Proceeds from Disposal of Assets	357,250
<u>(18,907,023)</u>	TOTAL CASH ITEMS	<u>(13,086,561)</u>
	NET INCREASE/(DECREASE)	
<u>-</u>	IN CASH AND CASH EQUIVALENTS	<u>-</u>

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
(46,578,132)	less Operating Expenses	(47,811,953)
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
(9,033,000)	Less Depreciation	(9,288,000)
(3,929,067)		(2,420,105)
Less outlays on New and Upgraded Assets		
17,453,658	Capital Expenditure on new & upgraded assets	16,022,679
(9,584,707)	Less amounts received for for new & upgraded assets	(3,524,000)
7,868,951		12,498,679
(3,667,808)	Net lending/(borrowing) for financial year	(9,826,198)

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		\$29,025,953
	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%

AUDIT COMMITTEE FORWARD AGENDA – 2018/19

	2018-19		
	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	✓	✓	✓