

#### **AGENDA**

# FOR AUDIT COMMITTEE MEETING TO BE HELD ON 12 NOVEMBER 2019 AT CONCLUSION OF CEO REVIEW COMMITTEE IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY

## **MEMBERS**

Cr G Reynolds (Chairman)
Cr L Braun (Deputy Chairman)
Mr N Ediriweera
Mr C Johnson
Ms K Verrall

# **REQUIRED STAFF**

Chief Executive Officer, Mr J Harry General Manager Business Excellence, Mr C Mansueto Manager Governance, Mr M Petrovski Risk and Governance Program Manager, Ms J Crook Internal Audit & Risk Coordinator, Mr R Constance

## **APOLOGIES**

#### LEAVE OF ABSENCE

## PRESENTATION OF MINUTES

Presentation of the Minutes of the Audit Committee Meeting held on 09 July 2019.

# **REPORTS**

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# **OTHER BUSINESS**

#### **CONFIDENTIAL ITEMS**

#### 4.4.1 External Audit Contract

#### Recommendation

Pursuant to section 83(5) of the *Local Government Act 1999* the Chief Executive Officer has indicated that, if Council so determines, this matter may be considered in confidence under Part 3 of the *Local Government Act 1999* on grounds that:

- 1. Pursuant to Section 90(2) and (3)(d)(i) and (d)(ii) and (k) of the Local Government Act 1999, the principle that the meeting should be conducted in a place open to the public has been outweighed in relation to this matter because:
  - it relates to commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
  - commercial information of a confidential nature (not being a trade secret) the disclosure of which would, on balance, be contrary to the public interest; and
  - tenders for the supply of goods, the provision of services or the carrying out of works.
- 2. In weighing up the factors related to disclosure,
  - disclosure of this matter to the public would demonstrate accountability and transparency of the Council's operations
  - the disclosure of the material related to the external audit contract extension could prejudice the commercial position on a third party and disclose commercial information contrary to the public interest. Tenders for the supply of goods, provision of services or the carrying out of works.
  - On that basis the public's interest is best served by not disclosing the **External Audit Contract** item and discussion at this point in time.
- 3. Pursuant to Section 90(2) of the Local Government Act 1999 it is recommended the Council orders that all members of the public, except staff of the City of Salisbury on duty in attendance, be excluded from attendance at the meeting for this Agenda Item.

# **CLOSE**



# MINUTES OF AUDIT COMMITTEE MEETING HELD IN COMMITTEE ROOMS, 12 JAMES STREET, SALISBURY ON

## 9 JULY 2019

# **MEMBERS PRESENT**

Cr G Reynolds (Chairman) Cr L Braun (Deputy Chairman)

Mr N Ediriweera Mr C Johnson Ms K Verrall

#### **OBSERVERS**

David Papa, Director Assurance & Advisory, Bentleys Matthew Brunato, Manager Audit & Assurance, Bentleys

#### **STAFF**

Chief Executive Officer, Mr J Harry

General Manager Business Excellence, Mr C Mansueto

Acting Manager Governance, Ms J Crook

Internal Auditor & Risk Coordinator, Mr R Constance

Manager Financial Services, Mrs K George

The meeting commenced at 7.33pm

The Chairman welcomed the members, staff and the gallery to the meeting.

#### **APOLOGIES**

Nil.

#### LEAVE OF ABSENCE

Nil.

#### PRESENTATION OF MINUTES

Moved Cr L Braun

#### Seconded Ms K Verrall

The Minutes of the Audit Committee Meeting held on 09 April 2019, be taken and read as confirmed.

**CARRIED** 

## **REPORTS**

Administration

# **4.0.1** Future Reports for the Audit Committee of Council

Moved Ms K Verrall Seconded Mr C Johnson

1. The information be received.

**CARRIED** 

## 4.0.2 Actions List

Moved Mr C Johnson Seconded Cr L Braun

1. The information be noted.

**CARRIED** 

#### Reports

# 4.2.1 Bentley's Interim Report on Audit Findings

Bentleys representatives, David Papa, Director Assurance and Advisory and Matthew Brunato, Manager Audit and Assurance spoke to the interim report and provided the Audit Committee an opportunity to ask questions in regard to the audit.

Moved Mr C Johnson Seconded Ms K Verrall

1. The information be received.

**CARRIED** 

# 4.2.2 Asset Policy Review

Moved Cr L Braun Seconded Ms K Verrall

- 1. The information be received.
- 2. The Asset Depreciation Policy, as set out in Attachment 1 be endorsed.

**CARRIED** 

# 4.2.3 Annual Report 2018/2019 - Internal Controls Framework and Audit Committee sections

Discussion was had regarding the content of the Internal Controls and Audit Committee sections of the Annual Report. The Administration will incorporate the Committee's feedback and reflect it within a revised version.

Moved Mr C Johnson

Seconded Mr N Ediriweera

1. That the proposed inclusions in the annual report relating to the operations and membership of the Audit Committee for the 2018/19 financial year be approved, subject to the incorporation of the feedback from the Audit Committee.

**CARRIED** 

# 4.2.4 Elected Member Risk Management workshop

The Strategic Risk Register Workshop with both the Audit Committee and the Council will be added to the Action list.

Moved Ms K Verrall Seconded Mr C Johnson

- 1. The information is noted.
- 2. The Audit Committee will be invited to participate in a workshop on the Strategic Risk Register with Council.

**CARRIED** 

#### 4.2.5 Risk Management and Internal Controls Activities

An update from the discussion exercise between the Northern Adelaide and Western Adelaide Emergency Management Zones will be added to the Action list.

The Strategic Risk Register Workshop with both the Audit Committee and the Council will be added to the Action list.

Audit Committee was advised of the deferral of the review of Business Continuity corporate documentation and the Fraud and Corruption Prevention Strategy.

# Moved Cr L Braun Seconded Mr C Johnson

- 1. The update on Risk Management and Internal Controls Activities for 2018/2019 as set out in Attachment 1 to this report (Item No. 4.2.5, Audit Committee 9/07/2019), be endorsed for approval by Council.
- 2. The proposed schedule of Risk Management and Internal Controls Activities for 2019/2020, as set out in Attachment 3 to this report (Item No. 4.2.5, Audit Committee 10/07/2018\*), be endorsed.
- 3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 4 to this report (Item 4.2.5, Audit Committee, 9/07/2019).

**CARRIED** 

(\* - whilst the stated date is the 10/7/2018 the actual date is the 9/07/2019)

## 4.2.6 Update on Internal Audit Plan

Note – At paragraph 2.1.2 of the report it was stated that the Interim Report for the Financial Sustainability Audit was attached. This is an administrative error, as the said attachment had not been received.

# Moved Ms K Verrall Seconded Mr C Johnson

1. That the updates made to the 2018 - 2020 Internal Audit Plan as set out in Attachment 1 to this report be endorsed and forwarded to Council for adoption, subject to the incorporation of the feedback from the Audit Committee.

**CARRIED** 

# **OTHER BUSINESS**

**OB1** - The Audit Committee discussed Mr Johnson's question as to the impact on council rates as a result of the State Government Waste Levy increase.

The meeting closed at 8.35pm.

CHAIRMAN	••
DATE	

**ITEM** 4.0.1

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Future Reports for the Audit Committee of Council

**AUTHOR** Michelle Woods, Projects Officer Governance, CEO and

Governance

**CITY PLAN LINKS** 4.4 To ensure informed and transparent decision-making that is

accountable and legally compliant

**SUMMARY** This item details reports to be presented to the Audit Committee of

Council as a result of a previous Council resolution. If reports have been deferred to a subsequent meeting, this will be indicated, along

with a reason for the deferral.

#### RECOMMENDATION

1. The information be received.

#### **ATTACHMENTS**

There are no attachments to this report.

#### 1. BACKGROUND

1.1 A list of resolutions requiring a future report to Council (via the Audit Committee) is presented for noting at each meeting.

#### 2. CONSULTATION / COMMUNICATION

- 2.1 Internal
  - 2.1.1 Report authors and General Managers.
- 2.2 External
  - 2.2.1 Nil.

## 3. REPORT

3.1 At the time of preparing this report, there are currently no resolutions of Council requiring a further report to be presented to the Audit Committee.

# 4. CONCLUSION / PROPOSAL

4.1 Future reports for the Audit Committee of Council have been reviewed and at this point in time there are none that require a subsequent report to be presented.

## **CO-ORDINATION**

Officer: Executive Group MG
Date: 31/10/19

**ITEM** 4.0.2

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Actions List

**AUTHOR** Janet Crook, Risk & Governance Program Manager, CEO and

Governance

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

4.3 Have robust processes that support consistent service delivery

and informed decision making.

**SUMMARY** An action list has been developed to capture any actions arising out

of the City of Salisbury Audit Committee meetings. These actions do not replace the minutes from the Audit Committee, or the recommendations of the Committee that were submitted to Council for endorsement. They are included in this report as an aid to the

Audit Committee.

#### RECOMMENDATION

1. The information be noted.

#### **ATTACHMENTS**

There are no attachments to this report.

# 1. BACKGROUND

- 1.1 The Audit Committee has requested that an action list be maintained and included as an item on the agenda for each meeting. This report contains a list of actions identified at previous Audit Committee meetings.
- 1.2 The list of actions does not replace the minutes from the Audit Committee, nor has it been endorsed by Council, because it does not contain any recommendations to Council and as such is not part of the action tracking system for Council recommendations.

## 2. REPORT

- 2.1 The action list contains information regarding the date on which the action was identified, a description of the action, the action owner, the expected due date for completion of the action and the current status of the action.
- 2.2 Below is the list of actions arising out of the Audit Committee, which has been compiled for the purpose of aiding the Audit Committee.
- 2.3 Actions will remain on the action list until the meeting after they have been completed. Once the action has been completed, and that completion has been reported to the Audit Committee, the item will be removed from the actions list.

No	Date	Action	Owner	<b>Due Date</b>	Status
9.	9.7.19	A Strategic Risk Register workshop will be held with both the Audit Committee and the Council	Manager Governance	October 2019 February 2020	A workshop with the Audit Committee and Council will be arranged for a
					date after the February 2020 Audit Committee meeting.
10.	9.7.19	An update on the discussion exercise between Northern	Risk and Governance	November 2019	Refer item 4.2.5 on the November
		Adelaide and Western Adelaide Emergency	Program Manager		2019 Audit Committee
		Management Zones will be provided to the Audit Committee in November 2019			agenda
11.	10.7.18	The next Audit Committee self-assessment questionnaire	Manager Governance	February 2020	Yet to commence
		should be completed following the October 2019 meeting			

# 3. CONCLUSION / PROPOSAL

3.1 An action list has been developed for the Audit Committee. The action list will be maintained and presented to each Audit Committee meeting with an update on status of the relevant items. Any additional actions identified by the Audit Committee will be included on the action list as they arise.

## **CO-ORDINATION**

Officer:

Date:

**ITEM** 4.0.3

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Proposed Audit Committee meeting schedule for 2020

**AUTHOR** Janet Crook, Risk & Governance Program Manager, CEO and

Governance

**CITY PLAN LINKS** 4.3 Have robust processes that support consistent service delivery

and informed decision making.

SUMMARY This report provides the proposed Audit Committee meeting

schedule for 2020. It should be noted that this schedule is provided for information only and the Formal Meeting Schedule 2020 has not yet been endorsed by Council. As such the dates in this report

may be subject to change.

#### RECOMMENDATION

1. That the information be received.

## **ATTACHMENTS**

There are no attachments to this report.

#### 1. BACKGROUND

- 1.1 Pursuant to section 87(1) of the Local Government Act 1999 (the Act), Council must determine the time and place of ordinary meetings of a Council committee.
- 1.2 Section 87(2) of the Act provides that a Council or Council committee must, in appointing a time for the holding of an ordinary meeting of a Council committee, take into account:
  - 1.2.1 the availability and convenience of members of the committee; and
  - 1.2.2 the nature and purpose of the committee.
- 1.3 The Audit Committee is a standing committee of Council.
- 1.4 Meetings of the Audit Committee are arranged at suitable intervals to ensure that the Council remains sufficiently informed of the Committee's activities.

#### 2. REPORT

- 2.1 The following dates are proposed for the Audit Committee meetings in 2020:
  - 2.1.1 Tuesday, 11 February 2020;
  - 2.1.2 Tuesday, 14 April 2020;
  - 2.1.3 Tuesday, 14 July 2020;
  - 2.1.4 Tuesday, 13 October 2020; and
  - 2.1.5 Tuesday, 10 November 2020.

- 2.2 The start time of each meeting is proposed to be 6:30pm.
- 2.3 Council is responsible for endorsing the Formal Meeting Schedule 2020 and as such the above dates may be subject to change.
- 2.4 Independent Members are appointed for a four year term (or part thereof) concluding two years after a general election. Independent Members may, at the discretion of the council, be appointed for subsequent terms. The terms for each of the current Independent Members conclude in November 2020.

## 3. CONCLUSION / PROPOSAL

3.1 A proposed 2020 meeting schedule for the Audit Committee has been provided in this report for information purposes.

## **CO-ORDINATION**

Officer: Date:

**ITEM** 4.2.1

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Report to the Audit Committee for the year ended 30 June 2019,

prepared by Bentleys

**AUTHOR** Robert Constance, Audit & Risk Coordinator, CEO and

Governance

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

4.3 Have robust processes that support consistent service delivery

and informed decision making.

**UMMARY** Bentleys, Council's external auditors, have been engaged by the

City of Salisbury ("CoS") to perform an end of financial year audit on the financial statements, financial internal controls and the acquittals of certain specific grants programs, with the findings to

be reported to the Audit Committee.

This report presents Bentleys' Final Report on Audit Findings for the year ended 30 June 2019 and provides a high level summary of the work undertaken at the financial year end, with any key findings highlighted. Overall, no material issues were identified by Bentleys and an unqualified opinion will be given on the CoS'

financial statements and financial internal controls.

# RECOMMENDATION

- 1. That:
  - a. The information be received; and
  - b. Bentleys' Final Report on Audit Findings be endorsed for receipt by Council.

## **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

1. City of Salisbury - Final Report on Audit Findings 30 June 2019

## 1. BACKGROUND

- 1.1 The CoS engaged Bentleys to perform a financial statement audit for the year ended 30 June 2019.
- 1.2 In addition to the financial statements audit, an assurance engagement was conducted on the financial internal controls of the CoS for the year 1 July 2018 to 30 June 2019, to ensure that they were in line with the requirements of the South Australian Local Government Financial Management Group Inc. (SALGFMG) Better Practice Model and section 125 of the *Local Government Act 1999* ("the Act").

- 1.3 Bentleys have audited the CoS' financial internal controls, over the:
  - receipt, expenditure and investment of money;
  - acquisition and disposal of property; and
  - incursion of liabilities.

for the period 1 July 2018 to 30 June 2019.

- 1.4 Bentleys also reviewed the acquittal of certain specific grant programs within the 2018/19 financial year.
- 1.5 Section 129(3) of the Act provides that Bentleys are required to provide council an opinion with respect to the financial statements and whether the controls audited are sufficient to provide reasonable assurance that council's financial transactions have been conducted properly and in accordance with the law. The audit must be carried out in accordance with the Australian Accounting and Assurance Standards, the *Local Government Act 1999* ("the Act") and the *Local Government (Financial Management) Regulations* (2011) ("the Regulations").

#### 2. REPORT

- 2.1 Bentleys representatives David Papa, Director Assurance and Advisory and Matthew Brunato, Manager Audit and Assurance will be in attendance at the November 2019 Audit Committee meeting to present the findings of the Final Report of Audit Findings.
- 2.2 The attachment to this report provides a high level summary of the key areas of focus and the main findings from the work undertaken by Bentleys.
- 2.3 The procedures used by Bentleys included;
  - Understanding the risk by completing risk assessments;
  - Understanding the control environment and testing it for reliability;
  - Undertaking substantive testing of the detail, (both the numbers and disclosures), based on the control environment and risks identified.
- 2.4 These procedures were used by Bentleys to test samples of financial internal controls.
- 2.5 Of the 258 financial internal controls applicable to the CoS listed within risk management software system ControlTrack, 165 were tested by Bentleys and no findings were identified which require addressing by CoS. Bentleys have confirmed that unqualified opinions will be provided on both financial statements and financial internal controls.
- 2.6 Commentary regarding the adoption of new accounting standards noted in Appendix 2 of Attachment 1 is provided within separate Audit Committee report titled End of Year Financial Statements and Analysis item 4.2.2 attachment 1, Proposed Council General Business Item 1, point 6.
- 2.7 The Credit Card approvals matter raised has been addressed internally with the provision of refresher training and support materials. Bentleys have acknowledged the action taken and the directive provided to card holders and their line managers. The status of this matter will be tested during the interim visit in April/May 2020.

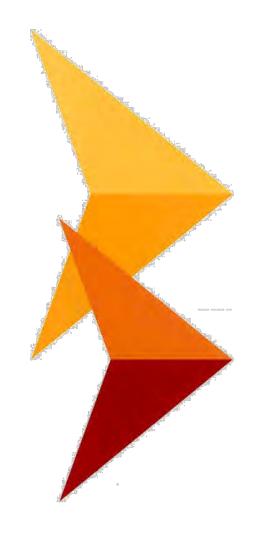
- 2.8 The financial statements and financial internal controls opinions will be provided by Bentleys after the Audit Committee has reviewed the financial statements and all of the following documents have been sent to them:
  - Auditor Independence Certification signed by the CEO and Chairman of the Audit Committee;
  - Financial Statements certified by the Mayor and CEO;
  - Management Representation Letter signed by the CEO and the General Manager Business Excellence.

# 3. CONCLUSION / PROPOSAL

- 3.1 No findings were identified with the CoS financial statements, and financial internal controls. This will result in CoS achieving unqualified audit opinions on both the financial statements and financial internal controls.
- 3.2 This represents an excellent result.

## **CO-ORDINATION**

Officer: Date:





# **CITY OF SALISBURY**

Report on Audit Findings 30 JUNE 2019



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# **Executive summary**

We have concluded our audit of City of Salisbury for the year ended 30 June 2019 and report to management and those charged with governance the following matters for information purposes and for consideration of implementation or corrective action.

At the conclusion of our testing, using the information obtained we determined if there were any material matters or concerns that would impact the decision making ability of the users of the financial report.

The following matters are reported to management:

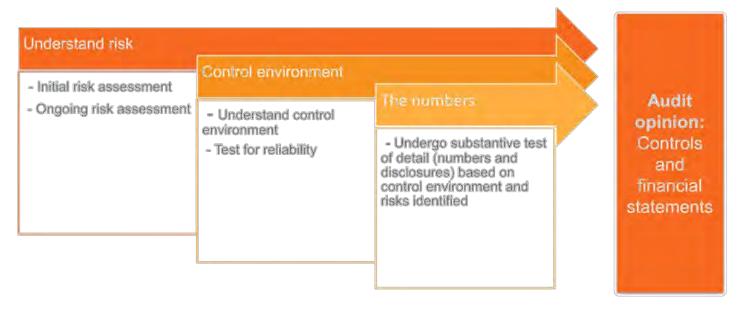
Critical	Significant	Not material	Areas for improvement
•	99	89	•

We intend to issue unmodified audit opinions over the internal control environment and the financial report.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our audit.



# Audit objective & approach





# Key audit risks

We have identified the risks of financial statement material misstatement as part of our risk assessment procedures during the planning phase and the audit.

Area	Risk	Audit Approach	Outcome
Asset Revaluations	The revaluation and useful lives assessment and timing process for buildings and infrastructure assets.	We reviewed the Fixed Assets Registers and independent valuations and compared to the amounts reported.	Satisfactory
Capital WIP	Accounting treatment of items in the Capital WIP account including the proposed roads programs.	We reviewed the treatment of the Capital WIP account and tested a sample of transactions to ensure they were capital in nature.	Satisfactory
Grant Revenue	Classification and accuracy of revenue in accordance with revenue standards.	We performed sample testing of Grant Revenue and did not find any errors in the completeness and accuracy of the balance.	Satisfactory



# Key findings

		Points considered	Rating	Reason
	System and technology	<ul><li>System integration</li><li>System knowledge</li><li>System access</li></ul>	$\checkmark$	The General Ledger system has adequate system access. Staff with access are aware of their roles and use the systems appropriately.
	People	<ul> <li>Attitude</li> <li>Culture</li> <li>Embrace of change/challenge</li> </ul>	✓	The Finance Team appear to work cooperatively and we didn't experience any difficulties with our requests.
and a	Processes and controls	<ul> <li>Policies and procedures in place</li> <li>Controls tested and reviewed sufficiently</li> </ul>	<b>√</b>	The internal control framework appears well established. Roles are clearly defined and adhered to and the majority of controls appear to be working.
	Financial	<ul> <li>Compliance with accounting standards</li> </ul>	✓	Based on our testing transactions are recorded in line with accounting standards and Council's Policies and Procedures. An issue regarding receivables has been raised below.



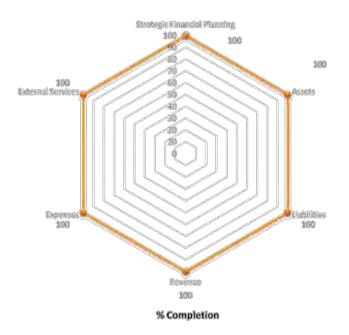
# Status of Prior Points Raised

Below we list the matters identified throughout our previous audit visits, details of those matters and whether or not we believe the issue requires attention, or the matter is satisfactory, after consideration of qualitative and quantitative aspects of that business area.

Matter	Issue	Status	Outcome
Credit card approvals	The review process for the allocation of credit card costs against various projects had lapsed for a number of employees up to four months.	The City of Salisbury is to commence a new project for Purchase Cards used within the Procurement Process. The project is designed to improve the process for procurement cards and gain efficiencies by reducing the number of cards in circulation by an indicative 30%, re-align current credit limits and to provide training for card holders in relation to the reconciliation process. This will include updating current Purchase Card Guidelines and development of clearer FAQ's to address current recurring issues with reconciling. Where repeat issues are identified Divisional Managers will be informed to address and where unable to, remove cards from users who are unable to follow processes. This project is in the consultation stage and scheduled for Q4 FY 19/20.	Pending
Bent	leys	In addition, General Manager, Business Excellence Mr Charles Mansueto has raised and distributed an email to all staff to refresh and remind them of the reconciliation process and their obligations as purchase card holders and line managers of card holders, a copy of the Purchase Card Guidelines was included within the email.	7
THE PARTY OF THE P		This will be reviewed at our interim visit next year.	

# Internal controls update

The focus of our interim testing is assessing the internal controls of the organisation to determine if the information in the general ledger, that is being reported to management and used for the formation of the financial report, is likely to be accurate and reliable in all material respects. Below is a summary of the % progress the Core internal controls tested to date.





# Matters for those charged with governance

Fraud	Whilst fraud is not the primary consideration when conducting an external audit and we have not identified any fraud during our audit, we have identified some areas where the Council may be susceptible to fraud. These areas are:		
	Council and financial reporting fraud: Individual employee fraud: Lack of segregation of duties Lack of segregation of duties Lack of segregation of duties Cash handling Incorrect impairment identification and assessment Incorrect control environment assessment		
	We believe it is important for management to continually consider and assess the control environment of the entity to identify areas where fraud can occur and ensure that those opportunities are removed and or monitored to reduce the risk and impact of fraud.		
Legal compliance	Through our audit procedures we have not become aware of any non-compliance with applicable laws and regulations.		
Financial reporting and accounting policies	We believe the accounting policies elected for the Council are reasonable and their application provides sufficient information for use of the decision makers.		
Going concern	As part of our assessment we considered the appropriateness of the going concern assumption concluded by the Council and management. Our procedures indicate that this assumption is fair and that the going concern convention is appropriate.		
Cooperation with management	The management team has been helpful and cooperative throughout the conduct of this year's audit.		



# Appendix 1: Internal Control Coverage

écos	Planned coverage	settual coverage	Percentage	Annuati	Rotational
Budgets	11	11	100%	-	
Taxation	2	2	100%		¥
GL	9	9	100%	v.	
Management Reporting	10	10	100%	₩.	
Cash at Bank	6	6	100%		-
Petty Cash					¥
Credit Cards	5	5	100%		-
Debtors	8	8	100%	¥	
Prepayments	1	1	100%		
Loans and Grants	2	2	100%		₩.
Inventory					
Fixed Assets	16	16	100%	¥	
Project Costing	2	2	100%	*	
Investments	8	8	100%		ŵ
AP Control	13	13	100%	*	
Accrued Expenses					¥
Borrowings	6	6	100%	*	
Employee Provisions	3	3	100%		v
Rates/Rate Rebates	-11	11	100%	W.	
Grants	4	4	100%	igi	
User Pay Income - Fee for Service	5	5	100%		
Receipting	6	6	100%	¥	
Other Revenue	2	2	100%		- 2
Investment/Interest Income					w
Purchasing and Procurement	5	5	100%		
Employee Reimbursements	2	2	100%		¥
Other Expenses	2	2	100%		
Contracting	7	7	100%	V	
Payroll	19	19	100%	*	
Elected Members Expenses					¥

Annual — Controls tested on an annual basis which are deemed key areas of administration.
Flutational — Controls tested on a rotational basis upon our discretion. These controls are selected on a risk based approach as determined in the planning stage and throughout



# Appendix 2 – Status of work performed on adoption of new standards

We have been working with management in the adoption of the new accounting standards. Below we have summarised the status of the performed to date:

Standard	Effective Year End	Status
AASB 9 Financial Instruments	30 June 2019	Management has performed an assessment of the impact of AASB 9 which we have reviewed. It was determined that there would be no benefit in raising a provision for doubtful debts in line with AASB 9, and we have accepted this as reasonable.
AASB 15 Revenue from contracts with customers	30 June 2020	We have discussed this standard with management and a review of any contracts with performance obligations has been conducted. As a modified retrospective approach will be taken, no adjustment of comparative figures in the 2020 financial report will be required. This is not expected to materially impact the Council.
AASB 1058 Income for NFP Entities	30 June 2020	We have discussed this standard with management, and we do not believe that this will materially impact the Council.
AASB 16 Leases Benfley	30 June 2020	We have discussed the requirements of this Standard with management and its potential impact. On initial review of leases (including embedded leases arrangements) indicates there are not likely to be any material leases. We will review leases again in our 2020 interim visit in preparation for the audit of the 30 June 2020 audit.

**ITEM** 4.2.2

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** End of Financial Year Statements and Analysis

**AUTHORS** Tim Aplin, Senior Accountant, Business Excellence

Kate George, Manager Financial Services, Business Excellence

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

4.3 Have robust processes that support consistent service delivery

and informed decision making.

SUMMARY This report and the associated attachments, provides the Audit

Committee with the information required to review the Annual Financial Statements for 2019 in accordance with the requirements

of the Local Government Act 1999.

#### RECOMMENDATION

1. The information be received.

- 2. In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advises that it has reviewed the annual financial statements of the Council for the year ended 30 June 2019 and is satisfied they present fairly the state of affairs of Council.
- 3. In accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011 clauses (3) (a) and (4), that the Chief Executive Officer and the Chair of the City of Salisbury Audit Committee sign the statement to certify the independence of the Council Auditor, Bentleys.
- 4. The draft analysis of the Annual Financial Statements, as presented in Audit Committee Item 4.2.2 November 2019 Attachment 1, be recommended by the Audit Committee for inclusion in the End of Year Financial Statements Report to Council.

#### **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

- 1. Proposed Council General Business Item 1
- 2. City of Salisbury Annual Financial Statements 2019

# 1. BACKGROUND

- 1.1 Section 126(4) of the Local Government Act 1999 details the functions of an audit committee which includes
  - (a) reviewing annual financial statements to ensure that they present fairly the state of affairs of the council

1.2 The Local Government (Financial Management) Regulations 2011 Regulation 22 part 3 requires annually that the Chief Executive Officer and the presiding member of the audit committee certify the independence of the council auditor for the respective financial year.

## 2. CONSULTATION / COMMUNICATION

#### 2.1 Internal

2.1.1 This report provides the mechanism for consultation and communication with the Audit Committee regarding the City of Salisbury's Annual Financial Statements for the year ending 30 June 2019.

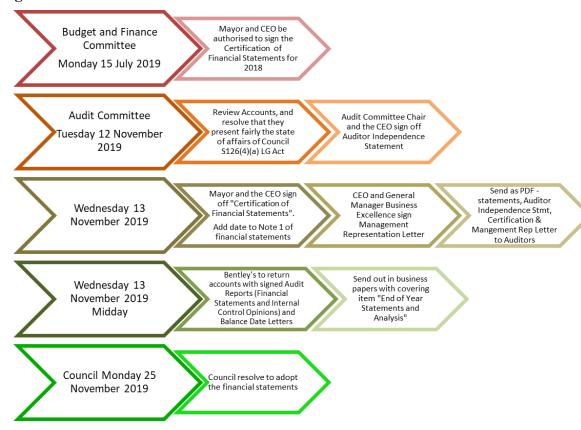
#### 2.2 External

2.2.1 The Annual Financial Statements have been reviewed by Council's external auditor Bentleys.

#### 3. REPORT

- 3.1 The City of Salisbury's Annual Financial Statements for 2019 have been prepared in accordance with the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011, the Australian Accounting Standards and the South Australian Model Financial Statements 2019.
- 3.2 The City of Salisbury's Audit Committee is required under section 126(4)(a) of the Local Government Act 1999 to review the annual financial statements to ensure that they present fairly the state of affairs of the Council.
- 3.3 Our external auditors, Bentleys, have conducted their review of the Annual Financial Statements for 2019, and are awaiting the Audit Committees review prior to signing their audit opinion, after which the Annual Financial Statements for 2019 can be certified and then adopted by Council.
- 3.4 The Chief Executive Officer and the Mayor will sign the Certification of Annual Financial Statements following the Audit Committee review, and it should be noted that this is also required by Bentleys prior to them furnishing their audit opinions on the Annual Financial Statements and Internal Controls for 2019.
- 3.5 A timeline shown below demonstrates the process that is required to be followed to sign off the Annual Financial Statements for 2019.

# Sign off Process Annual Financial Statements for 2019



- 3.6 An analysis of the Annual Financial Statements and results for the year will be presented to Council on 25 November 2019, and a copy of that report is attached to this report for the Audit Committee's reference and review.
- 3.7 Independence of Council Auditor
  - 3.7.1 Regulation 22 of the Local Government (Financial Management) Regulations 2011 provide in clauses (3) (a) and (4) that:
    - (3) The following persons must each provide, on an annual basis, a statement that provides a certification as to compliance for the relevant financial year with the requirement that the auditor be independent of the council, council subsidiary or regional subsidiary (as the case may be):
      - (a) In a case involving a council or council subsidiary the chief executive officer of the relevant council and the presiding member of the audit committee of the relevant body;
    - (4) A statement under sub-regulation (3) must accompany the financial statements for the relevant body.

#### 4. CONCLUSION / PROPOSAL

- 4.1 The Annual Financial Statements for the year ended 30 June 2019 have been prepared by Council staff and have been audited by the City of Salisbury's external auditor Bentleys. Following the review of the Annual Financial Statements for 2019 by the Audit Committee, the Statements will be certified by the Chief Executive Office and the Mayor and then Bentleys will sign their audit opinion.
- 4.2 It is appropriate for the City of Salisbury's Audit Committee following their review of the Financial Statements to endorse, in accordance with Section 126 (4)(a) of the Local Government Act 1999, that they present fairly the state of affairs of Council and also that the external auditor's independence be certified in accordance with Regulation 22 of the Local Government (Financial Management) Regulations 2011.
- 4.3 The draft analysis of the Annual Financial Statements, as presented in Attachment 1 be recommended by the Audit Committee for inclusion in the End of Year Financial Statements Report to Council.

#### **CO-ORDINATION**

Officer: Exec

Group

Date:

COUNCIL

DATE 25 November 2019

HEADING End of Year Financial Statement and Analysis

AUTHORS Tim Aplin, Senior Accountant, Business Excellence

Kate George, Manager Financial Services, Business Excellence

CITY PLAN LINKS 4.3 Have robust processes that support consistent service delivery

and informed decision making.

4.2 Develop strong capability and commitment to continually

improve Council's performance.

SUMMARY The City of Salisbury end of year processes for 2019 have been

finalised and audited by Council's external auditor Bentleys. This report provides detail of actual results compared to prior year

actuals and to the budget position.

The annual financial statements have been reviewed by the Audit Committee at the meeting on 12 November 2019. Further Council's external auditors are satisfied that they present fairly the state of

affairs of the Council.

#### RECOMMENDATION

- 1. The information be received.
- 2. The Annual Financial Statements for the year ended 30 June 2019 be adopted.

## ATTACHMENTS

This document should be read in conjunction with the following attachments:

Annual Financial Statements for the year ended 30 June 2019

City of Salisbury Report to Council 25 November 2019

#### 1. BACKGROUND

- 1.1 Regulation 10 of the Local Government (Financial Management) Regulations 2011 requires the Council to
  - ...prepare and consider a report showing the audited financial results of each item shown in the statement of comprehensive income and balance sheet of the budgeted financial statements of the Council, ... for the previous financial year compared with the estimated financial results set out in the budget presented in a manner consistent with the Model Financial Statements.
  - (2) ...council's operating surplus ratio, net financial liabilities ratio and asset sustainability ratio compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.

#### 2. CONSULTATION / COMMUNICATION

#### 2.1 Internal

2.1.1 This report provides the mechanism for consultation and communication with Council regarding the City of Salisbury's Annual Financial Statements (AFS) for the year ending 30 June 2019. This report has been reviewed by the City of Salisbury's Audit Committee at the meeting held 12 November 2019.

#### 2.2 External

2.2.1 The AFS for 2019 have been audited by Council's Auditors Bentleys, and they have provided an unqualified audit opinion.

#### 3. REPORT

- 3.1 The City of Salisbury's Financial Statements for the 2019 Financial Year have been prepared in accordance with the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011, the Australian Accounting Standards and the Model Financial Statements.
- 3.2 In accordance with Section 126(4)(a) of the Local Government Act 1999 the Audit Committee advised that it has reviewed the annual financial statements of the Council for the year ended 30 June 2019 and is satisfied they present fairly the state of affairs of Council.
- 3.3 The external auditors Bentleys have conducted their audit and have provided an unqualified audit opinion.
- 3.4 The following comments are provided with respect to the 2019 AFS, with commentary highlighting significant movements year on year.
- 3.5 Please note the date convention that has been used in this report, where 2019 refers to the 2018/19 financial year and 2018 refers to the 2017/18 financial year.

#### 4. FINANCIAL STATEMENT ANALYSIS

## 4.1 Statement of Comprehensive Income

4.1.1 The Statement of Comprehensive Income shows an Operating Surplus before capital amounts and other comprehensive income of \$14,221k compared to prior year of \$15,038k.

City of Salisbury Report to Council 25 November 2019

- 4.1.2 The main factors creating this decrease to the level of Operating Surplus is an increase in depreciation costs, related to the addition of new assets and prior year revaluations, enterprise agreement increasing Employee Costs and inflation impacts on Materials, Contracts and Other Expenses, offset by planned additional rate revenue and higher grant income primarily related to advance payments of Special Local Roads Funding and higher levels of Financial Assistance Grants and Untied Local Roads, noting that both years include the equivalent of four quarterly payments. Further details on these movements are outlined in the paragraphs below.
- 4.1.3 Rates Revenue has increased by 3.11% from \$94,899k in 2018 to \$97,846k in 2019. This increase is due to the average rate increase of 2.0% for the 2019 financial year, combined with development growth in the city leading to a higher number of rateable properties. However it should be noted that there are also additional costs from this development growth primarily associated with infrastructure and provision of services.
- 4.1.4 Statutory Charges received have decreased by 6.27% from \$3,189k in 2018 to \$2,989k in 2019 with the significant impact being a decrease in Planning Application Fees \$125k related to lower number of large development applications which attract higher value application fees in 2019 compared to the 2018 financial year.
- 4.1.5 User Charges have decreased by 21.27% from \$6,127k in 2018 to \$4,824k in 2019, with the significant impact being a \$1,561k gate fees decrease resulting from the outsourcing of the Waste Transfer Station operations to NAWMA which is significantly offset by reductions in labour and material costs. Offsetting this reduction associated with the outsourced Waste Transfer Station is an increase in Commercial Rent \$120k associated with the lease of the Waste Transfer Station to NAWMA. Also attributing is a \$141k increase in Salisbury Water charges, related to non-residential supply and usage.
- 4.1.6 Grants, Subsidies and Contributions have increased by 15.32% from \$15,293k in 2018 to \$17,624k in 2019. The driving factor for this increase is the Supplementary Local Road Grant and the timing of receipts of this funding. In 2018 we received one annual allocation of this funding, however in 2019 we have received the annual allocation for 2019, plus allocations in advance for the 2020 and 2021 financial years, totaling \$1,580k.

An advance payment of the first two quarters of the 2020 Financial Assistance Grant has also been received in 2019, with a total of four quarters of revenue being received. In 2018 Council also received four quarters of revenue, with the remaining two quarters relating to the 2019 financial year. Whilst the number of quarterly payments is consistent year on year, the quantum of funds received is \$598k higher in the 2019 financial year. Timing has not had a material impact on the increase from the prior year, however, potential material effects will be experienced when the timing of these grant payments are once again restored to a normal schedule. The timing variances for both of these grants are shown in the below tables:

City of Salisbury Report to Council 25 November 2019

Supplementary Local Roads Funding	2019	2018	
Details of Payment	\$'000s	\$'000s	Notes
Standard Payment	790	790	[A]
Advance Payment	1,580	0	[B]
	2,370	790	

[A] Standard Payment represents the annual allocation for 2018 and 2019.
[B] Advance Payment represents the annual allocation for 2020 and 2021.

Financial Assistance Grant	2019	2018	
Details of Payment	S'000s	\$1000s	Notes
Standard Payment	4,956	4,706	[A]
Advance Payment	4,556	4,208	[B]
	9.512	8,914	

- [A] Standard Payment represents two quarters of 2018 and 2019 allocation.
- [B] Advance Payment represents two quarters of the 2019 and 2020 allocation.
- 4.1.7 Investment Income has remained consistent with an increase of 0.81% from \$737k in 2018 to \$743k in 2019, primarily as a result of cash holdings remaining relatively consistent year on year. The average interest rate on short-term investments for 2019 was 1.74%, which is slightly higher than the 1.66% average rate for 2018.
- 4.1.8 Reimbursements have decreased by 0.90% from \$557k in 2018 to \$552k in 2019, which is a minor decrease and results from an overall decrease in the requirement for reimbursed works; however this is directly offset by lower associated expenditure.
- 4.1.9 Other Income has decreased by 16.26% from \$1,328k in 2018 to \$1,112k in 2019 which is primarily a result of the outsourcing of Waste Transfer Station, with a decrease in scrap metal payments \$108k and cardboard recycling rebates \$20k. Also attributing are numerous small variances across a range of operations.
- 4.1.10 Net Gain Equity Accounted Council Businesses has increased from a zero gain in 2018 to \$62k in 2019, which reflects Council's share of Council Solution's performance, producing a net surplus of \$373k in 2019 compared to a net deficit of \$71k in 2018.
- 4.1.11 Employee Costs have increased by 3.58% from \$34,306k in 2018 to \$35,533k in 2019, primarily as a result of the EB adjustment of 2.20% for MOA staff and 2.50% for LGE staff as well as an increase in employee leave entitlements from \$4,441k in 2018 to \$5,121k in 2019 with accrued entitlements increasing during the financial year, and lower levels of vacant positions.

City of Salisbury Report to Council 25 November 2019

- 4.1.12 Materials, Contracts and Other Expenses have increased by 4.65% from \$49,041k in 2018 to \$51,321k in 2019. The primary reasons for the increase are costs associated with the operating requirements of the Community Hub including Operational Readiness Projects \$364k, Organisational Change Initiatives \$267k. Also attributing are increases in expenditure associated with Waste Management \$399k and costs associated with the 2019 Council Elections \$480k. A further impact was unanticipated costs associated with the Salisbury Oval Residential Development \$135k, which relates to masterplan costs that could not be capitalized with the change of scope of the project Council Resolution 0132/2019 April 2019. Offsetting these increases are decreases in electricity costs \$331k, with \$200k of this decrease relating to Street Lighting Maintenance as a result of ongoing contract and invoicing negotiations.
- 4.1.13 Depreciation costs have increased from \$22,719k in 2018 as compared to \$23,830k in 2019. This is predominately related to the addition of new assets to our infrastructure asset stock as well as incremental adjustments to unit rates and indexation increases flowing from the prior year revaluation of these assets, partially offsetting these increases is the impact of our building and road audits which resulted in favourable adjustments to componentisation.
- 4.1.14 Finance Costs have decreased by 15.8% from \$949k in 2018 to \$799k in 2019, which reflects a real decrease in Council's long term borrowings and not having to draw down on any short term facilities throughout the year.
- 4.1.15 Net Loss Equity Accounted Council Businesses decreased from a \$69k net loss in 2018 to a \$48k net loss in 2019. This reflects Council's Regional Subsidiaries performance, with NAWMA producing a net surplus of \$4k in 2019 compared to a net deficit of \$81k in 2018, noting that there has also been a minor decrease in our operating share of NAWMA resulting in an overall net loss of \$48k. Further Council Solutions share of these results in 2019 is a net profit of \$62k (disclosed in para 4.1.10) compared to a net loss of \$12k in 2018 and therefore included in income.
- 4.1.16 Asset disposal and fair value adjustments, amounts received specifically for new or upgraded assets and physical resources received free of charge, which are all items below the operating surplus, are discussed in detail in the budget and variance analysis below (Section 5.4).

City of Salisbury Report to Council 25 November 2019

#### 4.2 Statement of Financial Position 30 June 2019

- 4.2.1 The Statement of Financial Position as at 30 June 2019 shows Net Assets (Total Assets less Total Liabilities) or 'Equity' has increased by 4.54% or \$65,237k from \$1,435M in 2018 to \$1,500M in 2019.
- 4.2.2 The increase in Infrastructure, Property, Plant and Equipment from \$1.401M to \$1.459M is the most significant impact and is largely the result of additions to our current portfolio, being \$12,411k for renewal of assets and \$23,989k for new/upgraded and donated assets. Also contributing to this is net asset revaluation increments totaling \$48,920k, being revaluation increments for Land and Land Improvements \$30,558k and Buildings and Infrastructure \$18,362k. Offsetting these overall increases in Infrastructure Assets is accumulated depreciation \$23,830k.
- 4.2.3 As contained in AFS Note 15 'Financial Indicators', Net Financial Liabilities have increased from a Net Financial Asset position of (\$5,827k) to \$2,975k, with the position as a proportion of total operating income having increased from (4.8%) to 2.4%. Net Financial Liabilities are defined as total liabilities less financial assets expressed as a percentage of total operating revenue. It should be noted that a negative Net Financial Liabilities Ratio represents a net financial assets position, with financial assets such as cash, receivables and financial assets being greater than total liabilities. The increase in the Net Financial Liabilities results from lower levels of cash holdings and higher levels of trade payables in 2019 when compared to 2018. The most significant movement impacting the Net Financial Liabilities ratio is Council's level of trade payables, which increased from \$13,754k in 2018 to \$21,256k in 2019, primarily related to the quantum of payments for major infrastructure works. The resulting ratio of 2.4% is well inside the target range for this indicator of less than 40%.
- 4.2.4 The Asset Renewal Funding Ratio has trended downwards to 82.2% in 2019 which is lower than the 110.6% achieved in 2018 and the 133% in 2017. This is a reflection of cash expenditure on the renewal/replacement of assets \$13,152k in 2019 as compared to the planned expenditure as per the Infrastructure Asset Management Plans (IAMP) \$16,008k. However it should be noted that the IAMP expenditure includes amounts that have either been carried forward into the 2020 financial year \$1,444k or returned as part of the finalisation of the 2019 financial year with programs completed below budget expectations \$910k. Consequently the cash associated with these amounts will be expended in 2020. When adjusting for these amounts the IAMP expenditure decreases to \$13,654 whilst the cash expenditure on the renewal/replacement of assets remains constant at \$13,152k. This results in an adjusted Asset Funding Renewal Ratio of 96.32% which is within Councils endorsed range.

City of Salisbury Report to Council 25 November 2019

## 4.3 Statement of Cash Flows 30 June 2019

- 4.3.1 The Statement of Cash Flows shows a net decrease in cash and investments of \$6,003k from \$33,780k at 30 June 2018 to \$27,777k at 30 June 2019.
- 4.3.2 Net cash provided by Operating Activities at 30 June 2019 was \$36,974k as compared with \$38,522k in 2018. This decrease is primarily due to an increase in cash outflows for Materials, Contracts and Other Expenses, of \$55,703k in 2018 compared to \$59,414k in 2019. This is the result of numerous factors including general cost increases; however one of the more significant impacts is GST. GST ATO remittances associated with the infrastructure program are disclosed within the Materials, Contracts and Other Expenses category, and given the size of the 2019 program this contributed to the increase in cash outflows. There is also a minor increase in Payments to Employees, increasing from \$34,806k in 2018 to \$35,386k in 2019 which reflects the EB increases and movements within employee entitlements.
- 4.3.3 Offsetting the increases in cash expenditure in Operating Activities is a decrease in Cash Receipts for User Charges, with cash received in 2018 of \$7,313k decreasing to \$3,545k in 2019, primarily related to outsourcing of the Waste Transfer Station to NAWMA, noting there are corresponding expenditure decreases. There have also been increases in Grant, Subsidies and Contributions Income \$15,394k in 2018 compared to \$17,728k in 2019, resulting from the advance payment of the 2020 and 2021 allocation of the Supplementary Local Road funding.
- 4.3.4 Net cash used in Investing Activities has increased from \$30,968k in 2018 to \$40,835k in 2019. This increase is primarily as a result of an increase in expenditure for New/Upgraded Assets \$16,074k, primarily related to the Salisbury Community Hub, offset by a decrease in expenditure on Renewal/Replacement of Assets \$5,470k reflecting asset management plan requirements and also carry forwards and returned funds as discussed in paragraph 4.2.4.
- 4.3.5 Net cash used in Financing Activities relates solely to Council's investment and borrowings activities. Overall net cash used in financing activities has decreased from \$2,350k in 2018 to \$2,142k in 2019. This reflects Council's principal repayments and corresponds to the decrease in overall debt levels from \$12,717k in 2018 to \$10,575k as at 30 June 2019.

City of Salisbury Report to Council 25 November 2019

## 5. BUDGET ACTUAL ANALYSIS

5.1 The analysis below is based on the comparison between the actual end of year results for the year ended 30 June 2019, and the original budget. The commentary on the Statement of Comprehensive Income is designed to explain the variations appropriate to this 'view'. Comment is made only to variances greater than \$50k unless there are significant issues that need to be brought to members' attention.

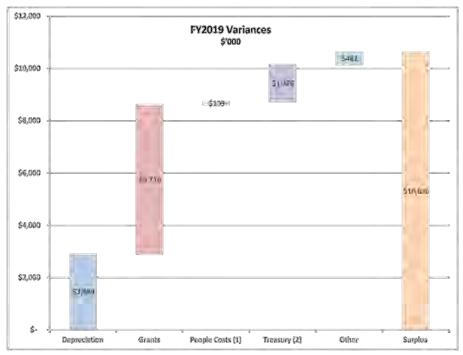
	I	and of Financial Year	
	Actual \$000	Original Budget \$000	Variance \$000
	\$000	\$000	\$000
Income			
Rates Revenues	97,846	97,693	153
Statutory Charges	2,989	2,860	129
User Charges	4,824	4,888	(64)
Grants, Subsidies & Contributions	17,624	11,908	5,716
Investment Income	743	159	584
Reimbursement	552	132	421
Other Income	1,112	732	380
Net Gain - Equity Accounted Council Businesses	62	-	62
Total Income	125,752	118,372	7,381
Expenses			
Employee Costs	35,533	36,596	1,063
Materials, Contracts and Other Expenses	51,321	49,820	(1,501)
Depreciation, amortisation & impairment	23,830	26,729	2,899
Finance Costs	799	1,641	842
Net Loss - Equity Accounted Council Businesses	48		(48)
Total Expenses	111,531	114,786	3,255
Operating Surplus/(Deficit)	14,221	3,586	10,636
Asset Disposal and Fair Value Adjustments	(1,952)	2.802	(4,754)
Amounts Received Specifically for New or Upgraded Assets	2,958	2,530	428
Physical Resources Received Free of Charge	1,090	4,000	(2,910)
Net Surplus/(Deficit)(1)	16,317	12,918	3,400
Het surplus/(Dentity	10,514	22,323	5,400
Other Comprehensive Income			
Changes In Revaluation Surplus - I,PP&E	48,920	16,701	32,219
Total Other Comprehensive Income	48,920	16,701	32,219
Total Comprehensive Income	65,237	29,619	35,619
-			

(1) Transferred to Equity Statement

City of Salisbury Report to Council 25 November 2019

#### 5.2 Waterfall Analysis

5.2.1 The graph below shows the major components contributing to the increased surplus achieved in 2019 compared to budget. Following the graph is a table which provides a high level commentary on the variances, with more detail contained in section 5.3 of this report.



- (1) People Costs is expenditure category "Employee Cost" less agency costs for backfilling vacancies
- which is disclosed within "Materials, Contracts and Other Expenses"

  Treasury Costs is income category "Investment Income" together with savings on expenditure category "Finance Costs"

FY2019 Varia	
Depreciation	Primarily results from road and building assets, with the audit resulting in less adverse impacts of changes in componentisation and associated lives than originally anticipated in setting the budget. Also impacting is the timing of delivery of the infrastructure program and completion of assets.
Grants	The higher variance results from higher than budgeted Financial Assistance Grant and Untied local roads funding of \$2.5M, Roads to Recovery \$942k and Supplementary Local Roads \$1.6M
People Costs	Minor variance
Treasury	Primarily related to higher cash holdings resulting from the timing of infrastructure expenditure.
Other	Primarily additional revenue

City of Salisbury Report to Council 25 November 2019

#### 5.3 Income Analysis

### 5.3.1 Rates Revenues – Favourable Variance \$153k

The favourable variance is predominantly the result of lower than anticipated Rates Rebates \$37k, Objections \$78k below budget, separate rates (NRM Levy) above budget by \$28k which will be adjusted for in the subsequent year, and higher than budgeted Fines \$9k.

#### 5.3.2 Statutory Charges – Favourable Variance \$129k

The favourable variance is predominantly due to higher than budgeted Building and Development Lodgment fees \$270k related to the external client services area as a result of a combination of a higher numbers of applications processed and a number of the applications attracting a higher dollar value, as compared to budget. Also impacting is higher than budgeted Planning fees \$39k which is the result of a large industrial development application received. Sundry and Other Charges are also above budget by \$19k. This is partially offset by lower than budgeted Parking Fines \$112k and Animal Registrations \$44k, as a result of the number of expiations sent through to the Fines Enforcement Agency and the subsequent timing of when these fines are collected.

## 5.3.3 User Charges - Unfayourable Variance \$64k

The unfavourable variance is predominantly the result of \$101k lower than budgeted water supply charges, particularly within the non-residential area \$319k as a result of lower sales to several key industrial customers. This is partially offset by higher residential sales \$146k and water connections \$35k. Also contributing to the unfavourable variance is \$36k additional waste bins income and \$60k bonus/additional rent income associated with the Waste Transfer Station leasing agreement with NAWMA. Offsetting these unfavourable variances are favourable variances within Property Leasing \$95k primarily as a result of increases in telecommunication lease agreements, with \$60k declared at the Third Quarter Budget Review and Cemetery Fees \$43k, which includes \$23k Mausoleum Perpetual Care contributions which are unbudgeted due to the unpredictability of the timing of receipt.

## 5.3.4 Grants, Subsidies & Contributions - Favourable Variance \$5,716k

The favourable variance results from Financial Assistance Grant funding received \$2,455k and Supplementary Local Road funding \$1,581k higher than budget as a result of the advanced payments received for future years (refer paragraph 4.1.6). Also contributing to the favourable variance is higher than budget funding received for Roads to Recovery \$942k and Home and Community Care \$121k, both of which were adjusted at Budget Reviews. Unbudgeted developer contributions totaling \$345k were also received during the 2019 financial year; however these are considered restricted contributions and will be expended in upcoming years.

#### 5.3.5 Investment Income - Favourable Variance \$584k

The favourable variance is primarily the result of higher than anticipated interest received on our investment activity resulting from higher cash holding particularly at the start of the year, the timing of expenditure on

City of Salisbury Report to Council 25 November 2019

major capital projects and a slightly higher than anticipated average interest rate.

#### 5.3.6 Reimbursements – Favourable Variance \$421k

The favourable variance is the result of various reimbursements received relating to works or services undertaken by Council, with the primary areas being Recreational Services contract management \$242k, School Immunisation Program \$50k and Security Charges \$20k. These amounts relate to costs incurred within the materials, contracts and other expenses classification. Also impacting are numerous small amounts primarily from private works that are offset by the expenditure incurred.

#### 5.3.7 Other Income – Favourable Variance \$380k

The favourable variance is due to higher than budgeted amounts received including the unbudgeted distribution from the Local Government Risk Services \$239k, Sundry Income \$61k made up of numerous minor variances, including revenue from the profit share arrangement with Belgravia \$54k, and Rebates received for both traineeships and fleet purchases totaling \$22k.

#### 5.3.8 Net Gain – Equity Accounted Council Businesses – Favourable Variance \$62k

The favourable variance reflects Council's share of results in our Regional Subsidiary Council Solution's which achieved a net profit of \$62k (details of which are contained in paragraph 4.1.10). It should be noted that from a budgeting perspective we budget for these entities to break even.

#### 5.4 Expenditure Analysis

## 5.4.1 Employee Costs - Favourable Variance \$1,063k

The favourable variance is primarily due to the use of contractors and agency staff \$954k who are utilised to provide backup to operational roles and also during the recruitment of vacancies, which is reported in Materials, Contracts and Other Expenses below. Also contributing is lower than budgeted Workers Compensation insurance costs \$340k as a result of a reduction in the estimated percentage rate from the previous year (4.25% in 2018 as compared to 3.88% in 2019).

## 5.4.2 Materials, Contracts and Other Expenses - Unfavourable Variance \$1,501k

Contract labour, which is required to be classified as a contractual expense for reporting purposes, resulted in an unfavourable variance of \$2,473k compared to original budget. Contract labour is utilised to backfill for vacant positions within operational roles, and is offset by savings of \$954k in employee costs reported in wages and salaries above. Also incorporated in the Contract labour unfavourable variance is \$308k associated with Grant funded positions. Also contributing to the unfavourable variance is \$364k related to the Operational Readiness projects, \$267k Organisational Change Initiatives and External Water Supply \$234k as a result of unseasonally dry conditions.

City of Salisbury Report to Council 25 November 2019

Offsetting these unfavourable variances is lower than budgeted Street Lighting \$593k as a result of ongoing contractual discussions with \$100k being declared as savings at the Third Quarter Budget Review. There are also favourable variances within Operating Components of Capital IT Projects \$463k, Contributions \$284k, Underground Drainage Maintenance \$177k, Kerb and Gutter Replacement \$152k and Council Building Renewal \$145k and other minor contractual expenditure variances to budget. A total of \$1,886k across these various areas has been included as Carry Forwards into the 2020 year.

## 5.4.3 <u>Depreciation, Amortisation and Impairment - Favourable Variance</u> \$2,899k

The favourable variance is primarily related to Infrastructure Assets (Roads, Footpaths and Drainage) favourable \$3,810k as a result of budget estimates being based on prior years to enable the analysis of the impacts of the recent road and building audits and also changes to the accounting treatment of residual value and componentisation. These changes were not as adverse and consequently the variance is higher than anticipated. A further contributing factor is the timing of the infrastructure program, with projects being carried forward or retimed into 2020, whereas the depreciation expense was budgeted for in 2019. This is offset by unfavorable variances within Buildings \$177k, Land Improvements \$332k and Plant, Furniture and Equipment \$363k and Library Books \$39k all of which, considering the value of the asset classes are immaterial variances.

## 5.4.4 Finance Costs - Favourable Variance \$842k

The favourable variance relates to the timing of cash receipts and disbursements, with the budget allowing for the drawdown on cash advance debentures to fund major projects; however this was not required during the year. During the year there were project timing adjustments made totaling \$12.1M (including \$6.9M for the Salisbury Community Hub), which have the effect of reducing our cash requirements in 2019 and will increase our cash requirements in 2020.

## 5.4.5 Net Loss - Equity Accounted Council Businesses - Unfavourable Variance \$48k

At the end of the financial year we have recognised our share of the operating results of the Northern Adelaide Waste Management Authority (NAWMA) Regional Subsidiary being a net loss of \$48k (details of which are contained in paragraph 4.1.15). It should be noted that from a budgeting perspective we budget for these entities to break even.

City of Salisbury Report to Council 25 November 2019

## 5.5 Non-Operating Items Analysis

- 5.5.1 Net Gain/(Loss) on disposal of assets is \$4,754k unfavourable, with the budget anticipating a gain of \$2,802k for net proceeds from property sales. The actual results are primarily from \$2,523k accounting losses representing the written down value of assets that have been disposed of as part of the infrastructure renewal process. This includes Land Improvement Assets \$410k, Building Assets \$46k and Infrastructure Assets \$2,067k. All of these assets have been renewed or replaced earlier than anticipated, resulting in a residual value needing to be written off. There is also \$43k accounting losses on disposal of items of Plant, Furniture and Equipment. Offsetting these is \$614k favourable variance which represents the actual proceeds received from property sales relating to the tranche 1 developments.
- 5.5.2 Amounts specifically for new or upgraded assets were favourable \$428k primarily as a result of higher levels of grant funding received for capital projects than originally budgeted, with the most significant project being Special Local Road funding for Paul's Drive Valley View \$711k.
- 5.5.3 Physical resources received free of charge had an unfavourable variance of \$2,910k. This amount represents the assets donated to Council which is usually associated with external property development and residential infill, with typical assets being road, kerbing, footpaths, drainage, and verges. It should be noted that the budget is an estimated figure due to the complexities involved in determining the expected levels of donated assets.

#### 5.6 Other Comprehensive Income Analysis

5.6.1 Changes in Revaluation Surplus – IPP&E is resulting in a favourable variance to budget of \$32,219k. Budgeting for infrastructure revaluations is inherently complex, however the variance is the result of revaluation increments for Land and Land Improvements \$30,558k, Infrastructure \$17,414k and Buildings \$948k.

City of Salisbury Report to Council 25 November 2019

## Statement of Financial Position Analysis

5.6.2 The Statement of Pinancial Position for 2019 is set out below and details the actual end of financial position against the original endorsed budget. Commentary has been made on significant variances between the estimates as presented at the adoption of the budget and the 2019 end of year position.

	End of Financial Year				
	Actual	Original Budget	Variance		
	\$000	\$000	\$000		
Current Assets					
Cash and Cash Equivalents	27,777	-	27,777		
Trade and Other Receivables	8,974	4,762	4,212		
Inventories	2,212	1,906	306		
Total Current Assets	38,963	6,668	32,295		
Non Current Assets					
Financial Assets	1,116	1,259	(143)		
Equity Accounted Investments in Council Businesses	3,891	3,946	(55)		
Infrastructure, Property, Plant and Equipment	1,458,665	1,483,159	(24,494)		
Other Non-Current Assets	38,292	24,561	13,731		
Total Non Current Assets	1,501,964	1,512,925	(10,951)		
Total Assets	1,540,927	1,519,593	21,334		
Current Liabilities					
Cash Advance Debentures		9,010	9,010		
Trade and Other Payables	21,256	14,040	(7,216)		
Borrowings	1,978	1,978	6,3,000,3		
Provisions	7,481	7,243	(238)		
Total Current Liabilities	30,715	32,271	1,556		
Non Current Liabilities					
Borrowings	8,597	8,598	1		
Provisions	1.530	1,812	282		
Total Non Current Liabilities	10,127	10,410	283		
Total Liabilities	40,842	42,681	1,839		
NA. 4 d	4 544 445	4 677 644	53.673		
Net Assets	1,500,085	1,476,912	23,173		
Equity					
Accumulated Surplus	372,291	362,639	(9,653)		
Asset Revaluation Reservos	1,107,209	1,089,880	(17,329)		
Other Reserves	20,585	24,393	3,808		
Total Equity	1,500,085	1,476,912	(23,174)		

City of Salisbury Report to Council 25 November 2019

- 5.6.3 The Statement of Financial Position as at 30 June 2019 shows a favourable variance when compared to budget for Net Assets (Total Assets less Total Liabilities) or 'Equity' of \$23,173k. This variance is made up of the following:
  - Total Current Assets are \$32,295k favorable when compared to the original budget. This is primarily as a result of cash and cash equivalents being favourable by \$27,777k, with the budget forecast being a Cash Advance Debenture position. This is as a result of the fact that the original is based on 100% delivery of all projects and operating expenditure resulting in a requirement to drawdown on Cash Advance Debentures during the 2019 year, whereas the actuals include a level of carry forwards and returned funds, which has a favourable impact on our cash position.
  - Infrastructure, Property, Plant and Equipment is \$24,494k lower than originally budgeted. This is again primarily the result of projects being re-timed into the 2020 year and the fact the budget is based on 100% delivery of all projects, whereas actuals generally have a level of carry forward and returned funds.. Offsetting this are revaluation adjustments of \$48,920k being higher than budgeted expectations of \$16,701k, noting that these adjustments are inherently complex, and are derived from periodic detailed asset audits.
  - Other Non-current assets are \$13,731k higher than budget estimates, which is a result of higher than anticipated infrastructure projects in progress at the end of 2019 The budget was set with the last known actual result (30 June 2018), as it is expected to remain relatively static, although the mix of projects will of course change over time.
  - Liabilities are overall lower than budget by \$1,839k predominantly due to the Original Budget including an expectation that Council would need to drawdown on Cash Advance Debentures \$9,010k which was not required as a result of treasury management and the level of carry forwards included in the actual results, as well as project retiming into the 2020 year. This will have the potential impact of increasing our cash requirements in 2020. Offsetting this is higher than budgeted Trade and Trade Payables \$7,216k, primarily as a result of the infrastructure program.

## 5.7 Financial Indicator Analysis

5.7.1 The Financial Indicators as presented in the original budget are set out below and have been compared to actual results for the 2019 financial year. Also included are adjusted Financial Indicators which normalise the ratios for the timing of the Financial Assistance Grant.

City of Salisbury Report to Council 25 November 2019

Financial indicators	Endorsed Operating Range	2018-19 Original Budget	2018-19 Actuals	Variance to Original Budget	2018-19 Adjusted Actuals	Variance to Original Budget
Operating Surplus Ratio	0.5% - 5%	3.03%	11.30%	8.27%	9.90%	5.87%
Net Financial Liabilities Ratio	<40%	30.97%	2.37%	28.60%	2.40%	28,57%
Asset Renewal Funding Ratio	90-110%	200.00%	82.20%	(17.80%)	N/A	H/A

- 5.7.2 The operating surplus ratio of 11.3% provides a favourable variance of 8.27% when compared to budget. However, when adjusted for the year on year timing impact of the early receipt of the 2020 Financial Assistance Grant and 2020 and 2021 Supplementary Local Road funding, plus the advance payment in the prior year of the 2019 Financial Assistance Grant the ratio decreases slightly to 9.90%, which is a favorable variance of 6.87%. Excluding the favourable Grant receipts, the main factors contributing to this variance are depreciation \$2,899k and Financial Costs \$842k and Interest Income \$584k, with reasons for these variances explained above. The current endorsed operating range for this indicator is 0.5%-5%.
- 5.7.3 Net Financial Liabilities was 2.37% for 2019 which is favourable by 28.60% when compared to the original budget, primarily as a result of our cash position being \$36,787k higher than budget expectations. When adjusted for the timing impact of the early receipt of the 2020 Financial Assistance Grant and 2020 and 2021 Supplementary Local Road funding, the ratio increases to 2.40%, which is a favourable variance of 28.57%. The actual result falls within the current endorsed operating range for this indicator, being less than 40%.
- 5.7.4 The Asset Renewal Funding Ratio of 82.20% provides an unfavourable variance of 17.80% when compared to budget, and is lower than the 110.6% achieved in 2018 and the 133.0% in 2017. However as reported above, when the ratio is adjusted for the impacts of carry forward and returned funds it results in a revised ratio of 96.32% which is within the endorsed range. Further it should be noted that the calculated three year weighted average ratio is 108.6% which is in the target range endorsed by Council of between 90%-110%.

#### 6. CHANGES IN AUSTRALIAN ACCOUNTING STANDARDS FOR 2020

6.1.1 As reported in Note 1 of the AFS there are changes in Australian Accounting Standards (AASB) that are effective from 1 July 2019 that are expected to have impact on Council's future financial statements. These changes to the AASB's have been assessed by Council in consultation with our Auditors and the change and the anticipated impact has been described below:

AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific

City of Salisbury Report to Council 25 November 2019

performance obligations will from 1 July 2019 only be recognised as these obligations are fulfilled. Whilst this will have an impact, we are not expecting it to be a material impact and are well placed to implement the change.

AASB 16 Leases, requires that the right of use conveyed by leasing contracts, except leases with a maximum term of twelve months and leases for non-material amounts be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. The City of Salisbury has assessed the impacts that the initial application of AASB 16 has on it financial statements and believes there will be no material impact.

## 7. CONCLUSION / PROPOSAL

7.1.1 The Annual Financial Statements have been prepared in accordance with the applicable Australian Accounting Standards and legislative requirements, and are recommended to Council for adoption.

#### CO-ORDINATION

Officer: Date:

City of Salisbury Report to Council 25 November 2019

GENERAL PURPOSE FINANCIAL STATEMENTS for the year ended 30 June 2019

Salisbury a flourishing City with opportunity for all



for the year ended 30 June 2019

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# General Purpose Financial Statements for the year ended 30 June 2019

## Certification of Financial Statements

We have been authorised by the Council to certify the financial statements in their final form.

## In our opinion:

- the accompanying financial statements comply with the Local Government Act 1999 Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June
   2019 and the results of its operations and cash flows for the financial year,
- Internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year.
- the financial statements accurately reflect the Council's accounting and other records.

	William
John Harry CHIEF EXECUTIVE OFFICER	Gillian Aldridge MAYOR

Date:

## General Purpose Financial Statements

for the year ended 30 June 2019

## Understanding Council's Financial Statements

#### Introduction

Each year, individual Local Governments across South Australia are required to present a set of audited Financial Statements to their Council and Community.

## About the Certification of Financial Statements

The Financial Statements must be certified by the Chief Executive Officer and Mayor as "presenting a true and fair view" of the Council's financial results for the year and ensuring both responsibility for and ownership of the Financial Statements across Council.

#### What you will find in the Statements

The Financial Statements set out the financial performance, financial position and cash flows of Council for the financial year ended 30 June 2019.

The format of the Financial Statements is standard across all South Australian Councils and complies with both the accounting and reporting requirements of Australian Accounting Standards and the requirements as set down in the South Australia Model Financial Statements.

The Financial Statements incorporate four "primary" financial statements:

### 1. A Statement of Comprehensive Income

A summary of Council's financial performance for the year, listing all income and expenses.

#### 2. A Balance Sheet

A snapshot as at 30 June 2019 of Council's financial position including its assets and liabilities.

#### 3. A Statement of Changes in Equity

The overall change for the year (in dollars) of Council's "net wealth".

## 4. A Statement of Cash Flows

Indicates where Council's cash came from and where it was spent.

#### About the Notes to the Financial Statements

The Notes to the Financial Statements provide greater detail and additional information on the four Primary Financial Statements.

### About the Auditor's Reports

Council's Financial Statements are required to be audited by external accountants (that generally specialise in Local Government).

In South Australia, the Auditor provides an audit report, with an opinion on whether the Financial Statements present fairly the Council's financial performance and position.

### About the Independence Certificates

Council's Financial Statements are also required to include signed Certificates by both the Council and the Auditors that the Council's Auditor has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.

#### Who uses the Financial Statements?

The Financial Statements are publicly available documents and are used by (but not limited to) Councillors, Residents and Ratepayers, Employees, Suppliers, Contractors, Customers, the Local Government Association of South Australia, the SA Local Government Grants Commission, and Financiers including Banks and other Financial Institutions.

Under the Local Government Act 1999 the Financial Statements must be made available at the principal office of the Council and on Council's website.

## Statement of Comprehensive Income

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
încome °.		=20, 14, 0	
Rates Revenues	2a	97,846	94,899
Statutory Charges	2b	2,989	3,189
User Charges	2e	4,824	6,127
Grants, Subsidies and Contributions	2g	17,624	15,283
Investment Income	2d	743	737
Reimbursements	26	552	557
Other Income	2f	1,112	1,328
Net Gain - Equity Accounted Council Businesses	19	62	- Tak
Total Income	Q=21	125,752	122,120
Expenses			
Employee Costs	За	35,533	34,306
Materials, Contracts and Other Expenses	3b	51,321	49,039
Depreciation, Amortisation and Impairment	3e	23,830	22,719
Finance Costs	3d	799	949
Net loss - Equity Accounted Council Businesses	19	48	69
Total Expenses	distriction	111,531	107,082
Operating Surplus / (Deficit)		14,221	15,038
Asset Disposal and Fair Value Adjustments	4	(1,952)	(3,353)
Amounts Received Specifically for New or Upgraded Assets	2g	2,958	1,690
Physical Resources Received Free of Charge	21	1,090	682
Net Surplus / (Deficit) 1	2000	16,317	14,057
Other Comprehensive Income			
Changes in Revaluation Surplus I,PP&E	9a	48,920	41,716
Total Other Comprehensive Income	<u>, , , , , , , , , , , , , , , , , , , </u>	48,920	41,716
Total Comprehensive Income	€=	65,237	55,773
	-		1000

Transferred to Statement of Changes in Equity

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

## Statement of Financial Position

as at 30 June 2019

° ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° ° °	Notes	2019	2018
		2210	2010
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	27,777	33,780
Trade and Other Receivables	5b	8,974	6,026
Inventories	50	2,212	2,039
Total Current Assets		29,963	41,845
Non-Current Assets			
Financial Assets	6a	1,116	1,212
Equity Accounted Investments in Council Businesses	6b	3,891	3,877
Infrastructure, Property, Plant and Equipment	7a	1,458,665	1,400,955
Other Non-Current Assets	- 6c	38,292	22,150
Total Non-Current Assets		1,501,964	1,428,194
TOTAL ASSETS		1,540,927	1,470,039
LIABILITIES			
Current Liabilities			
Trade and Other Payables	8a	21,256	13,754
Borrowings	ab dis	1,978	2,142
Provisions	8c	7,481	7,193
Total Current Liabilities		30,715	23,089
Non-Current Liabilities			
Borrowings	8b	8,597	10,575
Provisions	8c	1,530	1,527
Total Non-Current Liabilities	4	10,127	12,102
TOTAL LIABILITIES		40,842	35,191
Net Assets		1,500,085	1,434,848
EQUITY			
Accumulated Surplus		372,291	352,267
Asset Revaluation Reserves	9a	1,107,209	1,058,289
Other Reserves	9b	20,585	24,292
	ਹਮ 4		error of the state
Total Council Equity	6	1,500,085	1,434,848

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

## Statement of Changes in Equity

for the year ended 30 June 2019

			Asset		
		Accumulated	Revaluation	Other	Total
\$ '000	Notes	Surplus	Reserve	Reserves	Equity
2019					
Balance at the end of previous reporting period		352,267	1,058,289	24,292	1,434,848
Restated Opening Balance	, ,	352,267	1,058,289	24,292	1,434,848
d. Net Surplus / (Deficit) for Year		16,317	ed.	€\$û	16,317
e. Other Comprehensive Income					
Gain (Loss) on Revaluation of I,PP&E	7a	-	48,920	<b>AS</b>	48,920
Other Comprehensive Income		*	48,920		48,920
Total Comprehensive Income	4	16,317	48,920		65,237
f. Transfers between Reserves		3,707	_ =	(3,707)	
Balance at the end of period	6	372,291	1,107,209	20,585	1,500,085

			Asset		
	A	ccumulated	Revaluation	Other	Total
\$ '000	Notes	Surplus	Reserve	Reserves	Equity
2018			7 10 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2		
Balance at the end of previous reporting period		333,969	1,016,925	28,181	1,379,075
a. Adjustments (Correction of Prior Period Errors)	(a)	352	(352)	-	
Restated Opening Balance		334,321	1,016,573	28,181	1,379,675
d. Net Surplus / (Deficit) for Year		14,057	%≌8	*	14,057
e. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	70		41,716	<b>(41</b> )	41,716
Other Comprehensive Income			41,716	-	41,716
Tetal Comprehensive Income	-	14,057	41,716	**************************************	65,773
f. Transfers between Reserves		3,889	G\$25	(3,889)	
Balance at the end of period		352,267	1,050,289	24,292	1,434,848

## (a). Correction of an Error relating to a Previous Reporting Period

As part of the City of Salisbury's 2019 end of financial year review it was ascertained that there was a historical error of \$352k that had been incorrectly recognised within the Asset Revaluation Reserve - JV's / Associates for the 2018 year and in prior years, specifically related to Council's regional subsidiary NAWMA. The error dates back to the 2010 year which is the first year NAWMA recognised a revaluation reserve. This resulted in accumulated surplus being understated and Asset Revaluation Reserve being overstated by \$352k, however net equity was correct. The balance of Councils interest in NAWMA as represented in 'Note 6 Equity Accounted Investments in Council Businesses' was correct. In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors this error has been adjusted retrospectively against opening equity balances for the 2018 Financial Year.

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

## Statement of Cash Flows

for the year ended 30 June 2019

\$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Rates Receipts		97,802	94,953
Statutory Charges		3,111	3,288
User Charges		3,545	7,313
Grants, Subsidies and Contributions (operating purpose)		17,728	15,394
Investment Receipts		737	772
Reimbursements		607	613
Other Receipts		9,043	7,647
Payments			
Payments to Employees		(35,386)	(34,806)
Payments for Materials, Contracts and Other Expenses		(59,414)	(55,703)
Finance Payments		(799)	(949)
Net Cash provided by (or used in) Operating Activities	- 11b-	36,974	38,522
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		2,958	1,690
Sale of Replaced Assets		1,096	427
Sale of Surplus Assets		118	125
Net Disposal of Investment Securities		71	70
Sale of Real Estate Developments		1,011	2,349
Repayments of Loans by Community Groups		31	2,349
Payments		3,	23
Expenditure on Renewal/Replacement of Assets		(14,248)	(19,718)
Expenditure on New/Upgraded Assets		(31,771)	(15,697)
Development of Real Estate for Sale		(101)	(243)
Net Cash provided by (or used in) Investing Activities		(40,835)	(30,968)
net cash provided by for used my massing Activities		(40,033)	(90,200)
Cash Flows from Financing Activities			
Payments Repayments of Borrowings		(2,142)	(2,350)
Net Cash provided by (or used in) Financing Activities	• •	(2,142)	(2,350)
Net Increase (Decrease) in Cash Held	9	(6,003)	5,204
plus: Cash and Cash Equivalents at beginning of period	·.	33,780	28,576
Cash & Cash Equivalents at end of period	-191	27,777	33,780
,			
Additional Information:			
plus: Investments on hand - end of year	ба	690	761

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Contents of the Notes accompanying the Financial Statements

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

## 1 Basis of Preparation

#### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared on a going concern basis using the historical cost convention in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the Local Government (Financial Management) Regulations 2011 dated 13 November 2019.

## 1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

## 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

## 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$1000).

## 2 The Local Government Reporting Entity

The City of Salisbury is incorporated under the South Australian Local Government Act 1999 and has its principal place of business at 12 James Street, Salisbury. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions.

## 3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as income during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as income in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation. During the 2015/16 year, there was no untied financial assistance grants paid in advance. However, on 09 June 2017, Council received two quarters of the 2017/18 grant amounting to \$3,995,448. Subsequently, on 25 June 2018, Council received two quarters of the 2018/19 grant amounting to \$4,208,096. Two quarters of the 2019/20 grant totalling \$4,555,783 was received on 19 June 2019. The advanced payments received are summarised in the below table:

**Financial Assistance Grant Funding** 

Financial Year	Payment Received In Advance \$'000	Comments
2016/17	3,995	Relates to 2017/18
2017/18	4,208	Relates to 2018/19
2018/19	4,556	Relates to 2019/20

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 1. Summary of Significant Accounting Policies (continued)

Further in the 2018/19 year, Council received Supplementary Local Road grant funding totalling \$1,580,714 in advance on 27 June 2019 which relates to the 2019/20 and 2020/21 financial years. The advanced payments received are summarised in the below table:

Supplementary Local Road Grant Funding

Financial Year	Payment Received In Advance \$'000	Comments
2018/19	790	Relates to 2019/20
2018/19	790	Relates to 2020/21

Because these grants as applicable for the current reporting period untied, the Australian Accounting Standards require that payments be recognised upon receipt. Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

## 4 Cash, Cash Equivalents and other Financial instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

#### 5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

## 5.1 Real Estate Assets Developments

Real Estate Assets developments have been classified as Inventory in accordance with AASB 102 Inventories and are valued at the lower of cost or net realisable value. Cost includes the costs of acquisition, development, borrowing and other costs incurred on financing of that acquisition and up to the time of sale. Any amount by which cost exceeds the net realisable value has been recognised as an expense.

Revenues arising from the sale of property are recognised in the operating statement when settlement is completed.

#### 5.2 Other Real Estate Held for Resale

Properties not acquired for development, but which Council has decided to sell as surplus to requirements, are recognised at the carrying value at the time of that decision.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 1. Summary of Significant Accounting Policies

## 6 Infrastructure, Property, Plant & Equipment

## 6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant and equipment when completed ready for use.

#### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life.

Examples of capitalisation thresholds applied during the year are disclosed in Note 7. No capitalisation threshold is applied to the acquisition of land or interests in land.

## 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties and of existing valuations, methods and valuers are provided at Note 7.

## 6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually; these reviews are conducted either internally or externally through the completion of asset audits and valuations.

Major depreciation periods for each class of asset are detailed in Note 7. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

## 6.5 Intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of AASB 138 Intangible Assets. An item is recognised as an intangible if it meets the definition of an intangible asset, it is probably that future economic benefits will flow to Council and the cost of the asset can be reliably measured.

Intangible Assets are tested for impairment yearly or when there is objective evidence or an indication that these assets may be impaired. Further determinations on useful lives are reviewed annually.

#### 6.6 Impairment

Assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, are not subject to impairment testing. Other assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 1. Summary of Significant Accounting Policies

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

## 7 Payables

#### 7.4 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

## 7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

## 8 Borrowings

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

## 9 Employee Benefits

## 9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119 Employee Benefits. Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based

oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

#### 9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

#### 10 Leases

Lease arrangements have been accounted for in accordance with AASB 117 Leases.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

## 11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements are accounted for in accordance with AASB 128 Investments in Associates and Joint Ventures and set out in detail in Note 19.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 1. Summary of Significant Accounting Policies

## 12 GST implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

## 13 New accounting standards and UIG interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

AASB 7 Financial Instruments – Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and has the effect that non-contractual receivables (e.g. rates and charges) are now treated as financial instruments. These changes have been applied retrospectively to the comparatives and whilst the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

The City of Salisbury has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

The standards that are expected to have an impact upon Council's future financial statements are:

## Effective for annual reporting periods beginning on or after 1 January 2019

AASB 15 and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled.

City of Salisbury intends to apply AASB 15 and AASB 1058 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be applied retrospectively for the current year and prior year comparatives, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts, except leases with a maximum term of twelve months and leases for non-material amounts, be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability. The City of Salisbury has assessed the impacts that the initial application of AASB 16 will have on its consolidated financial statements and believes there will be no significant or material impact.

## 14 Comparative Figures

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

## 15 Disclaimer

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 2. Income

\$ '000.	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		96,973	93,994
Less: Mandatory Rebates		(1,222)	(1,138)
Less: Discretionary Rebates, Remissions and Write Offs		(343)	(330)
Total General Rates	Green Common Com	95,408	92,526
Other Rates (Including Service Charges)			
Natural Resource Management Levy		2,016	1,949
Salisbury Business Association Separate Rate		162	161
Globe Derby Community Club Separate Rate		6	6
Total Other Rates	<b>6</b>	2,184	2,116
Other Charges			
Penalties for Late Payment		254	257
Total Other Charges		254	257
Total Rates Revenues		97,846	94,899
(b). Statutory Charges			
Development Act Fees		946	893
Town Planning Fees		466	613
Animal Registration Fees and Fines		1,046	1,099
Parking Fines / Explation Fees		215	277
Other Licences, Fees and Fines		316	307
Total Statutory Charges		2,989	3,189
(c). User Charges			
Cemetery Fees		541	581
Property Leases		878	723
Waste Disposal Fees -		12	1,573
Water Supply		2,335	2,194
		519	493
Aged and Disability Services		010	400
Aged and Disability Services Sundry Total User Charges		539	563

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

## Note 2. Income (continued)

\$ '000	Notes	2019	2018
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		203	230
- Banks and Other		521	487
- Loans to Community Groups	C	19	20
Total Investment Income		743	737
(e). Reimbursements			
Contract Maintenance		242	237
Other		310	320
Total Reimbursements		552	557
(f). Other Income			
Insurance and Other Recoupments - Infrastructure, IPP&E		9	5
Rebates Received		728	776
Sundry	ian em	375	547
Total Other Income		1,112	1,328

## Notes to and forming part of the Financial Statements

Advanced Supplementary Local Road Funding Recognised as Income

for the year ended 30 June 2019

## Note 2. Income (continued)

\$ '000	Notes	2019	2018
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		2,958	1,690
Total Amounts Received Specifically for New or Upgraded Assets	₹ <u>=</u>	2,958	1,690
Other Grants, Subsidies and Contributions	GEORGI	6,532	6,369
Untied Financial Assistance Grant		4,956	4,706
Individually Significant Item - Additional Financial Assistance Grant (refer below)		6,136	4,208
Total Other Grants, Subsidies and Contributions	£-324	17,624	15,283
Total Grants, Subsidies, Contributions	Algorith	20,582	16,973

The functions to which these grants, subsidies and contributions relate are disclosed in Note 12, with the exception of Amounts Received Specifically for New or Upgraded Assets.

## (i) Sources of grants

Commonwealth Government	2,599	2,633
State Government	17,287	13,836
Other	696	504
Total	20,582	16,973
(ii) Individually Significant Items		
Advanced Financial Assistance Grant Recognised as Income	4,556	4,208

On 19 June 2019, Council received advance payment of the first two quarters of the 2019/20 Financial Assistance Grant, totalling \$4,556k (comprising of \$3,553k in general purpose funding and \$1,003k in untied local road funding). Further on 27 June 2019, Council also received advance payment of the 2019/20 and 2020/21 Supplementary Local Road funding totalling \$1,580k. This has materially increased Council's operating results in the current year, as these amounts are recognised as income upon receipt, as detailed in Note 1. Potential material effects will be experienced when the timing of these grant payments are once again restored to a normal schedule.

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1,580

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 2. Income (continued)

\$ 000	Notes	2019	2018
(h). Conditions over Grants and Contributions			
Grants and contributions which were obtained on the condition that they			
be expended for specified purposes or in a future period, but which are			
not yet expended in accordance with those conditions, are as follows:			0
Unexpended at the close of the previous reporting period		1,752	325
Less:			
Expended during the current period from revenues			
recognised in previous reporting periods			
Bridgestone Athletic Track		(860)	*
Salisbury Oval Female Changerooms		(397)	58
Footpath Development Program		(63)	-
Pooraka Farm CCTV		(39)	-
Tea Tree Gully Business Advisory Services		(30)	46
Salisbury Oval CCTV		(19)	27
Street Tree Developer Program		(17)	19
Playford Business Services		(12)	200
Drug and Alcohol Framework		(11)	-
Northern Adelaide Industry Development		(39)	(98)
Digital Growth Program		(64)	(64)
Aged Friendly SA Grant		-	(17)
Aboriginal Sports Development Program		-	(10)
Resilient Sallsbury - Environmental Action Plan		-	(9)
Duke of Edinburgh School Program		(7)	(6)
Fairbanks / Byron Bay Traffic Management		<b>ĕ</b>	(6)
Youth Network Grant		塑	(5)
Other		(61)	(5)
Subtotal		(1,619)	(220)

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

# Note 2. Income (continued)

\$ '000	Notes	2019	2018
Plus:			
Amounts recognised as revenues in this reporting			
period but not yet expended in accordance with the conditions			
Dry Creek Park Way - City Wide Trails		1,000	196
Pauls Drive Valley View - Major Flooding		657	45
Library Community Learning Program - Fostering Integration		49	·
Home and Community Support Program		41	-
The Shed Project		5	:#L
Bridgestone Athletic Track Grant			993
Salisbury Oval Female Change Rooms	a	28	397
Footpath Developer Program		<u>™</u>	63
Tea Tree Gully Business Advisory		60	60
Pooraka Farm CCTV		*	39
Fea Tree Gully Business Advisory Services		増	30
Salisbury Oval CCTV		€	19
Street Tree Developer Program		9	17
Playford Business Services		€	12
Drug and Alcohol Framework		7	11
Duke of Edinburgh			5
Be Connected - Digital Awareness Program		-	1
Other		163	-
Subtotal		1,982	1,647
Inexpended at the close of this reporting period		2,115	1,752
Vet increase (decrease) in assets subject to conditions			
n the current reporting period	730	363	1,427
i). Physical Resources Received Free of Charge			
and and Improvements		96	331
Roads, Bridges and Footpaths		375	118
Stormwater Drainage		619	233
otal Physical Resources Received Free of Charge		1,090	682

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 3. Expenses

\$'000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		28,825	28,134
Employee Leave Expense		5,121	4,441
Superannuation - Defined Contribution Plan Contributions	18	793	1,171
Superannuation - Defined Benefit Plan Contributions	18	2,349	1,880
Workers' Compensation Insurance		1,387	1,552
Less: Capitalised and Distributed Costs		(2,942)	(2,872
Total Operating Employee Costs		35,533	34,308
Total Number of Employees (full time equivalent at end of reporting period)		403	382
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		46	35
Bad and Doubtful Debts		16	11
Elected Members' Expenses		470	479
Election Expenses		540	59
Operating Lease Rentals - Cancellable Leases		697	926
Subtotal - Prescribed Expenses		1,769	1,510
(ii) Other Materials, Contracts and Expenses			
Contractors		34,476	32,923
Energy		4,160	4,468
Legal Expenses		314	301
Levies Paid to Government - NRM levy		2,014	1,945
Levies - Other		378	500
Parts, Accessories and Consumables		2,733	2,794
nsurance		951	943
Nater Rates		858	776
Sundry	ے جو	3,668	2,879
Subtotal - Other Material, Contracts & Expenses	· ·	49,552	47,529
Total Materials, Contracts and Other Expenses		51,321	49,039

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

# Note 3. Expenses (continued)

\$ '000	Notes	2010	2018
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Land Improvements		5,293	4,928
Buildings and Other Structures		2,418	2,297
Infrastructure		13,872	13,471
Plant and Equipment		2,078	1,813
Library Books		169	210
Total Depreciation, Amortisation and Impairment	***	23,830	22,719
(d). Finance Costs			
Interest on Loans		799	949
Total Finance Costs		799	949

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 4. Asset Disposal and Fair Value Adjustments

\$ '000	Notos	2019	2018
Infrastructure, Property, Plant and Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		1,096	427
Less: Carrying Amount of Assets Sold	00-00	(3,581)	(3,702)
Gain (Loss) on Disposal	- company	(2,485)	(3,275)
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		118	125
Less: Carrying Amount of Assets Sold		(199)	(471)
Less: Other Amounts Relating to the Sale of Surplus Assets		42	(252)
Gain (Loss) on Disposal		(81)	(598)
Real Estate Development Assets			
Proceeds from Disposal		1,011	2,349
Less: Carrying Amount of Assets Sold	est Mil	(397)	(1,829)
Gain (Loss) on Disposal		614	520
Other Financial Assets			
Proceeds from Disposal		71	69
Less: Carrying Amount of Assets Sold		(71)	(69)
Gain (Loss) on Disposal	48130	*	*
Net Gain (Loss) on Disposal or Revaluation of Assets	Wirmod	(1.952)	(3,353)

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 5. Current Assets

\$ '000	Notes	2019	2018
(a). Cash and Cash Equivalents			
Cash on Hand at Bank		156	832
Short Term Deposits and Bills, etc.		27,621	32,948
Total Cash and Cash Equivalents		27,777	33,780
(b). Trade and Other Receivables			1
Rates - General and Other		2,986	2,822
Accrued Revenues		17	11
Debtors - General		3,162	1,566
GST Recoupment		2,106	935
Prepayments		671	661
Loans to Community Organisations		32	31
Total Trade and Other Receivables	· · · · · · · · · · · · · · · · · · ·	8,974	6,026
(c). Inventories			
ā.			
Stores and Materials		256	253
Real Estate Developments	6	1,920	1,751
Cemetery Plinths and Vaults		36	35
Total Inventories		2,212	2,039

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 6. Non-Current Assets

\$ '000 Net	es 2019	2018
(a). Financial Assets		
Receivables		
Council Rates Postponement Scheme	15	8
Loans to Community Organisations	411	443
Total Receivables	426	451
Other Financial Assets (Investments)		
Mortgages over Property - Affordable Housing Scheme	690	761
Total Other Financial Assets (Investments)	690	761
Total Financial Assets	1,116	1,212
(b). Equity Accounted Investments in Council Businesses		
Northern Adelaide Waste Management Authority 19	3,753	3,801
Council Solutions 19		76
Total Equity Accounted Investments in Council Businesses	3,891	3,877
(c). Other Non-Current Assets		
(i) Inventories		
Real Estate Developments	1,394	1,859
Total Inventories	1,394	1,859
(ii) Other		
Capital Works-in-Progress	36,732	20,125
Intangible Assets	166	166
Total Other	36,898	20,291
Total Other Non-Current Assets	38,292	22,150

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

# Note 6. Non-Current Assets

\$ '000	Notes	2019	2018
Real Estate Developments - Current and Non-Curre	ent		
(Valued at the lower of cost and net realisable value)			
Residential		3,314	3,610
Total Real Estate for Resale		3,314	3,610
Represented by:			
Acquisition Costs		1,570	1,865
Development Costs		1,744	1,745
Total Real Estate of Resale		3,314	2,010
(ii) Apportionment of Real Estate Developments			
Current Assets		1,920	1,751
Non-Current Assets		1,394	1,859
	e	3,314	3,610

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Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 7a. Infrastructure, Property, Plant and Equipment

				0.0000000000000000000000000000000000000			080000000000000000000000000000000000000	Asset M.	overnents during	g the Reporting Period	Period						
√ =				as at 30/6/2018			Axeel Additions	tdilone						100	na at 30/6/2019		
		Section 1	The second second	100000000000000000000000000000000000000	The same of the same of	CONTROL SECTION			District	Becomplete	200	Reselvation	William or an account		CONTRACTOR		
<del>≅</del> 3	Fac Val.s	*	¥	Accum	Accumulated	Camying	Name of Persons de	diameter 0	OfAsset	Experime (Note 3cl	Real Sales	beguny (ARR)	Ą	4	Accumulated	photo	Carrolon
000.8	Love	Fair Value	Cost	Dap'n	Impairment	Value		a de la constante de la consta			District Control	(Note 9)	Fair Value	Con	Deph	Impairment	Value
Land - Other	19	429,119				47.9.119	-					29 006	489.442	Townson or the	Ť		460 460
Land Improvements	89	182,700		67,226	100	115,474		2.504	(410)	(5,00%)		1,460	400 670		2000		018,608
Buildings and Other Structures	89	84,009		23,083	. 1	60,921		665	(46)	(2.418)	9	048	04,000	8 (	00000	9	007,011
Infrastructure		1,187,939	1	402,586		785.353		9 242	(2.087)	(13,872)	) 1	17.414	1 090 300	9	150,137		D4,683
Plant and Equipment		1	24,961	16,139		8.822			(1.257)	(2.078)	ගැන්නි 	\$1000000	00000000	67.454	405,104	b	225,900
Library Books			1,266		***	1,266	146			(169)	1 1		0.000	4 542	0+0/20	(a)	4010
Total Inhistrature, Proporty.		4.884.367	50.96	4,00,000		of Aren date		99	A STATE OF								2
						The state of the s	ACTIVITY.		Shrings	(T-5-50)	Section of the last of the las	44.270	1977.813	25,207	547 Bell	100	1,450,665
(Comparations)		A BITTO BRO	32.22.0	ABC CAC		4 000 600	4.4.469	200	19000	198 418		-					

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# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment and Investment Property

#### \$ '000

#### Valuation of Assets

Council measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land
- Land Improvements
- Infrastructure
- Buildings and Other Structures

Council does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

#### a) Fair Value Hierarchy

AASB 13 Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be characterised into. The levels are outlined below:

#### Level 1

Measurements based on quoted prices (unadjusted) in active markets for identical assets that the entity can access at the measurement date.

#### Level 2

Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset, either directly or indirectly.

#### Level 3

Measurements based on unobservable inputs for the asset.

The fair value of assets that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset is included in Level 2. If one or more significant inputs are not based on observable market data, the asset of liability is included in Level 3.

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment and Investment Property (cont)

\$ '000

#### b) Valuation Techniques

Council selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends upon the specific characteristics of the asset being measured. The valuation techniques selected by Council are consistent with one or more of the following valuation approaches:

- Market Approach uses prices and other relevant information generated by market transactions involving identical or similar assets.
- Income Approach converts estimated future cash flows or income and expenses into a single current (ie. discounted) value.
- Cost Approach reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset, including assumptions about risks. When selecting a valuation technique, Council gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data is not available and therefore are developed using the best information available about such assumptions are considered unobservable.

During 2017/18 Council initially undertook a review of the internal overhead costs, such as project management, supervision and design, that are directly related to the renewal of Council's Transport and Stormwater assets. The purpose of the review was to ensure that the appropriate level of direct internal overhead costs (expressed as a percentage) were being reflected in the unit rates that are utilised to revalue these asset classes. These overhead percentages were independently reviewed by Tonkin Consulting and continue to be incorporated into their review of Council's Asset Valuations.

#### c) Capitalisation Thresholds

Capitalisation Thresholds used by Council for a representative range of assets are shown below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture and Equipment	\$5,000
Plant and Light Vehicles	\$5,000
Buildings - new construction/extensions	\$10,000
Park and Playground Furniture and Equipment	\$5,000
Road construction and reconstruction	\$10,000
Paving and footpaths, Kerb and Gutter	\$5,000
Drains and Culverts	\$10,000
Reticulation extensions	\$5,000
Sidelines and household connections	\$5,000
Artworks	\$5,000

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment and Investment Property (cont)

#### \$ '000

#### d) Estimated Useful Lives

Useful lives are estimated for each individual asset. In estimating useful lives, regard is had to technical and commercial obsolescence, as well as legal and other limitations on continued use. The range of useful lives for a representative range of assets is shown below, although individual assets may have an estimated total useful life of greater or lesser amount:

#### Plant, Furniture and Equipment:

Office Equipment	3 to 10 years
Office Furniture	3 to 10 years
Vehicles and Road-making Equipment	2 to 20 years
Other Plant and Equipment	3 to 20 years

#### **Building and Other Structures:**

Building Components #10 to 80 years
Playground Equipment 15 to 25 years
Benches, Seats, etc 10 to 15 years

#### Infrastructure:

Roads - Seal 20 to 40 years Roads - Base 50 to 150 years Roads - Sub-Base 150 to 300 years Unsealed Roads 5 to 10 years Bridges 100 years Footpaths 8 to 80 years Kerb, Gutter and Medians 50 to 300 years **Drainage Pipes** 80 to 100 years Culverts, Headwalls and Junction Boxes 40 to 100 years Dams and Reservoirs 400 years Bores 75 years Reticulation Pipes - PVC 50 to 80 years Pumps and Telemetry 10 to 50 years

#### Other Assets:

Library Books 3 to 7 years
Artworks/Local History Indefinite
Street Trees 50 years

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment and Investment Property (continued)

## \$ '000

#### e) Table of Fair Values 2018/19

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
Land		459,413	-	459,413
Land Improvements		-	116,786	116,786
Buildings and Other Structures			64,883	64,883
Infrastructure		-	804,522	804,522
Total		459,413	986,191	1,445,604

#### f) Disclosed Fair Value Measurements

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Land	2	Market Value	\$459,413

Valuations of assets in this category are undertaken using the State Valuer Generals Site Values.

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Land Improvements	3	Cost Approach	\$116,786

Valuations of assets in this category are undertaken via one of the following methods:

- a. Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates to derive a unit rate used to calculate a current replacement cost for each asset. Assets valued via this method include Footpaths and Carpark Pavement/Seals all situated on Council Reserves.
- Revalued using the Local Government Pricing Index (LGPI). Assets valued via this method include Fencing, Irrigation Equipment, Playgrounds, Kerbing, Sports Courts/Facilities, Reserve Furniture, Landscaping and Other Structures all situated on Council Reserves.
- c. Independent valuations provided by Inside Infrastructure and Aquenta Consulting initially in 2015 using a methodology that utilises observable rates and cost information from their extensive knowledge across the water industry. Assets valued via this method include all those associated with Councils Recycled Stormwater Business Unit, which includes assets such as Pipework, Pumps, Bores, Valves, Electrical and Computer Equipment. In subsequent years including 2018/19, an independent valuation of the current replacement cost for these assets was undertaken using an ASR Asset Price Index provided by Tonkin Consulting, derived from references to various construction guides (such as Rawlinsons Australian Construction Handbook).
- d. Independent valuations initially provided by JLL in 2017/18 using a methodology that utilises observable rates and cost information from their research across the Playground and Fitness Equipment industries. Assets valued via this method included Playgrounds and Fitness Equipment. These assets have been revalued using the LGPI for 2018/19.

## Notes to and forming part of the Financial Statements

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment and Investment Property (continued)

#### \$ 7000

Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's
Buildings and Other Structures	3	Cost Approach	\$64,883

Valuation of assets in this category are undertaken via the following method:

a. Independent valuation of the current replacement cost for buildings at a component level was undertaken by GHD for the year ending 30 June 2017 using a methodology that utilises observable rates and cost information from their extensive knowledge across Building Infrastructure. In 2017/18 and 2018/19 an independent valuation of the current replacement cost for these assets was undertaken using Building Component Indexes provided by Tonkin Consulting, derived from references to the Rawlinsons Australian Construction Handbook.

S TABLE S	Asset Category	Fair Value Hierarchy Level	Valuation Technique	Fair Value \$,000's	
	Infrastructure	3	Cost Approach	\$804,522	

Valuation of assets in this category are undertaken via one of the following methods:

- a. Independent valuations are provided by Tonkin Consulting using a methodology that utilises observable Council specific contract rates to derive a unit rate used to calculate a current replacement cost for each asset. Assets valued via this method include Footpaths, Kerbing, Carpark Pavements/Seals, Road Pavement/Seals and Drainage Pipes/Pits all situated on or under Council Roads.
- b. Independent valuations initially provided by SMEC in 2016/17 using a methodology that utilises observable rates and cost information from their extensive knowledge of water retention related infrastructure. Assets valued via this method incude Major Drainage Dams. In 2017/18 and 2018/19 these assets were revalued using the Local Government Pricing Index (LGPI).
- c. Revalued using the Local Government Pricing Index (LGPI). Assets valued via this method include Bridges, Irrigation Equipment on Roads, Road Furniture, Landscaping on Roads, Open Drainage Systems and Minor Drainage Dams.

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013. There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements from previous years.

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# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 7b. Valuation of infrastructure, Property, Plant and Equipment and Investment Property (continued)

\$ '000

### Valuation of Assets (continued)

#### Highest and best use

All of Council's non financial assets are considered as being utilised for their highest and best use, unless market or other factors suggest a different use by market participants would maximise the value of the asset.

#### Land Under Roads

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition; land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

#### Land

Much of the land under Councils care and control is Crown land or has been declared as community land under the provision of the Local Government Act 1999. Other types of restrictions on the land may also apply. Valuations of this land are based on the State Valuer Generals Site Values, which are based on observable sales in an active market of similar properties with a similar land use on both vacant land and land with improvements. Adjustments to these values are then made by the State Valuer General taking into consideration the highest and best use of the property e.g. if there is a single house on the land but zoning would allow it to be divided for home units.

## Infrastructure, Buildings and Land Improvements

As there is no known active market for the majority of infrastructure, building and land improvement assets owned by Council, these assets have been valued at current replacement cost using the Cost Approach. Upon revaluation, the current replacement cost and accumulated depreciation are restated such that the difference (the current replacement cost) represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement.

This method involves the determination of the current cost to construct the asset (or its modern engineering equivalent) and then calculating the value of its remaining service capacity (current replacement cost). Council utilise a number of observable and unobservable inputs in the calculation of these values which may include:

#### Observable Inputs:

- Council specific contract rates
- Recent construction costs for similar assets
- Independent valuations

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

# Note 7b. Valuation of Infrastructure, Property, Plant and Equipment and Investment Property (continued)

#### \$ '000

#### Unobservable inputs/Estimates:

- Quantities of materials used
- Economic (Useful) Lives of assets
- Residual Value of assets
- Preserved Value of assets
- Pattern of consumption of an assets economic benefits
- Condition
- Obsolescence
- Impairment
- Industry construction pricing indexes e.g. Rawlinson's Construction Handbook and Cost Guide
- Other construction pricing indexes e.g. Local Government Pricing Index which is an index developed by the Australian Bureau of Statistics and is prepared quarterly by the South Australia Centre for Economic Studies and is based on price movements in the goods and services purchased by Local Governments.

#### intangible Assets

Intangible Assets have been accounted for in accordance with the requirements of AASB 138 Intangible Assets.

Council has purchased from the market in arm's length transactions, Water Licences that enable the harvesting and sale of stormwater, and is of the opinion that these Water Licences meet the definition and recognition requirements of Intangible Assets, specifically intangible assets with an indefinite useful life. Initial recognition of these Water Licences is at cost, and after initial recognition they are carried at cost less any accumulated impairment losses.

Testing for impairment, in accordance with AASB 136 Impairment of Assets, is undertaken annually, or whenever there may be an indication that the intangible assets may be impaired. The determination that these Water Licences have an indefinite useful life is reviewed annually to determine whether events and circumstances continue to support an indefinite useful life assessment.

#### Street Trees

Council is of the opinion that street trees and tree screens are tangible assets that Council uses to support the provision of environmental and recreational services to the community, and have an initial cost that can be reliably measured, that is the cost of planting and establishment. It is therefore considered that costs relating to tree plantings for Street Tree and Tree Screen renewal programs only meet the recognition criteria of property, plant and equipment and are recognised as an asset.

## Plant, Furniture and Fittings

Assets are carried at cost, less any accumulated depreciation and impairment losses.

#### Library Books

Library books are accounted for under the replacement method. Library stock at 30 June 2019 is valued using nominal values recommended by PLS (Public Library Service). All new purchases are treated as replacement items and the expense is classified as depreciation. This expense is then adjusted by the movement in the calculated value of the library stock.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 8. Liabilities

	2019	2019	2018	2018
\$ '000	Notes Current	Non Current	Current	Non Current
(a). Trade and Other Payables				
Goods and Services	19,468	12	12,057	4/8
Payments Received in Advance	1,541	<b>*</b> €.	1,346	<#
Accrued Expenses - Other	43	- 🕮	49	
Deposits, Retentions & Bonds	204		302	
Total Trade and Other Payables	21,256	*	13,754	
(b). Borrowings				
Loans	1,978	8,597	2,142	10,575
Total Borrowings	1,978	8,597	2,142	10,575
All interest bearing liabilities are secured over the future				
evenues of the Council				
(				
(c). Provisions				
Employee Entitlements (including encests)	7,481	1,427	7,193	1,429
Salisbury Memorial Park Maintenance Provision	. <del>g</del>	80	₩	70
Mortgage Loss Provision		23	20	28
Total Provisions	7,481	1,530	7,193	1,527
q	Salisbury		ð	
		Mortgage Loss Provision		
Opening Balance	70	28		
	70	28		
Opening Balance Additional Amounts Recognised Less) Payments				

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 9. Reserves

\$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land - Other	330,866	29.096	<u>~</u>		359,962
Land Improvements	26,166	1,462	•		27,628
Buildings and Other Structures	10,021	948	2		10,969
Infrastructure	688,898	17,414	•9	_	706,312
Library Books	2,338	:426			2,338
Total Asset Revaluation Reserve	1,058,269	48,920			1,107,209
Comparatives	1,016,573	41,716			1,058,289

\$'000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Plant Replacement Reserve	350	*	(350)	balant	<u>~</u>
Development and Public Infrastructure Reserve	1,595	97	(413)	F#10	1,279
Open Space Reserve	1,234	289	(100)	e°°	1,423
Car Parking Reserve	928	13	3 <del>-8</del> 64	-	941
Property Disposal Reserve	4,750	464	(4,750)		464
Mausoleum Perpetual Care Reserve	813	37		-3mGt	850
Salisbury Memorial Park Reserve	893	13	· 🚴	<i>≜</i> n.	906
Carried Forward Funds Reserve	12,335	12,720	(12,335)		12,720
Salisbury Water Business Unit Reserve	1,394	608			2,002
Total Other Reserves	24,292	14,241	(17,948)	(B)	20,585
Comparatives	28,181	13,941	(17,830)		24,292

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 9, Reserves

#### \$ '000

#### **PURPOSES OF RESERVES**

#### Asset Revaluation Reserves

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

#### Plant Replacement Reserve

Used to fund the purchase of items of major plant. This reserve has been fully utilised and will cease being a reserve for 1 July 2019.

#### Development and Public Infrastructure Reserve

The Development and Public Infrastructure Reserve contains developer contributions towards future footpaths, street signs and street trees specific to the development site. It also contains developer contributions towards future works associated with drainage systems, water pipes and pumps, Council road network, trails and bridges necessary to facilitate the development and external to the development site.

#### Open Space Reserve

For developer contributions received that are to be utilised towards the future acquisition of open space areas.

#### Carpark Reserve

For the provision of future renewal and maintenance of car parking areas within the Salisbury Town Centre, Ingle Farm Town Centre and Mawson Lakes Town Centre.

#### **Property Disposal Reserve**

To retain the proceeds of any property sales, including surplus land and redevelopments, under the provision of Section 194 of the *Local Government Act 1999* and subject to compliance with all legal requirements thereof, and to be utilised to repay debt or reduce future borrowings.

#### Mausoleum Perpetual Care Fund Reserve

To provide maintenance for the Mausoleum situated at Salisbury Memorial Park.

#### Salisbury Memorial Park Reserve

To fund future development work and maintenance at the Salisbury Memorial Park.

#### Carried Forward Funds Reserve

Used for unspent budget funds at the end of financial year that are to be carried forward for use in the following year.

#### Salisbury Water Business Unit Reserve

Generated by the allocation of surpluses, and offset by deficits resulting from the operations of the Salisbury Water Business Unit. Allocations from the Reserve can only be made following a resolution of Council and can only be utilised to fund either business development, asset renewal, offset losses or to distribute dividends to Council.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 10. Assets Subject to Restrictions

<b>\$</b> '000	Notes	2019	2018
The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.			
Cash and Financial Assets			
Open Space Contributions		1,423	1,234
Developer Contributions		2,220	2,523
Unexpended Grants and Subsidy Funds		2,115	1,752
Total Cash and Financial Assets	-	5,758	5,509
Total Assets Subject to Externally Imposed Restrictions		5,788	5,509

Developer Contributions are received primarily to fund infrastructure works in new subdivisions. These funds are held in Reserves (as disclosed in Note 9) until required and as such are regarded as restricted. Grant and Subsidy Funds received but not yet expended are regarded as restricted, and are disclosed in Note 2h.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 11. Reconciliation to Statement of Cash Flows

\$*000	Notes	2019	2018
(a). Reconciliation of Cash			
Cash Assets comprise highly liquid investments with short periods to			
maturity subject to insignificant risk of changes of value. Cash at the			
end of the reporting period as shown in the Statement of Cash Flows			
is reconciled to the related items in the Balance Sheet as follows:			
Total Cash and Equivalent Assets	5	27,777	33,780
Balances per Statement of Cash Flows		27,777	33,760
b). Reconciliation of Change in Net Assets to Cash			
from Operating Activities			
Net Surplus/(Deficit)		16,317	14,057
Non-Cash Items in Income Statements		Ÿ	•
Depreciation, Amortisation and Impairment		23,830	22,719
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(14)	69
Non-Cash Asset Acquisitions		(1,090)	(682)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(2,958)	(1,690)
Net (Gain) Loss on Disposals	E-se	1,952	3,353
		38,037	37,826
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(2,954)	(162)
Net (Increase)/Decrease in Inventories		(4)	1
Net Increase/(Decrease) in Trade and Other Payables		1,604	1,192
Net Increase/(Decrease) in Unpaid Employee Benefits		286	(345)
Net Increase/(Decrease) in Other Provisions	) (98)	5	10
let Cash provided by (or used in) operations	CHES	36,974	38,522
c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	21	1,090	682
Total Non-Cash Financing & Investing Activities		1,090	682
d). Financing Arrangements			
Inrestricted access was available at balance date to the			
ollowing lines of credit:			
ank Overdrafts		500	500
Corporate Credit Cards		500	500
GFA Cash Advance Debenture Facility		16,917	23,317
he bank overdraft facilities may be drawn at any time and may be terminated by the bank withou	notice,		
			page 36

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

# Note 12a, Functions

		=	come, Expenses	and Assets ha	Income, Expenses and Assets have been directly attributed to the following Functions / Activities.  Details of these Functions/Activities are provided in Note 12(b).	attributed to the	e following Fundation	ctions / Activitie	<b>9</b>	
Functions/Activities	INCOME	ME	EXPENSES	ISES	OPERATING SURPLUS (DEFICIT)	TING DEFICIT)	GRANTS INCLUDED IN INCOME	OME	TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	ETS HELD ENT & RRENT)
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual
000. \$	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Public Order and Safety	2,935	3,103	3,505	3,450	(570)	(347)	•	*	843	918
Health	277	216	1,662	1,539	(1,385)	(1,323)	31	22	551	543
Social Security and Welfare	3,533	3,388	7,084	6,817	(3,551)	(3,429)	2,893	2,711	24,263	20.175
Housing and Community Services	3,329	4,842	29,564	29,226	(26,235)	(24,384)	243	264	477,563	469.960
Recreation and Culture	1,238	1,265	28,320	27,031	(27,082)	(25,766)	629	869	926.640	881,652
Transport and Communication	6,143	4,658	18,139	18,163	(11,996)	(13,505)	6,142	4,652	6.995	6.460
Economic Affairs	203	279	5,956	5,490	(5,753)	(5,211)	110	169	256	244
Other, Not Attributed and Administratio	108,032	104,369	17,253	15,297	677,06	89,072	7,526	6,767	103,816	90,087
Total Functions/Activities	125,690	122,120	111,483	107,013	14,207	15,107	17,624	15,283	1,540,927	1,470,039

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss from joint ventures and associated entities, amounts received specifically for new or upgraded assets and

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# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 12b. Components of Functions

\$ '000

#### The activities relating to Council functions are as follows:

#### Public Order and Safety

Supervision of various laws, fire prevention, crime prevention and repair, road safety and dog control.

#### Maslib

Health Act administration, immunisation services and pest and pest plant control.

#### Social Security and Welfare

Operation of a senior leisure centre, aged care services, youth services and community information.

#### **Housing and Community Services**

Town planning, community development planning, road sweeping, roadside rubbish collection, domestic refuse collection, operating of waste transfer station, stormwater drainage, operation of the St Kilda Mangrove trail, street signs, landscape design, tree management and operation of cemetery.

#### Recreation and Culture

Maintenance and operation of libraries, recreation centres, swimming pool, community centres, parks, gardens and reserves, clubrooms, playgrounds, sports grounds and halls.

#### Transport and Communication

Construction and maintenance of roads, footpaths, bridges, parking facilities and bus shelters.

#### Economic Affairs

Building Act administration, economic initiatives, tourism.

#### Other, Not Attributed and Administration

Rates, public debt transactions, administration costs, capital works in progress and costs which relate to multiple functions but cannot accurately be split between these functions.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 13. Financial Instruments

## \$ '000

#### Recognised Financial Instruments

## Bank, Deposits at Call, Short Term Deposits

#### Accounting Policy:

Carried at lower of cost and net realisable value; Interest is recognised when earned.

#### Terms & Conditions:

Deposits are returning fixed interest rates between 1.6% and 2.15% (2018: 1.65% and 1.8%). Short term deposits have an average maturity of 37 days and an average interest rate of 1.74% (2018: 35 days and 1.66%).

#### **Carrying Amount:**

Approximates fair value due to the short term to maturity.

#### Receivables

Receivables

Fees & Other Charges

# Rates & Associated Charges

(including legals & penalties for late payment)

#### Accounting Policy:

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

#### Terms & Conditions:

Secured over the subject land, arrears attract interest of 2.0% (2018: 2.0%). Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

#### Carrying Amount:

Approximates fair value (after deduction of any allowance).

#### Accounting Policy:

Carried at nominal values less any allowance for doubtful debts.

An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

#### Terms & Conditions:

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

## Carrying Amount:

Approximates fair value (after deduction of any allowance).

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 13. Financial Instruments (continued)

\$ '000

#### Recognised Financial instruments

#### Receivables

Other Levels of Government

#### Accounting Policy:

Carried at nominal value.

#### Terms & Conditions:

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

#### Carrying Amount:

Approximates fair value.

#### Liabilities

Creditors and Accruals

Interest Bearing Borrowings

#### Accounting Policy:

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

#### Terms & Conditions:

Liabilities are normally settled on 30 day terms.

#### Carrying Amount:

Approximates fair value.

#### Liabilities Accounting Policy:

Carried at the principal amounts. Interest is charged as an

expense as it accrues.

#### Terms & Conditions:

Secured over future revenues, borrowings are repayable (describe basis); interest is charged at fixed (or variable - describe) rates between 4.0% and 7.01% (2018; 4.0% and 7.01%).

#### Carrying Amount:

Approximates fair value.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 13. Financial Instruments (continued)

	Due	Due > 1 year	Due	Total Contractual	Carrying
\$ '000	<1 year	& ≤ 5 years	> 5 years	Cash Flows	Value
				2 2 2 3 1/ 12 / 2 / 2 / 2 / 2 / 2 / 2 / 2 / 2 /	
2019					
Financial Assets			9		
Cash and Equivalents	27,777	*	-	27,777	27,777
Receivables	6,197	426	100	6,623	6,623
Other Financial Assets		98	690	690	690
Total Financial Assets	33,974	426	690	35,090	35,09t
Financial Liabilities					
Payables	19,715	1995	-	19,715	19,715
Current Borrowings	2,644		è	2,644	1,978
Non-Current Borrowings	•	9,354	923	10,277	8,597
Total Financial Liabilities	22,359	9,354	923	. 32,636	30,290
	Due	Due > 1 year	Due	Total Contractual	Carrying
\$ '000	<1 year	& ≤ 5 years	> 5 years	Cash Flows	Values
2018					
Financial Assets					
Cash & Equivalents	33,780	- 4		33,780	33,780
Receivables	4,430	451	100	4,881	4,881
Other Financial Assets		個	761	761	761
Total Financial Assets	38,210	457	761	39,422	39,422
Financial Liabilities					
Payables	12,408	=	-	12,408	12,408
Current Borrowings	2,947	*	*	2,947	2,142
Non-Current Borrowings	-	10,367	2,553	12,920	10,575
Total Financial Liabilities	15,315	10,367	2,553	28.275	26,125
The following interest rates were a	nnlicable	30 June	2019	30 June	2018
to Council's Borrowings at balance		Weighted Avg	Carrying		Carrying
	2000	Interest Rate	Value		Value
Overdraft		7.12%		7.12%	960
Fixed Interest Rates		6.07%	10,575		12,717
			10,575		12,717

#### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

#### Changes in Accounting Policy - Disclosure of non-contractual receivables

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced operation from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates and charges) are to be treated as financial instruments, and as such are included under Financial Assets - Receivables. As there are no transitional provisions to these Standards, the City of Salisbury has in accordance with AASB 108 Accounting Polices, Changes in Accounting Estimates and Errors applied these changes retrospectively to the comparative line items. This has resulted in an additional \$3,001k included in 2018/19 Financial Assets - Receivables, and an additional \$2,830k included in the prior year comparatives. However whilst the disclosures made in Note 13 Financial Instruments have changed, there has been no changes to the actual amounts disclosed.

Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

\$ '000

#### Risk Exposures

<u>Credit Risk</u> represents the loss that would be recognised if counterparties fall to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to Individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

Market Risk is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor <u>currency risk</u> apply.

Liquidity Risk is the risk that Council will encounter difficulty in meeting obligations with financial liabilities.

In accordance with the model Treasury Mangement Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates.

Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Council has no Finance Leases.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 14. Commitments for Expenditure

\$ '000	Notes	2019	2018
(a). Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as Itabilities:			
Buildings		19,327	33,664
Infrastructure		4,542	4,041
Plant & Equipment	e-1	1,115	1,817
	man and a second	24,984	39,522
These expenditures are payable:			
Not later than one year	(corec	24,984	39,522
	3-	24,994	39,522
(b). Other Expenditure Commitments			
Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:			
Audit Services		36	35
These expenditures are payable:			
Not later than one year	:-	36 36	35
		36	35
(c). Finance Lease Commitments			

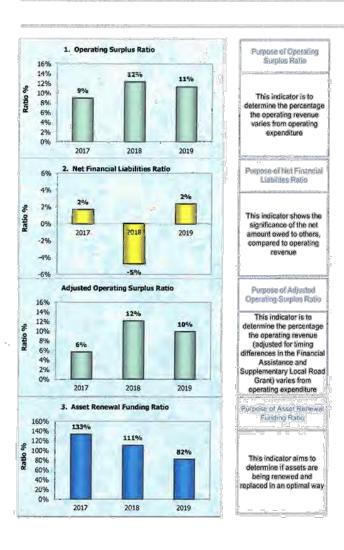
# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 15. Financial Indicators

	Amounts	Indicator	Prior	Perlods
\$ '000	2019	2019	2018	2017
These Financial Indicators have been calculated in accordance with Information paper 9 - Local Government Financial Indicators prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia.				
3. Operating Surplus Ratio				
Operating Surplus Total Operating Income	14,221	11.3%	12.3%	9.0%
This ratio expresses the operating surplus as a percentage of total operating revenue.				
1a. Adjusted Operating Surplus Ratio	© *	9		
In recent years the Federal Government has made advance payments prior to	12,293	9.9%	12.1%	5.7%
30 June from future yeer allocations of financial assistance and supplementary local roads grants, as explained in Noto 1. The Adjusted Operating Surplus	124,172			
Ratio adjusts for the resulting distortion in the disclosed operating result for each year.				
2. Net Financial Liabilities Ratio				
Net Financial Liabilities	2,975	2.4%	(4.8%)	1.7%
Total Operating Income	125,752	6.7878	farmanh	Bull 19
Net Financial Liabilities are defined as total liabilities less financial assets				
excluding equity accounted investments in Council businesses). These are				
expressed as a percentage of total operating revenue.				
3. Asset Renewal Funding Ratio				
Net Asset Renewals	13,152	82.2%	110.6%	133.09
Infrastructure & Asset Management Plan required expenditure	16,008	OSSER	1103930	TORSWY
Net asset renewals expenditure is defined as net capital expenditure on				
the renewal and replacement of existing assets, and excludes new				
apital expenditure on the acquistion of additional assets.				

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 15. Financial Indicators - Graphs (continued)



# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

## Note 16. Uniform Presentation of Finances

\$ '000	2019	2018
The following is a high level summary of both operating and capital		
Investment activities of the Council prepared on a simplified Uniform		
Presentation Framework basis.		ã.σ''
All Councils in South Australia have agreed to summarise annual budgets		
and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core'		
of financial information, which enables meaningful comparisons of		
each Council's finances.		
Income	125,752	122,120
less Expenses	(111,531)	(107,082)
Operating Surplus / (Deficit)	14,221	15,038
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(14,248)	(19,718)
add back Depreciation, Amortisation and Impairment	23,830	22,719
add back Proceeds from Sale of Replaced Assets	1,096	427
Subtotal	10,678	3,428
Nat Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(31,872)	(15,940)
add back Amounts Received Specifically for New and Upgraded Assets	2,958	1,690
add back Proceeds from Sale of Surplus Assets (Including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	1,129	2,474
Subtotal	(27,785)	(11,776)
Net Lending / (Borrowing) for Financial Year	(2.686)	6,690

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 17. Operating Leases

	2019	2018
Contract of the Contract of th		The second second second

#### Leases Providing Revenue to the Council

Council owns various buildings and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed Property Leases in Note 2.

#### (i) Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable

Leases commitments under all non-cancellable lease agreements, including those relating to investment Property, are as follows:

Not later than one year Later than one year and not later than 5 years Later than 5 years

694	548
2,436	1,214
2,435	2,455
5,565	4,217

#### (ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and equipment. Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease, return or acquire the equipment leased. No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

No lease contains any escalation clause.

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year Later than one year and not later than 5 years

265	479
102	280
367	759

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 18. Superannuation

#### \$ '000

The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

#### Accumulation only Members

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2018/19; 9.50% in 2017/18). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Salarylink (Defined Benefit Fund) Members

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2017/18) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and flabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future fime.

#### Contributions to Other Superannuation Schemes

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 19. Interests in Other Entifies

t roon

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share	of Net Income	Council's Share of Net Assets		
	2019	2018	2019	2018	
Joint Ventures Total	14	(69)	3,891	3,877	

## (i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

#### (a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Northern Adelaide Waste Management Authority	Waşte Management	3,753	3,801
Council Solutions	Procurement	138	76
<b>Total Carrying Amounts - Joint Venture</b>		3,891	3,877

#### Northern Adelaide Waste Management Authority

Manages the waste collection, recycling and waste disposal for the Cities of Salisbury and Playford and the Town of Gawler.

Whilst the City of Salisbury has a 56% share of equity in NAWMA for the 2019 Financial Year, Council is of the opinion that it does not have control over NAWMA's operations. The rationale being that all three Constituent Councils hold equal voting power at 33% and NAWMA's Chairperson and CEO are independent from the constituent Councils. Therefore the ability for Council to control NAWMA's operations is limited to Council's voting power at 33%, not its share of equity at 56%. Accordingly Council has utilised the equity accounting method to recognise its share of equity in NAWMA for the 2019 Financial Year.

#### **Council Solutions**

Established by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully in December 2012, this regional subsidiary has been established for the purposes of providing a centre of excellence in procurement and to provide services to the Constituent.

(b) Relevant Interests	inter	est in	Owne	rship			
	Oper	ating	Sha	re of	Propo	rtion of	
	Res	salt	Equ	ilty	Voting	Power	
Name of Entity	2019	2018	2019	2018	2019	2018	
Northern Adelaide Waste Management Authority	56%	56%	56%	56%	33%	33%	
Council Solutions	17%	17%	17%	17%	17%	17%	

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

\$ '000	nne de de		****	135.15
(c) Movement in Investment in Joint Venture or Associ	ate			
	Northern Adels		Council Sol	oli Sanana.
	Management 2019	2018	2019	2018
Opening Balance	3,801	3,858	76	88
Share in Operating Result	(48)	(57)	62	(12)
Council's Equity Share in the Joint Venture or Associate	3,753	3.801	138	76
Contra a Eduta arraig in the court senting as sessing				
(d) Summarised Financial Information of the Equity Ac	counted Business			
Statement of Financial Position	Northern Adela Management		Council Solu	utions
memperituito me q sieppipaidit a maietamii	2019	2018	2019	2018
Cash and Cash Equivalents	2,613	1,061	539	174
Other Current Assets	3,236	2,738	342	563
Non-Current Assets	14,709	16,585		- (6)
Total Assets	20,558	20,384	881	737
Account To the end Other Provides	3.410	2,271	37	124
Current Trade and Other Payables	1,186	1,079	15	158
Current Financial Liabilities Current Provisions	191	263	÷.	100
Non-Current Financial Liabilities	6,318	7.415	75%·	
Non-Current Provisions	2,698	2,605	iless	
Total Liabilities	13,803	13,633	52	282
Net Assets	6,755	6.751	129	455
	Northern Adela	side Waste		
Statement of Comprehensive Income	Management		Council Sol	itions
	2019	2018	2019	2018
Other Income	33,825	29,234	270	641
Management Fees		<b></b>	1,056	1,054
Interest Income	209	108		4
Total income	34,034	29,342	1,333	1,699
Employee Costs	2,753	2,191	THE ."	0.00
Materials, Contracts & Other Expenses	29,756	25,524	960	1,770
Depreciation, Amortisation and Impairment	1,394	1,449	195	307
Finance Costs	351	373	¥	W
Total Expenses	34,254	29,537	960	1,770
Assorting Describ	. (220)	(195)	. 373	(71)
Operating Result	. (444)	/136/	919	

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

## Note 19. Interests in Other Entitles

\$ '000

#### (e). Share of Joint Operations Expenditure Commitments

	Northern Ade Managemer		Council	Council Solutions		
(i) Capital Expenditures Payable  No capital expenditure is committed at the reporting date that has not been recognised in the financial statements as a liability.	2019	2018	2019	2018		
(ii) Operating Expenditures Payable Not later than one year Later that one year and not later than 5 years Later than 5 years	14,049 56,136 10,526 80,711	14,766 56,300 11,232 82,238		*		

The Northern Adelaide Waste Management Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf on its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers. In future years, all contracts will be required to be renewed with external suppliers in accordance with adopted procurement policies and procedures of the Authority.

	Managemen	Council 5	Solutions	
(iii) Lease Payments Commitments Payable	2019	2018	2019	2018
Not later than one year	1,035	1,075	*	선물리
Later that one year and not later than 5 years	2,620	3,326	40	:AMP
Later than 5 years	3,004	482		
	6,659	4,213		9

#### (iv) INDIVIDUALLY IMMATERIAL COUNCIL BUSINESSES

Council did not have any individually immaterial businesses

#### (v) UNCONSOLIDATED STRUCTURED ENTITIES

Council has no Unconsolidated Structured Entities

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

Note 20. Contingencies and Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### 1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

#### 2. POTENTIAL INSURANCE LOSSES

Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductable "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

#### 3. LEGAL MATTERS

Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of nil appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

#### 4. CEMETERY

Council operates a Cemetery Facility - Salisbury Memorial Park. A Contingent Liability exists for the ongoing maintenance of this Cemetery. This liability remains for a period of 100 years after the expiry of the lease on the last burial of the site. In addition, Council has negotiated a new lease of the Mausoleum, requiring the facility to be maintained by the lessee. The lessee will continue to contribute to the Perpetual Care Fund to ensure that maintenance of the facility for the next 100 years is funded. The contribution value will be assessed twice during the proposed lease period for adjustment purposes to ensure the Fund will be sufficient to provide for the ongoing maintenance of the Mausoleum.

# Notes to and forming part of the Financial Statements for the year ended 30 June 2019

#### Note 21. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 16/10/19.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

# Notes to and forming part of the Financial Statements

for the year ended 30 June 2019

#### Note 22. Related Party Transactions

		2019	2018

#### Key Management Personnel

#### Transactions with Key Management Personel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO, General Managers and certain prescribed officers under section 112 of the *Local Government Act 1999*, as well as other personnel that satisfy the criteria of KMP as contained within AASB 124 *Related Party Transactions*. In some circumstances members of the KMP have left Council during the financial year, however their compensation has still been included. In all, 54 persons were paid the following total compensation:

#### The compensation paid to Key Management Personnel comprises:

Short-Term Employee Benefits	5,477	4,836
Post-Employment Benefits	455	417
Long-Term Benefits	627	788
Total	6,559	6,041

Amounts paid as direct reimbursement of expenses incurred on behalf of Council has not been included above.

#### Receipts from Key Management Personnel comprise:

There have been no other material amounts received from Key Management Personnel during the financial year, other than amounts paid in their capacity as ratepayers or residents (e.g. rates, swimming pool entry fees, etc).

# Transactions with Regional Subsidiaries:

In regards to Council's Regional Subsidiaries, further information relating to their specific activities and carrying amounts are disclosed in Note 19. Council is an equity owner, along with other member Councils, of both these Subsidiaries. Member Councils have equal representation on the Board of both Regional Subsidiaries and accordingly have influence over both the financial and operational decisions of the Subsidiaries. However, no one Member Council individually has control over these decisions. The following material transactions occurred with Council's Regional Subsidiaries, during the financial year:

	, ejmene	outsiding.
Northern Adelaide Waste Management Authority	12,382	1,061
Council Solutions Total	12,382	1.061

# Budgeted future year expenditure at the reporting date but not recognised in the financial statements as liabilities:

Northern Adelaide Waste Management Authority	12,149
Council Solutions	4
Total	12,149

The budgeted expenditures are payable no later than one year from the reporting date

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Outstanding

General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Financial Statements

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General Purpose Financial Statements for the year ended 30 June 2019

Auditor's Report - Internal Controls

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# General Purpose Financial Statements

for the year ended 30 June 2019

# Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Salisbury for the year ended 30 June 2019, the Council's Auditor, Bentleys has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011

John Harry
CHIEF EXECUTIVE OFFICER

Cr Graham Reynolds
PRESIDING MEMBER, AUDIT COMMITTEE

Date:

# General Purpose Financial Statements

for the year ended 30 June 2019

# Statement by Auditor

I confirm that, for the audit of the financial statements of City of Salisbury for the year ended 30 June 2019, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011

David Papa Bentleys

Dated this

day of

2019.

**ITEM** 4.2.3

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Treasury Policy

**AUTHORS** Kate George, Manager Financial Services, Business Excellence

Tim Aplin, Senior Accountant, Business Excellence

**CITY PLAN LINKS** 4.5 To apply business and resource management that enables

excellent service delivery and financial sustainability

4.4 To ensure informed and transparent decision-making that is

accountable and legally compliant

**SUMMARY** This report presents the Treasury Management Policy to the Audit

Committee and Council for consideration and endorsement.

### RECOMMENDATION

1. Information be received.

2. The Audit Committee recommend the amended Treasury Policy, as set out in Attachment 1 to this report (Item 4.2.3, Audit Committee, 12/11/2019 be endorsed, noting the only change to the existing policy is a reduction in loan portfolio floor to 20%.

# **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

1. Treasury Policy

#### 1. BACKGROUND

- 1.1 The Local Government Act, 1999, sets out Council's powers in relation to investments and borrowings. The policy set out in Attachment 1 details Councils position in relation to Treasury Management and is aligned to the requirements of the legislation.
- 1.2 The attached Treasury Policy is effectively Council's mandate to the administration as it provides the direction and also limitations to undertake investment activities, to be exercised under appropriate delegations.

# 2. CONSULTATION / COMMUNICATION

- 2.1 External
  - 2.1.1 Local Government Finance Authority of South Australia (LGFA) in respect to the interest rate environment and our loan portfolio mix.

# 3. REPORT

- 3.1 The Treasury Policy has been reviewed having regard to the legislative requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011.
- 3.2 Further the policy has also been reviewed against the recommendations contained within the LGA 'Financial Sustainability' Information Paper No. 15: Treasury Management (revised February 2015) which provides guidance to councils in determining Treasury Management guidelines. The Treasury Policy as it currently stands is in-line with the guidance provided in this information paper (being a floor of 30%).
- 3.3 In preparing for this review of the Treasury Policy we have sought advice from the LGFA, who are unlike other financial institutions as they do not have a profit motive, with their profits being distributed via bonuses back to Councils, and also used to fund the LGA research and development scheme. The LGFA's expertise in treasury management is worthy of consideration.
- 3.4 The revised Treasury Policy as set out in Attachment 1 of this report is in the majority an endorsement of the existing policy, last reviewed by the Audit Committee in November 2017, however, an amendment is being recommended to lower the percentage floor for the loan portfolio mix from 30% to 20%.
- 3.5 As reported to the Budget and Finance Committee August 2019 "Treasury Report for the Year Ended 30 June 2019" for the year ended 30 June 2019, fixed term facilities represented 37%, and variable term facilities represented 63% of the total facilities, and as indicated in that report

It should be noted that with the establishment of the additional \$12M CAD facility (endorsed via the May 2019 Loan Borrowings Report), these percentages become 26% and 74% respectively for fixed and variable, which is below the percentage floor contained within the Policy, which will be reviewed in the coming months, and will be considered by the Budget and Finance committee via the Audit Committee in October 2019.

Further, by the end of the current financial year, with the ongoing repayment of long term debt, the mix will become 22% fixed term facilities and 78% CAD facilities.

- 3.6 Council has balanced the mix of fixed and variable facilities so that neither fixed debt or variable facilities represent less than 30% of our total facilities, which is in accordance with the current policy. The treasury policy mix of facilities has been in place for a number of years, and over recent years there has been a steady decline in interest rates. Following consideration of advice from the LGFA, we are proposing to vary the attached policy from a 30% floor to 20% floor reflecting the ongoing current interest rate environment being at historically low levels, and City of Salisbury's relatively low debt levels.
- 3.7 Should Council wish to maintain the current floor of 30%, \$2.7M would need to be converted from CAD to fixed interest loan borrowing. At the time of preparing this report we have not drawn down on our CAD facilities this financial year, consequently locking into a long term borrowing will result in interest costs on funds that are currently not required.

- 3.8 Options for fixed interest borrowings through the LGFA are interest only loan with a fixed 5 year term attracting a current rate of 2.80%, or alternatively establish a new fixed term principle and interest loan for 15 years attracting a current rate of 3.10%. Our surplus cash is attracting interest rate of 1.25% with NAB professional account. Considering the differential on borrowing and deposit rates, the net increase in interest costs from locking \$2.7M into a fixed interest facility is \$41k (at 2.8%) and \$50k (at 3.1%) for a full year impact.
- 3.9 The differential between variance and fixed rates is around 0.3%, with CAD rates only being slightly lower than fixed interest rates. Once in a drawn down position on CAD converting CAD facilities into fixed term borrowing has a lower additional cost to Council, and at that time and with consideration of future cash flows Council may determine that converting from CAD to fixed interest is appropriate. Also, once in a drawn down position it, may be appropriate to revisit the Treasury Policy to refer to the level of borrowings and draw down rather than facilities. For example if Council has \$10M in fixed term borrowings, and \$27M in CAD facilities but is not in a drawn down position, then from an exposure perspective the council has 100% of its borrowings as fixed and no interest rate risk to manage.

#### 4. CONCLUSION / PROPOSAL

- 4.1 The Treasury Management Policy has been reviewed with regards to the Legislative provisions of the Local Government Act 1999, the Local Government (Financial Management) Regulations 2011, the guidance contained within LGA 'Financial Sustainability' Information Paper No. 15: Treasury Management and also considering advice from the LGFA.
- 4.2 The Treasury Policy as set out in Attachment 1 is provided to the Audit Committee for review and the provision of feedback prior to the policy being presented to Council for consideration at its November meeting.

# **CO-ORDINATION**

Officer: Date:



# **Treasury Policy**

Policy Type:	Policy		
Approved By:	Conneil	Decision No:	2010/2128, 2011/327,
			2013/1927, 1026/2016,
			2173/2017
Approval Date:	23 March 2010	Last Reapproval Date:	27 November 2017
Review Date:	November 2019	Internal Reference No.:	
Department:	Business Excellence	Division:	Financial Services
Function:	7 - Financial Management	Responsible Officer:	Manager, Financial Services

#### A - PREAMBLE

- This policy provides clear direction to management, staff and Council in relation to the treasury function. It underpins Council's decision-making regarding the financing of its operations as documented in its annual budget and long-term financial plan and associated projected and actual cash flow receipts and outlays.
- Council is committed to adopting and maintaining a Long-term Financial Plan and operating in a financially sustainable manner.
- Section 3 of the Local Government Act, 1999, requires Councils to act in a way that is
  effective, efficient and accountable. This is especially important when managing monies
  acquired by Council in order to benefit the Community.

# C - POLICY PURPOSE/OBJECTIVES

- 1. This Treasury Management Policy establishes a decision framework to ensure that:
  - · Funds are available as required to support approved outlays;
  - Interest rate and other risks (e.g. liquidity and investment credit risks) are acknowledged and responsibly managed;
  - The net interest costs associated with borrowing and investing are reasonably likely to be minimised on average over the longer term.
  - · Further it clarifies the treatment of surplus funds, identified through Budget Reviews

# E - POLICY STATEMENT

# 1. Treasury Management Strategy

- 1.1. Council's operating and capital expenditure decisions are made on the basis of:
  - Identified community need and benefit relative to other expenditure options;

- Cost effectiveness of the proposed means of service delivery; and,
- The affordability of proposals having regard to Council's long-term financial sustainability (including consideration of the cost of capital and the impact of the proposal on Council's Net Financial Liabilities and Interest Cover ratios).
- 1.2. Council manages its finances holistically in accordance with its overall financial sustainability strategies and targets. This means Council will:
  - Maintain target ranges for its Net Financial Liabilities ratio;
  - Generally only borrow funds when it needs cash and not specifically for particular projects;
  - Apply any funds that are not immediately required to meet approved expenditure (including funds that are required to be expended for specific purposes but are not required to be kept in separate bank accounts) to reduce its level of borrowings or to defer and/or reduce the level of new borrowings that would otherwise be required.
  - Apply surplus contained within the Sundry Projects Fund, following adjustments for variations to existing estimates, to a reduction in borrowings. Any new bids/projects arising through the year are to be referred to the budget planning process for the subsequent year, unless they are of sufficient urgency, in which case Council may finance such projects by reducing/cancelling an existing budgeted project, or approving an increase to the borrowing requirement.

# 2. Interest Rate Risk Exposures

2.1. Council has set range limits for both fixed and variable interest rate borrowings in order to minimise net interest costs on average over the longer term and at the same time manage interest rate movement risks within acceptable limits.

### 2.2. Fixed Interest Rate Borrowings

- To ensure an adequate mix of interest rate exposures, Council will structure its
  portfolio of borrowings to maintain on average in any year, not less than 3020% of
  its facilities in the form of fixed interest rate borrowings.
- In order to spread its exposure to interest rate movements, Council will aim to have a
  variety of maturity dates on its fixed interest rate borrowings over the available
  maturity spectrum.

#### 2.3. Variable Interest Rate Borrowings

- Council will structure its portfolio of borrowings to maintain not less than 3020% of
  its facilities in any year in the form of variable interest rate borrowings.
- Council will utilize long-term variable interest rate borrowing facilities, such as the LGFA's Cash Advance Debenture, that require interest payments only and that enables any amount of principal to be repaid or redrawn at call. The redraw facility will provide Council with access to liquidity when needed.

#### 3. Investments

3.1. Council funds that are not immediately required for operational needs and cannot be applied to either reduce existing borrowings or avoid the raising of new borrowings will be invested. The balance of funds held in any operating bank account that does not provide investment returns at least consistent with 'at call' market rates shall be kept at a level that is no greater than is required to meet immediate working capital requirements.

Page 122 Audit Committee Agenda - 12 November 2019

- 3.2. Council funds available for investment will be lodged 'at call' or, having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term. In the case of fixed term investments the term should not exceed a point in time where the funds otherwise could be applied to cost-effectively either defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.
- 3.3. When investing funds, Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs, and other relevant and objectively quantifiable factors.
- 3.4. Council management may from time to time invest surplus funds in:
  - · Deposits with the Local Government Finance Authority; and/or
  - · Bank interest bearing deposits
  - · Bank accepted/endorsed bank bills
  - State/ Commonwealth Government Bonds
- 3.5. Any other investment requires the specific approval of Council.

#### 4. Reporting

- 4.1. During the year Council will receive a report detailing total fixed borrowings and variable fixed borrowings at the end of the preceding month, together with all investments held, their term and interest rate. Timing of these reports will be November, February, May, unless there is an opportunity to report earlier, with the end of year reported as soon as practicable as part of our end of year reporting. (Council Resolution, Item No. 734 dated 28 November 2011)
- 4.2. At least once a year Council shall receive a specific report regarding treasury management performance relative to this Policy. The report shall highlight:
  - For each of Council's borrowings and investments the quantum of funds, its interest
    rate and maturity date, and changes in the quantum since the previous report; and,
  - The proportion of fixed interest rate and variable interest rate borrowings at the end
    date of the reporting period along with key reasons for significant variances
    compared with the targets specified in this policy.

#### F - LEGISLATION

### For Borrowings

Local Government Act, 1999 (Sections 44, 122 and 134) Local Government (Financial Management) Regulations 2011

#### For Investments

Local Government Act, 1999 (Sections 47, 139 and 140)

#### Boommont Control

Document Control	
Document ID	Treasury Policy
Prepared by	Kate George
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**ITEM** 4.2.4

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Financial Sustainability Audit, Final Report.

**AUTHOR** Robert Constance, Audit & Risk Coordinator, CEO and

Governance

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

4.3 Have robust processes that support consistent service delivery

and informed decision making.

#### **SUMMARY**

An internal audit on Financial Sustainability was conducted to provide assurance regarding the effectiveness of the processes in place to manage and monitor the financial sustainability of the City of Salisbury.

The risk within the City of Salisbury's Strategic Risk Register that this audit provided assurance on is risk number 6 – "City of Salisbury financial sustainability is compromised for example recognising the possibility of the introduction of rate capping".

Galpins were engaged to conduct the audit and identified no High, Medium or Low risk findings or material weaknesses in internal controls.

The audit also sought opinion of the potential impact of rate capping. Galpin concluded that the hypothetical introduction of rate capping would have a significant impact on the Council's ongoing Financial Sustainability.

#### RECOMMENDATION

- 1. That the information be received.
- 2. That the Audit Committee accept the final report for the Financial Sustainability Audit as set out in Attachment 1 to this report (Audit Committee item number 4.2.4, 12/11/2019) and endorse the final report for Council approval.

# **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

1. Financial Sustainability Audit 2019

# 1. BACKGROUND

1.1 Financial Sustainability risks are managed at the City of Salisbury by the Financial Services Division.

### 2. CONSULTATION / COMMUNICATION

#### 2.1 Internal

- 2.1.1 The cooperation of the following divisions was essential in completing this audit:
  - Financial Services;
  - City Infrastructure (Infrastructure Management); and
  - Governance Division.

# 3. REPORT

- 3.1 The final audit report is shown in Attachment 1 for information. Importantly, there were no High, Medium or Low risk findings.
- 3.2 Conclusions have been summarised as follows;

# **Financial Ratio**

- Council has set appropriate targets for financial ratios.
- All financial ratios are within target range currently, and for all 10 years of the Long Term Financial Plan (LTFP).

<u>Galpins conclusion</u> - The results of the financial ratios, historically and estimated within the LTFP, support the view that Council is financially sustainable.

# **Surpluses**

• Council has set appropriate targets for surpluses, and surpluses are anticipated for all 10 years of the LTFP.

<u>Galpins Conclusion</u> - The actual and forecast surpluses support the view that Council is financially sustainable.

### **Own-source Revenue**

• Council has a high degree of own source revenue, representing > 80% of operating income.

<u>Galpins Conclusion</u> - The strong own source operating revenue ratio supported by high capacity to generate general rates and user charges, combined with a number of successful initiatives to create a long term pipeline of additional own source revenue, support the view that Council is financially sustainable.

# **Debt**

- Councils Treasury Policy establishes the principles of treasury management consistent with good practice.
- At all times over the life of LTFP, Councils Net Financial Liabilities Ratio remains within target range.

<u>Galpins Conclusion</u> – Councils treasury management strategy and Net Financial Liabilities Ratio over the life of the LTFP support the view the Council is financially sustainable.

# **Long Term Financial Plan (LTFP)**

- Appropriate growth rate assumptions are used to underpin the plan.
- There is an explicit link between the LTFP and Asset Management Plans, including the value and timing of both maintenance and capital costs.
- There is a robust process to develop the LTFP in conjunction with the budget, ensuring budget bids are accounted for and the LTFP reflects strategic plans.
- Assumptions around key risks, including unknowns related to strategic property development estimates, are reflected in the LTFP in an appropriately conservative manner.

<u>Galpins Conclusion</u> - Council's LTFP is underpinned by appropriate and realistic assumptions, linked to strategic and asset management plans and works within the parameters of target financial ratios, supporting the view that Council is financially sustainable.

# **Asset Management Plans**

- Asset Management Plans (AMPs) exist for all major classes of asset. AMPs have been based on an industry template, and include all expected content.
- The quality and maturity of plans is sufficient to inform appropriate long term planning decisions, with a continuous improvement program in place to further develop the plans.
- There is an explicit link between the LTFP and Asset Management Plans, including the value and timing of both maintenance and capital costs.

<u>Galpins Conclusion</u> - The quality of existing AMPs and asset data together with the existence of continuous improvement mechanisms support the view that Council is financially sustainable.

# **Quality of financial data**

- Council has received unqualified (clean) external audit opinions for both its financial statements and internal financial controls.
- Council's financial internal control framework is based on the SA Local Government Better Practice Manual Internal Financial Controls.
- Council has a well-established Control Self-Assessment Program and Internal Audit function that has reviewed a number of financial processes and controls.

<u>Galpins Conclusion</u> - Council's financial controls and monitoring systems, and unmodified audit opinions, indicate a good level of reliability of financial information, supporting the view that Council is financially sustainable.

# Quality of fixed asset data

- The quality of asset data is considered to be of a good standard.
- Revaluations are conducted at least 5 yearly, with indexation applied in the interim.
- Internal asset managers review asset data, including useful lives, regularly.
   External consultants also independently review useful lives and unit rates of selected infrastructure assets.
- An Asset Management Improvement (AMI) project has been established, with a focus on continuous improvement of asset data quality.

<u>Galpins Conclusion</u> - Council's financial controls and monitoring systems, and unmodified audit opinions, indicate a good level of reliability of financial information, supporting the view that Council is financially sustainable.

# **Continuous Improvement**

- Comprehensive service reviews have been conducted across the whole Council over the last 3-4 years.
- Council has established a 'Business and Innovation Subcommittee'.
- An Asset Management Improvement (AMI) project has been established, with a focus on improving the quality of asset data.

<u>Galpins Conclusion</u> - Council has formal continuous improvement programs in place positively influencing Council's ongoing financial sustainability.

3.2.1 Rate Capping – The Audit sought an opinion as to the ongoing financial sustainability of the Council should rate capping be introduced.

<u>Galpins Conclusion</u> - The hypothetical introduction of rate capping would have a significant negative impact on Council's ongoing financial sustainability. Within only two to three years, Council would be operating outside of some target financial sustainability ratios under the current LTFP assumptions.

Scenario 2 operating surplus ratio falling below 0% from 2022/2023

Scenario 3 operating surplus ratio falling below 0% from 2021/2022

Scenario 2 and 3 Net Financial Liabilities ratio grows beyond council target maximum of 40% with a continuing upwards trend.

# 4. CONCLUSION / PROPOSAL

- 4.1 This audit provides the City of Salisbury with assurance that processes in place to manage and monitor the financial sustainability of the City of Salisbury are robust and working effectively in regard to Financial Sustainability.
- 4.2 Galpins summarise their findings that, based on their review of the financial sustainability criteria, the council is considered to be financially sustainable, and has appropriate mechanisms, frameworks and controls in place to support financial sustainability into the future.
- 4.3 This audit confirmed CoS acknowledgement and analysis that the hypothetical introduction of rate capping would have a significant impact on the Council's ongoing Financial Sustainability.
- 4.4 The Financial Sustainability Audit represents a sound achievement and is a testament to all those involved with the administration, assessment and review of financial sustainability.

# **CO-ORDINATION**

Officer: Date:

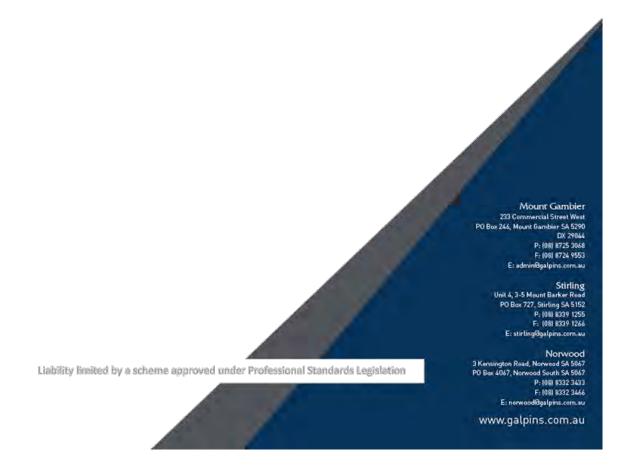
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# Internal Audit

Financial Sustainability

June 2019





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# **Document Control**

Date	Revision Number	Revision Details	Author/s	Reviewer
02.08.19	0.1	Draft Report	Jessica Kellaway / Tim Muhlhausler (Galpins)	Tim Muhlhausfer
24.09.19	1.0	Final Report	Jessica Kellaway / Tim Muhlhausler (Galpins)	
6.11.19	2.0	Revised Final Report	Jessica Kellaway / Tim Muhlhausler (Galpins)	

Financial Sustainability

Page 1

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# 1. Executive Summary

# 1.1. Background

This audit was conducted to provide assurance regarding the City of Salisbury's (the Council)

Strategic Risk Register Risk # 6 — City of Salisbury financial sustainability is compromised for example recognising the possibility of the introduction of rate capping.

The LGA has adopted the following definition of Financial Sustainability:

"A Councils long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services"

The Council's definition of Financial Sustainability (Per the 2019/20 Business Plan) is largely consistent with the above, but introduces the concept of being able to support the introduction of new infrastructure (i.e. improved levels of service) in the future:

- The ability to have consistent services into the future
- Infrastructure, like roads, continuing to be maintained at an appropriate level
- Current ratepayers pay the costs associated with the services consumed
- New infrastructure provided to meet community expectations, balanced against increases in costs

# 1.2. Objectives

The objectives of this audit were to appraise relevant plans and policies and to assess the accuracy of management information and appraise the extent of compliance with the Local Government Act legislation, established City of Salisbury Policy and management of risks associated with Financial Sustainability.

# 1.3. Methodology

The audit focussed on reviewing key criteria and the existence of supporting systems and processes necessary to achieve and maintain financial sustainability, with the goal of answering 2 key questions:

- 1) Is the Council currently financially sustainable?
- 2) Does the Council have the mechanisms, frameworks and controls in place to support financial sustainability into the future?



To answer these questions, the audit incorporated an assessment of the Council against key criteria for the management and monitoring of financial sustainability risks, conducted via:

- review of relevant council policies / documents (see Appendix 2)
- interviews with key finance, strategic property development and asset management staff (see Appendix 3)
- review of the effectiveness and relevance (applying a risk-based approach) of core current financial controls in place, and of processes in place to ensure the ongoing effectiveness and relevance of core financial controls with a focus on core controls related to financial sustainability
- stress testing of the LTFP model, including mathematical accuracy, document control, sensitivity analysis, reasonableness of inputs and assumptions (growth rates, capital expenditure assumptions, borrowings and repayment periods, appropriateness of financial indicator targets, etc)
- review of the potential impact of rate capping on financial sustainability.

The table in section 1.4 summarises the criteria reviewed in assessing Council's financial sustainability.

# 1.4. Summary of Findings

Based on a review of the financial sustainability criteria summarised in the table below, the Council is considered to be financially sustainable, and has appropriate mechanisms, frameworks and controls in place to support financial sustainability into the future.

#### The criteria assessed were:

- Financial ratios
- Surpluses
- Own source revenue
- Debt management
- Long Term Financial Plan (LTFP)
- Asset Management Plans (AMPs)
- Quality of fixed asset data
- Quality of financial data
- Continuous improvement

The hypothetical introduction of rate capping would have a significant negative impact on Council's ongoing financial sustainability. Within only two to three years, Council would be operating outside of some target financial sustainability ratios under the current LTFP assumptions.

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City of Salisbury
Table 1.4 – Summary of Council's performance against key financial sustainability criteria

Criteria	Observations	Impact on Financial Sustamability
Financial	Council has set appropriate targets for financial ratios.	<b>4</b>
ratios	All financial ratios are within target range currently, and for all 10 years of the LTFP.	
Surpluses	Council has set appropriate targets for surpluses, and surpluses are anticipated for all 10 years of the LTFP.	<b>†</b>
Own source revenue	Council has a high degree of own source revenue, representing > 80% of operating income.	1
revenue	In addition to rates, fees and charges, Council has established a number of other income streams including strategic property developments with a long term pipeline of potential developments, Salisbury Water and private building rules certifications for developers both within and outside of the Council area.	
Debt	Council's Treasury Policy establishes the principles of treasury management consistent with good practice.	*
	At all times over the life of the LTFP, Council's Net Financial Liabilities Ratio remains within target range.	
Long Term	Appropriate growth rate assumptions are used to underpin the plan.	•
Financial Plan (LTFP)	There is an explicit link between the LTFP and Asset Management Plans, including the value and timing of both maintenance and capital costs.	
	There is a robust process to develop the LTFP in conjunction with the budget, ensuring budget bids are accounted for and the LTFP reflects strategic plans.	
	Assumptions around key risks, including unknowns related to strategic property development estimates, are reflected in the LTFP in an appropriately conservative manner.	
Asset Management	AMPs exist for all major classes of asset. AMPs have been based on an industry template, and include all expected content.	1
Plans	The quality and maturity of plans is sufficient to inform appropriate long term planning decisions, with a continuous improvement program in place to further develop the plans.	
	There is an explicit link between the LTFP and Asset Management Plans, including the value and timing of both maintenance and capital costs.	
Quality of financial data	Council has received unqualified (clean) external audit opinions for both its financial statements and internal financial controls.	<b>†</b>
	Council's financial internal control framework is based on the SA Local Government Better Practice Manual — Internal Financial Controls	
	Council has a well-established Control Self Assessment Program and Internal Audit function that has reviewed a number of financial processes and controls.	
Quality of	The quality of asset data is considered to be of a good standard.	•
fixed asset data	Revaluations are conducted at least 5 yearly, with indexation applied in the interim.	
	Internal asset managers review asset data, including useful lives, regularly. External consultants also independently review useful lives and unit rates of selected infrastructure assets.	
	An Asset Management Improvement (AMI) project has been established, with a focus on continuous improvement of asset data quality.	
Continuous	Comprehensive service reviews have been conducted across the whole Council over the last 3-4 years.	•
Improvement	Council has established a 'Business and Innovation Subcommittee'.	
	An Asset Management Improvement (AMI) project has been established, with a focus on improving the quality of asset data.	





# 2. Key Financial Sustainability Indicators

In assessing Council's current financial sustainability and ability to maintain financial sustainability into the future, a number of key financial sustainability indicators / criteria have been assessed. The results of our assessment against each of these are detailed below.

# 2.1. Financial Sustainability Ratios

The Local Government (Financial Management) Regulations 2011 require councils to include estimates of their operating surplus ratio, net financial liabilities ratio and asset renewal funding ratio (also referred to as the asset sustainability ratio) in the Council's budget, LTFP, budget and budget reviews. The LTFP must also include target ranges for these ratios.

Results of the 3 core financial sustainability ratios, averaged over time, are considered to be key indicators of financial sustainability.

#### 2.1.1 Operating Surplus Ratio

Operating Result / Total Operating Income

The operating surplus ratio provides an indication of financial performance for the year. The Local Government Association (LGA) has described an appropriate target range as being between 0% - 10%. The Council has adopted a target range of 0.5% - 5%.

The Council has achieved results above this target range on average over the past 3 financial years (2015/16 - 2017/18). The LTFP indicates that Council is expected to remain within this target range over the 10 years of the plan.

# 2.1.2 Net Financial Liabilities Ratio

Net Financial Liabilities / Total Operating Income

The net financial liability ratio shows Council's net financial liabilities as a percentage of operating income, providing an indication of debt affordability. The Local Government Association (LGA) has described an appropriate target range as being between 0% - 100%. The Council has adopted a target of <40%.

The Council has achieved results well below this target cap over the past 3 financial years (2015/16 – 2017/18). The LTFP indicates that Council is expected to remain under this target cap over the 10 years of the plan.

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### 2.1.3 Asset Sustainability Ratio

Net Asset Renewals / AMP required expenditure

The asset sustainability ratio indicates the extent to which Council is achieving the asset renewal requirements defined in its Asset Management Plans (AMPs), providing an indication of how well Council is able to maintain existing service levels. The Local Government Association (LGA) has described an appropriate target range as being between >90%, <110%. The Council has adopted this same target.

The Council has achieved results above this target range on average over the past 3 financial years (2015/16 - 2017/18). The LTFP indicates that Council is expected to remain within this target range over the 10 years of the plan.

#### 2.1.2 Conclusion

The results of the financial ratios, historically and estimated within the LTFP, support the view that Council is financially sustainable.

# 2.2. Surpluses

As not-for-profit public entities, it is valid to question whether councils budgeting for long term surpluses is appropriate. To achieve and maintain financial sustainability, planning for modest underlying operating surpluses over the long term is in fact not only appropriate, but necessary. The reasons for this include:

- Council is highly asset intensive, managing a large portfolio of complex, long life assets. The nature of council assets is such that they are subject to a significant margin of error in estimating fair values and remaining useful lives due to the high level of unobservable inputs into these estimates. As such, some variation in actual future costs versus future estimates is inevitable and it is responsible to maintain a 'buffer' in operating surpluses to ensure that service levels can be maintained.
- Councils are large, complex businesses providing a broad range of diverse services. They are, therefore, susceptible to "unknown unknows" and "known unknows" in their operating environment that can have significant financial consequences. Recent examples include the impact of China Sword, unexpectedly large increases in the hard waste levy, and the threat of future rate capping.

# 2.2.1 Achievement of surpluses

Council has achieved operating surpluses in each of the last 3 financial years, and has forecast operating surpluses with a modest target range (see operating surplus ratio discussion above) for all 10 years of the LTFP.

#### 2.2.2 Conclusion

The actual and forecast surpluses support the view that Council is financially sustainable.

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#### **Own Source Revenue**

The higher the level of own source revenue, the greater a Council's financial flexibility and ability to manage financial sustainability.

We have considered two aspects of own source revenue in assessing Council's financial sustainability - the extent of reliance on revenue from outside sources and reliability of these revenue sources, and strategies to maintain / increase own-source revenue

#### 2.3.1 Reliance on Revenue from Outside Sources

The own source operating revenue ratio provides insight into Council's reliance on external funding sources. The ratio is calculated as:

Own Source Revenue / Total Operating Income

The report Financial Sustainability of the New South Wales Local Government Sector published by the NSW Treasury Corporation suggests that for urban councils, a result for this ratio of 80% is an indicator of strong financial sustainability.

The Council exceeds this 80% benchmark currently, and for the life of the LTFP.

Being a large urban council, the City of Salisbury has access to a larger rate base and greater population density than the average council in SA. As such, it is expected that general rates and user charges will generate a strong own source revenue ratio.

Of the external funding received by Council (i.e. non-own source revenue), more than half of this for the last 3 financial years relates to the Financial Assistance Grant. This funding is backed by Commonwealth legislative provision and is therefore considered to be relatively secure.

#### 2.3.2 Strategies to Maintain / Increase Own Source Revenue

In additional to these general rates and user charges, Council has managed to successfully secure a number of significant and entrepreneurial sources of own source revenue. These include:

### Strategic Property Developments

Council is undertaking a number of Strategic Property Developments, with expected financial returns from these being a key source of own-source income in the forward projections. Per the 2019/20 Annual Business Plan "Strategic Property Developments financial returns average \$3.4m per annum over the 10 year plan, based on the recently completed land feasibility. Property development projects will continue to provide significant cash injections over the 10 year plan. Returns are based on the recently completed land feasibility and have been discounted reflecting that further detailed work is required to finalise financial returns on a project by project basis."

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The detailed feasibility study includes analysis of potential projects based on land feasibility of all vacant holdings of Council including what can be developed, timeframes, community land revocation considerations and potential returns. The pipeline of projects within the study spans at least 30 years. Council has a strategy of being financially sustainable without considering the financial results of strategic property developments.

#### Salisbury Water

Salisbury Water is Council's recycled non-drinking water business, generating income from supply to industry and some private properties, and creating cost savings through the provision of water to Council's sports fields, parks and ovals. The Salisbury Water team operates as a separate business unit of the Council, and Council has a strategy of being financially sustainable without considering the financial results of Salisbury Water.

# **Building Rules Certification Unit**

Council's building rules certification unit has built a strong reputation for fast reliable service both within and outside of the Council boundaries, allowing for the generation of income from private certifications.

# 2.3.3 Conclusion

The strong own source operating revenue ratio supported by high capacity to generate general rates and user charges, combined with a number of successful initiatives to create a long term pipeline of additional own source revenue, support the view that Council is financially sustainable.

#### 2.4. Debt Management

The responsible use of debt by councils is part of good financial management, and can support financial sustainability by ensuring funds are available when needed to maintain service levels. It may also support intergenerational equality by distributing the cost of capital over time.

For debt to be responsible, it must be both affordable and productive. Affordability can be measured via the use of financial sustainability ratios, ensuring these are maintained within target ranges after accounting for the impact of debt. Productive debt in a local government context requires that the debt is used to support the maintenance of existing service levels and/or furthering of strategic objectives agreed in Council's strategic planning documents.

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#### 2.4.1 Treasury Management

The City of Salisbury Treasury Policy establishes the principles of treasury management adopted by Council. The principles are consistent with good practice, and include explicit consideration of Council's long-term financial sustainability, including consideration of the cost of capital and the impact of funding proposals on Council's Net Financial Liabilities.

Council has a policy of managing finances holistically in accordance with its overall financial sustainability strategies and targets. As such, borrowings are generally not associated with specific projects, but rather are used only to fund overall cash shortfalls with a view to minimising the net interest costs associated with borrowing and investing.

#### 2.4.2 Borrowings

Council has built up significant cash surpluses in recent years, largely as a result of development activities, and has not entered into new long term debt in recent years. CADs are available to Council through the LGFA, but these have not been required to be drawn down as part of debt mix since the 2011/12 financial year, and even then were only drawn down for a short period within the financial year.

Council is now spending cash surpluses on significant capital projects over the next 3-4 years, and is then expecting to be cash flow positive again by 2022/23 financial year per the LTFP. The highest level of debt anticipated in the LTFP occurs at the beginning of 2022/23 at approximately -\$34.5m, reducing to under -\$15m by the end of the 2022/23 financial year.

At all times over the life of the LTFP, Council's Net Financial Liabilities Ratio remains within target range.

#### 2.4.3 Conclusion

Council's treasury management strategy, and Net Financial Liabilities Ratio over the life of the LTFP support the view that Council is financially sustainable.

# 2.5. Long Term Financial Planning

More than any other document, the Long Term Financial Plan (LTFP) provides the best insight into Council's financial sustainability. As such, it is critical that the LTFP is reliable, including that it is:

- underpinned by appropriate and realistic assumptions, including demonstration of an understanding of the key risks in the plan
- linked to strategic plan, target service levels and financial outcomes (e.g. target financial ratios)
- has a clear linkage to Asset Management Plans (AMPs), including the value and timing of all expenditures, both maintenance and capital

# 2.5.1 The LTFP Model

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The LTFP has been developed using a recognised industry template develop by Local Government Solutions. Council is using the detailed version of the model. Staff responsible for preparing the model have a good understanding of the mechanics of the model, of long term financial planning principles, and of the financial operations of the council.

#### 2.5.2 Growth Factors

The major categories of expenses in the LTFP are depreciation, wages and contractors & materials.

Depreciation expense is based on actual data from the asset management system and asset management plans.

The first two years of wages growth is based on Enterprise Agreements. Following this, Access Economics rates are used, with anticipated Superannuation Guarantee changes built in

Growth in the cost of contractors and materials is estimated using CPI. Finance staff have found that Council has exercised good cost containment practices and CPI has been a reasonable estimate historically, and note that a number of large contracts (e.g. waste, energy) are tied to CPI increases.

#### 2.5.3 Strategic Property Developments

The sales revenue from strategic property developments are significant, with average annual returns of over \$3m over the life of the LTFP. Additionally, there is risk and uncertainty in the timing and value of estimated future sales. Not all potential projects in the feasibility study will be approved by the Elected Members, it may not be possible to revoke community land title, and there are many external factors outside of Council's control impacting on sale prices and timing.

For these reasons, a number of measures have been applied to discount the estimates adopted in the LTFP and provide appropriately conservative values. These measures include:

- · using the lower end of estimated sales price ranges
- · applying additional discount factors
- · delaying the timing of estimated cash flows.

It is noteworthy that the profits from development activities are not included in the calculation of Council's operating surplus or operating surplus ratio. In other words, Council aims to be sustainable without reliance on profits from development activities.

#### 2.5.4 Linkage to strategic plan, target service levels and financial outcomes

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The development of the LTFP and budget are done concurrently, ensuring a strong link with Council strategy. The budget process begins with a briefing session to Elected Members on the LTFP, including discussion of the capacity within the plan for new strategic spending. This is later followed up with a more detailed workshops, with budget bids built into the LTFP.

The LTFP provides visibility over financial outcomes, including key financial indicators over the life of the plan, and is developed with target financial outcomes in mind.

#### 2.5.5 Linkage to Asset Management Plans (AMPs)

The AMPs provide critical information regarding the value and timing of expected capital expenditure. Ideally, there should be a direct link between the LTFP and Asset Management Plans. For this to be the case, AMP data must be up to date and in a form suitable for direct integration into the LTFP.

Councils AMPs have not been updated to reflect the latest asset information, and are not yet suitable for direct integration into the LTFP. Further discussion on this point is provided in section 2.6 of this report. However, there is an appropriate link between the two documents.

For the first 3-4 years of the LTFP, Finance use the AMP data adjusted for actual budget bids and any updated asset management information driven by new asset data from the Asset Management System. Finance works closely with the Team Leader, Strategic Asset Management in determining appropriate values for the LTFP. This results in values that are more accurate than the AMP data alone, and means the LTFP reflects the best available capital expenditure information. For year 4-5 of the LTFP onwards, Finance use AMP data only.

#### 2.5.6 Conclusion

Council's LTFP is underpinned by appropriate and realistic assumptions, linked to strategic and asset management plans and works within the parameters of target financial ratios, supporting the view that Council is financially sustainable.

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### Asset Planning and Reliability of Fixed Asset Data

At their core, Councils exist to provide services to the community through the management of assets and infrastructure. As such, Councils are highly asset intensive, managing a large portfolio of complex, long-life infrastructure. The importance of managing this infrastructure effectively, and therefore the importance of maintaining high quality asset data, cannot be overstated. Without appropriately reliable information on the nature, condition and whole of life costs of Council's asset portfolio, it is not possible to have confidence in financial sustainability.

That said, the complexity and volume of data is such that it involves a significant level of unobservable inputs and professional judgement, and the development and maintenance of robust asset management information is an ever-evolving journey that requires a focus on continuous improvement and on-going refinement of information.

The City of Salisbury was an early adopter of long-term asset management principles compared with other SA Councils, and as such has a well embedded understanding of the long-term management requirements of its asset portfolio.

#### 2.6.1 **Asset Management Plans**

The content and quality of existing AMPs are sufficient to support financial sustainability. That said, AMPs are not static documents and there is an ongoing need to continuously improve the plans and the data that underpins them.

The current AMPs were developed in 2015, and were based on the leading practice IPWEA model at the time. The plans have not been updated since 2015.

A review process is currently underway, with 5 of the 8 updated AMPs expected to be completed by October 2019, and the remaining 3 by mid-2020. The initial 5 plans cover the major infrastructure classes, and are being developed by Asset Managers in conjunction with an Institute of Public Works Engineering Australia (IPWEA) asset management course. The Asset Manager developing the Building AMP is not currently doing the course, but has completed it previously and is experienced in AMP preparation.

Asset Managers have been assigned responsibility for each major class of asset, aligned with an AMP for which they have responsibility for both the development and delivery of the plan. This structure represents a significant change to the 2015 AMP process, for which development of the plans was centralised. The new structure should provide a greater level of buy-in and understanding of the plans by those with responsibility for its delivery. Asset Managers will also have responsibility for the update and maintenance of the plan, with the plans envisaged to be more of a 'living' document than was practical to achieve under a centralised structure.

There is a need to ensure continuous improvement of the AMPs, and a number of opportunities for improvement exist. For example:

the current plans and revised plans are predominantly 'condition based' i.e. based on achieving target condition ratings for assets as a proxy for service levels, as opposed to being truly service-level based.

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- the AMPs have not been managed as a 'living document', and improvements in asset data and results of budget bids have not been fed back into the AMPs
- there is significant scope to introduce more mature asset management modelling to determine optimal life cycle costs / optimal intervention strategies to inform the AMPs

Improvement opportunities for the AMPs will be the subject of a separate internal audit of asset management.

#### Asset management data

Whilst the formal AMPs have not been updated since 2015, the data within the asset management system has been continuously updated and improved and used to support asset management decisions and budget bids.

Asset data is maintained within the Confirm system, and reconciled to the Tech 1 finance module. Consistent with leading practice in local government, revaluation and condition assessments of all major asset classes are undertaken at least every five years, with indexation applied in between. Internal asset managers review useful lives of infrastructure annually, and an external consultant reviews these useful lives and unit rates annually. Regular inspections are carried out by external contractors on major asset classes, including bridges, roads and buildings, and internal field staff perform some inspections as well.

A significant amount of work has gone into ensuring the quality of Council's road assets data, including a greater level of componentisation of road assets and a comprehensive condition assessment in 2018. Staff expressed a high degree of confidence in the road management data reflecting actual practice.

An Asset Management Improvement (AMI) project is in place to drive further improvement in asset data (see section 2.8 for further discussion).

#### 2.6.2 Conclusion

The quality of existing AMPs and asset data together with the existence of continuous improvement mechanisms support the view that Council is financially sustainable.

# 2.7. Reliability of Financial Information

To make appropriate financial decisions, and to accurately manage, measure and monitor financial outcomes, the reliability of financial information is critical. Having accurate, timely and reliable financial information is therefore critical to maintaining financial sustainability.

#### 2.7.1 External Audit

Council has consistently received clean, unmodified opinions from external audit for both its financial statement and financial internal controls opinions.

Financial Sustainability Internal Audit - June 2019



#### 2.7.2 Financial Internal Controls framework

Council's financial internal control framework is based on the SA Local Government Better Practice Manual – Internal Financial Controls. This document is widely considered to represent leading practice in local government control frameworks, and is the model against which external auditors are required to assess controls for the purposes of issuing their opinion on Council's internal financial controls.

Council has a well-established Control Self Assessment (CSA) program, utilising the software "ControlTrack". This program provides a good level of assurance across a broad range of internal controls, and provides a platform for continuous improvement and staff education in the nature and importance of internal controls applicable to their role.

Further independent assurance on the operating effectiveness of Council's financial internal controls is provided annually by external audit, and periodically via relevant reviews conducted by the internal audit function.

#### 2.7.2 Budget monitoring

Quarterly budget reviews are undertaken in accordance with legislative requirements. Reviews are conducted at a detailed level, and include a focus on both financial and service level achievements. In addition to these quarterly reviews, the Finance Team reports to and meets with all Managers and General Managers every month to discuss and analyse performance against budget by budget area. During these meetings, Finance will also discuss any Council Reports the Manager is working on that may have financial implications.

Budget reports prepared by Finance for these monthly meetings include analysis of all material revenue and expense variances, and notes of the discussions and agreed actions are documented. These reviews include reports on individual business units that provide own-source revenue (e.g. Salisbury Water, building assessments).

#### 2.7.4 Conclusion

Council's financial controls and monitoring systems, and unmodified audit opinions, indicate a good level of reliability of financial information, supporting the view that Council is financially sustainable.

#### 2.8. Continuous Improvement

Council is a large, complex business that is subjected to an ever-changing legislative and political environment. In order to maintain financial sustainability over time in this context, it is critical that councils maintain a focus on continuous improvement to develop financial flexibility and adaptability.

Financial Sustainability Internal Audit - June 2019



#### 2.8.1 Efficiency and effectiveness of service delivery

A comprehensive program of service reviews has been conducted across Council over the last 3 to 4 years. This program, overseen by a dedicated sub-committee of Council, was focussed on re-scaling of service delivery to 'recalibrate' the business, and resulted in outsourcing of some Council operations (e.g. waste outsources to NAWMA), restructuring including merging and/or rescoping of roles/divisions, and operational improvements such as automation of activities and modifying workflows.

This program of service reviews has now been replaced by a 'Innovation and Business Development Sub Committee'. The terms of reference state that the Sub Committee has been "established to provide advice to the Budget and Finance Committee in relation to the strategic opportunities that can be achieved to continually improve the services provided to the community".

#### 2.8.2 Asset Management Improvement Project

An Asset Management Improvement (AMI) project is in place, with a focus on improving the quality of asset management information. The project has already delivered positive outcomes, including the process of updating AMPs and completion of a mobile data rollout resulting in significant improvements in data collection and inspection processes and capability. Stormwater modelling has also been undertaken to inform an increase in the service level standard to 'no house flooded in a 1:100 year event', providing the data for a service level-based stormwater AMP.

#### 2.8.3 Conclusion

Council has formal continuous improvement programs in place positively influencing Council's ongoing financial sustainability.

Financial Sustainability Internal Audit - June 2019



City of Salisbury

## 3. Rate Capping

The internal audit scope called for consideration of the potential impact of rate capping. Rate capping has been on the Liberal South Australian Government's agenda for several years. In 2016 they tabled the *Local Government (Rate Oversight) Amendment Bill 2018 (SA)*. The bill was aimed at providing a cap to the total rate revenue for councils and provided a framework for a system of oversight to the capping process.

Whilst the bill has not made statute, as part of this audit we have performed a high level 'what if' analysis to understand the impact potential rate capping may have on the Council. Specifically, the modelling focussed on the reduction of rate revenue (and equivalent reduction in cash) and subsequent impact on the operating surplus ratio and net financial liabilities ratio. Modelling assumes that the asset sustainability ratio will remain at 100% under all scenarios. All other aspects of the LTFP have been held constant.

The results of 3 scenarios have been provided for comparison.

#### Scenario 1 - No Change

Figures in the LTFP remain unchanged.

#### Scenario 2 - Rates are capped based on LGPI (estimated)

Scenario 2 rate increases have been calculated using the council's 19-20 budget as the baseline and then assuming the following rate caps will be applied for the 2020-21 financial year and onwards. LGPI rates have been estimated based on CPI plus 0.4%, being the historical average difference between LGPI and CPI for the past eight years.

2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
2.72%	2.75%	2.95%	2.95%	2.75%	2.75%	3.05%	3.05%	2.95%

For comparison, for 2019-20 the NSW and Victorian council rate caps have been set at 2.7% and 2.5% respectively. Had rate capping in South Australia been introduced in 2019-20, the Essential Services Commission of South Australia (ESCOSA) determined that the rate should have been set at 2.9%. Historically in Victoria and New South Wales, the actual rate set has often been lower than the rate cap recommended by the relevant independent authority.

Financial Sustainability Internal Audit - June 2019



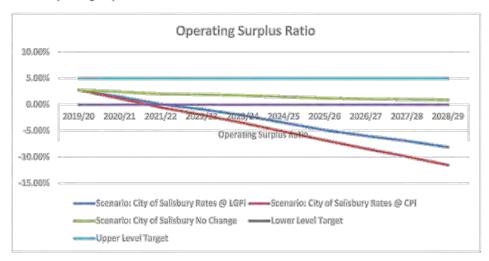
City of Salisbury

#### Scenario 3 - Rates are capped at CPI

Scenario 2 rate increases have been calculated using the Council's 19-20 budget as the baseline and then assuming rate caps in line with expected CPI are applied for the 2020-21 financial year and onwards.



#### **Operating Surplus Ratio**

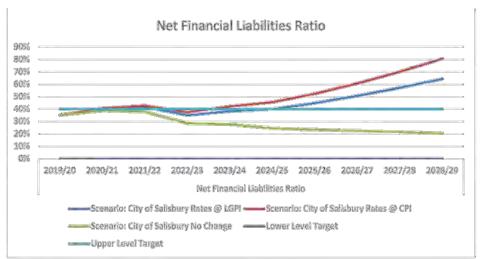


Under scenario 2, imposing a rate cap using estimated LGPI results in the Council's operating surplus ratio falling below 0% from 2022/23 and continuing to fall thereafter. Under scenario 3, a cap of CPI results in the operating surplus ratio falling below 0% from 2021/22. The trend of both rate capping scenarios is a continual decline in the operating surplus ratio which, all else being equal, results in a non-financially sustainability position with resultant impacts on strategic and service level decisions.

Financial Sustainability Internal Audit - June 2019



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Under both scenario 2 and 3, with rates capped at either LGPI or CPI, from 2020-21 the Net Financial Liabilities ratio grows beyond Councils target maximum of 40%, with a continuing upwards trend. Whilst this is above Council's target rate, the Net Financial Liabilities ratio remains within targets established by the LGA of less than 100%, and as such are not necessarily financially unsustainable. However, when considered in conjunction with the ongoing upward trend and declining operating ratios, the trend of this ratio is cause for doubt over financial sustainability.

#### Conclusion

The hypothetical introduction of rate capping would have a significant negative impact on Council's ongoing financial sustainability. Within only two to three years, Council would be operating outside of some target financial sustainability ratios under the current LTFP assumptions.

Financial Sustainability Internal Audit - June 2019

# Appendix 1. Internal Audit Finding Ratings

#### FINDING RATING IS BASED ON IMPACT ON BUSINESS PROCESS

RATING	DEFINITION	EXAMPLES OF IMPACT	ACTION/REPORTING REQUIRED
WAY HIGH	The issue represents a control weakness which could have or is having a severe adverse impact on the ability to achieve the process objectives.	Serious and sustained impact on operations or functions, eg disruption to core business function for greater than two days, Business Continuity Plan initiated Severe decline in quality and level of service Certain and severe decrease in the community's confidence in Council Severe breakdown in process that has led to illegal activity, such as fraudulent transactions being processed Breach of legislation or contractual non-compliance that will result in litigation, prosecution and/or penalty Actual death or life threatening injuries Extensive negative media coverage (greater than two days)	issue reported to the line Manager immediately and the departmental Director and CEO within 24 hours     Director/Directors Group attention     Immediate action: detailed plan of action to be put in place as soon as possible and at least within 7 days, with an expected resolution and substantial improvement within 30 days     Responsibility for action with departmental Director or Line Manager     Audit report: reported in executive summary, noted in report, reported in detailed findings     Director's Group: status re implementation of action reported monthly as 'significant project'     Audit Committee: status re implementation of action reported quarterly
нібн	The issue represents a control weakness which could have or is having a major adverse impact on the ability to achieve the process objectives.	Major impact on operations or functions, eg disruption to core business function for one to two days, Business Continuity Plan initiated Major decline in quality and level of service Moderate to serious decrease in the community's confidence in Council Serious breakdown in process that may lead to increased and unacceptable risk, such as many transactions not properly authorised or evidenced Breach of legislation or contractual non-compliance that may result in litigation, prosecution and/or penalty Potential to cause life threatening or extensive injuries Short term negative media coverage	Reported to the CEO, departmental Director and line Manager Director and line Manager attention Prompt action: detailed plan of action to be put in place as soon as possible and at least within 30 days, with an expected resolution and a substantial improvement within 1 to 3 months Responsibility for action with Line Manager or Team Leader/supervisor Audit report: Noted in executive summary and report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly
MODERA TE	The issue represents a control weakness which could have or is having a moderate adverse impact on the ability to achieve the process objectives.	Moderate impact on operations or functions, eg disruption to core business function for greater than four hours and less than one day Moderate decline in quality and level of service Possible moderate decrease in the community's confidence in Council Moderate breakdown in process that could lead to increased risk, such as isolated instances of transactions not properly authorised or evidenced Breach of legislation or contractual non-compliance that could result in litigation, protecution and/or penalty Potential to cause moderate injuries Possibility of negative media coverage	Reported to departmental Director and line Manager Line Manager and Team Leader attention Short-term actions detailed plan of action to be put in place as soon as possible and at least within 60 days with an expected resolution and a substantial improvement within 3 to 6 months Responsibility for action with Team Leader/supervisor Audit report: noted in report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly
LOW	The issue represents a minor control weakness which could have or is having a minimal but reportable adverse impact on the ability to achieve the process objectives.	Minor impact on operations or functions, eg minor impact on internal business only Minimal or no decline in the quality and level of service Not likely to affect the community's confidence in Council Minor breakdown in process that is not likely to affect risk Breach of legislation or contractual non-compliance that is not likely to result in litigation, prosecution and/or penalty Unlikely to cause injuries Internally contained and not likely to result in media coverage	Reported to line Manager and Team Leader Line Manager and Team Leader attention Action within a reasonable time period: - timeframe may be subject to competing priorities and cost/benefit analysis, eg. 6-12 months Responsibility for action with Team Leader/supervisor or individual officer Audit report: Noted in report, reported in detailed findings Director's Group: status re implementation of action reported monthly as 'significant project' Audit Committee: status re implementation of action reported quarterly

Financial Sustainability

Internal Audit - June 2019

## Appendix 2. Documents Reviewed

The following internal Council documents were reviewed as a part of this audit:

- Long Term Financial Plan (LTFP) Excel file and supporting files (including budget bids schedule, capital projects data, capitalisation of staff time calculations, strategic property developments pipeline)
- Annual Plan 2018/19
- Asset management plans:
  - o Street Trees Asset Management Plan Version 4b March 2015
  - o Parks and Streetscapes Asset Management Plan Version 4b March 2015
  - Transport Asset Management Plan Version 5b April 2015
  - o Salisbury Water Asset Management Plan Version 4b March 2015
  - Fleet Asset Management Plan Version 4b March 2015
  - Drainage Waterways Asset Management Plan Version 5b October 2015
  - Building Asset Management Plan Version 4b March 2015
- Asset Management Strategy Version 6b June 2015
- ControlTrack Control Self Assessment Results, May 2019
- Council Minutes 23/04/2019 endorsements of financial indicator targets
- Innovation\_and\_Business\_Development\_Sub\_Committee\_Terms\_of\_Reference
- Third Quarter Budget Review 2018/19
- Example End of Month Department Report Business Excellence March 2019
- City of Salisbury Treasury Policy (reapproved 27/11/2017)

Financial Sustainability Internal Audit - June 2019

# Appendix 3. Staff Members Interviewed

- Kate George, Manager Financial Services
- Tim Aplin, Senior Accountant
- James Corletto, Team Leader Strategic Asset Management
- Dameon Roy, Manager Infrastructure Manager
- Chantal Milton, Manager Strategic Development Projects

Financial Sustainability Internal Audit – June 2019

**ITEM** 4.2.5

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Risk Management and Internal Controls Activities

**AUTHOR** Janet Crook, Risk & Governance Program Manager, CEO and

Governance

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

4.3 Have robust processes that support consistent service delivery

and informed decision making.

**SUMMARY** This report provides an update on the risk management and internal

controls activities conducted in the 2019/2020 financial year. The report also includes an update on the outstanding actions from

internal audits.

#### RECOMMENDATION

1. The information be received.

- 2. The Update on Risk Management and Internal Controls Activities, as set out in Attachment 1 to this report (Item 4.2.5, Audit Committee, 12/11/2019) be endorsed for approval by Council.
- 3. The Audit Committee notes the update on outstanding actions from completed Internal Audits, as set out in Attachment 3 to this report (Item 4.2.5, Audit Committee, 12/11/2019).

#### **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

- 1. Risk Management and Internal Controls Activities 2019/2020
- 2. Audit Committee self-assessment questionnaire 1 July 2018 to 31 December 2019
- 3. Outstanding actions from Internal Audits

#### 1. BACKGROUND

1.1 This report provides an update on risk management and internal controls activities in the 2019/2020 financial year. The report allows the Audit Committee to monitor and review the activities and the assurance they provide.

## 2. REPORT

2.1 Attachment 1 is a summary of the risk management and internal controls activities to be undertaken in the 2019/2020 financial year. The plan was endorsed at the July 2019 meeting of the Audit Committee.

- 2.2 The following activities in Attachment 1 have been updated since they were last reviewed by the Audit Committee in July 2019:
  - 2.2.1 The final report from the external auditors has been delivered to the Audit Committee at this meeting, 12 November 2019. Refer Item 4.2.1 on the agenda. This completes the External Audit of financial internal controls for 2018/2019.
  - 2.2.2 The petty cash and till float reconciliations were performed in July 2019 for the 2018/2019 period. A memo to the General Manager Business Excellence was prepared and no significant issues were identified. This completes the Cash Management activity.
  - 2.2.3 The Audit Committee self-assessment questionnaires will be circulated to Audit Committee members following the November 2019 meeting, with a view to the results being presented to the Committee in February 2020. Further information is provided later in this report.
  - 2.2.4 The Public Interest Disclosure Act 2018 Policy has been developed to replace the Whistleblowers Protection Policy. The Fraud and Corruption Prevention Strategy will now be reviewed.
  - 2.2.5 Assistance with the completion of the Local Government Association Mutual Liability Scheme Risk Evaluation has commenced. An update is provided later in this report.
  - 2.2.6 Copies of the current Business Continuity Policy, Procedure and Incident Management Plan were provided to the Local Government Risk Services in order to obtain an estimate of the time and cost associated with performing a review of the documents. A quote and information regarding resourcing to complete certain actions has been received.
  - 2.2.7 The Internal Auditor and Risk Coordinator has met with relevant staff to complete the operational risk registers for the departments who participated in the operational workshops with the LGA. Registers for the remaining business units will be developed.

#### **Local Government Mutual Liability Scheme Risk Management Evaluation**

- 2.3 The LGA MLS Risk Evaluation has been commenced.
- 2.4 An Evaluation Tool was provided to CoS prior to the LGA evaluators attending to perform the review. The tool was populated with evidence and commentary from CoS. The populated tool and copies of evidence were provided to the LGA evaluators in September 2019 in preparation for their attendance at CoS.
- 2.5 The LGA Evaluators attended at CoS from 1 to 3 October 2019 to meet with staff and conduct the evaluation. An opening meeting was held with the evaluators and the Executive Group on 1 October and a close out meeting was held on 3 October, at which meeting the evaluators provided preliminary findings.
- 2.6 A draft Risk Evaluation Summary Report was received by CoS on 1 November 2019. CoS' comments on the draft report will be provided to the LGRS by 15 November 2019.
- 2.7 A further update on the Risk Evaluation will be provided to the Audit Committee at its February 2020 meeting.

### **Joint Emergency Exercise**

- 2.8 In September 2019, CoS participated in a discussion exercise that brought together the Northern Adelaide and Western Adelaide Emergency Management Zones. The exercised explored the role of councils in recovery from a significant fictitious earthquake in accordance with State Emergency management arrangements.
- 2.9 Representatives from across the organisation were nominated to attend the exercise on behalf of the CoS. Representatives attended from the City Infrastructure, City Development and Business Excellence departments to take part in the exercise. Similarly, representatives from across the organisations of the participating councils were in attendance. Also participating were representatives from State Recovery, Defence, and SAPOL.
- 2.10 The focus of the exercise was on a significant earthquake event that has significant impacts across both the Northern and Western Zones. The exercise explored individual council roles and responsibilities in recovering from an earthquake across the Zone where there has been some casualties, evacuations, displaced people and damage to council, private and public infrastructure and facilities.
- 2.11 The exercise provided participants with the opportunity to discuss the recovery implications for their own and neighbouring councils and communities. It was identified that no single council would be able to manage unaided and there would be a need to address stretch capacity and collaborate across councils.
- 2.12 The top issues / planning and preparedness lessons for Councils and Zones were:
  - 2.12.1 Preparedness: councils to understand their role, the role of state and commonwealth, and prepare in advance.
  - 2.12.2 Planning: ensure business continuity plans are reviewed and maintained, and exercises run.
  - 2.12.3 Community: know your community and involve community in planning.
  - 2.12.4 Collaboration: councils should work together and share resources.
  - 2.12.5 Communication: to community, other councils, businesses, hospitals and contractors.
- 2.13 A draft report on the exercise has been prepared by the State Recovery Service ("SRS") and circulated to exercise participants for consideration. CoS will provide comments to the SRS on the draft report.

#### Strategic Risk Register Review

- 2.14 A workshop was held with the Executive team on 2 October 2019 to review the Strategic Risk Register.
- 2.15 The administration is finalising the review and the revised register will form part of the Audit Committee reports for the February 2020 meeting, prior to a joint Strategic Risk Register with the Elected Members.

#### **Audit Committee Self-Assessment Questionnaire**

2.16 At the Audit Committee meeting on 10 July 2018 it was acknowledged that the next self-assessment questionnaire should be completed following the November

- 2019 Audit Committee meeting to allow the next Audit Committee a full year following the Elections in November 2018 before performing the assessment.
- 2.17 The proposed self-assessment questions for the period 1 July 2018 to 31 December 2019 appear as Attachment 2 to this report.
- 2.18 The self-assessment questions will be circulated to all Audit Committee members following the November 2019, with a view to the results of the self-assessment being presented to the February 2020 Audit Committee meeting.

#### 2.19 Outstanding actions from completed Internal Audits

- 2.19.1 Attachment 3 to this report provides an update on the status of all agreed action items arising from completed internal audits.
- 2.19.2 Progress against all outstanding actions is monitored with regular updates sought from the relevant divisional managers.

#### 3. CONCLUSION / PROPOSAL

3.1 This report has provided a summary of the risk management and internal controls work performed since the last Audit Committee meeting, including the outstanding actions from Internal Audits.

#### **CO-ORDINATION**

Officer: Date:

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	Annual Plan - July 2019 to June 2020						
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, in progress, Not yet commenced	Rationale for piece of work	Update on progress		
External Audit of financial internal controls	Internal Controls	External	Completed	This piece of work is legislatively mandated. Internal audit is heavily involved in facilitating the work.	The final report from the external auditors will be delivered at the November 2019 meeting of the Audit Committee as a separate report.		
Completion of Control Self- Assessments and Risk Assessments through the Control Track system, including external audit preparation	Internal Controls	Internal	Not yet	The external auditor's expectations are that at least one control self-assessment will be conducted annually and a risk assessment should also be conducted on financial internal controls.	Control self-assessments are performed in preparation for the performance by the external auditors of their review of the financial internal controls. This task will be commenced in approximately March 2020.		
Cash Management	Internal Controls	Internal	Completed	This work needs to be completed annually as a part of the financial internal controls framework; it includes the end of year reconciliations of petty cash and till floats.	The petty cash and till float reconciliations were performed in July 2019 for the 2018/2019 period to substantiate the information to be contained within the Annual Financial Statements. A memo to the GM Business Excellence was prepared. No significant issues were identified.		

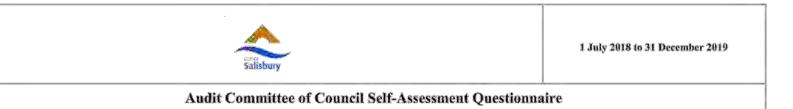
Risk Management and Internal Controls Activities - July 2019 to June 2020

	Annual Plan - July 2019 to June 2020						
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, in progress, Not yet commenced	Rationale for piece of work	Update on progress		
Report on the findings of the Audit Committee self-assessments	Internal Controls	Internal	Not yet commenced	The annual self-assessment reviews the performance of the Audit Committee.	The next self-assessment of the Audit Committee will be performed following the November 2019 Audit Committee meeting in order to allow for a full year to have elapsed following the November 2018 elections. Self-assessment questionnaires will be circulated to the Audit Committee members following the November 2019 meeting, with a view to the results being presented to the Committee in February 2020.		

	Annual Plan - July 2019 to June 2020						
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal,	Status: Completed, in progress, Not yet commenced	Rationale for piece of work	Update on progress		
Review the Fraud and Corruption Prevention Strategy	Internal Controls	Internal	In progress	The Fraud and Corruption Prevention Strategy needs to be reviewed because it has been some time since it was last reviewed and it needs to be updated to reflect changes in legislation.	The Public Interest Disclosure Act 2018 (PID Act) came into effect on 1 July 2019 and establishes a scheme that encourages and supports the appropriate disclosure of public interest information, while also providing protections for those who make disclosures. CoS has developed the Public Interest Disclosure Act 2018 Policy to replace the Whistleblowers Protection Policy. The PID Act repealed the Whistleblower Protection Act 1993.  The finalisation of the PID Act means that the Fraud and Corruption Strategy will now be reviewed and provided to the Audit Committee at its April 2020 meeting.		

	Annual Plan - July 2019 to June 2020						
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, In progress, Not yet commenced	Rationale for piece of work	Update on progress		
Assisting in the completion of the Local Government Association Mutual Liability Scheme (LGA MLS), biennial Risk Assessment on the City of Salisbury	Risk Management and Internal Controls	Internal	In progress	The LGA MLS conduct a biennial Risk Evaluation of Council's risk management frameworks and associated processes, procedures and controls. These evaluations are compulsory for all Councils in South Australia.	The LGA MLS Risk Evaluation has commenced. CoS provided answers to the Evaluation Tool and evidence in support of the answers. LGA representatives attended at CoS to meet with select staff on 1, 2 and 3 October. A draft report has been received. The final report, along with Management comments will be provided to the Audit Committee upon completion.		
Review of Business Continuity corporate documentation	Risk Management	External	in progress	Following the BCP Test conducted in May-June 2018 it has been determined that a comprehensive review of City of Salisbury's business continuity documentation should be conducted.	Copies of the current Business Continuity Policy, Procedure and Incident Management Plan were provided to the Local Government Risk Services in order to obtain an estimate of the time and cost associated with performing a review of the documents. A quote and information regarding resourcing to complete certain actions has been received.		
Develop documented risk management framework	Risk Management	Internal	in progress	Contributes to the vision of having an organisation wide, consistent, usable risk management framework to encourage and inform risk management.	LGRS template documentation has been obtained for review and consideration.		

	Annual Plan - July 2019 to June 2020						
Activity	Type of Activity (Risk Management or Internal Controls)	Resourcing (Internal, External, Co-sourced)	Status: Completed, in progress, Not yet commenced	Rationale for piece of work	Update on progress		
Develop Operational Risk Register	Risk Management	Internal	In progress	The Operational Risk Register forms a part of the Risk Management Framework at the City of Salisbury.	Representatives from the LGRS Strategic Risk Services Team attended at CoS to perform Operational Risk Workshops with selected departments. Finalisation of the risk registers for those departments has been completed and the development of registers for the remaining business units continues. A report on the completed risk registers will be provided to the Executive Group before the end of the 2019 calendar year.		
Develop a consistent Policy Framework	Risk Management / Governance	Internal	Not yell commenced	Supports a consistent, whole of organisation approach to the documentation of policies and procedures	This task will form part of the Risk Management Program and will be commenced in the second half of 2019.		
Risk maturity survey	Risk Management	Internal	In progress	Establishes a baseline of risk maturity at City of Salisbury to assist with the direction and development of the Risk Management Program.	CoS intends to utilise a tool provided by the LGRS to conduct the survey. The survey has been received and consideration of the questions has commenced prior to distribution to the General and Divisional Managers.		



Please complete this questionnaire based on your views as a member of the Audit Committee of Council. Where a "No" rating, or a rating of 3 or 4, is provided please include comments/information that quantifies your response. Results from the self-assessment questionnaire will be used to identify areas for development/improvement in the operations of the Audit Committee.

	Section A - Establishment of the Committee	Rating	Comments / Suggestions for Improvement
1.	Do the Terms of Reference of the Committee provide clear information on the role and functions of the Committee and its oversight responsibilities on behalf of Council?	Yes / No	
2.	Are Committee Members' qualities (i.e. financial literacy and skills, understanding of City of Salisbury, industry and capital markets) as a whole, appropriate to discharge the Committee's oversight responsibilities on behalf of Council?	Please rate: 1. Completely appropriate 2. Mostly appropriate 3. Somewhat appropriate 4. Not appropriate	
3.	Do Committee Members demonstrate the highest level of integrity (including maintaining the utmost confidentiality and identifying, disclosing and managing conflicts of interest and acting appropriately where conflicts or interests arise)?	Yes / No	



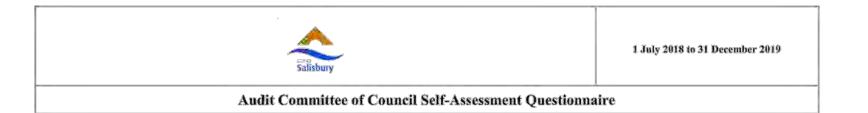
	Section B - Meetings	Rating	Comments / Suggestions for Improvement
1.	Are arrangements for Committee meetings appropriate (i.e. frequency, time of day, duration, venue, location and format)?	Please rate: 1. Completely appropriate 2. Mostly appropriate 3. Somewhat appropriate 4. Not appropriate	
2.	Does the Committee ensure that appropriate internal and external stakeholders attend meetings as necessary (e.g. CEO, GM Business Excellence, external audit representative, etc.)?	Yes / No	
3.	Do all members of the Committee participate actively and constructively during meetings (i.e. Members disagree without being disagreeable, assumptions are constructively challenged, views are skilfully explored, differences of opinion are appropriately acknowledged and resolved, and consent is forged)?	Yes/No	



## **Audit Committee of Council Self-Assessment Questionnaire**

	Section B - Meetings	Rating	Comments / Suggestions for Improvement
4.	Is the written documentation (e.g. meeting agendas, reports, minutes and supporting documentation) provided to the Committee appropriate (i.e. clearly explains matters to be dealt with, is aligned to strategic directions and business plans, is distributed and followed up in a timely manner)?	Please rate: 1. Completely appropriate 2. Mostly appropriate 3. Somewhat appropriate 4. Not appropriate	
5.	Do separate private meetings without Management contribute to the Committee's effectiveness (e.g. with Internal Audit, External Auditors, with only committee members or with any external advisor, as needed or appropriate)?	Yes / No	
6.	Do you fully understand the meeting procedures and processes in place at the City of Salisbury to ensure the smooth operation of the Audit Committee?	Yes / No	
7.	Do you consider meetings to be effective? – if not, please provide details and include how they could be improved.	Please rate: 1. Completely effective 2. Mostly effective 3. Somewhat effective 4. Not effective	

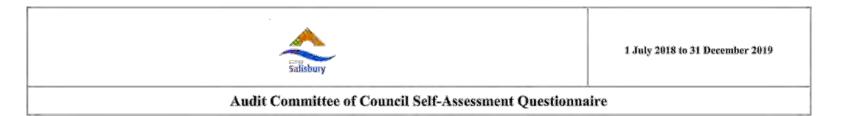
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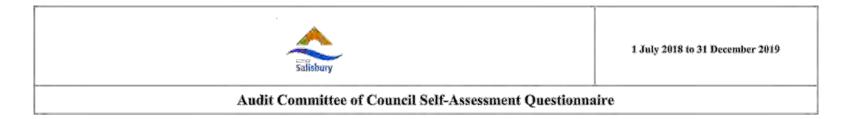
	Section C - Internal Audit	Rating	Comments / Suggestions for Improvement
1.	appropriate information on the role of the Internal Audit function and its relationship to the Committee?	Yes / No	
2.	audit function?	Yes / No	
3.	Do the activities in the internal audit plan address areas of concern and provide assurance to Council?	Please rate: 1. Fully address areas of concern and provide assurance 2. Mostly address areas of concern and provide assurance 3. Somewhat address areas of concern and provide assurance 4. Do not address areas of concern and provide assurance	
4.	Do you receive sufficient information regarding internal audits and activities in the internal audit plan? If not, what further information would you like to receive?	Yes / No	

Salisbury	1 July 2018 to 31 December 2019			
Audit Committee of Council Self-Assessment Questionnaire				

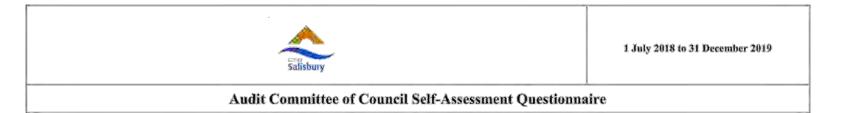
Section D - External Audit	Rating	Comments / Suggestions for Improvement
Do you have direct and unrestricted access to the external auditor?	Yes/No	
Do you understand the information being presented to you by the external auditor? If not, what further information would assist with your understanding?	Yes/No	
Does the Committee discuss significant findings from the financial and internal controls audits with the external auditor?	Yes / No	



	Section E - Financial Oversight	Rating	Comments / Suggestions for Improvement
1.	Does the Committee assess whether the annual financial statements reflect appropriate accounting principles?	Yes/No	
2.	Does the Committee review significant accounting and reporting issues, including complex or unusual transactions, highly subjective areas and significant changes in accounting policies and their corresponding impact on the financial statements?	Yes/No	
3.	Do you believe that the annual financial statements are complete and consistent with the operations of the City of Salisbury?	Yes/No	



	Section F - Risk Management	Rating	Comments / Suggestions for Improvement
1.	Is the Committee satisfied that there is an effective risk management framework in place at the City of Salisbury? If not, what actions should be taken to address this?	Please rate: 1. Completely satisfied 2. Mostly satisfied 3. Somewhat satisfied 4. Not satisfied	
2.	Does the Committee assure itself that the Chief Executive Officer and General Managers take personal responsibility for risk identification and control?	Yes/No	
3.	Does the Committee understand and discuss issues which present significant risks to the organisation?	Yes/No	



	Section G – Oversight of Other Activities	Rating	Comments / Suggestions for Improvement
1.	Do you believe that the system for reviewing outstanding items arising from external or internal audit reports is efficient and effective? If not, why not and what could be done to improve it?	Please rate: 1. Completely efficient and effective 2. Mostly efficient and effective 3. Somewhat efficient and effective 4. Not efficient and effective	
2.	Is there anything further that you believe the Audit Committee should have oversight of in order to fulfil its obligations under the Terms of Reference? If Yes, please be specific regarding your expectations.	Yes / No	

Name	Signature	Date

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### OUTSTANDING ACTIONS ARISING OUT OF COMPLETED INTERNAL AUDITS

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
1. Quick decision emergency response process be formally documented, to address	Manager Strategic Development	30 June 2018	31 March 2019	In Progress.
unforeseen/emergency issues arising	Projects		30 June 2019	An emergency response process exists informally. Formal
Agreed Action: A Strategic Development Project Emergency Response Process be prepared and presented through Council Executive Group for endorsement and distributed to all			31 December 2019	documentation of the process has been deferred due to resourcing constraints, and is to occur prior to 31 December 2019, for
Strategic Development Project staff and key contractors.				endorsement at Executive Committee and implementation by SDP Staff.

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
1. IT Steering governance committees require implementation  1.a) Revise the Terms of Reference for both the Application Steering Committee and IT Steering Committee, in line with the recommendations made in the Program Review;  Action: Agreed, in line with recommendations from the Program review and will be informed by the outcome of the digital strategy. A revised model for the governance of information technology and information management at operational, tactical and strategic levels will be developed based on stakeholder engagement and feedback.  1.b) Reconvene the Application and IT Steering committees, ensuring the role of Business Systems and Solutions is well understood by the IT Steering Committee;  Action: Noted – see agreed action. Application and IT Steering committees will be based on the outcome of the agreed program review actions.  and  1.c) Ensure the membership of the IT Steering Committee includes a relevant selection of City of Salisbury Executives Action: Noted – see agreed action	Manager, Business Systems and Solutions	30/11/2018	20/03/2019 7/06/2019 31/12/2019 31/03/2020	25/01/2019 1.a and b) – Report to the Executive on 4/12/2018 recommended "That the revised governance structure recommended in this report reviews the charter and membership of application steering committees; noting that any existing committees; noting that any existing committees continue in the interim."  1/7/2019 1.a and b) – Report endorsed by executive and now in implementation phase. Proposed membership and all terms of reference have been created. The new tiered structure this is likely to be completed by end of 2019.  25/01/2019 1.e) Report to the Executive on 4/12/2018 recommended: "That a multilayered governance model, which includes information technology and other organisational enablers, is implemented rather than a more traditional IT steering committee—the Executive should note that the recommendations were to update the charter and procedures for the IT steering committee."  5/11/2019 1.a,b and c) – Proposals to be presented to Executive in December. Decisions from this group will guide next steps to meet the recommendations from Executive on 4/12/2018.

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
2.a) Fully document the DR plans. Consider the use of an external party with experience in the development of technology DR plans if there are no in-house parties with this experience;  Action: Noted and agreed as recommended.  2.b) Create a DR testing regime for major systems, that supports the business's documented MAO, RPO and RTO;  Action: Noted and agreed as recommended.  2.c) Align back-up regimes of all systems to Business Continuity plan MAO, RPO and RTO requirements.  Action: Back up regimes will be reviewed and modified, if required.	Team Leader, Information Technology Services	30/4/2019	30/09/2019	27/03/19 — Team Leader, Information Technology services was vacant between November 2018 and March 2019. New Team Leader started on 12 March.  The IT Service Delivery Manager starts on 23/04/2019 and will oversee the delivery of this action.  1/7/2019 — Work commencing July 2019 and will be actioned by Team Leader, Information Technology Systems and IT Service Delivery Manager  5/11/2019 DR plan has been created by the Team Leader Information Technology Services. This includes plans for testing in the 2020 calendar year. COMPLETE

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
3. Review of the use of generic admin accounts for applications 3.a) Replace all generic admin accounts where they are used, with named admin accounts for all systems; Action: Noted. A review will be performed and implemented where feasible to do so.	Team Leader, Information Technology Services	30/11/2018	30/06/2019 30/07/2019 31/03/2020	27/03/19 — The issue relating to the use of the generic account noted in the audit has been resolved and this information is summarised in a report to the Audit Committee for the 9/04/2019 meeting.  Further work is required to review whether there are other generic admin accounts and this will be led by the Team Leader, Information Technology Services.  1/7/2019 — 3.a) This process has started and is being led by the Team Leader Information Technology Services. Work has identified the generic accounts in key systems and work is now happening to determine usage and requirements of those accounts.  5/11/2019 — 3a) Work is continuing however other priorities has resulted in delays to finalising.

Audit: Business Systems and Solutions						
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments		
4. No Service Level Agreements, and/or Key Performance Indicator's for Business Systems and Solutions						
<ul> <li>4.a) Develop a Service Catalogue.</li> <li>Action: Noted and agreed. Will be done as part of the work in 4.c.</li> <li>4.b) Define SLAs with vendors, where appropriate – agreed actions from Program Review will be implemented.</li> <li>Action: Agreed actions from the Program Review will be implemented. Service levels with vendors are articulated in relevant contract documents.</li> <li>4.c) Obtain business endorsement of the Helpdesk metrics to enable</li> </ul>	4.a) -c.) Team Leader Service Desk	30/11/2018 28/2/2019 28/2/2019	30/09/2019 30/06/2020 30/09/2019 30/06/2020	27/03/2019 – The IT Service Delivery Manager starts on 23/04/2019 and will oversee the delivery of the actions in this section.  1/7/2019 – Data capture work has commenced to be used in the resulting documentation prior to endorsement and implementation.		
the business to view the service levels provided.  Action: Noted and agreed.  4.d) Implement KPIs as documented in the Program Review, in consultation with key application owners, and other stakeholders in the business.  Action: Noted and agreed. See response to recommendations in 1.a.  4.e) Re-introduce the previously documented tools for control from the previous IT Strategy 2014-17 to provide a baseline to	4.d) Manager Business Systems and Solutions	30/11/2018	30/06/2020 30/09/2019 30/06/2020	5/11/2019 - Work on this action delayed to other priorities. This work will be completed following the completion of 1a.		
measure of the operational activities of the team — such as 3.1 IT Principles, - Agreed. The document will be updated 3.4 IT Metries, - Agreed. The document will be updated as part of section 14 below.  6.4 Governance Framework, - Noted. Will be considered as part of the action detailed in 1.a.	4.e) Team Leader, Information Technology Services	30/6/2018	30/11/2018 30/09/2019 30/06/2020			

Opportunity for Improvement	Responsible	Target Date	Revised Date	Comments
4.f) Build the reporting of KPI's and other operational controls into the Terms of Reference of the Steering Committees Action: Noted. Regular surveys of the performance of the IT functions will fall in line with program of Business Excellence surveys across the organisation. Refer action at 1.a.  4.g) Promote and display the level of service provided by the Helpdesk against the agreed business metrics Action. Noted and agreed. As above at 4.f.	Officer  4.f)i)  Team Leader Service Desk	4.f)i) 28/2/2019	30/09/2019 30/06/2020	5/11/2019 — Changing divisional structures have created delays. This work will become the primary focus once the permanent structure has been determined and in place.
4.h) Collate regular surveys as a standard measurement of Business Systems and Solutions performance, at least every 18 months  Action: Noted. As above at 4.f.  4.) Include checknoint graves periodically for Haladack calls.				
4.i) Include checkpoint surveys periodically for Helpdesk calls to trace ongoing customer satisfaction. Action: Noted and agreed. As above at 4.f.				

Audit: Business Systems and Solutions				
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<ul> <li>5. Maintain an up to date application register to reduce security risk and upgrade costs</li> <li>5.a) Re-instate the centralised application and technology support matrix / register, including the version number currently used, the latest version released by the vendor, timescales for the life of vendor support, issues and reasons for not upgrading to the latest version and any vendor arrangements.</li> </ul>	5a.) Team Leader Service Desk	30/6/2018	30/09/2018 30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/03/2020	23/03/2019 — Work to identify the functional owners of applications has almost been completed and will be summarised in a report to the Executive in May 2019. BS&S will then work with application owners to agree the relevant version of each application, subject to business process needs.
Action: Noted and agreed. These documents are in use and will be updated. This will form part of the information contained in the Service Catalogue  5.b) Determine if a policy or position is necessary for keeping software current. (e.g. No system will be x versions behind the latest version) - A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.	5.b) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/03/2020	1/7/2019 — Work to identify the functional owners of applications has almost been completed and will be summarised in a report to the Executive in August 2019. BS&S will then work with application owners to agree the relevant version of each application, subject to business process needs.
<ul> <li>Action: A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</li> <li>5.c) Once the application and support matrix / register has been re-introduced, complete a review of all major systems to determine potential upgrade projects required.</li> <li>Action: Noted and agreed. A formal position on this will be articulated in the next iteration of the ICT strategy/replacement document.</li> </ul>	5.c) Manager Business Systems and Solutions	30/9/2018	30/11/2018 28/03/2019 28/06/2019 30/09/2019 30/06/2020	25/01/2019 5.e) In progress see comment for 5.a) above  5/11/2019 - All work delayed due to changing priorities. Due dates have been rebaselined.

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
<ul> <li>6. Continued focus is required on aligning business applications to business needs</li> <li>6.a) Improve resource management and the visibility of allocated BSS resources to manage business expectations.</li> <li>Action: Resource planning and demand management framework under development by Team Leader, Planning and Business Engagement Services and Information Technology Services teams.</li> <li>6.b) Consider the use of a Business Impact Assessment as an objective method of assessing the requested changes to systems by the business to enable clear and agreed understanding by all parties.</li> <li>Action: Noted. This will be reviewed and considered.</li> <li>6.c) Ensure a consistent structure and Terms of Reference are in place to support any Application Steering Committees, as required, including the process for documenting how a decision not to have a Committee was arrived at. (The decision and responsibility for forming and running Application Steering Committees rests with the relevant business areas).</li> <li>Action: Noted and agreed.</li> <li>6.d) Develop a BSS Service Catalogue and promote throughout the organisation.</li> <li>Action: Noted. Refer section 4. Service Catalogue will cover the information technology-related aspects of BSS</li> <li>6.e) Following the release of the digital strategy, ensure the BSS assessments from the Bid System include an assessment of the alignment of the proposal to the digital strategy.</li> <li>Action: Noted and agreed. This will be discussed and agreed with the relevant divisional manager responsible for the bid system.</li> </ul>	6a.)-c.) Team Leader, Planning and Business Engagement Services  6d.) Team Leader Service Desk 6.e) Manager Business Systems and Solutions	30/6/2018 30/11/2018 28/02/2019	30/11/2018 30/05/2019 31/12/2019 30/06/2020 28/02/2019 30/09/2019 30/09/2019 30/09/2019 30/06/2020	23/03/2019 – 6 (a): A process has been initiated to identify time spent by key resources with BS&S to understand what initiatives are being worked on and to align them with organisational projects and initiative 1/7/2019 – 6.a): We have a better understanding of what key staff are focuses on and are now looking at which toolset would be best to share and manage this information.  1/7/2019 – 6.e): Proposing to change application steering committees, replacing with technology subcommittees under the new governance framework. These will be functional sub committees rather than specific applications  5/11/2019 – 6) All activities delayed due to conflicting priorities. Dates have been rebaselined.  27/03/2019 – 6 (d): Information collated as part of the activity relating to the ownership of applications will be used as the base for the service catalogue. This work will be led by the IT Service Delivery Manager.  5/11/2019 – 6d) — Service Catalogue has not yet been developed due to conflicting priorities. Date has been rebaselined.

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
6.f) Review the success of the Business Engagement Group over time and realign the Terms of Reference, if required.  Action: Noted and agreed. An internal assessment will be performed with the independent assessment performed by the next external audit of the information technology areas of the BSS division.	6f.) Team Leader Planning and Business Engagement	30/6/2018	30/06/2019 28/2/2020	1/7/2019 – The engagement process for the organisation has been implemented since Nov 2018 and will be reviewed in Feb 2020.  5/11/2019 – Review still scheduled for Feb 2020.
7. Greater awareness is required of the ownership of systems and roles and responsibilities for applications 7.a) Ensure the business sponsor is consulted and in agreement of the application support model, with the development of a Responsibility Matrix for each major application, and the roles and responsibilities of all parties are understood and agreed to. Action: Noted. This process will be done for all major corporate applications. Follow the example of management and support structure for Empower. 7.b) Ensure there is clear ownership of applications. Action: Refer comments for 7.a).	7a.)-b.) Team Leader Information Technology Services	28/2/2019 28/2/2019	31/05/2019 30/09/2019 30/03/2020 31/05/2019 30/09/2019 30/03/2020	23/03/2019 – 7 (a) and 9b): BS&S has coordinated a process that has engaged with all divisional managers to identify the functional owners of business systems and solutions. The outcome of this work will be presented to the Executive in May 2019.  1/7/2019 – 7 (a) and 9b): BS&S has coordinated a process that has engaged with all divisional managers to identify the functional owners of business systems and solutions. The outcome of this work will be presented to the Executive in August 2019.  5/11/2019 – There is now clear understanding within the organisatio around functional owners. This will be presented to Executive once other priorities have been completed.

Audit: Business Systems and Solutions					
Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments	
<ol> <li>Continued alignment of the Digital Strategy to the Business Strategy is required</li> <li>a) Ensure that the Digital Strategy is able to achieve the City of Salisbury's City Plan 2030 overarching strategy and vision. Action: Noted and agreed. Action to be passed on to the digital strategy working group.</li> <li>b) Ensure that the Application Owners and members of the Applications Steering Committees continue to be involved in the development of the Digital Strategy.         Action: Noted and agreed.     </li> <li>c) Ensure the IT strategy contains roadmaps and an execution plan for each system within the City of Salisbury portfolio.         Action: Noted and agreed. Information to be included in updated ICT Strategy.     </li> <li>d) Consider changing the title of the IT strategy to an "Digital"</li> </ol>		Target Date 30/11/2018	30/03/2019 28/06/2019 30/11/2019 30/06/2020	27/03/2018 - Community engagement relating to the draft digital strategy is scheduled for May 2019, with a report to the Executive on the proposed digital strategy scheduled for June 2019.  27/03/2019 - The IT Implementation plan will be developed in parallel with the digital strategy and presented to the Executive in June 2019.  1/7/2019 - Community engagement relating to the draft digital strategy is	
Execution Plan" or similar to reflect the outcome of the document being to define a program of work to deliver the Digital Strategy. This will assist in the measurement of goals and objectives of the strategies;  *Action: Noted and agreed. Broader than responsibility of IT function within BSS.  and  8.e) Define a program of work to deliver the Digital Strategy.  *Action: Noted and agreed. Broader than responsibility of IT function within BSS.				scheduled for Sept 2019, with a report to the Executive on the proposed digital strategy scheduled for Oct 2019. The TT Implementation plan will be developed in parallel with the digital strategy and presented to the Executive in Oct 2019.  5/11/2019 - Community engagement work continues, the working group determined significant changes were required to community survey which has produced significant delays.	

Opportunity for Improvement	Responsible Officer	Target Date	Revised Date	Comments
10. A formal change framework is required				
10.a) Implement a formal CAB – recommendation to be raised with the Change Management Group.	10.a)c) IT Service Delivery Manager	30/11/2018	30/09/2019	1/7/2019 10.a): Work has begun on this with the development of a peer review process prior to change implementation. Still on track for target date.  5/11/2019 10.a and b) – CAB proces
Action: Noted. This recommendation will be raised with the Change Management Group.				
10.b) Document the CAB processes – Subject to the outcome of 10a.				
Action: Noted. Subject to the outcome of 10.a)				implemented, documented and
10.c) Provide awareness to the relevant business areas of the CAB processes and how the business outcomes are met – Subject to the outcome of 10a.				operational.  COMPLETE
Action: Noted. Subject to the outcome of 10.a)				5/11/2019 10.c - Communication of
				CAB process commenced but not yet
				complete. This will be finalised in monthly engagement meetings for December 2019.

**ITEM** 4.2.6

AUDIT COMMITTEE

**DATE** 12 November 2019

**HEADING** Update on Internal Audit Plan

**AUTHOR** Robert Constance, Audit & Risk Coordinator, CEO and

Governance

**CITY PLAN LINKS** 4.2 Develop strong capability and commitment to continually

improve Council's performance.

4.3 Have robust processes that support consistent service delivery

and informed decision making.

**SUMMARY** The purpose of this report is to inform the Audit Committee of the

Internal Audit Plan, and to highlight any changes made to it since it

was last presented to the Audit Committee in February 2019.

### RECOMMENDATION

1. That the updates made to the 2018 - 2022 Internal Audit Plan as set out in Attachment 1 to this report be endorsed and forwarded to Council for adoption.

## **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

- 1. Strategic Risk Register
- 2. Internal Audit Plan 2018 2022

### 1. BACKGROUND

- 1.1 Attachment 2 to this report details the internal audit work to be undertaken for the period commencing 1 January 2018 up to, and including, 31 December 2022. The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted in order to provide assurance on the risks identified in the Strategic Risk Register. Therefore, each of the audits outlined in the Internal Audit Plan is cross referenced to the relevant risk in the Strategic Risk Register on which it provides assurance. The Strategic Risk Register is provided as Attachment 2.
- 1.2 The version of the Strategic Risk Register (Attachment 1) is dated March 2019 as a review of the Strategic Risk Register is currently being undertaken by the Governance and CEO division in consultation with the Executive team. A workshop was held with Executive on the 2<sup>nd</sup> October 2019, the review is to be complete for submission to the Audit Committee at the February 2020 Audit Committee meeting.
- 1.3 This report provides progress updates to the Internal Audit Plan since it was last presented to the Audit Committee in July 2019.

### 2. REPORT

## 2.1 The Internal Audit Plan Update

- 2.1.1 Financial Sustainability Galpins Accountants, Auditors & Business Consultants have completed the audit. Galpin partner Tim Muhlhausler will be in attendance to talk to the audit and field any questions. Management report is shown within Attachment 1 of Financial Sustainability Audit Final Report.
- 2.1.2 Contract Management Galpin Accountants, Auditors & Business Consultants were successful with the tender for this audit program. Audit kick off meeting has been undertaken in conjunction with the provision of documentation relevant to the program. Galpins onsite visitation has been held. Report is pending and will be presented to the February 2020 Audit Committee meeting.
- 2.1.3 Asset Management Galpin Accountants, Auditors & Business Consultants were successful with the tender for this audit program. The audit commencement meeting and on site interviews with key staff has been undertaken in conjunction with the provision of documentation relevant to the program. Galpins onsite visitation has been held. Report is pending and will be presented to the February 2020 Audit Committee meeting.
- 2.1.4 Contaminated Sites Tenders have closed and the process for selection of a successful tenderer is near completion.
- 2.1.5 Strategic Reporting This audit program has commenced and is being undertaken internally by Audit & Risk Coordinator Rob Constance. Our aim is for a report to be presented to the February 2020 Audit Committee meeting.
- 2.1.6 Legislative Compliance This audit program has commenced and is being undertaken internally by Audit & Risk Coordinator Rob Constance. Our aim is for a report to be presented to the February 2020 Audit Committee meeting.
- 2.1.7 Data Governance The level of change in information and data management that is currently in implementation has meant that this audit program is best positioned to be undertaken during the first half of 2020 post the divisional re-structuring.
- 2.1.8 Incident Management This audit program is to be postponed to the first half of 2020 given the current divisional restructure, implementation of the new booking system for community spaces, pending release of new Event Guidelines and Policy and newly created Site Emergency Plans for the Hub.
- 2.1.9 Food Safety Given the deferrals of Data Governance and Incident Management this audit has been brought forward. Audit Scope has been approved by Management. Request for Quote document has been drafted for Audit to be undertaken in February 2020.

2.1.10 Capital Works Project – Preliminary Works and Scope document is being prepared.

## 3. CONCLUSION / PROPOSAL

- 3.1 This report outlines the progress made towards the completion of the Internal Audit Plan since it was last presented to the Audit Committee in July 2019.
- 3.2 This report seeks Audit Committee endorsement of the proposed 2018 2022 Audit Plan.

## **CO-ORDINATION**

Officer:

Date:

1 Event Description:	Inadequate response to a business continuity or eme	ergency event		
City Plan link: Enabling Excelle	nce, The Liveable City			
	ollity to support essential, critical business activities ar over from a disaster (e.g. fire, flood, explosion, earthq		ources is impacted	as a result of failure to
Responsible Managers: CEO, Relations, Manager People and	All General Managers, Manager Governance, Manag Culture	er Business Systems and Solutions,	Manager Commun	ications & Customer
Contributory Factors ("root" o	auses / how and why the event arises):	Impacts (risks):		
<ul> <li>continuity or emergency ever</li> <li>Lack of communication/training</li> <li>continuity and emergency ever</li> </ul>	ng for relevant staff required to respond to business ents	Service delivery to community severely compromised (loss of confidence)     Political/Public reputational damage     Loss of morale and resources and compromised regulatory decisions		
<ul> <li>Information to facilitate action insufficient or not available</li> </ul>	during business continuity or emergency events is			
Likelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High		
Existing Controls/Mitigating P	ractices (the number following each control is the	overall control effectiveness ratin	g, see Table 5 for	further details):
Business Continuity Framework	ork, 4	Business Continuity designed into	o new Community	Hub, 4
<ul> <li>Business Continuity Plans, 4</li> </ul>		IT Disaster Recovery Plan in place, 2		
	s and walkthroughs (alternating annually), 4	Emergency Management procedures in place, 4		
<ul> <li>Incident Management Team</li> </ul>	identified and trained, 4	<ul> <li>Zone Emergency Management (</li> </ul>	Committees – North	ern Area, 5
<ul> <li>Systems and processes to su information reports), 5</li> </ul>	opport response to BC event (e.g. staff contact	LG Council Ready Program, 4		
Likelihood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual R practicable? No	tisk as low as reasonably
Treatment Plan:		Responsibility:		Target Completion Date:
	ctions for the finding in the Business Systems and ing of the Disaster Recovery plans.	Manager Business Systems & Solutions 3		30 April 2019
Comprehensive review of CoS Business Continuity corporate documentation including identification of the roles which have the ability to operate remotely and locations where staff can operate from in a loss of building scenario		Manager Governance		30 June 2019
Determine the manner in which the Business Continuity corporate documentation		Manager Governance 3		30 June 2019
will be stored and continually up				

The Sustainable C			
The Sustainable C	lity		
			spond to contamination of the Salisbury
		Salisbury Water, Manager Technical Service	es, Manager Field Services, Manager
actors ("root" ca	uses / how and why the event arises):	Impacts (risks):	
pond appropriately	y in the event of contamination	Financial cost of replacing supply with SA Water and clean-up costs  Legal cost of failure to deliver a water supply in line with contract  Political/Public reputational damage	<ul> <li>Regulatory censure</li> <li>Revenue reduction</li> <li>Brand Impact</li> <li>Health risk to staff</li> <li>Health risk to community</li> </ul>
ssible (	Consequence: Catastrophic	Inherent Risk Rating: High	
֡֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜֜	non-drinking water anagers: GM Bus s and Customer R actors ("root" ca nonitoring plans ar pond appropriatel could hamper clea	non-drinking water distributed to parks, reserves, schools, industry an anagers: GM Business Excellence, GM City Infrastructure, Managers and Customer Relations actors ("root" causes / how and why the event arises): nonitoring plans and sample testing pond appropriately in the event of contamination could hamper clean-up operations or contribute to a contamination	actors ("root" causes / how and why the event arises): nonitoring plans and sample testing pond appropriately in the event of contamination could hamper clean-up operations or contribute to a contamination  Legal cost of failure to deliver a water supply in line with contract  Political/Public reputational damage

#### Existing Controls/Mitigating Practices (the number following each control is the overall control effectiveness rating, see Table 5 for further details):

- . Salisbury Water Business Unit Recycled Water Risk-Based Management Plan including sample testing before water injections are commenced, 4 includes:
  - Salisbury Water Business Unit monitoring plan and monitoring matrix. All water sampling is carried out by National Association of Testing Authorities (NATA) accredited staff. Laboratories performing the testing are NATA accredited.
  - Supervisory Control and Data Acquisition system in place to detect faults and alert CoS staff. 24/7 remote access availability by laptop by CoS staff.
- Supply contracts to customers contain Force Majeure clauses which limit liability to Council in the event that water cannot be supplied, 5
- Rapid Response Team and Call Out Officers through City Infrastructure (Council staff) in place to manage events that may lead to contamination of recycled water system (e.g. chemical spill) (24/7 support including after hours), 4
- Employee Media Policy and Procedure and Elected Member Media Policy, 4
- Implementation of the Water Course Management Plan including the renewal of Watlands and desilting/removal of pollutants in waterways as required, 4
- · Review of Risk Based Management Plan every five years, 4

Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Residual Risk Rating: High Is the Residual Risk as low as repracticable? Yes	
Treatment Plan:		Responsibility:	Responsibility:	
Conduct the five year review of the Risk Based Management Plan		Manager Salisbury Water		Complete

2

3 Event Description:	Lack of management of public and environmental h	ealth risks		
City Plan link: The Liveable Cit	у			
	ences illness or injury due to a failure to deliver publ at management, by-law enforcement and parking co		y outcomes for the	community (includes food
Responsible Managers: GM C	ity Development, Manager Environmental Health an	d Safety		
Contributory Factors ("root" o	auses / how and why the event arises):	Impacts (risks):		
<ul> <li>Inadequate management, mo</li> </ul>	onitoring or testing	Legal cost of failure to prevent a	health and safety in	ncident
· Fallure to respond appropriat	ely in the event of an incident	Political/Public reputational dam	age	
		Regulatory censure		
		Health risk to staff		
Health risk to the community				
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High		
Existing Controls/Mitigating P	ractices (the number following each control is th	e overall control effectiveness ratio	ng, see Table 5 for	further details):
Public Health Policies and Pro	ocedures, 4	• Food Act administration, 4		
<ul> <li>Immunisation Services, 5</li> </ul>		Employee Media Policy and Pro	cedure and Elected	Member Media Policy, 4
Animal Management Plan, 5		SA Public Health Act enforceme	nt, 5	
<ul> <li>Regional Health Plan, 5</li> </ul>		Dog and Cat Management Act e	nforcement, 5	
<ul> <li>General Inspections, 5</li> </ul>		Infrastructure maintenance activities, 5		
Dog Patrols, 5		Mosquito Control Program, 4		
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual R practicable? Yes	isk as low as reasonably
Treatment Plan:		Responsibility:		Target Completion Date:
Completion of agreed actions ar audit	ising out of the Public and Environmental Health	Manager Environmental Health & S	Safety	Complete

4	Event Description:	Inadequate response to a major incident at a Council	I run community event, that affects p	ublic and staff safet	у
City P	lan link: The Liveable City	y, Enabling Excellence			
Descri		negative impacts to CoS' brand and image, legal and r incident at a Council run community event.*	cost implications, and public & staff s	safety as a result of	failure to prepare for and
Respo		City Development, GM City Infrastructure, GM Commager Field Services, Manager Property & Buildings, M		cellence, Manager	Development Services,
Contri	butory Factors ("root" c	auses / how and why the event arises):	Impacts (risks):		
• Inac	dequate procedures and p	lans in place to prevent incidents	Financial cost of clean-up		
• Fall	ure to respond appropriate	ely in the event of an incident	Legal cost of failure to prevent a	health and safety in	ncident
• Lac	k of asset management a	nd maintenance	Political/Public reputational dam	age	
		formed by CoS in order to identify relevant risks	Regulatory censure		
		nd delivery of community events (internally and	Loss of staff		
<ul> <li>externally organised)</li> <li>Increased expectations regarding the assistance provided in the delivery of events by CoS or by external agencies</li> </ul>			Injury to public		
	nood: Likely	Consequence: Catastrophic	Inherent Risk Rating: Very High		
		ractices (the number following each control is the	6	ıg, see Table 5 for	further details):
	ding Control and Inspection	•	Asset management plans, 4		
	cuation procedures and te		Business Continuity Framework, 4		
	ding safety systems – e.g iction process, 4	. exit signs, fire extinguishers, wardens etc.,	BCP test/walk through, 4		
	*	ed into planning and delivery of the new Salisbury	Zone Emergency Management Committee – Northern Area, 5		
	Centre Community Hub,		Event Management Plans, 4		
• Cou	incil grants permits for boo	oking Council assets, 4	Event Management Guidelines, 4		
• Risl	c assessments performed	for community events, 4	Decision made by Council regarding CoS events calendar and resourcing, 4		
		-	Project plan / checklist for each of	r	
Likelih	nood: Possible	Consequence: Catastrophic	Residual Risk Rating: High	Is the Residual R practicable? No	tisk as low as reasonably
Treatn	nent Plan:		Responsibility:		Target Completion Date:
	g for staff and community entation.	on risk identification and due diligence assessment	GM Community Development / Mar Planning and Vitality	nager Community	30 June 2019

4

GM Community Development / Manager Community Planning and Vitality	31 May 2019
GM Community Development / Manager Community Planning and Vitality	Ongoing
GM Community Development / Manager Community Planning and Vitality GM City Infrastructure / Manager Property and Buildings	7 June 2019
GM Community Development / Manager Community Planning and Vitality	30 June 2019
GM Community Development / Manager Community Planning and Vitality	30 June 2019
GM Community Development / Manager Community Planning and Vitality	30 June 2019
	Planning and Vitality GM Community Development / Manager Community Planning and Vitality GM Community Development / Manager Community Planning and Vitality GM City Infrastructure / Manager Property and Buildings GM Community Development / Manager Community Planning and Vitality GM Community Development / Manager Community Planning and Vitality GM Community Development / Manager Community

<sup>\*</sup>It has been recognised that the risk relating to an incident occurring at an event sponsored or partnered by Council is still relevant however need not be recorded on the Strategic Risk Register

5 Event De	escription:	Failure to manage the impact of environmental and social factors on C	Council infrastructure, ass	ets and services	
City Plan link: Th	ne Sustaînable (	City, The Liveable City			
ple		ect on Council assets and infrastructure caused by environmental facto mental effect on Council assets and infrastructure caused by social fac- anning.			
Responsible Mai		City Development, GM City Infrastructure, GM Community Developmer structure Management, Manager Field Services, Manager Communica			
<ul><li>Inadequate une</li><li>Failure to cons</li></ul>	derstanding and ider environmer	uses / how and why the event arises): planning for factors impacting the environment stal consequences when planning and designing infrastructure and & Probable Maximum Flood modelling in place at individual house	weather related even	nts	quences of frequent freak aintenance and replacement
Inadequate one in 100 year flood & Probable Maximum Flood modelling in place at Individual house level, using digital terrain modelling     Inadequate infrastructure within the City to manage stormwater and sea level rises due to storm events			Long term impact on infrastructure, its maintenance and replacemen     Organisational plans and strategies are no longer valued or desired the community     Failure to adapt to a changing external environment resulting in som services becoming irrelevant and others insufficient     Coastal inundation and impact on biodiversity		
Inadequate understanding of and planning for the impact of climate change on City infrastructure and assets     Failure to monitor and forecast demographic changes in the City and adjust objectives and plans accordingly					
Failure to main	tain a social inf	falls to anticipate the financial impact of demographic changes rastructure plan for the existing and future assets			
Likelihood: Like	ly	Consequence: Major	Inherent Risk Rating:	High	
<ul> <li>Early warning s</li> <li>Regular monito</li> <li>Extreme Heat s</li> <li>One in 100 year</li> </ul>	system of text a pring of risk site response proce ar flood and Pro se level, using d egic Plans/Busi	· ·	Undergrowth manage     Asset Management I     Adapting Northern A     Emergency Manager     Zone Emergency Ma     Grant funding applicate     Home Care Common	ement procedures, infrastructure audits delaide Plan, 4 ment Plan, 4 inagement Committ ations process and in Standards – Open feilbeing Strategy &	5 , 5 ee – Northern Area, 5 reviews, 5 ating Manual, 5 Intracultural Strategy, 4
<ul> <li>Bushfire Mana</li> <li>Watercourse N</li> <li>Asset Manage</li> <li>Growth Manage</li> </ul>	ment Policy and	• •	Planning controls, 4     Strategic Land Revie	1	
Watercourse M     Asset Manager	ment Policy and ement Plan, 5	• •		1	tisk as low as reasonably

Update flood mapping periodically and communicate as necessary Updated flood modelling and mapping with risk indicators, and preparation of Community Engagement Strategy completed.	Manager Infrastructure Management / Manager Communications & Customer Relations	Ongoing
Other strategies relating to Governance and Executive management responsibilities; floodplain mapping, management and risk mitigation; policy and planning; and provision of information have been initiated or are ongoing (refer Flood Planning Discussion Paper and Update of Council's Flood Management Strategy – Works and Services Committee 16/4/2018)		
Incorporate flood mapping into the development planning process (this treatment plan is dependent upon the development and communication of the updated flood mapping)	Manager Economic Development & Urban Policy	31 July 2020
Updating and implementation of the Social Infrastructure Plan for the City which includes the:	GM Community Development	
Future Directions for Community Hubs;		Complete
Future Directions for Indoor Facilities;		Complete
Place Activation Plan; and		31 May 2019
Future Direction for Libraries and Community Centres		Complete

on atogro than register					12.15 11.6.7.1
6 Event Description:	City of Sa	ilisbury financial sustainability is compromised			
City Plan link: Enabling Excel	lence				
		standards and invest in assets and infrastructu sk of CoS failing to appropriately manage cost		n CoS operating surp	olus due to factors such as rate
Responsible Managers: G	M Business E	Excellence, GM City Infrastructure, GM City De	evelopment		
Contributory Factors ("root"	causes / ho	w and why the event arises):		Impacts (ri	sks):
<ul> <li>Reduction in grant funding</li> <li>Inadequate revenue and a fundament of maximise revenue from all structures</li> <li>Umplanned spending</li> <li>Inadequate valuation of assinaccurate depreciation</li> <li>Inadequate planning for information of upgrades</li> <li>Introduction of draft legislating rate capping</li> </ul>	ets or astructure	Changes to legislation/obligations imposed by other levels of government Potential new revenue streams are not fully investigated Inadequate economic development Changes to roles and responsibilities assigned to City of Salisbury by federal or state government Short term revenue is maximised at the expense of longer term revenue	Unknown consequences of new infrastructure provision from other levels of government or private se investment     Failure to encourage investment in City     Council business and service delivered community needs and expectation increased expectations of the community in relation to the bread services and standards delivered CoS	unsustai City reve increasi methods Revenue is not in benefit c Financia rates rev doubtful	enue has to be raised ngly through more traditional s (rate rises) e from the sale of assets (land) vested for the longer term of the community al cost associated with falling venue or increasing bad or
Likelihood: Likely	Consequ	uence: Major	Inherent Risk Rating: High		
Existing Controls/Mitigating  Long term financial planning Asset Management Plans, Quarterly Budget Review, 5 Annual Plan and Annual Re Elected Member Briefings, Prudential Reviews, 5 Regular reviews of rating sy Grant Management Process Budget & Finance Committee	port (reviewe 5 stem fairness 5, 3		Diversification of income (e.g. Wa and Building Rules Certification U     Program Review, 4     Budget Policies and Procedures, 8     Business Case Modelling, 4     Growth Action Plan, 4     Business Support Agenda, 4  Project Management Methodology	ter Business Unit, S nit, NAWMA, Salisb 5	trategic Property Development ury Memorial Park), 4
Likelihood: Possible	Consequ	uence: Major	Residual Risk Rating: High	Is the Residual R practicable? Yes	isk as low as reasonably
Treatment Plan:			Responsibility:		Target Completion Date:
Completion of Asset Management Plans to "Mature Status", including function and capacity matrices to inform the LTFP and Sustainability Index		Manager Infrastructure Management 30 June 2019		30 June 2019	
		ojectives - Road to Excellence	GM Business Excellence, Manager \$ Procurement	Strategic	31 October 2019
Assess the impact of NDIS/Ho response strategy	me Communi	ty Support funding changes and develop	GM Community Development		31 December 2019
Review Grant Management Pr	ocess		GM Business Excellence		30 June 2019

8

Undertake Independent assessment of financial sustainability	Manager Governance	30 September 2019
Project Management Improvement Project - Reviewing the link between the budget bid	GM City Infrastructure and GM Business Excellence	31 December 2019
project brief and Project Management Methodology		

	ance frameworks, systems and business processes		on making.		
	Sustainable City, The Liveable City, Enabling Excelle				
	delivered due to inadequate monitoring and measuri	ng of initiatives, poor planning, lack of	resources, and I	ack of consultation.	
Responsible Managers: CEO, All Genera	il Managers				
Contributory Factors ("root" causes / he	,	Impacts (risks):			
Inadequate performance measures white are not linked to objectives or strategies. Failure to monitor organisational performance against stakeholder expectations and to take action when necessary to correct it. Failure to deliver what is expected by the local community due to a lack of alignmon of strategic plans. Limited meaningful corporate performant indicators in place. Inconsistent reporting and data collection corporate performance indicators. Processes and systems fail to address customer needs. Unforeseen failure of infrastructure. Intense period of organisational change transformation.	workforce plans, training and development, technology, systems etc.) Failure to engage with all stakeholders in developing the City Plan Customer service is neither monitored or managed Senior management and Elected Members fail to fully and appropriately demonstrate desired organisational values Actual organisational structure, vision, values, norms, systems, symbols, language, beliefs and habits are inconsistent with those desired. Insufficient prioritisation of projects and	Organisational performance is not managed     Organisational plans and strategie     Organisational resources are not u     Organisational plans and strategie     Organisational plans and strategie     Organisational plans and strategie with the organisational values     Lack of customer / community eng     Lack of employee engagement and     Poor customer service     Council lacks a coherent direction     Fallure to meet legislative obligation     Not meeting community needs     Political/Public reputational damage     Poor organisational performance     Negative impact on staff health and	s are not achieved are not valued are not valued are not deliver agement decommitment to	red I or desired by the community red in a way that is consistent	
Likelihood: Possible	Consequence: Major	Inherent Risk Rating: High			
	the number following each control is the overall			*	
Budget Process, 5     Annual Plan and Annual Report     (Reviewed by Audit Committee), 5     City Plan – reviewed and approved by elected members, 5     Customer Service Framework, 4     Monthly Strategic Executive Group meetings, 4     New Initiative Bid documentation alignment to City Plan, 4      Strategic Planning and Accountability, 4     Community Engagement Framework, 4     Review of City Plan every 4 years, 5     Project Management Methodology, 3     Bi-annual customer satisfaction survey, 4     Business case development for aged care schemes, 4     Hub Project Governance Framework, 4     Hub Readiness Project, 4     Change Management agenda, 4		<ul> <li>Program Reviews, 4</li> <li>CEO Review, 4</li> <li>Performance and Development Plans (PDP's), 4</li> <li>Governance Framework and Statement, 5</li> <li>Delivery of IT support through BSS division, 4</li> <li>OCI/ABEF survey process, 4</li> <li>Strategic Project Reporting, 4</li> <li>Skilled and experienced staff, 4</li> <li>Contract Management, 4</li> <li>Infrastructure Maintenance Activities, 5</li> <li>Succession Planning, 4</li> <li>LG Performance Excellence Program benchmarking activity, 4,</li> </ul>		roject Reporting, 4 experienced staff, 4 enagement, 4 re Maintenance Activities, 5 Planning, 4 ance Excellence Program ing activity, 4,	
Likelihood: Unlikely	Consequence: Major	Residual Risk Rating: Medium	Is the Residua practicable? I	al Risk as low as reasonably No	
Treatment Plan:		Responsibility:		Target Completion Date:	
OCI/LSI Action Plans	OCI/LSI Action Plans All GMs and Divisional Managers Ongoing				

10

Review of staff recognition framework	Manager People and Culture	31 December 2019
Complete Implementation of the Change Management Framework and Program	Manager People and Culture	31 December 2020
Completion of relevant agreed actions arising out of the Business Systems and Solutions audit	Manager, Business Systems and Solutions	Various
Project Management Improvement Program	GM City Infrastructure and GM Business Excellence	31 December 2019
Delivery of relevant links to the Smart Salisbury Steering Group framework	GM Business Excellence	TBC

8 Event Description:	Organisation suffers detriment as a result of fraud, misc	conduct or maladministration						
City Plan link: Enabling Exceller	nce							
Description: Financial loss and	reputational damage sustained due to fraud, misconduct	or maladministration						
	siness Excellence, Manager Financial Services, Manage mmunity Development, GM City Development	r Contract & Procurement Services, M	anager Governance,	CEO, GM City Infrastructure,				
Contributory Factors ("root" ca	auses / how and why the event arises):	Impacts (risks):						
	ontrols preventing or detecting fraud, misconduct and	An individual either inside or outsi	de Council defrauds	the organisation				
maladministration  • Leadership fails to demonstrate	te, reinforce and address non ethical behaviours and	<ul> <li>An employee, contractor, voluntee knowledge inappropriately for fina</li> </ul>	er or elected member ncial gain	uses their position or				
conduct		Regulatory censure including an C	OPI / ICAC investigat	ion				
	ducted on suppliers to the City of Salisbury	Organisational reputation is dama	ged through the failu	re to prevent fraud				
<ul> <li>Decision making processes th</li> </ul>	• • • • • • • • • • • • • • • • • • • •	Ombudsman investigation results	In negative findings t	for City of Salisbury				
<ul> <li>Failure to clearly articulate the fraud, misconduct and maladr</li> </ul>	employee expected behaviour and conduct related to ninistration	Political/Public reputational damage	je					
Likelihood: Likely	Consequence: Major	Inherent Risk Rating: High						
	actices (the number following each control is the iting, see Table 5 for further details):							
Employee Conduct for Council	Employees, 5	Financial Internal Controls Framework, 5						
<ul> <li>Code of Conduct for Elected M</li> </ul>	Members, 4	Staff training, leadership program and induction processes, 4						
<ul> <li>Fraud and Corruption Prevent</li> </ul>	ion Strategy, 5	Employee Conduct Awareness Training (Annual), 4						
<ul> <li>Gifts and Benefits Policy and I</li> </ul>	Register, 5	Recruitment processes including employee sign off on Employee Conduct Policy, 4						
	dures (including Financial Delegations, Corporate	Online Accounts Payable processes, 4						
Purchase Card Guidelines, Pu		Employee investigation processes, 5						
	nual Assessments and Reviews (in Control Track), 5	Completion by leaders of New Employee or Staff Movement System Access						
Quality Assurance processes,		Authorisation Form when new starters commence or staff move within CoS, 4						
Policy for Assessment of Cour	nai Development, 5	Segregation of access within busing	ness systems, 4					
-			le the Besideral Bi	sk as low as sageanable				
Likelihood: Possible	Consequence: Moderate	Residual Risk Rating: High Is the Residual Risk as low as reasonably practicable? Yes						
Treatment Plan:		Responsibility:	Target Completion Date:					
Develop a consistent , usable risk management at the CoS	k management framework to encourage and inform risk	Manager Governance Ongoing						
Implement updated version of Co	ontrol Track	Manager Governance 30 June 2019						

included	nteers experience illness or injury on the Strategic Risk Register di siness Excellence, Manager Peo	r. Fallure to meet WHS obligations which result in an unsafue to the seriousness with which CoS takes its obligations	e workplace. CoS					
included Responsible Managers: GM Bu	on the Strategic Risk Register di siness Excellence, Manager Peo		e workplace, CoS					
		the state of the s						
	Members	ple and Culture, CEO, GM City Infrastructure, GM Commu	nity Developmen	, GM City Development,				
Contributory Factors ("root" ca event arises):	auses / how and why the	Impacts (risks):						
<ul> <li>Inadequate controls in place to</li> </ul>	prevent incidents occurring	<ul> <li>An employee, contractor, volunteer or elected member</li> </ul>		sequences for senior				
<ul> <li>Insufficient reporting of incider</li> </ul>	nts and near misses	injured or dies as a result of a preventable incident or accident		nent should policies and es be determined as				
<ul> <li>Safe work practices not document</li> </ul>	nented or communicated to	and the state of t	Production of the second	te by SafeWork SA.				
employees		<ul> <li>Potential financial consequences for the City of an incident affecting a member of staff including;</li> </ul>		tional reputation is damaged				
<ul> <li>Inadequate induction, training</li> </ul>	·	medical/rehabilitation expenses, injury compensation	through t	he failure to prevent an				
<ul> <li>Inadequate hazard management</li> </ul>	*	claim, legal expenses, fines		or injury occurring at work				
<ul> <li>Organisational safety attitude of importance of following WHS;</li> </ul>		<ul> <li>Regulatory censure including a SafeWork SA Prohibition Notice, Improvement Notice or prosecution/conviction</li> </ul>	losing self-insured status and lack of financial sustainabilit					
.ikelihood: Almost Certain	Consequence: Catastrophic	Inherent Risk Rating: Very High						
existing Controls/Mitigating Pr	actices (the number following	each control is the overall control effectiveness rating,	see Table 5 for	further details):				
<ul> <li>WHS training and e-learning (r</li> </ul>		Hazard and incident reporting and investigation procedures, 4						
employees on commencemen routinely), 5	t of employment and thereafter	Members of the Local Government Workers Compensation Scheme, requiring annual external audits, 5						
<ul> <li>Licensing qualifications checks</li> </ul>	s, 5	Work Health Safety representative team, 5						
<ul> <li>Training in WHS Procedures,</li> </ul>	3	Support from LG Sector/other councils/private sector or	rganisations with	development/implementation				
<ul> <li>WHS IM Business Plan, 5</li> </ul>		of WHS policies/procedures (including benchmarking p	artners), 5	•				
<ul> <li>WHS Reviews, 4</li> </ul>		Contractual arrangements with external providers to assist compliance with WHS obligations, 4						
<ul> <li>Principal WHS Committee, 5</li> </ul>		Quarterly Executive Report highlighting trends, outstanding actions and high risk rating incidents or						
<ul> <li>City Infrastructure WHS Comm</li> </ul>	nittee, 5	hazards, 4						
<ul> <li>JSA, work instructions and pla</li> </ul>	nt risk assessments, 4							
<ul> <li>Code of Conduct, 4</li> </ul>								
ikelihood: Possible	Consequence: Catastrophic		s the Residual R tracticable? No	al Risk as low as reasonably No				
Freatment Plan:		Responsibility:		Target Completion Date:				

Completion of WHS and IM Business Plan Programs Includes: Program 1: Commitment & Policy - involves the review of 12 WHS policies and procedures between October 2018 and September 2019	,	30 September 2019
Program 3: Implementation (Hazard Management) – involve completion of hazard mapping, development of Safe Work Method Statements and Work Instructions, development of common 'critical' hazards, staff training in Skytrust, conduct risk assessments and review of Work Site Risk Assessment process used by City Infrastructure. Completion dates range from 22/12/2018 to 20/12/2019		20 December 2019
Program 4: Implementation (WHS Training) – involves development of training/induction modules, consultation with City Infrastructure to review current assessments, and completion of actions related to operator verification of competence. Completion dates range from 30/11/2018 to 30/11/2019		30 November 2019

10 Event Description:	Lack of alignment and integrity of IT systems to suppor	t business needs						
City Plan link: Enabling Excelle								
Description: Business and com	munity needs are not met due to lack of, ineffective or ou	tdated IT system and business process	es					
Responsible Managers: GM Bi	isiness Excellence, Manager Business Systems and Soli	utions						
Contributory Factors ("root" c	auses / how and why the event arises):	Impacts (risks):						
<ul> <li>Failure to consider all options</li> <li>Organisational change is not</li> </ul>	IT when developing plans, strategies and projects when improving a system or process conducted in a structured and logical manner	<ul> <li>Organisational plans and strategies are not achieved due to a lack of IT support or infrastructure</li> <li>Council operations pause resulting in financial loss</li> </ul>						
systems	of individuals responsible for the delivery of business	Failure to adapt to a changing exterior that the framework of the second s		es				
incident occurs	s to systems to inform response strategies when a cybersecurity	Poor service delivery     Political/Public reputational damag     Costs of litigation and restoration of	•					
Lack of communication/training	curity threats to organisational assets g for all staff regarding information security during a cybersecurity incident is not available							
Likelihood: Almost Certain	Consequence: Major	Inherent Risk Rating: Very High						
Existing Controls/Mitigating P  IT Governance Framework, 3  Programmed testing of system Information Security Policies Continuous Improvement Fra	ns for security and reliability, 4 and Procedures, 4	IT Disaster Recovery Plan, 2     Business Continuity Plans, 4     Incident Management Team identi     Building security and access contr     User access system controls, 4     Patch management and software is     Cyber Security Risk Assessment,	fied and trained, 4 ols, 4 maintenance proced	,				
Likelihood: Possible	Consequence: Major	Residual Risk Rating: High	Is the Residual Ri practicable? No	sk as low as reasonably				
Treatment Plan:		Responsibility:		Target Completion Date:				
Delivery of IS Strategy 2014-17	and the projects that are a part of it	Manager Business Systems and Solu	30 June 2019					
Develop digital strategy to enhar	ce engagement with community and customer service	Manager Business Systems and Solu	30 June 2019					
Delivery of the IT component of	he Community Hub	Manager Business Systems and Solutions 30 August 2019						
Delivery of relevant aspects of the	e Smart Salisbury governance structure	Manager Business Systems and Solutions 30 June 2019						

Table 1 - Consequence Ratings

	AREA OF IMPACT						
RATING	Environment/ Political/ Community	Reputation	Finance	Legal/ Regulatory	Injury/Operational Management	Service Interruption	
1 Insignificant	Nii	Nil	Less than \$20,000	None	Nii	Minor interruption to service provision capability, e.g. less than 4 hours.	
2 Minor	Minor short-term environment, conservation, political or community issue.	Minor media interest	\$20,000 - \$100,000	Minor legal, regulatory or internal policy failure.	Unexpected/unplanned absence of a staff member.     Potential for minor injury.     First aid treatment required.	Limited disruption to service provision requiring attered operational arrangements for a short period, e.g. up to 1 day	
3 Moderate	Environment, conservation, political or community incident requiring City intervention.	onment, Moderate regulatory or internal policy failure.  Moderate \$100,000 - s500,000 internal policy failure.		regulatory or internal	Unexpected/unplanned absence of a key staff member.     Medical treatment required.	Some disruption to service provision capability requiring altered operational arrangements, e.g. between 1 day and 1 week.	
4 Major	Medium-term issue with major environment, conservation, political or community impact.	High media interest	\$500,000 - \$1 million	Major legal, regulatory or internal policy failure.	Unexpected/unplanned absence of several key staff members from a single area.     Significant injury to staff disabling them/dangerous near miss.	Significant impairment of service provision (capability or period), e.g. between 1 week and 1 month.	
5 Catastrophic	Long-term issue with major environment, conservation, political or community impact.	Public censure or government inquiry	More than \$1 million	Critical legal, regulatory or internal policy failure.	Unexpected/unplanned absence of a significant number of staff, e.g. during a pandemic.     Death / critical injury to staff.	Total loss of service provision capability for extended period, e.g. more than 1 month.	

v2.18 March 2019

## Strategic Risk Register

Table 2 - Likelihood Ratings

RATING	DESCRIPTION						
A – Rare	The event may occur only in exceptional circumstances (i.e. probability of occurrence > 20 years)						
B – Unlikely	B – Unlikely The event could occur at some stage (i.e. probability of occurrence within 10 – 20 years)						
C - Possible	The event might occur at some time (i.e. probability of occurrence within 3 - 5 years)						
D - Likely	The event will probably occur at most times (i.e. probability of occurrence within 2 years)						
E – Almost Certain	The event is expected to occur in most times (i.e. probability of occurrence within 1 year)						

## Table 3 - Risk Matrix

	E Almost Certain	Medium	High	High	Very High	Very Righ
	D Likely	Medium	Medium	High	High	Very High
Likelihood	C Possible	Low	Medium	High	High	Aigh
Likeli	B Unlikely	Low	Low	Medium	Medium	High
	A Rare	Low	Low	Medium	Medium	High
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic

Consequence

#### Table 4 - Residual Risk Descriptors

Very High	<ul> <li>Risk mitigation plans required to immediately reduce current residual risk level (or where unable to reduce rating consider cessation of activity).</li> </ul>
High	<ul> <li>Relevant business area to undertake regular monitoring (e.g. on a quarterly basis) of the effectiveness of current controls and assessment of residual risk required.</li> <li>Consideration may be given to the development and implementation of additional risk mitigation strategies.</li> </ul>
Medium	<ul> <li>Periodic monitoring (e.g. at least annually) of the effectiveness of current controls and assessment of residual risk to ensure rating does not increase over time.</li> </ul>
Low	Consideration given to streamlining of excessive or redundant controls.

#### Table 5 - Control Effectiveness Ratings

Each existing control/mitigating practice is assessed by the relevant General Manager(s) and the CEO each quarter. The rating given in the Strategic Risk Register for each existing control/mitigating practice is an overall average rating based on the rating given by each General Manager and the CEO.

The following defines the meaning of the control effectiveness ratings;

0 n/a or not rated: no rating, not relevant or not implemented.

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

Source: Control Activity Owner Instruction Manual, ControlTrack®

No. | Risk Description

Inherent Residual Rating as low Treatment

Table 6 - Heat Map of the City of Salisbury Strategic Risks

	E						NO.	Mak Description	Risk Rating	Risk Rating	as reasonably practicable	Plan/s
	Almost Certain						1	Inadequate response to a business continuity or emergency event	Very Ingti	High	No	Yes
	D Likely				10		4	Inadequate response to a major incident at a Council run community	Yery High	High	No	Yes
poor	C Possible				2, 3, 5, 6, 8	1, 4, 9	9	event, that affects public and staff safety Failure to ensure a safe working environment	Very High-	High	No	Yes
Likelihood	B Unlikely				5, 7		10	Lack of alignment and integrity of IT systems and business processes for support of business needs	Val	High	No	Yes
	A Rare						2	Contamination of the recycled water systems	High	High	Yes	Yes
		1 Insignificant	2 Minor	3 Moderate	4 Major	5 Catastrophic	3	Lack of management of public and environmental health risks	High	High	Yes	Yes
L			Conse	equence	4		6	City of Salisbury financial sustainability is compromised	High	High	Yes	Yes
							8	Organisation suffers detriment as a result of fraud, misconduct or maladministration	High	High	Yes	Yes
							7	Governance frameworks, systems and processes are inadequate to ensure robust decision making	High	Medium	No	Yes
to the second se							5	Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium	No	Yes

City of Salisbury Internal Audit Plan 2018 - 2021

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Audit Rot	Strangic Fint Mumber	Risk Deacription	inherrati Risk	Revidua) Frisk	People & Callum	<b>10</b>	Community Copiedly & Learning		Business Systems and Souther Business Support	Environmental Health & Safery	Projects	Strategic Development Projects		Communications & Costomer F.	OLITECAL V VARIET	Performance, compliance or risk-based audit7.	20.16	9 8	0.00	- 8	20.70	Areas at focus for the audil
qu	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium										*		Risk-Based	*					Strategic reporting process Assurance on the processes and controls in place, specifically in relation to the City Plan, Business Planning and Annual Planning.
2	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium							-					Risk-Based						Contract Management Assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Salisbury, identifying any areas where outcomes could be improved.
3	2	Inadequate response to contamination of the recycled water systems	High	High			T	*		T					(6)		*					Management of contaminated sites Assurance that the controls in place to prevent and manage contamination incidents/sites are robust.
		Failure to manage the impact of environmental and social factors on Council infrastructure, assets and services	High	Medium												Risk-Based						
4	6	City of Salisbury financial sustainability is compromised	High	High									*			Risk-based	(6)					Financial sustainability Assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping
5	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium	49		-	B)		*			100			Compliance and Risk-Based		*				Legislative compilance Assurance that the policies and processes in place ensure compliance with relevant legislation.
6	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium						*		Ì	Ì	9		Performance		86				Complaint Handling Assurance that processes provide for comprehensive, organisation wide handling of complaints
7	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium	-			0	•				*	*		Wate Books 4		(8)				Data Governance Assurance that City of Salisbury data governance processes ensure adequate protection of information
		Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High												Risk-Based						
8	4	Inadequate response to a major incident at a Council sponsored and/or run community event, that affects public and staff safety	Very High	High	*	(5)	*		*	J.						Risk-Based		*				Incident Management Framework Assurance on the adequacy of the City of Salisbury Incident Management Framework

City of Salisbury Internal Audit Plan 2018 - 2021

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Audit	Stratume Flict	Risk Deacription	(nhiiiiiiii) Risk	forrithma Frisk	Peopu A Callum	Community Polynomy & Vitality	Symmatrity Export ty & Learning	Terfinical Services	Business Systomy and Somition	Bodonia Supp.	Environment III & Salety		Strate to Device to the Trajector	Symmetricallical A.E., Cone P.			d d	0.2		8	ę.	Areas of focus for the audit
9	6	City of Sallsbury financial sustainability is compremised	High	High		Ĭ				*	T	1				Risk-Based		8				Asset Management Review of the proposed processes and system changes in asset management operationalisation.
10	9	Failure to ensure a safe working environment	Very High	High	49							*				Risk-Based & Compliance			*			Work Health Safety WHS Deep Dive to provide assurance that CoS can demonstrate sufficient governance and risk management is established to comply with WHS legislative obligations.
নৰ	10	Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High					(4)							Risk Based						IT Disaster Recovery To provide assurance that in the case of an unforseen event that the governance and risk management in regard to IT Disaster recovery is sufficiently robust to mitigate the potential of data loss.
12	Ģ	City of Salisbury financial sustainability is compromised	High	High	-	0	40 4	9	*	*	<b>*</b>		49 4			Risk Based			9			Post Implementation Review of The Hub The post Hub review is to provide assurance that the full benefits have been realised.
13	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium										Ī		Risk Based			*			Capital Works Projects Assurance on the effectiveness of the processes that are in place to manage risks on capital works projects.
74	6	City of Salsibury financial sustainability is compromised	High	High					100	8		8	8	0		Risk Based						Procurement To provide assurance that the the procurement process has sufficient established governance and risk management to prevent a strain on councils ongoing sustainability.
15		Lack of alignment and integrity of IT Systems and business processes for support of business needs	Very High	High					*	*	1					Risk Based						Cyber Security To provide assurance that governance and risk management is sufficient to miligate the likelihood and impact of a cyber attack incident.
16	7	Governance frameworks, systems and processes are inadequate to ensure robust decision making.	High	Medium	0		499 4				Ì				Ī	Risk Based an Compliance	ed			(8)		Volunteers Audit is to provide assusrance on the established processes in regard to the management of volunteers. (Area of focus will be recruitment, tranagement, grievences, induction, acknowledgement).
17	8	Organisation suffers deteriment as a result of fraud, misconduct or maladministration	High	High	0											Risk Based an Compliance	nd					Payroll Audit is to provide assurance that the governance and risk management is sufficiently robust to prevent, identify and correct the potential for fraud and corruption within the payroll processes and systems.
18		Lack of management of public and environmental health risks		High		0										Risk Based an Compliance	iđ					Food Safety Audit is to provide assurance that there is sufficiently robust governance and risk management in place to mitigate any public or environmental health risks relating to food safety.
19	6	City of Sallsbury financial sustainability is compromised	High	High				9					40			Mişk Başed					100	Fleet and Heavy Vehicle Management This audil is to provide assurance that the the established governance and risk management is sufficiently robust to protect and ensure the viability of the fleet and Heavy vehicles assets.

#### City of Salisbury Internal Audit Plan 2018 - 2021

- 1	Audit Ref	10	Risk Description Lack of alignment and integrity	Risk	Residual Risk High	People & Culture	mmunity Planning & Vitality	(y Capacity & Learning	Services	Systems and Solution	Business Support	ental Health & Safety	Development Projects	Communications & Customer R	Salisbury Water	Performance, compliance or risk-based audit?	2018	2019	2020	12021	2022	Areas of focus for the audit
			of IT Systems and business processes for support of business needs													Risk Based						Audit is to provide assurance that the strategy around IT investment is sufficiently robust to support the current business requirements and continuous improvement initiatives.
	21	8	Organisation suffers deteriment as a result of fraud, misconduct or maladministration	High	High	*					*					Risk Based					*	High Value & Portable Asset review Audit is to provide assurance that the established governance and risk management is sufficiently robust to manage and protect these assets.

Aodit Ref.	Ethatogia Risk & Hearther	orternet Apulit Project	Rationals for Audit	internal (	_	2)	nt n		Commit States
AUGH HUT	PARTICIPATION OF PROPERTY	Olithat Ratio Links)	Hallonde Jir Allin	Gr-snurced	Q1	QZ	Q1	-04	Chinaptenine
1	# 7 - Governance frameworks, systems and pracesses are inadequate to ensure robust decision making.	Strategic Reporting Process	This audit should provide assurance on the processes and centrols in place in relation to the City Plan, Business Planning and Annual Planning.	Internal			*		Audit programme currently being performed internally.
2	# 7 - Governance frameworks, systems and pracesses are inadequate to ensure rebust decision making.	Contract Management	This audit aims to provide assurance on the efficiency and effectiveness of the current tools and processes that are used to manage contracts at the City of Sallsbury, itentifying any areas where outcomes could be improved.	Co-sourced				*	Audit program being undertaken by audit partner Galpins.
\$	#2 - Contamination of the recycled water systems; \$ #5 - Failure to manage the impact of environmental and social factors on Council Infrastructure, assets and services.	Management of Contaminated sites	This audit should provide assurance that the controls in place to prevent and manage contamination incidents/sites are robust.	Co-sourced				<b>a</b>	Tender closed, selection process in progress. Scheduled for November and December.
4	#6 - City of Salisbury financial sustainability is compromised.	Financial Sustainability	This sudit should provide assurance on the financial sustainability of City of Salisbury, for example recognising the possibility of the introduction of rate capping.	Co-sourced			ø		Completed, Audit Report tabled for November Audi Committee,
-									

4.2.6

OFFICE OF STANKE	April Property	Resemble for ALOUS						
			Company of	(8)	90	40	â	Contradion.
# 7 Governance frameworks, systems and processes are final equate to ensure robust displayer making.	Legislative Compliance	The City of Salitbury is governed by a broad range of legiciative instruments which govern its delty operations. Failure to meet legislative compliantes obligations may lead to financial penalties and/or government or regulatory intervention, as well as reputational damage. This review will provide assumance that selected relevant legislation-obligations are being correlied with and that the processes in place to maintain upte date legislation is obsest.	Internal				₩	Program currently being performed internally.
#7 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Compleint Harrifleg	In terms of the Local Government Act 1999 the City of Sallsbury has a mandatory requirement to have a Complaints Handling Procedure. This review will provide assurence that the City of Sallsbury's procedure is providing comprehensive brandling of complaints.	Internal					Deferred to Q2 2020
#7 Governance transposses, systems and processes are inadequate to oracure robust decision making: & #10 Lack of alignment and integrity of IT Systems to support business needs.	Data Governance	There is the risk that the City of Salisbury date management processes could result in least of date or the instituty to utilize the date. This review will provide assurance regarding the adequacy of protection of City of Salisbury information. This review will provide assurance regarding the adequacy of protection of CoS information.	Co-sourced				*	Deferred to Q2 2829
#4 inadequate response to a major incident at a council run community event, that affects public and staff safety.	Incident Management Framework	City of Saltisbury spensors and runs community events which leads to a risk that inedequate response to a mejor incident could effect public and staff safely, injury or death. This seriors is to provide assurance on the adequacy of the City of Salisbury incident Management Framework and the current processes, risk management and controls to mitigate the risks to staff and community.	Co-sourpad		*			Deferred to Q2 2620
#6 City of Salisbury francial austainability is compromised.	Asset Management	The ability of City of Salishury to effectively manage its assets sed intrastructure is integral to the long term financial sustainability of the City of Salisbury and the objective of The Prosperous City. This review should include the proposed processes and system changes that will be implemented as a part of the asset management operationalisation project.	Co-sourced				0	Audit program being undertaken by audit partner Galpins,
	Inadequate to ansure rebust desirion making.  # 7 Government frameworks, systems and processes are inadequate to ensure rebust desirion making.  # 7 Government frameworks, systems and processes are inadequate to ensure robust desirion making:  # 10 Lack of alignment and integrity of IT Systems to expense to a mojor included at a council our community evant, that affects subject and staff safety.  # 8 City of Salisbury financial	Insidequate to ansure robust design and a result of a	seed to financial penalties another government or regulatory intervention, as well as reputational making.  # 7 Government fameworks, systems and processes are unadequate to ansure rebund deplaced and the financial penalties another government or regulatory indicates relevant legislational damage. This review will provide assurance that elected relevant legislational collegations are being conspiled with and that the processes in slace to maintain upto data legislation is obtact.  # 7 Government frameworks, systems and processes are disable to ansure robust decision making.  # 7 Government frameworks, systems and processes are disable to ansure robust decision making.  # 8 Government and diregality of the collegation of the data. This review will provide assurance that the City of Salisbury's procedure its providing comprehensive brandling of completely and the data. This review will provide assurance regarding the adequacy of Salisbury data management processes could result to last of data or the instituty to utilise the data. This review will provide assurance regarding the adequacy of salisbury data management for subject with provide assurance regarding the adequacy of protection of City of Salisbury for a data. 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This review should include the prospessed processes and any system changes that will be designeed as part of th	legislative Compliance Inadequate to ansure robust desirion missing,  #7 Governance frameworks, gyatems and processes are finadequate to ansure robust desirion missing.  #7 Governance frameworks, gyatems and processes are finadequate to ansure robust desirion missing.  #7 Governance frameworks, gyatems and processes are finadequate to ansure robust desirion making.  #7 Governance frameworks, gyatems and processes are finadequate to ansure robust desirion making.  #7 Governance frameworks, gyatems and processes are finadequate to ansure robust desirion making.  #7 Governance frameworks, gyatems and processes are finadequate to ensure robust desirion making.  #7 Bovernance frameworks gyatems and processes are finadequate to ensure robust desirion making.  #6 The color of the color of Salisbury a procedure. This review will provide assurance that the City of Salisbury's procedure is providing comprehensive handling of complaints.  There is the risk that the City of Salisbury's procedure. This review will provide assurance pagarding the adequacy of Salisbury disto management processos could result in less of data or the institly to utilise the date. This review will provide assurance pagarding the adequacy of Salisbury procedure will provide assurance regarding the adequacy of protection of CoS Information.  #4 Insident Management Framework active, will be added to a risk that insident management framework and the current processes, risk management and controls to mitigate the risks to staff and community.  The ability of City of Salisbury to effectively manage its asserts and infrastructure is alonged to the long term framework and the current processes, risk management and controls to mitigate the risks to staff and community.  The ability of City of Salisbury to effectively manage its asserts and infrastructure is alonged to the long term framework will be formed as a part of the assert	lagislative Compilance Inadequate to ansure robust desirion making, #7 Governance frameworks, gystems and processes are Inadequate to ansure robust desirion making, #7 Governance frameworks, gystems and processes are Inadequate to ansure robust desirion making, #7 Governance frameworks, gystems and processes are Inadequate to ansure robust desirion making, #7 Governance frameworks, gystems and processes are Inadequate to ansure robust desirion making, #7 Governance frameworks, gystems and processes are Inadequate to ensure robust desirion making, #7 Governance frameworks gystems and processes are Inadequate to ensure robust desirion making #7 Bovernance frameworks gystems and processes are Inadequate to ensure robust desirion making #7 Bovernance There is the risk that the City of Salisbury's procedure. This review will provide assurance regarding the adequacy of protection of City of Salisbury framework in lasts of data or the making to adequacy of protection of City of Salisbury framework provide assurance regarding the adequacy of protection of City of Salisbury framework  #4 Inadequate response to a major incident Management Framework affety.  Chy of Salisbury spensors and runs community event, that affects guilde and staff salisbury framework and the current processes, risk management and controls provide assurance regarding the adequacy of protection of City of Salisbury incident Management Framework and the current processes, risk management and controls to mitigate the risks to separate to a sequence of the City of Salisbury incident Management Framework and the current processes, risk management and controls to mitigate the risks to separate the separate to processes and infrastructure is integral to the long term financial austainability of the City of Salisbury and the cojective of The Prosperous City. This review should incide the proposed cojective of The Prosperous City. This review should incide the proposed	Internet landequate to ansure robust depision making.  # 7 Governance frameworks, systems and processes are final and the final final form of the state of the st	Legislative Compliance Inadequate to ansure rebund desiron making.  ### Governance frameworks, gyatems and processes are inadequate to ansure rebund desiron making.  ##### Governance frameworks, gyatems and processes are inadequate to ansure rebund desiron making.  ###################################	Legislative Compliance Inadequate to ansure robust deplication making.  # 7 Governance frameworks, gystems and processes are inadequate to sensure robust deplication to big above to the control of the Local Sovernance frameworks, gystems and processes are inadequate to sensure robust deplication solutions.  # 7 Governance frameworks, gystems and processes are inadequate to sensure robust deplication making.  # 7 Governance frameworks, gystems and processes are inadequate to sensure robust deplication making.  # 7 Governance frameworks, gystems and grocesses are inadequate to ensure robust deplication making.  # 8 Governance frameworks, gystems and grocesses are inadequate to ensure robust deplication making.  # 10 Lack of alignment to deprice to ensure robust deplication making:  But a Governance  There is the risk that the City of Salisbury data management processos could result in lace of data or the in ability to utilise in a data. This service will provide assurance grading the adequacy of prolection of City of Salisbury information.  Consider the risk that the City of Salisbury data management processos could result in lace of data or the in ability to utilise in a data. This service will provide assurance grading the adequacy of prolection of City of Salisbury information.  Consider the risk that the City of Salisbury spensors and runs community events which leads to a risk that leading and a support to a risk that leading and a risk that the City of Salisbury to

		the All the HE		(more y paletin)		26			
Atomi				II Decorpe	Att	(00)	86	64	
6	8 7 Governance frameworks, systems and processes are bradequate to ensure robust dealthon making.	Complaint Handling	Is terries of the Local Government Act 1999 the City of Salisbury has a mandatory requirement to have a Complainta Handring Frosedora. This review will provide useurance that the City of Salisbury's procedure to providing comprehensive banding of complaints.	Internal		•			Defend from Q3 2019 Work yet to commence
10	#9 Fallure to ensure a sete working envectment.	WHS Deep Dive	Work Health Sinfay is heavily regulated by the Work Health & Satey Act 2012. This ascit will be a Work Health Sately deep dive to provide resumence that the COS can demonstrate surface in the following overnament and tisk management to comply with regislative obligations and provide assurance that CoS is providing a safe workplace for staff, contractors and volunteers.	Co-Sourced	٠				Scope being creeted
11	# 10 Lock of algorisant and integrity of it Systems to auppoid business needs.	IT Disaster Recovery	The information contained within CeS critical core systems is significant. The ability to promptly secured data is chuckly to prevent service interruption to those some CoS systems. This service is a provide essurance that, in the case of an unforcement event, the exhabilished procedured in regard to IT Deaster Recovery is sufficiently volust to mitigate the potential of data loss and prevention of service interruption.	Co-Geuroad					Wark yet to commence
12	#6 - City of Salisbury Brancial sustainability is compromised.	Fool implementation Review of the Hub	The new Salisbury Hub is a major investment and project undertaken by the Council. This post Hub implementation review is to provide assurance that full benefits have been revised.	Co-Sourced			*		Werk yet to commence
13	#7 Governmente frameworks, systems and processes are inedequate to ensure spiret decision making.	Capital Works Projects	The City of Salisbury undertakes aproximately 700 capital works projects with a value exceeding \$40m each year. This audictis to provide assumates that risks are being managed effectively and that the findings and recommendations of the April 2018 have been adopted on addressed to enhance the capital works processes.	Co-Sourced	•				Scape being created
18	8-3 Lack of Monagement of public and environmental health risks.	Food Safety	The overall dijective of this audit is to provide assurance that the Gay of Saltisoup's governance and risk management in place is sufficiently robust to mitigate the likelihood of public or environmental health risks in initiation to food earliety.	Co-Sourced	•				Scope Document created. With Management for sign off.
8	# 7 Government fra newerle, systems and processes are inadequate to ensure nobest docision making: & # 10 Lock of alignment and integrity of IT Systems to support, Qualities madel.		There is the risk that the City of Salebury date management processes could result in loss of data or the insidility to utilize the data. This review would provide assurance regarding the adequacy of protection of City of Salebury information. This review will provide assurance negating the adequacy of protection of CoS information.	Co sourced					Deferred from C4 2019 Wark yet to commence
8	#4 Inadequate response to a major incident at a council run community event, that affects public and staff carety.	hobleni Management Pramewok	City of Salisbury graneors and runs community events which leads to a risk that inadequate response to a major incident coold affect public and staff safety, injury or death. This review vell-provide assumence on the adequacy of the City of Salisbury Incident Management Framework and the current processes, risk management and controls to mitigate the cirks last staff and community.	Co-ssumed		*			Defend from Q2 2019 Welk yet to commence
			The state of the s						

0.74		Internal Audic	Country of Name of	Internal (		26	Z1		A	
Audit that	Producti Bill bookson	Project	Inclosels for Augil	Salama) in Cal	DV.	ш	103	DI	Dimen-Status	
14	#\$ City of Salisbury financial sustainability is compromised.	Procurement	CoS has obligations under section 49 of the Local Government Act 1999 to have policies for contracts and tenders incorporating contracting out services, competitive tenders to ensure services are delivered cost effectively, the use of local goods and services and the sale and disposal of land and other assets. This audit is to provide assurance that the procurement process has sufficiently robust governance and risk monagement in place to meeting legislative obligations and that the procurement processes are sufficiently robust to mitigate against any compromising strain on the Council financial sustainability.	Co-Sourced	*				Work yet to commence	
15	# 10 Lack of alignment and integrity of 17 Systems to support business needs.	Cyber Security	Cyber risk is recognised as an emerging and ever changing risk for organisations which may lead to financial loss, service interruption, data loss and/or reputation damage from an event impacting the CoS information and or Information systems. This eucli is to provide assurance that the established governance and risk management processes in place to reduce both the likelihood and consequence of a cyber-attack incident are sufficiently robust.	Co-Sourced	•				Work yet to commence	
16	#7 Governance frameworks, systems and processes are inadequate to ensure robust decision making.	Volunteers	Volunteers are a major personnel resource utilised by CoS to assist with the delivery of community programs and services. The failure to properly manage volunteers may result in service interruption, financial impost and reputation risk. This review will provide CoS with assurance that the processes for managing volunteers are robust.	Internal		*			Work yet to commence	
17	#8 Oranisation suffers detriment as a result of fraud, misconduct or maladministration.	Payroli	The payroll administration function has stringent legisative (including Payroll Tax Act 2009) requirements and is a potential target for fraud. Failure to correctly manage the payroll system has the potential consequences of financial loss and reputation damage. This review will provide assurance that there is sufficient governance and risk management established to meet compliance obligations and to prevent, identify and correct the potential for fraudulant activities associated with the payroll processes and associated systems.	Internal		٠			Work yet to commence	
18	#3 Lack of Management of public and environmental health risks.	Food Safety	The CoS has obligations under the Food Act, failure to meet these obligations may result in death or injury to public, financial penalties and/or government or regulator intervention. This audit will provide assurance that there is sufficient governance and risk management in place to mitigate any public or environmental health risks relating to food safety.	Co-Sourced					Taken forward to Q1 2020	

	the state of the s			Internal /		20	TŽ.	_	
Audil Rei	Stranger Risk Numbers	nnemal auut Project	Paritmane Inc Ayun	or Co- sourced	Q1	<b>Q7</b>	qh	04	Comunt Status
19	#6 City of Salisbury financial sustainability is compromised.	Vehicle Management	The City of Salisbury owns and operates a significant fleet of vehicles, there is a risk that the mismanagement of this fleet causes inefficiencies in regard to productivity and negative cost impact. This review is to provide assurance that the established governance and risk management in regard to management of this fleet is sufficiently robust to protect the viability of these assets.	Co- Sourced	*				Work yet to commence
20	#10 Lack of alignment and integrity of IT Systems to support business needs.	IT Investment Strategy	The City of Salisbury has significant reliance upon technology to maintain and drive business requirements and efficiency gains. Failure to correctly manage the future IT acquisitions and costings may impact the CoS with inefficient processes, legacy IT issues and lagging IT systems leading to ineffeciencies, financial impost, service interruption and inability to maximise continued improvements. This review is to provide CoS with assurance that the IT Investment Strategy is sufficiently robust to support current and changing business requirements and continuous improvement initiatives.	Co- Sourced		•			Work yet to commence
21	#8 Organisation suffers detriment as a result of fraud, misconduct or maladministration,		The City of Salisbury owns and operates a significant portfolio of High Value and Portable assets, there is a risk that these assets may have the potential for theft, loss or misappropriation. Fallure to correctly manage these assets may lead to financial impost and service interruption. This review is to provide CoS with assurance that the governance and risk management in place is sufficietly robust to manage these assets.	Internal		*			Work yet to commence
	P 4	+		1	-	+ 4	+	-	

**ITEM** 4.2.7

**AUDIT COMMITTEE** 

**DATE** 12 November 2019

**HEADING** Draft 2018/19 Annual Report

**AUTHOR** Helen Atkins, Team Leader Communications and Marketing,

Business Excellence

**CITY PLAN LINKS** 4.4 Embed long term thinking, planning and innovation across the

organisation.

4.2 Develop strong capability and commitment to continually

improve Council's performance.

3.4 Be a proud, accessible and welcoming community.

**SUMMARY** The Annual Report is a legislative document required following

each financial year to highlight the achievements and financial statements of the City of Salisbury. This has been developed under the City Plan 2030 and its key directions. It also features Key Performance Indicators, showcases work based on Council's Objectives, financial statements and annual reports from Council

subsidiaries.

### RECOMMENDATION

1. That the Draft 2018/19 Annual Report forming attachment 1 to this report be recommended to Council for endorsement, subject to any amendments by the Audit Committee.

### **ATTACHMENTS**

This document should be read in conjunction with the following attachments:

1. Draft Annual Report 2018-19

## 1. BACKGROUND

- 1.1 The Draft 2018/19 Annual Report reflects the performance and achievements made by Council during the past financial year under the key directions of The Prosperous City, The Sustainable City, The Liveable City and Enabling Excellence as outlined in the City of Salisbury's Strategic Management Plan 'City Plan 2030'.
  - 1.1.1 The Draft 2018/19 Annual Report has been collated with information from the different business divisions across the organisation.
  - 1.1.2 In view of sustainable practices, the final version of the Annual Report will be available on the Council website for download or print. A small print run of 10 copies will be arranged for distribution to required

legislative authorities, as well as each Elected Member receiving a final printed copy.

## 2. CITY PLAN CRITICAL ACTION

2.1 N/A

## 3. CONSULTATION / COMMUNICATION

- 3.1 Internal
  - 3.1.1 Governance, Business Excellence, Executive Group

## 4. REPORT

- 4.1 Attached for endorsement is the Draft 2018/19 Annual Report
- 4.2 It is a legislative requirement that Council's endorsed Annual Report is received by both Houses of Parliament no later than 31 December 2019.
- 4.3 The City of Salisbury's Financial Statements that will be included in the Draft 2018/19 Annual Report to be endorsed by the Audit Committee at the 12 November 2019 meeting.

## 5. CONCLUSION / PROPOSAL

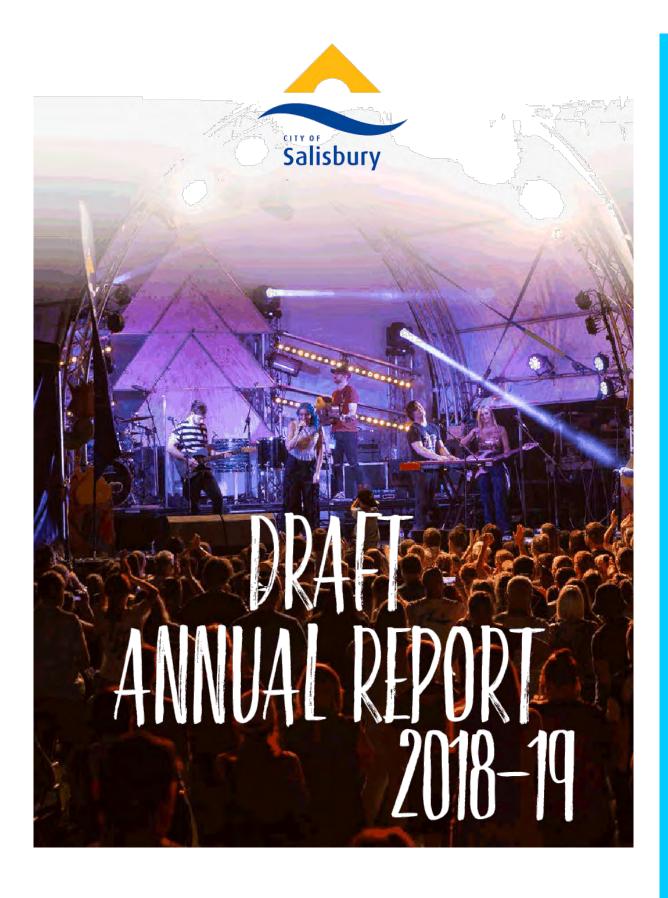
5.1 Audit Committee consider and recommend the Draft 2018/19 Annual Report for endorsement.

## **CO-ORDINATION**

Officer: Executive Group

Date:





City of Salisbury 34 Church Street Salisbury 5108 South Australia PO Box 8 Salisbury SA 5108

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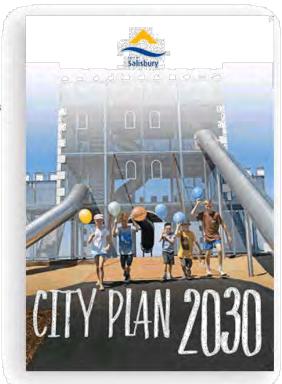
The development of City Plan 2030 was a collective effort comprising a diverse range of partnerships with stakeholders, the community, organisations and all tiers of government. Early engagement has meant the strategic document is meaningful and reflects the needs and wants of the community.

Through this early engagement, a series of key directions were formulated which underpin the community's vision for the future.

City Plan 2030 is our blueprint for achieving the vision you helped us develop:

# "Salisbury - a flourishing City with opportunity for all"

The Plan is visionary and broad-ranging and provides practical strategies and actions that will build on our existing assets. This is so we can make the most of opportunities that have the potential to be transformative for not only for the City of Salisbury, but the northern Adelaide region more broadly.





The City of Salisbury's City Plan 2030 contains four key directions. Each direction includes a statement of what we want to aspire to achieve, how we will achieve it and the indicators to monitor our progress.



### The Prosperous City

Driving economic growth in South Australia, creating more jobs, providing people with the skills and knowledge to connect to those jobs and sustainably increasing our population.



### The Liveable City

A welcoming community that celebrates its diversity, embraces change and where people are able to participate in community life. It is a City with interesting places and experiences.



### The Sustainable City

A place where people actively experience and care for their natural environment, where green industries thrive and our urban and natural spaces are adaptive to future changes in climate.



### Enabling Excellence

A Council where people work because they can make a difference, an organisation that anticipates, understands and meets community needs, a Council with a positive attitude.



### Our vision for Salisbury is simply:

### 'Salisbury - A flourishing City with opportunity for all'

If we are able to capture these opportunities, the community will see:

- Increased investment and a wider range of job opportunities
- Well designed and maintained neighbourhoods and places that are inclusive and accessible
- A strong economy consisting of well established businesses and innovative entrepreneurs
- A broader range of education options and more people engaged in learning
- More opportunities to use technology in the way they work, study, relax and interact with Council
- A healthy natural environment enjoyed by more people
- New communities and a regeneration of existing urban areas

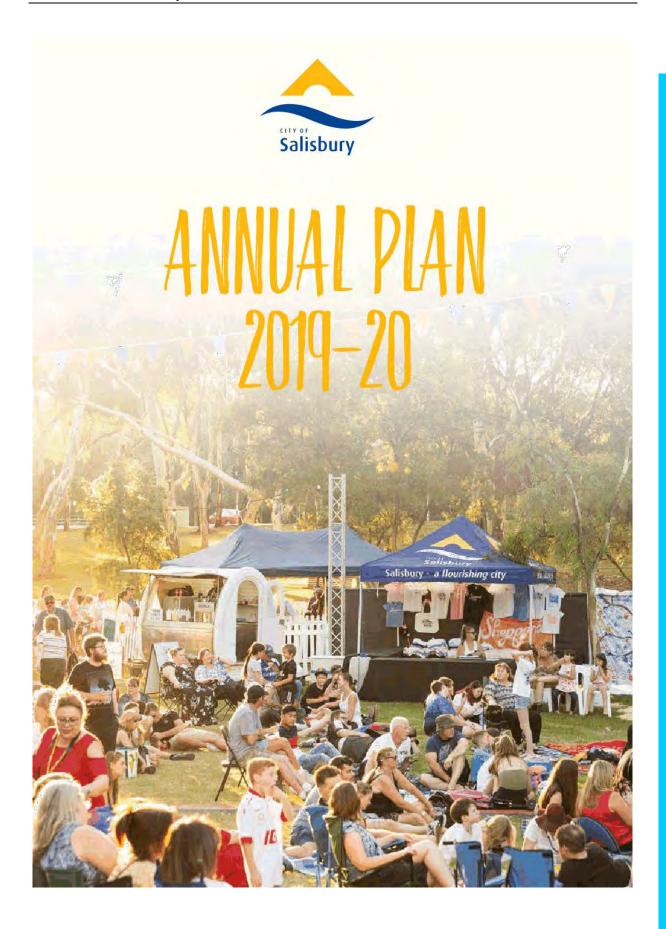
- A City that celebrates its diversity and provides opportunities for all to engage in community life regardless of ability; and
- A transport network that enables people to move easily around the City and supports freight movement.

Salisbury has unique features that make it appealing for residents, visitors and businesses.

A Living City is a city that is flourishing and provides opportunity for our residents, businesses and visitors through investment in its future, by valuing our stunning natural environments, by providing a great lifestyle, encouraging and supporting a vibrant innovative culture, is a destination for business and is a diverse and proud community.

Salisbury is a Living City. A place we are proud to be part of.

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### Looking ahead to 2019/20

The City of Salisbury's 2019/20 Annual Plan will strive to deliver the key projects the community has identified as priorities.

The City of Salisbury will ensure that it maintains all existing service levels while continuing to invest in streetscapes, verge maintenance, flood management, as well as recreation and sporting facilities.

The Infrastructure Program will feature a range of projects, including \$14.9 million on asset renewal. Council manages community assets valued at over \$1.9 billion in the form of roads, footpaths, buildings and parks.

It also includes a number of large scale projects, some of which will be delivered over multiple years, including the Paddocks Masterplan, Bridgestone Reserve Athletics Facility and the building upgrade program.

The 2019/20 Annual Plan sets an average rate increase of 2.9 per cent. This was higher than the initial proposed increase of 2.5 per cent, due to the State Government 40 per cent increase in the solid waste levy. This resulted in a \$777,000 cost increase, which equates to approximately a 0.8 per cent increase in rates. Council absorbed the balance of approximately \$400,000 in a reduced surplus. Over the next four years the impact of the increase of the solid waste levy is estimated at about \$4.9 million. Council will continue to work on reducing the impact of this

### Features of the 2019/20 Budget

Priorities for the 2019/20 year will continue to include building upon our services and ensuring we are meeting the needs of the community. A focus of the 2019/20 budget is to enhance the city image through further investment in upgrading reserves and streetscapes. Completion of the Salisbury Community Hub later this year will enable Council to deliver technology, services and facilities that will drive the community's need and expectation well into the future.

Other priorities for the year will include the Flood Mitigation and Water Management Programs, building upgrades and the implementation of the Paddocks Masterplan.

The development of masterplans is vital in ensuring the City's sustainability well into the future. As such, the Paddocks Masterplan has established a coordinated approach for capital investment and ongoing renewal of infrastructure and facilities at the Paddocks - one of the most significant recreation and open space precincts within the City of Salisbury. Pending a review of the Salisbury Oval Masterplan, funding has been allocated to support the future development of the Salisbury Oval precinct, recognising the importance of the recreational and community needs.

Budget highlights:

- · Park, Sportsfield and Playgrounds \$0.8 million
- Street trees program \$1.4 million
- Salisbury Oval implementation \$1.7 million
- · Bridgestone Reserve Athletics facility \$1.6 million
- · Paddocks Masterplan implementation \$2.1 million
- Building Upgrade program \$2.6 million
- Local flooding and flood mitigation projects \$2.7 million
- Road reseal and kerb replacement \$8.6 million

### How Do We Set Rates?

Setting rates is a balance between funding Council operations, maintaining our financial sustainability and the need to contain increases to minimise the impact on ratepayers. Council is mindful of the impact and affordability of rates and regularly compares our rates with those of other metropolitan councils; in terms of average rates Salisbury ranks third lowest based on 2018 (3) data

The first step we take in setting rates is to remove the impact of the average market increase/decrease in property values for the year. What this means is that if property values go up 15 per cent on average in a year, we adjust our calculations down to remove this impact. Then we apply the increase we need to fund Council services and projects for the coming year.

For 2019/20 Council has determined an average increase of 2.9 per cent. This was increased from 2.5 per cent due to the late announcement of the increase in the State Governments Solid Waste Levy, which is the equivalent of 0.8 per cent rate increase, with Council determining to absorb 0.4 per cent.

### **Rate Categories**

Minimum Rates – apply to all properties where the value falls below a certain level so that all ratepayers make a fair contribution. The minimum rate will increase by 2.9 per cent from \$987 to \$1,016 for 2019/20.

Differential Rating – different rates may be applied to different categories of property called 'land uses' as determined by the Valuer General. A loading is applied to commercial and industrial properties and to vacant land. Residential and other properties pay the base rate.

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The differential for vacant land is 30 per cent higher which reflects Council's desire to promote the development of large land holdings in the city.

# Separate Rates – Council collects rates for three distinct purposes:

- Salisbury Business Association to enable it to market and promote the City Centre
- Globe Derby Community Club to maintain an area of common land held through 63 shares
- Natural Resources Management (NRM) Levy a State Government imposed tax, which councils are required to collect on behalf of the State Government with all funds going to the State Government. All enquiries about the NRM Levy can be directed to the NRM Board on 08 8273 9100 or www.nrm.sa.gov.au.

These separate rates are paid to the respective entities and not held by Council.

### **Key Services**

		2019/20		
OPERATING BUDGET BY KEY DIRECTION	EXP \$000's	INC \$000's	NET \$000's	
THE PROSPEROUS CITY				
Economic Development	1,488	177	1,311	
Development Management	3,156	1,310	1,845	
Urban Planning	1,158		1,158	
Roads	4,055	2,685	1,370	
Footpaths	1,513		1,513	
TOTAL THE PROSPEROUS CITY	11,370	4,172	7,198	
THE SUSTAINABLE CITY				
Water Management	4,116	2,634	1,482	
Waste Management	16,088	232	15,856	
Parks and Landscape	20,172	60	20,112	
City Infrastructure		1,245	(1,245)	
TOTAL THE SUSTAINABLE CITY	40,376	4,171	36,205	
THE LIVEABLE CITY				
Community Development	2,623	18	2,605	
Library Services	5,632	709	4,923	
Community Centres	2,229	308	1,921	
Recreation Centres	1,941		1,941	
Community Sport and Club Facilities	2,144		2,144	
Community Health and Wellbeing	4,623	3,003	1,620	
Cemetery	606	511	95	
Food and Health Regulation	1,246	256	990	
Parking and Bylaws Control	782	388	394	
Dog Control	1,668	1,059	609	
Crime Prevention and Repair	795	1	795	
Street Lighting	3,175	-	3,175	
TOTAL THE LIVEABLE CITY	27,464	6,252	21,212	
ENABLING EXCELLENCE				
Business Excellence	39	429	(390)	
Governance		2	(Z)	
Sundry	3,327	6,466	(3,139)	
Infrastructure Depreciation	22,590	1	22,590	
TOTAL ENABLING EXCELLENCE	25,956	6,897	19,059	
Infrastructure and Project Preparation	2,089	1	2,089	
Corporate Unallocated	7,769	-	7,769	
Corporate Governance Overhead	3,615		3,615	
Rate Revenue		100,560	(100,560)	
TOTAL OPERATING SURPLUS/(DEFICIT)	118,639	122,052	3,413	

# members

### MAYOR



Mayor Gillian Aldridge OAM

**EAST WARD** 





Cr Maria Blackmore

Cr Adam Duncan

NORTH WARD





Cr David Hood

Cr Graham Reynolds

**SOUTH WARD** 





Cr Natasha Henningsen

Deputy Mayor Julie Woodman JP

**CENTRAL WARD** 





Cr Chad Buchanan JP

Cr Donna Proleta

HILLS WARD





Cr Peter Jensen

Cr Shiralee Reardon JP

PARA WARD





Cr Sarah Ouk

Cr Kylie Grenfell

**WEST WARD** 

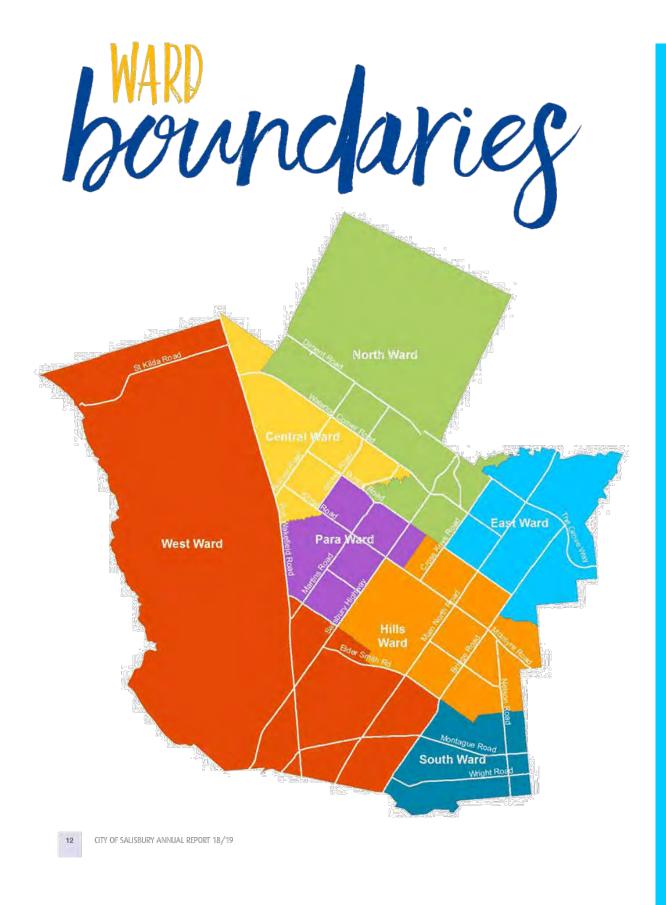




Cr Beau Brug

Cr Lisa Braun

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### **Elector Representation**

The community of Salisbury is currently represented on Council by a Mayor who is elected from the whole community, and 14 Elected Members. Elected Members represent one of seven wards, and are elected by the residents of their ward.

In accordance with Section 12 of the Local Government Act 1999, Council is required to conduct an Elector Representation Review at least once in every eight years.

In accordance with the existing provisions in Section 12 of the Local Government Act 1999, the Representation Review process requires Council to review all aspects of the composition of Council including ward boundaries. The process involves the public notification and opportunity for community submissions at key stages of the review.

### Council must:

- 1. Prepare a Representation Options Paper
  - By public notice, published in a newspaper circulating within its area, inform the public of the preparation of the Representation Options Paper and invite written submissions on the subject of the review within a period specified by the Council (being a period of at least 6 weeks)
  - Ensure copies of the Representation Options
     Paper are available for inspection (without
     charge) and purchase (on payment of a fee
     fixed by the Council) at the principal office of the
     Council during the period of consultation.

### 2. Prepare a Report

- Make copies of the Report available for public inspection at the principal office of the council; and
- By public notice, published in a newspaper circulating within its area, inform the public of the preparation of the report and its availability and invite written submissions on the report within a period specified by Council (being a period of at least 3 weeks).

 Give any person who makes a written submission an opportunity to appear personally or by representative before the Council or a Council Committee and to be heard on those submissions.

### 3. Finalise the Report

 Submit the report, accompanied by copies of written submissions received, to the Electoral Commissioner for certification.

The Act also provides for a group of at least 20 eligible electors to submit to Council a submissions for a representation review and the Act prescribes how and in what circumstances this might proceed.

### Council Initiated Submissions

The City of Salisbury conducted a Representation Review in 2016-2017, in readiness for the November 2018 Local Government Elections. The Representation Review resulted in changes to the number of wards and Elected Members in the City of Salisbury and Ward Boundaries were adjusted to ensure a balanced and appropriate representation quota within each ward. Following formal certification, Council published an appropriate notice in the Government Gazette on 13 December 2017 which provides for the implementation of the future composition and structure of Council at the November 2018 Local Government elections.

### Public Initiated Submissions

The City of Salisbury conducted a Representation Review in 2016-2017, in readiness for the November 2018 Local Government Elections. The Representation Review resulted in changes to the number of wards and Elected Members in the City of Salisbury and Ward Boundaries were adjusted to ensure a balanced and appropriate representation quota within each ward. Following formal certification, Council published a appropriate notice in the Government Gazette on 13 December 2017 which provided for the implementation of the future composition and structure of Council at the November 2018 Local Government elections.

No public initiated submissions under section 28 of the Local Government Act 1999 have been received in 2018/19.

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# council

The representation quota for the City of Salisbury, that is the number of electors represented by each Councillor, is shown in the table. Comparative data for other major metropolitan Councils in Adelaide has also been included1.

Council	Elected Members <sup>2</sup>	Electors	Representation Quota <sup>3</sup>
Salisbury	15	94017	6267
Playford	16	60775	3798
West Torrens	15	41058	2737
Charles Sturt	17	84425	4966
Port Adelaide/ Enfield	18	83240	4624
Marion	13	64219	4939
Onkaparinga	13	123939	9533
Tea Tree Gully	13	72663	5589
Metropolitan Average	13	48061	3624

### Elector Member Allowances

Changes to the Local Government Act in 2010 resulted in the Remuneration Tribunal being responsible for the determination of Elected Member Allowances to be applied from the first Council Meeting following the November 2010 Elections. Elected Member allowances were reviewed by the Remuneration Tribunal in Determination No. 6 of 2018, which resulted in an increase to allowances for City of Salisbury Elected Members as follows:

Councillor:	\$23,350 per annum
Мауог:	\$93,400 per annum
Deputy Mayor:	\$29,187.50 per annum
Chairman of Standing Committees:	\$29,187.50 per annum
Sitting fee payable to a Councillor (other than the principal member or deputy principal member, chairperson or deputy chairperson or a presiding member of a prescribed committee) who is the presiding member of a committee, that is not a prescribed committee, such as a sub-committee.	\$230 per meeting limited to an aggregate amount of \$1,380 per annum

In accordance with section 76(9) and 76(15) of the Local Government Act, allowances set out in Determination No. 6 of 2018: Members of Local Government Councils will be adjusted annually on the first, second and third anniversary of the 2018 local government election to reflect changes in the Consumer Price Index, where the Consumer Price Index is defined as "the Consumer Price Index (All groups index for Adelaide) Published by the Australian Bureau of Statistics.

In addition to an allowance, Elected Members are provided with resources to assist in the representation of their community and conducting Council business. This includes an Apple iPad, laptop computer and printer, broadband internet access, stationery and business cards. The Mayor has access to a personal assistant and is provided with a mobile phone and car. The Elected Members Allowances, Facilities and Support Policy provides full details of resources (including reimbursement of expenses) provided to Elected Members.

Data supplied by the Local Government Association. Including the Mayor Representation quots for a council is an amount ascertained by dividing the number of lectors for the area of the council (as at the last closing date under the Local Government lections) Act 1999 by the number of members who consistive the council (gipening any actions resulting from the division and expressed as a quota). Local Government Act 1999, hordule. A

ne 4. ed on 19 metropolitan councils, including the City of Adelaide



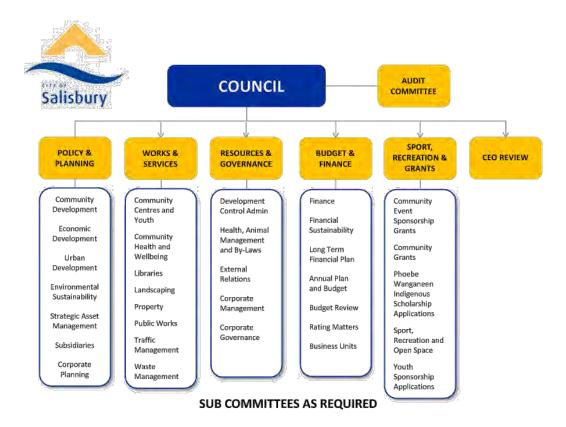
### Council and Committee Structure from July 2018 to June 2019

Council is supported in its decision making process by six Standing Committees: Policy & Planning; Budget & Finance; Works & Services; Resources & Governance; Sport, Recreation & Grants; and Audit Committee. The Sport, Recreation & Grants Committee meets on the second Monday of the month and the remaining standing committees meet on the third Monday of each month. The Audit Committee meets on a quarterly basis or as needed.

The CEO Review Committee has also been established by Council and meets at a minimum twice per year or as required.

Council has also established a Council Assessment Panel (DAP) as an independent Committee comprising of experts external to Council as well as an Elected Member which meets as required.

The Mayor is, ex officio, a member of the Works & Services Committee, Resources & Governance Committee and the Sports, Recreation & Grants Committee. The Committee structure and membership is set out below:



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# council

# Membership of each of the Committees until the elections in 2018 was as follows:

### Policy and Planning Committee

- Cr Damien Pilkington (Chairman) (until October 2018)
- Cr Julie Woodman (Deputy Chairman)
- · All members of Council

### **Works and Services Committee**

- Cr Graham Reynolds (Chairman) North Ward
- Cr Shiralee Reardon (Deputy Chairman) Hills Ward
- Cr Chad Buchanan West Ward
- Cr Joe Caruso East Ward
- Cr Elizabeth Gill Central Ward
- Cr Steve White Levels Ward
- Cr Julie Woodman South Ward
- Cr Riccardo Zahra Para Ward
- · The Mayor is, ex-officio, a member of this Committee

### Resources and Governance Committee

- Cr Sean Bedford (Chairman) South Ward)
- Cr Robyn Cook (Deputy Chairman) Para Ward
- Cr David Balaza Central Ward
- · Cr David Bryant Hills Ward
- Cr Beau Brug Levels Ward
- Cr Linda Caruso North Ward
- · Cr Damien Pilkington East Ward
- Cr Donna Proleta West Ward
- · The Mayor is, ex-officio, a member of this Committee

### **Budget and Finance Committee**

- Cr Riccardo Zahra (Chairman)
- Cr Elizabeth Gill (Deputy Chairman)
- · All members of Council

### Sport's Recreation and Grants Committee

- Cr Linda Caruso (Chairman until November 2017) North Ward
- Cr Julie Woodman (Chairman from December 2017 and Deputy Chairman until November 2017) – (South Ward)
- Cr Donna Proleta (Deputy Chairman from December 2017) – West Ward
- Cr David Balaza Central Ward
- Cr David Bryant Hills Ward

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- · Cr Beau Brug Levels Ward
- · Cr Damien Pilkington East Ward
- Cr Riccardo Zahra Para Ward
- The Mayor is, ex-officio, a member of this Committee

### **Audit Committee**

- · Mr Peter Brass (Chairman until August 2017)
- Cr Graham Reynolds (Chairman from September 2017)
- Mr Craig Johnson (Deputy Chairman)
- · Cr Joe Caruso
- · Ms Kristyn Verrall (Independent Member)
- Mr Neil Ediriweera (Independent Member from August 2017)

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# Following the elections in 2018, Council retained the existing committee structure with the membership set out as follows:

### Policy and Planning Committee

- Cr Chad Buchanan (Chairman)
- · Cr Adam Duncan (Deputy Chairman)
- All members of Council

### **Works and Services Committee**

- · Cr Shiralee Reardon (Chairman) Hills Ward
- · Cr Lisa Braun (Deputy Chairman) West Ward
- Cr Maria Blackmore East Ward
- Cr Chad Buchanan Central Ward
- Cr Graham Reynolds North Ward
- Cr Sarah Ouk Para Ward
- · Cr Natasha Henningsen South Ward
- · The Mayor is, ex-officio, a member of this Committee

### Resources and Governance Committee

- Cr Donna Proleta (Chairman) Central Ward
- Cr Peter Jensen (Deputy Chairman) Hills Ward
- Cr Beau Brug West Ward
- Cr Adam Duncan East Ward
- Cr David Hood North Ward
- Cr Kylie Grenfell Para Ward
- · Cr Julie Woodman South Ward
- The Mayor is, ex-officio, a member of this Committee

### **Budget and Finance Committee**

- Cr Beau Brug (Chairman)
- Cr Lisa Braun (Deputy Chairman)
- All members of Council

### Sport's Recreation and Grants Committee

- Cr Adam Duncan (Chairman) East Ward
- Cr Chad Buchanan (Deputy Chairman) Central Ward
- Cr Lisa Braun West Ward
- · Cr Natasha Henningsen South Ward
- · Cr David Hood North Ward
- Cr Sarah Ouk Para Ward
- · Cr Shiralee Reardon Hills Ward
- The Mayor is, ex-officio, a member of this Committee

### Audit Committee

- · Cr Graham Reynolds (Chairman)
- · Cr Lisa Braun (Deputy Chairman)
- Mr Neil Ediriweera (Independent Member)
- Mr Craig Johnson (Independent Member)
- · Ms Kristyn Verrall (Independent Member)

### **Development Assessment Panel**

### From July 2018 to June 2019

- · Mr Terry Mosel (Presiding Member from May 2019)
- Mr Doug Wallace (Presiding Member until April 2019)
- Ms Stephanie Johnston (Deputy Presiding Member until April 2019)
- · Mr Ross Bateup (Independent Member)
- Mr Mike Canny (Independent Member from May 2019)
- Ms Cherie Gill (Independent Member from May 2019)
- Mr John Watson (Independent Member until April 2019)
- Cr Beau Brug (from December 2018)

### **CEO Review Committee**

- · Mayor G Aldridge (Chair)
- Ms Julie Woodman, whilst holding the position of Deputy Mayor (Deputy Chair)
- Cr Chad Buchanan
- Cr Donna Proleta
- · Cr Shiralee Reardon

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### Open and transparent decision-making

The City continues to ensure its commitment to open and transparent decision making through minimising the number of decisions it takes in confidence.

In 2018/19 a total of 550 items were considered by Council and Committees. Of these, 31 were confidential.

	No. of items considered in confidence	Confidential items as a % of total no. of items considered
2014/15	38	6.59%
2015/16	55	9.56%
2016/17	44	8.05%
2017/18	33	6.21%
2018/19	31	5.64%

Of the 31 items where members of the public were excluded, all or part of the documents presented remained confidential after discussion in confidence had taken place.



The following table is a summary of the number of occasions that the provisions listed in Section 90 (excluding the public during debate) OR Section 91 (documents to be kept confidential for a period of time) were used during the 2018-2019 financial year.

Date	Item	Subject matter	Section 90(3) subsection reference	Number of occasions moved into confidence Section 90	Number of occasions with retention order on reports, minutes and/or appendices.
July 2018	SPDSC4	Strategic Land Review - Bi-Annual Update Report & Program Timing	(b)(i) + (ii)	3	1
July 2018	4.4.1	Business Systems and Solutions Audit - Cyber Security	(e)	2	1
July 2018	2.9.1	Salisbury Bowling Club - Acquisition of Land	(d)(i) + (ii)	2	1
July 2018	6.9.1	Update on Action on Rates Assessments Outstanding Under Section 184 of the Local Government Act 1999	(a)	2	1
Aug 2018	IBDSC2	Marketing and Communication Service Review	(a)	3	İ
Aug 2018	2.9.1	Former Council Road Reserve - Ryans Road, Greenfields	(b)(i) + (ii)	2	t
Aug 2018	2.9.2	Acquisition of 25-29 Kiekebusch Road, Gulfview Heights	(d)(i) + (ii)	2	1
Aug 2018	6.9.1	Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999	(a)	2	i
Aug 2018	13.3	Code of Conduct - 01/2018	(a) and (h)	1	1
Aug 2018	13.4	Code of Conduct - 02/2018	(a) and (h)	1	1
Sept 2018	6.9.1	Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999	(a)	2	1

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Date	ltem	Subject matter	Section 90(3) subsection reference	Number of occasions moved into confidence Section 90	Number of occasions with retention order on reports, minutes and/or appendices.
Dec 2018	6.9.1	Action of Rate Accounts Outstanding under Section 184 of the Local Government Act 1999	(a)	2	1
Dec 2018	13.2	Request for Extension of Confidentiality Order: Red Jam Pty Ltd - Legal Costs	(b)(i) + (ii) and	ż	2
(d)(i) + (ii)	1	1	(b)(i) and (ii)	1	1
Dec 2018	13.3	Code of Conduct Complaint - 03/2018	(a)	1	đi.
Feb 2019	IBDSC3	Council Solutions	(b)(i) + (ii)	3	1
Mar 2019	SPDSC3	Salisbury Oval Residential - Expression of Interest	(b)(i) + (ii)	3	1
Mar 2019	SPDSC4	Hoyle Green Tranche 2 - Status Update Report	(b)(i) + (ii) and	1	1
(d)(i) + (ii)	3	1	(b)(i) & (ii)	1	1
Mar 2019	2.9.1	Request for Proposal Outcomes for the leasing of the Café at the Salisbury Community Hub	(d)(i) + (ii)	2	1
April 2019	SPDSC3	Salisbury Oval Residential - Expression of Interest	(b)(i) + (ii)	3	1
April 2019	2.9.1	Acquisition 65 Pratt Avenue, Pooraka	(b)(i) + (ii)	2	1
April 2019	2.9.2	Encroaching Council Path Over Portion of 12 Hunt Street, Salisbury	(b)(i) + (ii)	2	i
April 2019	3.8.1	Appointment of Independent Members on the Council Assessment Panel	(a).	2	1
April 2019	6.9.1	Update on Action on Rates Assessment Outstanding under Section 184 of the Local Government Act 1999	(a)	2	1

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Date	Item	Subject matter	Section 90(3) subsection reference	Number of occasions moved into confidence Section 90	Number of occasions with retention order on reports, minutes and/or appendices.
April 2019	6.9.2	Council Solutions Update	(b)(i) + (ii)	2	1
May 2019	2.9.1	Expressions of Interest - Northern Portion of the Underdown Park Facility and North Eastern Playing Pitch, Nangari Road, Salisbury	(d)(i) + (ii)	2	İ
May 2019	2.9.2	Salisbury Community Hub Cafe Lease - update on commercial negotiations	(d)(i) + (ii)	2	4
May 2019	6.9,1	Management of GST Invoice to Pontians Football Club	(d)(i) + (ii)	2	1
June 2019	2.9.1	Recreation Services Agreement	(b)(i) + (ii)	2	4
June 2019	SPDSC3	Emerald Green - Close Out Report and Final Tranche 1 Program Position	(b)(i) + (ii)	3	İ
June 2019	SPDSC4	Hoyle Green Tranche 2 - Status Update Report	(b)(i) + (ii) and	2	2
(d)(i) + (ii)	3	1	(a)	2	2
June 2018	C1	Request for Extension of Confidentiality Orders in Relation to Emerald Green (Ryans Road)	(b)(i) and (ii) and (d) (i) and (ii)	1	1

27 confidentiality orders were revoked or expired during 2018/19. Remaining orders will be reviewed internally twice per year and should it be deemed appropriate, the Chief Executive Officer has the delegation to revoke the orders.

115 orders remained operative at the end of 2018/19.

### Management and Governance

The City of Salisbury places particular emphasis on its commitment to democratic principles. These principles include fair representation, openness and transparency in all its operations.

The Local Government Act 1999 provides the legislative foundation for Council and contains a range of reporting and operating requirements that contribute toward good governance. As part of its compliance with the Local Government Act 1999, the City of Salisbury maintains the following registers, codes of conduct and policies:

### Registers

- · Register of Interests for Elected Members
- Register of Allowances and Benefits for Elected Members
- · Register of Salaries (Remuneration) for Staff
- Register of Interests (Officers)
- Register of Public Roads\*
- Register of By-laws\*
- Register of Gifts and Benefits

### Codes

- Code of Conduct for Council Members°
- Code of Conduct for Council Employees\*
- Code of Practice for Access to Meetings and Documents<sup>a</sup>

### Policies

- Procurement Policy\*
- Rating Policy\*
- By-Laws and Order Making Policy\*
- Public Consultation Policy\*
- Internal Review of Council Decision Making Procedures\*

### Other

- Internal Audit Charter
- Governance Framework and Statement
- Risk Management Charter
- · Whistleblower Policy\*

A comprehensive list of codes, documents, policies, registers and guidelines are available for public inspection either at the Council offices, 12 James Street, Salisbury or at www.salisbury.sa.gov.au

Copies of most documents are available for purchase for a small fee. All of these documents are updated on a regular basis as required by the Act. Documents marked with \* are also available at www.salisbury.sa.gov.au

### Number of Requests for a Review of Council Decisions

During the 2018/19 financial year, the City of Salisbury received six requests for review of a Council decision, as follows:

- Application for review of a Council administrative decision to install "No stopping line marking" in front of a property in Parafield Gardens. The review has been completed with the decision to implement no standing at the location as upheld.
- Application for review of a Council administrative decision with respect to an expiation notice for an alleged dog attack incident – Review did not proceed as this was dealt with as an informal appeal for the expiation notice in accordance with the Expiation of Offences Act 1996.
- Application for review of a Council administrative decision with respect to a driveway application for a property in Para Hills West – Review did not proceed as the matter was dealt with to the satisfaction of the applicant.
- Application for review of a Council administrative decision with respect to noise and vibrations from an adjoining property in Salisbury Plain. The review has been completed with the original decision of Council being upheld.
- Application for review of a Council administrative decision to install a one way road connecting two roads for use during drop off and pick up times as a "kiss and drop" zone. The review is continuing.
- Application for review of a Council decision to refuse an application for a discretionary rate rebate in respect of commercial properties in Salisbury North. The review has been concluded with the original decision of the Council being upheld.

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### **Ombudsman SA Investigations**

During 2018/19, 32 complaints were received by the SA Ombudsman relating to the City of Salisbury; 20 where the complainant was referred back to Council for action, 8 were declined, 3 had alternative remedy availability and 1 was resolved with Agency cooperation.

### Financial Internal Controls Framework

The City of Salisbury follows the Better Practice Model – Financial Internal Control for South Australian Councils. In order to demonstrate compliance with this model the City operates an extensive financial internal controls framework. The framework is designed to ensure financial processes, procedures, policies and systems are applied efficiently and effectively in order to mitigate the financial risks identified in the Model. Oversight of the financial internal controls framework is provided by the Audit Committee of Council, through the Governance Division. An external audit of the framework is conducted annually.

### Freedom of Information

During the 2018/2019 financial year, the City of Salisbury received 28 applications under the provision of the Freedom of Information Act 1991.

Of these 28, 14 applications were granted full release;

- One was in relation to Access to Community Hub Audio and Reports From Council Meetings 2014 to January 2018
- One was in relation to Public Safety Concerns Hollywood Plaza Drive-in Sign
- One was in relation to Layout of Intersection Where Accident Took Place Between Martins Road and Martins Service Road
- · One was in relation to Sewer Pipe Information
- One was in relation to Dog Faeces Thrown Into Backyard
- One was in relation to Trade Missions to China
- One was in relation to Application for retaining wall
- One was in relation to Address of Each Property by Suburb Which is Classed as Either Public Community of Housing SA Property

- Two were in relation to List of Cooling and High Risk Warm Water Systems
- Two were in relation to Dog Attacks
- Two were in relation to Development Plans

Of these 28, 10 applications were granted partial release;

- Four was in relation to Dog Attack
- One was in relation to all Emails or Correspondence from Hon Jing Lee MLC
- · One was in relation to Land and Water Contamination
- One was in relation to Noise Levels
- One was in relation to Dog Registration
- One was in relation to Any Notes Emails Taken by Council at Meetings Attended by State Government Ministers on or about 11/07/2018
- One was in relation to Damage to Property by Council Tree

Of these 28, 1 applications was denied;

 One was in relation to Any Notes Emails Taken by Council at Meetings Attended by State Government Ministers on or about 11/07/2018

Of these 28, 3 applications are In Progress

- One is in relation to Parafield Airport
- One is in relation to 14 Diagonal Road Cavan
- One is in relation to Copy of all Invoices and Financial Statements Regarding Payment of Solid Waste Levy 2017-2018 financial year



### **Audit Committee of Council**

The Audit Committee reports to Council and is a critical component of the Council's governance framework. The Audit Committee is established in accordance with Section 126 of the Local Government Act 1999. Its role is to comply with the legislative obligations and the requirements of its terms of reference.

The Audit Committee consists of five members, three of whom are independent of the Council. Independent members are appointed by Council based on their individual skills, knowledge and experience to ensure the effective discharge of the Committee's responsibilities.

### Audit Committee Membership July 2018 – June 2019

See table below.

Name	Elected Member or Independent Member	Dates	Attendance
Cr Graham Reynolds	Elected Member (Chairman)	July 2018 - June 2019	4 of 4 meetings
Cr Joe Caruso (until November 2018)	Elected Member	July 2018 - November 2018	2 of 2 meetings
Cr Lisa Braun	Elected Member	November 2018 - June 2019	2 of 2 meetings
Mr Craig Johnson Independent consultant	Independent Member	July 2018 - June 2019	3 of 4 meetings
Ms Kristyn Verrall General Counsel and Company Secretary, Statewide Super	Independent Member	July 2018 - June 2019	3 of 4 meetings
Mr Neil Ediriweera Director, KPMG	Independent Member	July 2018 - June 2019	4 of 4 meetings

### **Elected Member Training and Development**

Below is a table showing training and development activities attended by Elected Members during the past financial year.

Elected Members from July 2018 to October 2018

Gillian Aldridge OAM	LGA Special General Meeting LGA Annual General Meeting
David Balaza	Nil
Sean Bedford	Nil
Beau Brug JP	Nil
David Bryant	LGA Special General Meeting
Chad Buchanan JP	LGA Special General Meeting KelledyJones LG Elections Breakfast
Giuseppe (Joe) Caruso	Nil
Linda Caruso	Nil
Robyn Cook	Nil
Elizabeth (Betty) Gill JP	Nil
Damien Pilkington	Nil
Donna Proleta	Nil
Shiralee Reardon JP	Nil
Graham Reynolds	Nil
Steve White	LGA Roads and Works Conference
Julie Woodman JP	Nil
Riccardo Zahra	Nil

### Elected Member Training and Development Cont'd

Elected Members from November 2018 to June 2019

	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop
Gillian Aldridge OAM	Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop LGA Ordinary General Meeting
Maria Blackmore	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop (Sunday only) Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop Understanding a Council Budget (ALGWA)
Lisa Braun	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop
Beau Brug JP	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training National General Assembly of Local Government, Canberra
Chad Buchanan JP	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop
Adam Duncan	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop (Sunday only) Financial Management and Reporting Training Customer Experience Training
Kylie Grenfell	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop

Natasha Henningsen	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop Understanding a Council Budget (ALGWA) Integrated Social Infrastructure Planning Reform
David Hood	Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop
Peter Jensen	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training National General Assembly of Local Government, Canberra
Sarah Ouk	Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop Understanding a Council Budget (ALGWA)
Donna Proleta	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training
Shiralee Reardon	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop Waste Essentials for Council Members
Graham Reynolds	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop
Julie Woodman	Council Member Essential Induction Understanding Meetings and Gatherings Training Public Integrity Issues Training Elected Member Strategic Weekend Workshop Financial Management and Reporting Training Customer Experience Training Risk Management Training/Workshop ALGWA National Conference, NSW

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### Elected Members Representation on External and Community Organisations

July 2018 to October 2018

Gillian Aldridge OAM	Local Government Association of SA Board (Voting Representative)  Metropolitan Local Government Group – Executive Committee (Member)
David Balaza	Northern Adelaide Waste Management Authority Board (Member) Salisbury City Centre Business Association Salisbury Park Primary School Governing Council
Sean Bedford	
David Bryant	
Chad Buchanan JP	Metropolitan Seaside Councils' Committee
Beau Brug JP	
Giuseppe (Joe) Caruso	Salisbury East High School Governing Council
Linda Caruso	Local Government Finance Authority of SA (Voting Delegate)
Robyn Cook	
Elizabeth (Betty) Gill JP	Australian Local Government Women's Association – President (SA Branch) Australian Local Government Women's Association - Vice President (National) Northern Adelaide Waste Management Authority Board (Deputy Member) Social Participation and Diversity Advisory Committee – Chair Parafield Airport Consultative Committee
Damien Pilkington	Salisbury East Neighbourhood Centre
Donna Proleta	Burton Community Centre St Kilda and Surrounds Development and Tourism Association
Shiralee Reardon JP	Salisbury and Districts Historical Society Para Hills High School Governing Council State Bushfire Coordination Committee
Graham Reynolds	Northern Adelaide Waste Management Authority Board (Deputy Member) Paralowie R-12 School Governing Council Salisbury High School Governing Council Bagster Road Community Centre Committee
Steve White	Parafield Airport Consultative Committee Dennison Centre Management Committee
Julie Woodman JP	Valley View Secondary High School Governing Council Burton Centre Committee Salisbury Suicide Prevention Network (Every Life Matters) Ingle Farm Primary School Governing Council Ingle Farm East Primary School Governing Council
Riccardo Zahra	

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### Elected Members Representation on External and Community Organisations

November 2018 to June 2019

Gillian Aldridge OAM	Local Government Association of SA Board (Deputy Voting Representative) Local Government Association Board of Directors (Immediate Past President) Greater Adelaide Regional Organisation of Councils (Voting Member)
Maria Blackmore	
Lisa Braun	Local Government Finance Authority (Deputy Voting Delegate) Metropolitan Seaside Councils Committee
Beau Brug JP	Metropolitan Seaside Councils Committee (Deputy Elected Member Representative)
Chad Buchanan JP	Local Government Association of SA (Voting Representative) Paralowie R-12 School Governing Council
Adam Duncan	Salisbury East High School Governing Council (Chair) Parafield Airport Consultative Committee
Kylie Grenfell	Northern Adelaide Waste Management Authority Board (Deputy Member) The Pines Primary School Governing Council Parafield Gardens High School Governing Council
Natasha Henningsen	Local Government Finance Authority of SA (Voting Representative)
David Hood	Lake Windemere B-7 School Governing Council Salisbury City Centre Business Association (Deputy Member)
Peter Jensen	Parafield Airport Consultative Committee Parafield Gardens High School Governing Council
Sarah Ouk	
Donna Proleta	Burton Community Centre St Kilda and Surrounds Development and Tourism Association
Shiralee Reardon JP	Northern Adelaide Waste Management Authority Board (Deputy Member) Para Hills High School Governing Council Salisbury and Districts Historical Society State Bushfire Coordination Committee Dog and Cat Management Board
Graham Reynolds	Salisbury City Centre Business Association Northern Adelaide Waste Management Authority Board (Member) Salisbury High School Governing Council
Julie Woodman JP	Australian Local Government Women's Association SA Branch (Deputy President) Northern Adelaide Waste Management Authority Board (Member) Valley View Secondary High School Governing Council Burton Centre Committee Salisbury Suicide Prevention Network (Every Life Matters) Ingle Farm Primary School Governing Council Ingle Farm East Primary School Governing Council

### **Elected Member Meeting Attendance**

Elected Members from July 2018 to October 2018

	CEO Review Committee 1/1	Policy and Planning Committee 4/4
iillian Aldridge, OAM	<ul> <li>Tourism and Visitor Sub Committee (ex officio) 0/0</li> <li>Innovation and Business Development Sub Committee 2/3</li> <li>Strategic Property Development Sub Committee (ex officio) 1/1</li> <li>Strategic and International Partnerships Sub Committee (ex officio) 0/0</li> <li>Youth Council (ex officio) 0/2</li> <li>Sport, Recreation and Grants Committee (ex officio) 4/4</li> </ul>	Budget and Finance Committee 4/4     Works and Services Committee (ex officio) 4/4     Resources and Governance Committee (ex officio) 4/4     Council 3/4
David Balaza	<ul> <li>Innovation and Business Development Sub Committee (1 as proxy)</li> <li>Strategic and International Partnerships Sub Committee 0/0</li> <li>Youth Council 2/2</li> <li>Sport, Recreation and Grants Committee 4/4</li> <li>Policy and Planning Committee 4/4</li> <li>Budget and Finance Committee 4/4</li> </ul>	Resources and Governance Committee 4/4     Council 4/4
ean Bedford	CEO Review Committee 1/1 Innovation and Business Development Sub-Committee 3/3 Policy and Planning Committee 4/4 Budget and Finance Committee 4/4	<ul> <li>Resources and Governance Committee 4/4</li> <li>Council 3/4</li> </ul>
Beau Brug JP	<ul> <li>Innovation and Business Development Sub Committee 1/3</li> <li>Sport, Recreation and Grants Committee 1/3</li> <li>Policy and Planning Committee 2/4</li> <li>Budget and Finance Committee 2/4</li> </ul>	Resources and Governance Committee 2/4     Council 4/4
David Bryant	<ul> <li>Innovation and Business Development Sub Committee 3/3</li> <li>Sport, Recreation and Grants Committee 1/4</li> <li>Policy and Planning Committee 2/4</li> <li>Budget and Finance Committee 2/4</li> </ul>	Resources and Governance Committee 2/4     Council 4/4
Chad Buchanan JP	<ul> <li>Policy and Planning Committee 3/4</li> <li>Budget and Finance Committee 3/4</li> <li>Works and Services Committee 2/4</li> </ul>	· Council 4/4
Giuseppe (Joe) Caruso	<ul> <li>Innovation and Business Development Sub Committee 2/3</li> <li>Strategic Property Development Sub Committee 1/1</li> <li>Audit Committee of Council 2/2</li> <li>Policy and Planning Committee 4/4</li> </ul>	Budget and Finance Committee 4/4     Works and Services Committee 4/4     Council 4/4
Linda Caruso	<ul> <li>CEO Review Committee 1/1</li> <li>Innovation and Business Development Sub Committee 3/3</li> <li>Council Assessment Panel 3/3</li> <li>Sport, Recreation and Grants Committee 4/4</li> <li>Policy and Planning Committee 4/4</li> </ul>	Budget and Finance Committee 4/4     Resources and Governance Committee 4/4     Council 4/4
Robyn Cook	<ul> <li>Tourism and Visitor Sub Committee 0/0</li> <li>Policy and Planning Committee 0/4</li> <li>Budget and Finance Committee 0/4</li> <li>Resources and Governance Committee 0/4</li> </ul>	· Council 4/4

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Elizabeth (Betty) Gill JP	Innovation and Business Development Sub 1/3     Strategic Property Development Sub Committee 1/1     Strategic and International Partnerships Sub Committee 0/0	<ul> <li>Policy and Planning Committee 4/4</li> <li>Budget and Finance Committee 4/4</li> <li>Works and Services Committee 4/4</li> <li>Council 4/4</li> </ul>
Damien Pilkington	<ul> <li>CEO Review Committee 1/1</li> <li>Sport, Recreation and Grants Committee 4/4</li> <li>Policy and Planning Committee 4/4</li> <li>Budget and Finance Committee 4/4</li> </ul>	Innovation and Business Development Sub Committee (1, as proxy)     Resources and Governance Committee 4/4     Council 4/4
Donna Proleta	<ul> <li>Innovation and Business Development Sub Committee 2/3</li> <li>Strategic Property Development Sub Committee 0/1</li> <li>Sport, Recreation and Grants Committee 3/4</li> <li>Policy and Planning Committee 3/4</li> </ul>	<ul> <li>Budget and Finance Committee 3/4</li> <li>Resources and Governance Committee 3/4</li> <li>Council 4/4</li> </ul>
Shiralee Reardon JP	<ul> <li>Tourism and Visitor Sub Committee 0/0</li> <li>Strategic Property Development Sub Committee 0/1</li> <li>Policy and Planning Committee 4/4</li> <li>Budget and Finance Committee 4/4</li> </ul>	Works and Services Committee 4/4     Council 4/4
Graham Reynolds	CEO Review Committee 1/1 Strategic Property Development Sub Committee 1/1 Strategic and International Partnerships Sub Committee 0/0 Audit Committee 2/2 Policy and Planning Committee 4/4 Budget and Finance Committee 4/4	<ul> <li>Works and Services Committee 4/4</li> <li>Council 4/4</li> </ul>
Steve White	<ul> <li>Innovation and Business Development Sub Committee (1, as proxy)</li> <li>Strategic Property Development Sub Committee 1/1</li> <li>Youth Council 2/2</li> <li>Policy and Planning Committee 3/4</li> <li>Budget and Finance Committee 3/4</li> </ul>	<ul> <li>Works and Services Committee 3/4</li> <li>Council 4/4</li> </ul>
Julie Woodman JP	Tourism and Visitor Sub Committee 0/0 CEO Review Committee 1/1 Strategic Property Development Sub Committee 1/1 Strategic and International Partnerships Sub Committee 0/0	<ul> <li>Sport, Recreation and Grants Committee 4/4</li> <li>Policy and Planning Committee 4/4</li> <li>Budget and Finance Committee 4/4</li> <li>Works and Services Committee 4/4</li> <li>Council 4/4</li> </ul>
Riccardo Zahra	CEO Review Committee 1/1 Tourism and Visitor Sub Committee 0/0 Innovation and Business Development Sub Committee 2/3 Strategic Property Development Sub Committee 1/1 Youth Council 2/2	<ul> <li>Sport, Recreation and Grants Committee 4/4</li> <li>Policy and Planning Committee 4/4</li> <li>Budget and Finance Committee 4/4</li> <li>Works and Services Committee 4/4</li> <li>Council 4/4</li> </ul>

### **Elected Member Meeting Attendance**

Elected Members from November 2018 to June 2019

	CEO Review Committee 1/2	Policy and Planning Committee 7/7
Gillian Aldridge, OAM	Tourism and Visitor Sub Committee (ex officio) 1/1  Innovation and Business Development Sub Committee 2/4  Strategic Property Development Sub Committee (ex officio) 1/4  Strategic and International Partnerships Sub Committee (ex officio) 0/2  Youth Council (ex officio) 0/3  Sport, Recreation and Grants Committee (ex officio) 4/7	Budget and Finance Committee 7/7     Works and Services Committee (ex officio) 7/7     Resources and Governance Committee (ex officio) 7/7     Council 7/8
Maria Blackmore	<ul> <li>Strategic Property Development Sub Committee 3/4</li> <li>Tourism and Visitor Sub Committee 1/1</li> <li>Youth Council 1/3</li> <li>Policy and Planning Committee 7/7</li> <li>Budget and Finance Committee 7/7</li> </ul>	Works and Services 7/7     Council 7/8
Lisa Braun	<ul> <li>Innovation and Business Development Sub Committee 2/4</li> <li>Strategic Property Development Sub Committee 4/4</li> <li>Audit Committee 2/2</li> <li>Policy and Planning Committee 7/7</li> <li>Budget and Finance Committee 7/7</li> </ul>	<ul> <li>Sport, Recreation and Grants Committee 5/7</li> <li>Works and Services Committee 7/7</li> <li>Council 8/8</li> </ul>
Beau Brug JP	<ul> <li>Council Assessment Panel 4/4</li> <li>Policy and Planning Committee 5/7</li> <li>Budget and Finance Committee 5/7</li> </ul>	<ul> <li>Resources and Governance Committee 5/7</li> <li>Council 6/8</li> </ul>
Chad Buchanan JP	Innovation and Business Development Sub-Committee 4/4  CEO Review Committee 2/2  Sport, Recreation and Grants Committee 7/7  Policy and Planning Committee 7/7	<ul> <li>Budget and Finance Committee 7/7</li> <li>Works and Services Committee 7/7</li> <li>Council 7/8</li> </ul>
Adam Duncan	<ul> <li>Innovation and Business Development Sub Committee 4/4</li> <li>Policy and Planning Committee 7/7</li> <li>Budget and Finance Committee 7/7</li> </ul>	Resources and Governance Committee 7/7     Sport, Recreation and Grants Committee 6/7     Council 8/8
Kylie Grenfell	<ul> <li>Innovation and Business Development Sub Committee 4/4</li> <li>Strategic and International Partnerships Sub Committee 2/2</li> <li>Strategic Property Development Sub Committee 4/4</li> <li>Tourism and Visitor Sub Committee 1/1</li> <li>Policy and Planning Committee 7/7</li> </ul>	<ul> <li>Budget and Finance Committee 7/7</li> <li>Resources and Governance Committee 7/7</li> <li>Council 8/8</li> </ul>
Natasha Henningsen	<ul> <li>Strategic and International Partnerships Sub Committee 2/2</li> <li>Strategic Property Development Sub Committee 4/4</li> <li>Sport, Recreation and Grants Committee 6/7</li> <li>Policy and Planning Committee 5/7</li> </ul>	Budget and Finance Committee 5/7     Works and Services Committee 5/7     Council 8/8

David Hood	<ul> <li>Innovation and Business Development Sub Committee 4/4</li> <li>Policy and Planning Committee 5/7</li> <li>Budget and Finance Committee 5/7</li> </ul>	Resources and Governance Committee 5/7     Sport Recreation and Grants Committee 6/7     Council 8/8
Peter Jensen	<ul> <li>Innovation and Business Development Sub Committee 4/4</li> <li>Strategic and International Partnerships Sub Committee 2/2</li> <li>Policy and Planning Committee 7/7</li> <li>Budget and Finance Committee 7/7</li> </ul>	Resources and Governance Committee 7/7     Council 8/8
Sarah Ouk	<ul> <li>Youth Council 1/3</li> <li>Sport, Recreation and Grants Committee 5/7</li> <li>Policy and Planning Committee 5/7</li> <li>Budget and Finance Committee 5/7</li> </ul>	<ul> <li>Works and Services Committee 5/7</li> <li>Council 8/8</li> </ul>
Donna Proleta	<ul> <li>CEO Review Committee 2/2</li> <li>Strategic and International Partnerships 2/2</li> <li>Strategic Property Development Sub Committee 3/4</li> <li>Tourism and Visitor Sub Committee 1/1</li> <li>Policy and Planning Committee 6/7</li> </ul>	Budget and Finance Committee 6/7     Resources and Governance Committee 6/7     Council 8/8
Shiralee Reardon JP	<ul> <li>Strategic Property Development Sub Committee 3/4</li> <li>Tourism and Visitor Sub Committee 1/1</li> <li>CEO Review Committee 2/2</li> <li>Policy and Planning Committee 6/7</li> <li>Budget and Finance Committee 6/7</li> </ul>	Sport, Recreation and Grants Committee 5/7     Works and Services Committee 6/7     Council 7/8
Graham Reynolds	<ul> <li>Strategic and International Partnerships Sub Committee 1/2</li> <li>Strategic Property Development Sub Committee 3/4</li> <li>Youth Council 3/3</li> <li>Audit Committee 2/2</li> <li>Policy and Planning Committee 7/7</li> <li>Budget and Finance Committee 7/7</li> </ul>	Works and Services Committee 7/7     Council 8/8
Julie Woodman JP	<ul> <li>Innovation and Business Development Sub-Committee 3/4</li> <li>Strategic and International Partnerships Sub-Committee 2/2</li> <li>Tourism and Visitor Sub Committee 1/1</li> <li>CEO Review Committee 1/2</li> <li>Policy and Planning Committee 7/7</li> </ul>	Budget and Finance Committee 7/7     Resources and Governance Committee 7/7     Council 8/8



### **Executive Allowances**

The Executive Management Structure is comprised of the Chief Executive Officer and four General Managers. Salary packages for these five executives are comprised of:

- A negotiated annual salary;
- Statutory superannuation;
- Provision of a fully maintained Council vehicle or equivalent.

# General Managers membership on External Boards and Committees:

Below is a list of membership on external bodies by City of Salisbury General Managers, during the past financial year

### Chief Executive Officer, John Harry

Council Solutions

### **General Manager City Development, Terry Sutcliffe**

Nil

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### General Manager Business Excellence, Charles Mansueto

- Council Solutions (Member)
- Northern Adelaide Waste Management Authority (Board Member)

### General Manager Community Development, Pippa Webb

Nil

### General Manager City Infrastructure, Mark van der Pennen (until 01/10/2018)

Northern Adelaide Waste Management Authority (NAWMA)

### General Manager City Infrastructure, John Devine (from 23/10/2018)

 Northern Adelaide Waste Management Authority (NAWMA) (Deputy Board Member)

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## Overseas Travel by Elected Members and Staff for 20187/2019

It is a decision of Council that all overseas travel and associated expenditure undertaken during the financial year be reported in the Council's Annual Report fo that year.

In the period 01/07/2018 through to 30/06/2019 there was one overseas trip that involved Elected Members and Staff as follows:

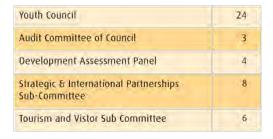
25 July - 1 August 2018

Travel to Mobara, Japan as part of a Sister City Delegation

- Deputy Mayor Cr Linda Caruso (met own expenses)
- Cr Graham Reynolds (met own expenses)
- Manager Community Capacity & Learning (cost to Council \$2,584)

### Participation in decision-making forums (AR.03.02.03)

In 2018/19, there were five Committees with 45 nonelected members in their membership. The Committees are Youth Council (24) Audit Committee of Council (3), Development Assessment Panel (4), Strategic and International Partnerships (8) and the Tourism and Visitor Sub Committee (6).



## Number of internal controls rating 4 or higher (CAMS) (AR.04.02.01)

The City of Salisbury utilises a risk and control management application called ControlTrack, to monitor and review its internal financial controls. There are 260 controls (two are not applicable to the City of Salisbury) within ControlTrack across 6 classes: Assets, Expenses, External Services, Liabilities, Revenue and Strategic Financial Planning.

We use a five point rating scale when self-assessing the effectiveness of our internal financial controls (1=ineffective, 2=requires significant improvement, 3=partially effective, 4=majority effective and 5=effective). The total number of controls assessed and reviewed in 2018/19 was 258. 253 were assessed as having an effectiveness rating of 4 or 5 which represents 98.06 per cent of controls assessed. Five controls were assessed as being partially effective and treatment plans have been established to improve the rating.

# High risk outcomes/findings from internal audits/program reviews

Five high risk outcomes / findings from internal audits were identified and reported on to the Audit Committee in the 2018/19 financial year.

The City of Salisbury operates a risk-based Internal Audit Plan, where audits are conducted in order to provide assurance on the risks identified in the Strategic Risk Register.

The following audits were completed and reported to the Audit Committee in the 2018/2019 period:

Business Systems and Solutions – Cyber security (Confidential Item); and

Capital Works Projects

The results of an audit on Business Systems and Solutions were considered by the Audit Committee in confidence, pursuant to section 83(5) of the Local Government Act 1999. Three high risk findings were identified in the audit, which are being addressed by Council.

An audit on capital works projects was performed to provide assurance regarding the effectiveness of the processes in place to manage, monitor and deliver capital works projects for the City of Salisbury. Eight risk findings were identified in the audit, and of those, two findings were rated as high. One concerned the utilisation of the full Project Management Methodology for Major Projects. The other related to project risk management tools not being utilised. The actions identified to address the findings in the Capital Works Project audit have been completed.

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### 2018/19 CITIZEN OF THE YEAR AWARD WINNERS

Citizen: Marcela Lastra

Young Citizen: Andrew McDonald-Masters

Senior Citizen: Ray Hall

Community Event of the Year: Bowls SA Super League



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### CITIZEN OF THE YEAR: MARCELA LASTRA

Marcela Lastra, of Mawson Lakes, created an Australian record in 2018 when the charity she founded. Hair Aid Community Cuts – provided more than 230 free haircuts in less than tive hours. Those were just some of the free cuts she provided through her prolific charity work during 2018. She also donated her time at homeless shelters for men and women in the city on a weekly basis through the St Vincent De Paul Society. Marcela still found time to volunteer at Royal Adelaide Hospital and spent time in the Philippines doing mission work, which included training people from some of the poorest communities in the world in hairdressing, to help families establish an income stream.

Marcela's generosity is only matched by her business skills. She operates a successful salon, Longko Salon, in Mawson Lakes. The business has given opportunities to trainees and refugees and has continued to grow and thrive after starting out as a home-based operation.

### YOUNG CITIZEN OF THE YEAR: ANDREW MCDONALD-MASTERS

Andrew McDonald Masters, of Parafield-Gardens, was diagnosed with Asperger Syndrome at age seven, and overcome the social and learning challenges this presented to graduate from Parafield Gardens High School with his SACE certificate in 2015. Andrew went on to gain qualifications in warehousing and forklift operation and has worked as a mechanical assistant at Golden Grove-based Boating Scene for the past two years. He continues to mentor students at his former school and also helps young people going through the Duke of Edinburgh programs, among other volunteer work.





### SENIOR CITIZEN OF THE YEAR: RAY HALL

Ray Hall, of Salisbury North, is another tireless community contributor. He has chalked up more than 50 years in chairman and president roles at community organisations including the Penfield Sports Association, Penfield Model Engineers Society and Salisbury RSL. Ray was previously named a Salisbury Living Legend and has lived in the City for almost half a century. He remains passionate about his community and continues to give up his time for community groups.

### COMMUNITY EVENT OF THE YEAR: BOWLS SA SUPER LEAGUE

Bowls SA's inaugural Super League event at Salisbury Bowling Club ran over six weeks from July-September 2018 and was a wonderful success. The event showcased the bowling club's world-class new under-cover rinks, and attracted bowlers and spectators to Salisbury from across SA. The event was also streamed live online and gave widespread exposure to the area.



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### 2018/19 LEGENDS AWARD WINNERS

Living Legend: Ray Hall

Working Legend: Robert Mattiske

Active Legend: Geoff Ambler

Mrs Baynes and Mrs Roberts Outstanding Contribution Award: Lee Kightley





### LIVING LEGEND: RAY HALL

Ray has been a stalwart of Salisbury for the past 50 years as an active and passionate advocate for the community.

He has served as Chairman of the Penfield Sports Association from 1998-2017, as well as President of the Penfield Model Engineers Society for 33 years. Ray has been a member of the National Military Vehicle Museum since 2014 and actively volunteers every Monday as part of the Men's Shed that restore vehicles, including the Salisbury Council Ute, and is currently working on a 1918 Army truck. As the workshop manager, Ray supervises a Men's Shed which regularly has 12 attendees undertaking the restorations, and has also included eight high school students participating in a Flexible Learning Options (FLO) program. Through Ray's leadership and commitment to community, he is providing an environment for senior men to have fellowship and friendship and for younger people to learn and gain valuable skills, enhancing people's lives across all ages and providing valuable social benefits across our community.

Ray's vision for the community as a whole is showcased by his/leadership and tenacity when the Penfield Sports Association looked like it might close following a downsize in members and the disposal of surplus land. Following a plea to the then State Premier, he was able to secure a long term lease for the nine resident clubs. This provided certainty for the Penfield Sports Association and enabled the Penfield Model Engineers Society to upgrade and rebuild the facilities.

Through Ray's continued leadership, initiative and efforts, the Penfield Model Engineers Society has continued to build and expand in recent years with Ray instrumental in securing, coordinating and supervising work-for the dole participants and indigenous work programs, with over 100 young people gaining valuable skills and experience.



Robert has been a proactive member of the Salisbury Town Centre Association for a number of years including a regular committee member of the original Salisbury Town Centre Association. His regular contributions during meetings hav showcased his passion and desire for a robust and dynamic Town Centre.

Alongside operating a very successful 24-hour, second generation family business in Salisbury, Robet is committed to the community, including his local service club and being an active member of his children's school's governing council.

Described as an intelligent, articulate and respectful man whose heart has always been in Salisbury and its community, we are pleased to award Robert with this Working Legend Award.



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### **ACTIVE LEGEND: GEOFF AMBLER**

As president of the Salisbury Bowling Club, Geoff has overseen the redevelopment of the club into one of the leading and most progressive bowling clubs in South Australia. The redevelopment of the facility has seen the club stage a South Australia vs Victoria series, Bowls Premier League Cup qualifying regional and state finals rounds and the inaugural Bowls SA Super League series.

Geoff took the initiative to create a plan and a vision for the Salisbury Bowling Club that showed leadership and bold decision making, as it became the first club in the state to build an undercover facility of its type. This has led to other clubs looking to implement similar type structures to Salisbury Bowling Club.

He has taken the initiative to work with the state and national sporting organisations to bring events to the facility and the City of Salisbury, putting Salisbury on the state and national stage in hosting these events.

Geoff's determination and vision has seen the popularity of bowls soar, bringing people from around South Australia as well as interstate to the club and to the City of Salisbury.





### MRS BAYNES AND MRS ROBERTS OUTSTANDING CONTRIBUTION AWARD :

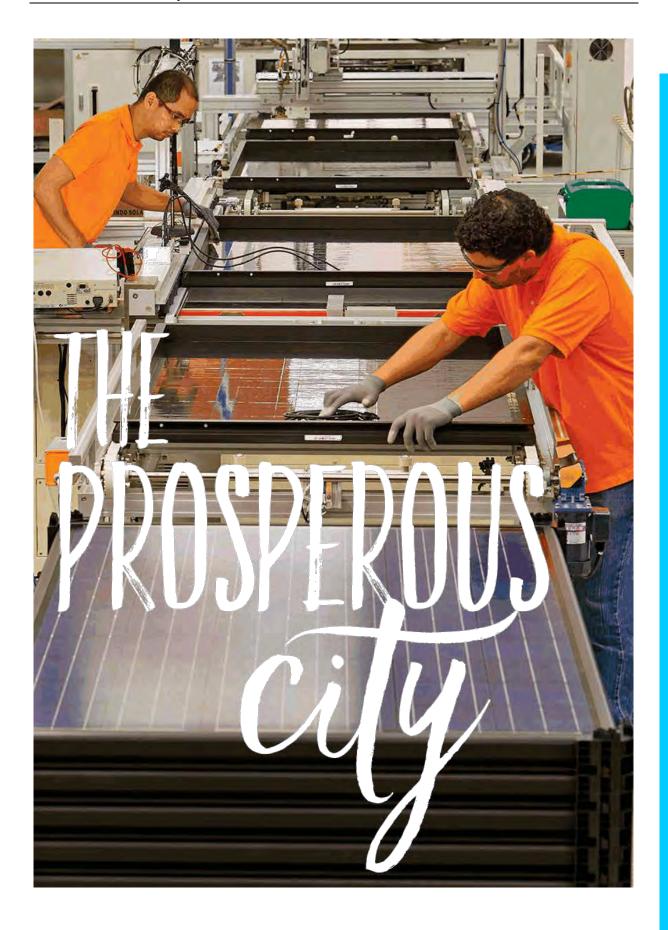
Lee Kightley is a Senior WHS Advisor within the People & Culture Division at the City of Salisbury. Having started work as a Turf and Irrigation Worker in 2011, Lee has completed studies in WHS and was successful earlier this year in obtaining the role as Senior WHS Advisor.

Lee has lived within the City of Salisbury his entire life, and has a strong commitment to the Salisbury community, not just as an employee of the City of Salisbury, but also by his contribution as a member of the Army Reserves since 2011, which involves a commitment of approximately 40 days of service each year. This includes regular Tuesday evening parades and monthly training weekends. Lee was awarded the Australian Defence Medal (ADM) for 4 years of service in 2015 and was awarded a Soldier's Medallion for Exemplary Service in 2017 Lee regularly attends ANZAC Day Ceremonies, Remembrance Day and The Charge of Beersheba Commemorations as well as Legacy week collections.

Lee is also a keen footballer, having started his career as a junior in the under 8's at the Brahma Todge Football Club and has played more than 250 senior games for another community club. Lee is very family orientated with two young daughters aged 6 and 4-years old.

During his eight years at the City of Salisbury, Lee has worked skiffully to support the positive outcomes for our community and staff, and has contributed significantly to the WHS team and the broader organisation in relation to work health and safety initiatives.

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By 2030 Salisbury remains at the forefront of attracting investment into the City due to its excellent infrastructure, skilled workforce, diverse and thriving economic base and overall affordability of doing business.

Our businesses are innovative and outwardly focused. Our industry base is transforming, creating new job opportunities. Creativity thrives and we are recognised as one of the best places to start a business in the nation.

Our infrastructure and our neighbourhoods support the exchange of goods, services and ideas. Technology is used to develop new products and capture new markets, and businesses in Salisbury are global innovators.

Lity Plan 2030

### Have a community with the skills, knowledge and agility to participate in a rapidly changing economy

The University of South Australia (UniSA) Mawson Lakes Campus is located in our City, which uniquely allows us to take advantage of education opportunities to ensure our community thrives in a rapidly changing economy. Council is committed to improving pathways to employment by providing programs for people whether they are unemployed, seeking to enter the workforce or looking to change careers. Our close partnership with the education sector is enabling the development of sustainable, innovative programs that assist our community to prosper.

In 2018/19, this was demonstrated by Council's close collaboration with undergraduate students at UniSA. A project in the Design Thinking and Digital Innovation course involved students applying design thinking principles to develop an industry that could benefit the Northern Adelaide region.

Council also continued to provide Foundation Skills training that leads to further education, employment and volunteering pathways. A unique collaboration with the Australian Science and Mathematics School was rolled out during the year and involved students participating in program design and delivery.

City of Salisbury takes an active role in promoting change and harnessing the skills of those who live in the region. Our Ability and Inclusion Strategic Plan outlines our commitment to enabling older people, people with disabilities and people from Culturally and Linguistically Diverse (CaLD) backgrounds to participate in employment, volunteering and decision-making processes. The Plan also aims to keep our processes agile and our workforce diverse to reflect the community we

serve. To assist in fulfilling this aim, Council volunteers are given the opportunity to apply for internally advertised roles after three months of service, Volunteers are also provided training and skill development on the transferable skills relevant to a paid position.

Building on the work undertaken to support workers and families affected by the closure of the automotive sector, we continue to work with external stakeholders to identify skills gaps and employment pathways that can be aligned to our learning programs where appropriate.

### Be the place of choice for businesses to invest and grow in South Australia, nationally and internationally

Our regional strengths in food processing, defence, logistics and education continue to expand each year, with new investment and the growth of existing firms.

The Economic Development Team worked with 60 firms on investment attraction and expansion initiatives this year, an increase of 57% compared to last year. From the 60 firms Council worked with, 23 resulted in investments made, of which seven were expansion investments and 16 were inward investments. This strong performance resulted in the combined potential job creation of 1,179 positions in the region.

2018/19 was another successful year of partnership with UniSA. Council is committed to capitalising on the expertise within UniSA and the establishment of data centres to accelerate the growth of information-rich industries in the region. This year we worked with post-graduate students who assisted us in the development of an open data governance framework.

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Salisbury Water is an innovative and reliable recycled water service provider that supports Council's initiatives to deliver economic, environmental and social benefits to the community. Each year we aim to further develop Salisbury Water through research and initiatives to provide a competitive edge for firms located in the region. In 2018/19, co-sponsorship with CSIRO and UniSA was undertaken to introduce a Research Program Manager to lead the Northern Adelaide Industrial Symbiosis Project – a series of research projects aimed at reducing costs for local industry.

Salisbury Water also undertook innovative projects to benefit the local community and the wider region including:

- Completing advanced water treatment trials at Edinburgh Parks
- Installing wicking beds for factory waste water reuse at the Jobson Road Reserve
- Obtaining passive pollutant samplers in the creek at Dry Creek.

City of Salisbury had a successful year building and promoting industries around our region's research strengths. Council continued to liaise with State Government regarding the development of Technology Park. Sew Eurodrive lodged a proposal to expand at Technology Park and Raytheon announced intention to build at the location creating 300 jobs. In addition, SmartSat CRC announced (which Council supported in the bid stage) its headquarters would be based in South Australia, with a significant component of the business to be located at Mawson Lakes.



# Have a thriving business sector that supports community wellbeing, is globally oriented & creates job opportunities

City of Salisbury strongly supports the development of a creative entrepreneurial community. Throughout the year, new business starter workshops and mentoring programs were developed and launched. Council delivered 16 workshops to support up-skilling and capability building of local SMEs through the Business in Excellence program.

We also fostered entrepreneurial activity through expansion of the Home and Community Services Contractor list. In 2018/19, the number of contractors registered to provide services increased to approximately 46, the largest increase being for domestic assistance.

The Polaris Business and Innovation Centre continues to deliver programs and support to SMEs in the region. The Centre is a significant part of Council's ability to assist business start-ups and improve the growth aspirations, management capability and leadership of existing business owners. During the year, approximately 700 individual businesses were provided with advice and information, with 45 clients participating in one-on-one mentoring programs. Furthermore, 73 workshops and networking events were held through the Polaris Centre.

In 2018/19, the Economic Development team delivered "marketing, growth and profit" workshops for firms looking to expand. The New Advanced Mentoring program was launched, targeting growth-oriented firms. Council aims to support firms to access new markets, and worked closely with six firms seeking assistance to break into international markets. Furthermore, the team provided digital information and advice to 203 firms to help with the adoption of digital technologies to improve productivity.

City of Salisbury supports our business community through a range of initiatives and locally focussed decisions. We aim to ensure our regulation and procurement activities support local economic growth where possible. Throughout the year, Council continued to provide a range of statutory services to the community in relation to development approvals. Our case management framework for businesses looking to invest or expand in the region has been rolled out. City of Salisbury is a proud participant in the Small Business Friendly Council Initiative run by State Government. We have met all obligations outlined under the Charter Agreement of the Initiative highlighting our City's commitment to work with and support small businesses in the region. Part of this support is the timely processing of development applications, with 2,238 development applications submitted throughout the year, and the total value of approved developments approximately \$178

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### Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice

To encourage the maximisation of economic and social benefits from major infrastructure projects, Council has actively partnered with businesses and peak bodies, and advocated for projects that support our commitment to Northern Adelaide Economic Benefit (NAEB). One of the most significant projects for Council in 2018/19 has been the design and construction of the Salisbury Community Hub. As a centre piece of our vision of a flourishing city with opportunity for all, Council has maintained strict NAEB targets for the use of local materials and local workforce participation in the construction of the Hub. The contracted builder has been able to achieve above the required NAEB targets through the use of locally sourced labour. As the building progresses, trades continue to seek material supplies from within Salisbury and the broader northern Adelaide region.

A key feature of the Salisbury Community Hub project design is to maximise social benefit and flexibility of community spaces. The local community was consulted widely in the design of the Hub, and many key decisions have been based on valuable feedback from the Salisbury community. The project incorporates a wide range of meeting and event spaces for use by community, commercial hire and business groups that have not previously been available in the city centre. We are on track to delivering a community-centric design as part of this magnificent building in the heart of our City.

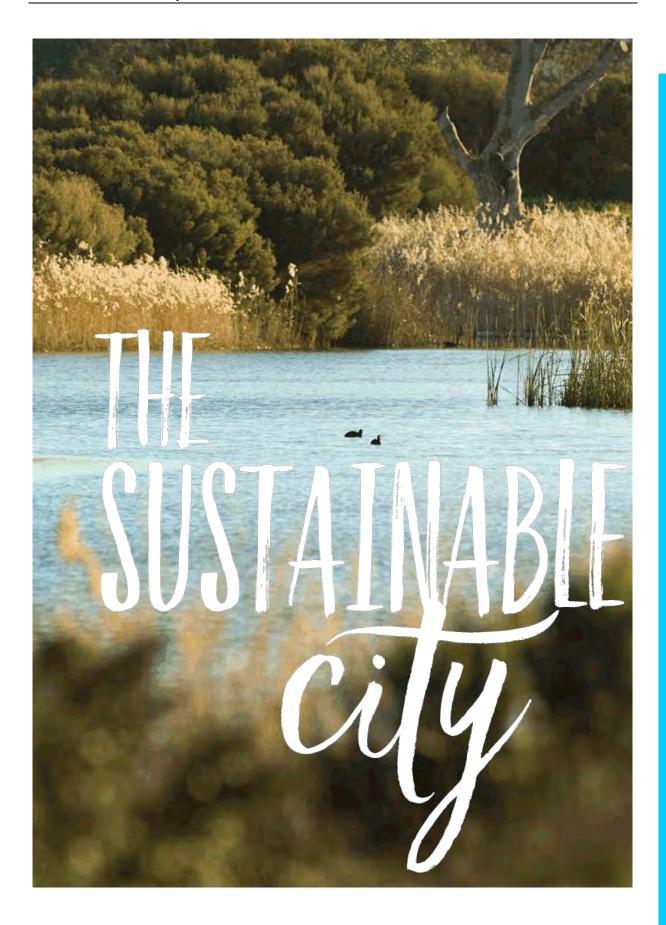
Coinciding with the construction of the Hub, Council is currently in the Design Phase of the John Street and Church Street upgrades. Consultation with the community and local businesses will occur later this year. Smaller early win projects are already underway with the completion of recent artwork in John Street, and the commencement of some streetscape upgrades.

Other key infrastructure projects driving benefits to our City include the Northern Connector and the Gawler Rail Electrification Projects. Council has collaborated with Department of Planning Transportation and Infrastructure (DPTI) on both of these projects. It is anticipated the Northern Connector will be completed within the next six months, with the design for the Gawler Rail Electrification Project to be completed late 2019.

In order to encourage well-designed infill development and unlock new urban development opportunities, Council has been monitoring the effectiveness of policy to provide housing choice and affordability options, and feeding this information into forward planning initiatives.

An example of Council's planning initiatives in 2018/19 was our discussions held with agencies regarding the future development of Dry Creek Salt Fields. There has also been continued liaison with DPTI and the Local Government Association on the implementation of the Planning Development and Infrastructure Act and the Planning and Design Code.

It is anticipated that Council's investment in the Salisbury Community Hub and other key infrastructure projects currently underway will regenerate the Salisbury City Centre into a vibrant, diverse and successful destination recognised as the business heart of northern Adelaide.



By 2030 Salisbury remains internationally recognised for its innovative environmental management in water, energy, waste and biodiversity.

People and businesses have ready access to a range of renewable energy and waste management options. Recycled and waste water management are major contributors to the economic and environmental sustainability of our City.

People choose to live here because Salisbury offers a sustainable lifestyle choice which is adaptive to future changes in climate. They have a sense of ownership and pride in their natural spaces, places and streetscapes.

Jobs are being created in our globally renowned green industries sector.

City Plan 2030

# Capture economic opportunities arising from sustainable management of natural environmental resources, changing climate, emerging policy direction and consumer demands

The City of Salisbury is committed to implementing practices and initiatives that contribute to achieving an environmentally sustainable city. Our initiatives to support businesses to minimise resource usage and waste production are renowned nationally. In 2018/19, we re-engaged with metropolitan climate adaptation network on Cooler Greener Adelaide and associated activities. The forum was part of our focus on sustainable practices, the learnings from which aided us in supporting the Edinburgh Parks bio-gas plant application through linkages to existing industry. In another initiative, our City utilised three tonnes of rubber from 600 disused car tyres which was recycled and put back into the construction of our roads.

The Northern Adelaide Waste Management Authority (NAWMA) continues to lead in the development of best practice waste management and resource recovery services. This year, NAWMA has been creating a component of a 'Circular Economy'. The Circular Economy is an alternative to the traditional 'linear' economy based on 'take, make, use and dispose'. It is a self-sustaining system driven by renewable energy with an imperative to keep material resources in use, or 'circulating' for as long as possible. The aim is to extract the maximum value from discarded items and support the local

processing of recovered materials. Council and NAWMA working in partnership is ensuring our City has a strong reputation nationally as a location known for its green industries.

We also have the 'Adapting Northern Adelaide' Climate Adaptation Plan, developed in partnership with the City of Playford, which sits across the whole of Council. The Plan ensures that climate change is considered in every aspect of design including species resilience, shading and building design to assist with the creation of refuges during heatwave events and to future-proof our City.

City of Salisbury is committed to improving our attractiveness as a visitor destination and a place to live through the management of our trees, parks and wetlands. Currently we have six Regional Play Spaces, 27 District Play Spaces and 169 Local Play Spaces. In addition, the City of Salisbury has over 200 hectares of wetlands and four key Biodiversity Corridors in the Little Para, Escarpment, Dry Creek, Help Road areas, as well as the newly created International Bird Sanctuary which lies in the heart of St Kilda.



### Have a community that is knowledgeable about our natural environment and embraces a sustainable lifestyle

City of Salisbury leads by example with environmentally sustainable practices, and assists the community to reduce the cost of living pressures through the adoption of energy efficient technologies. In 2018/19, Salisbury Water supplied 2,415 million litres of recycled water to 1,180 customers. This significant water initiative delivered community savings of approximately \$2.8 million dollars when compared with mains water pricing.

Salisbury Water also supported Natural Resource Management education through the provision of sustainability education in schools, as well as nine community group tours of our wetlands. We also provided maps and fact sheets to the Watershed Café for self-guided tours of the wetland trails and to help people better understand and care for their environment.

Working with our community to reduce waste is an ongoing commitment and a key part of our aim to create a flourishing city with opportunity for all. In addition to Salisbury Water, NAWMA also has a highly regarded school education program in place to encourage environmentally sustainable practices. A new Education Facility is being developed at Edinburgh South and it is anticipated the site will be ready for use by the end of the year.

# Have natural resources and landscapes that support biodiversity and community wellbeing

Council recognises the importance of our natural spaces and landscapes as a means to support the health of local habitats. In 2018/19, Council staff, community groups and local residents collectively planted over 7,000 native plants across key biodiversity sites.

City of Salisbury has also been a key stakeholder in the establishment of the Adelaide International Bird Sanctuary located at St Kilda. With over 60 kilometres of coastline in Northern Adelaide, the Sanctuary provides a critical habitat for more than five million birds. The Adelaide International Bird Sanctuary is a valuable addition to our City's eco-tourism, providing bird watching and kayaking opportunities. A Friends Group has been established to host activities for rubbish removal, trail maintenance, revegetation and monitoring.

In addition, Council maintains a Biodiversity Corridors Action Plan which sets out our commitment to conserving our City's natural assets through planning and decision making to prevent further loss of biodiversity significance. Throughout the year, we have maintained considerable focus on improving the samphire zones in our coastal areas. Of particular significance, Council has played a key role in the design process for offset wetlands being developed west of the Northern Connector. Council is ensuring the Northern Connector project includes wetlands and environmental zones sitting alongside the motorway, to guarantee significant ecological value for generations to come.

In addition to our environmental sustainability initiatives, City of Salisbury has actively been promoting wellbeing to our community members. In 2018/19, the eSports program was expanded providing workshops on critical skills in creative industries as an employment pathway.

Community gardens continue to play a pivotal role in providing residents with valuable open space to meet others and keep active. Community gardens also provide valuable opportunities to help ensure a focus on community education around sustainable living. Ten information sessions were held throughout the year to promote the Council's community garden. We investigated a structured approach to community gardens with the aim of providing positive benefits to the garden project being established at the Mawson Centre. Council is also an active promoter of many other gardens located across the City, including those at our own sites at Morella and Burton Community Centres.

The provision of quality open space and infrastructure is facilitated through key funding streams such as the Reserve Upgrade Program and Outdoor Fitness Equipment Program. This commitment to open space is in recognition of the importance open space and infrastructure (such as outdoor fitness equipment, multiuse sports courts and so on) have for the mental and physical wellbeing of all community members.



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## Have urban and natural spaces that are adaptive to future changes in climate

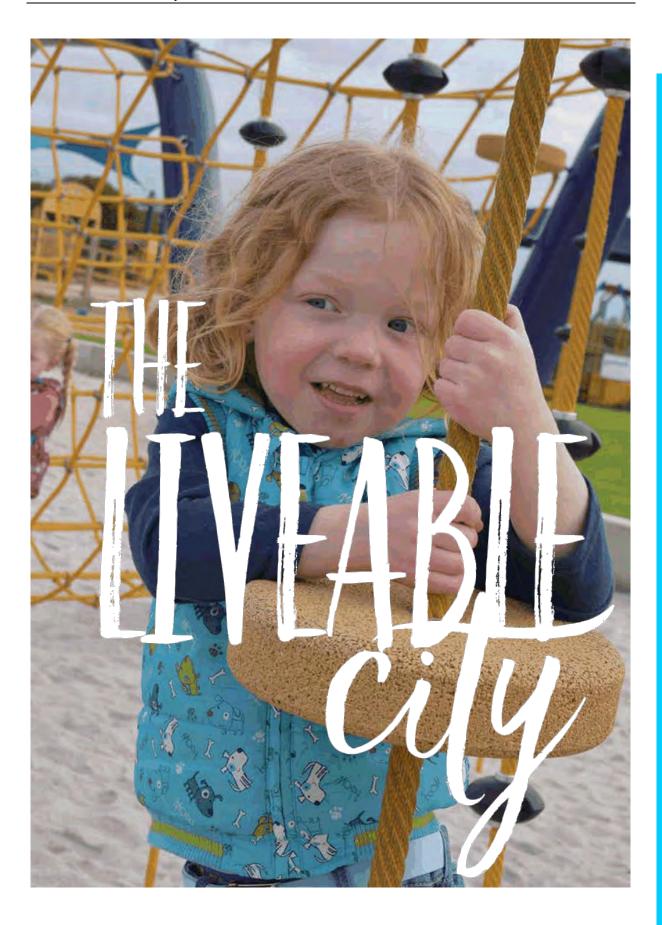
City of Salisbury is ensuring our urban spaces (assets and infrastructure) are built to be adaptable to a changing environment. The completed Para Hills Community Hub, and the soon to be completed Salisbury Community Hub, both incorporate design principles to ensure they remain viable and versatile buildings long into the future. The Salisbury Community Hub has been independently assessed as 5 star Green Star equivalent, incorporating initiatives such as solar power, thermal glass and double glazing, low energy lighting, and recycled stormwater.

This year our City had significant projects underway to manage stormwater and reduce its impact on communities and the environment. A project was undertaken to reduce stormwater runoff and pollutant loads to the Barker Inlet through the harvesting, cleansing and storing of 2,542 million litres of stormwater. This resulted in the removal of an estimated 200 tonnes of litter and sediment that would otherwise have polluted the marine environment.

Council has a Major and Local Flood Mitigation Program in place, with three major projects at Coomurra Gully, Halba and Yalumba being recently completed. The Pauls Drive project is currently under construction, and upon completion will contribute to a total of 15 local flooding projects achieved this year. Of particular significance, the major flooding works in Coomurra Gully Salisbury Heights resulted in the creation of a detention basin. The basin will assist in the reduction of downstream flows during storm events, thus reducing the flooding impact to local residents. All the projects, and those to follow, will continue to see the risk of flooding to homes downstream reduced.

Council's Streetscape Renewal Program continues to focus on the reduction of the heat island effect. Our City is committed to moderating the impact of heat events through street tree planting and management. Recent Heat Mapping of the city has allowed Council to focus resources on key areas to create shading and reduce the effect of extreme heatwave events on the region.





By 2030 Salisbury is known for being a vibrant, welcoming City that embraces diversity. All people have an opportunity to shape community life whether they are young or old, newly arrived or long term residents. There is a strong sense of optimism and pride, people embrace change and pursue healthy lifestyles.

Salisbury is a destination of choice to live, work, study and play. People can move easily around the City to enjoy our many interesting places, spaces and experiences. Our people embrace lifelong learning, are able to access employment and participate in community life.

Our city is recognised for having a technologically advanced, innovative and connected community, with diverse housing, cultural and recreational choices. We are a place where people aspire to live.

City Plan 2030

### Be an adaptive community that embraces change and opportunities

City of Salisbury actively promotes lifelong learning and agility in the communities we serve. We aim to identify and nurture programs and opportunities that help people achieve their life goals, regardless of what point in life they are at. Workshops and programs run by Council have a marked effect on residents' lives and are always well attended. Throughout the year, nearly 1,400 people engaged in workshops and information sessions offered by Council. Furthermore, approximately 500 people attended the six City of Salisbury forums held in partnership with Council of the Ageing.

2018/19 was another successful year for delivering strong intercultural, age and disability programs. Staff at City of Salisbury continued to plan, promote and facilitate initiatives that enabled community participation and cultural vibrancy. Harmony Day and Refugee Week were some of the events held by Council and valued by the community.

Natural Resource Management Officers had a successful year in the City of Salisbury region, hosting 90 events and working with 200 teachers and 600 students over a 12 month period.

Empowering people to gain the skills and knowledge to actively participate in the digital age has been a driving purpose at City of Salisbury. The rollout of a number of digital literacy pilots throughout 2018/19 was a key part of our success. Phase One of the Digital Literacy Pilot with the Department of State Development and Microsoft

was very successful, prompting the launch of Phase Two. We are also currently working with Microsoft to expand into Minecraft MakeCode sessions building on STEM based coding skills with community members.

Council also partnered with Generation Connect, a unique initiative that brought youth and seniors together to help improve digital literacy. The project provided digital skills to both youth and seniors, and importantly, created a forum for sharing stories of how technology has changed the lives of people living in the community.

The library service provided access to over 679,000 loans, with over 500,000 people visiting during the year. Our popular free PC Websites totaled 176,000 visits and 398 free online tutorials were accessed. In addition, over 26,000 visits were made to our volunteer Justices of the Peace.

City of Salisbury also explored new learning opportunities with community members through digital technologies. These opportunities, particularly designed to encourage youth participation, included Virtual Reality Pro Eye, Mixed Reality and Minecraft Education. These programs are essential to encourage the workforce of tomorrow to seize the opportunities of the expanding advanced manufacturing economy, space economy and the creative economy.



### Have interesting places where people want to be

Council has continued to deliver projects to improve local neighbourhoods, streets and public spaces. These projects have ensured our region is welcoming, connected and a great place to live and work. A significant feature of our commitment to landscape improvements was the \$700,000 investment in managing and maintaining our Biodiversity Corridors and linear trails such as Little Para River, Dry Creek and Helps Road. Furthermore, the Street Tree Renewal Program saw the addition of 2,500 street trees planted throughout the region.

Other work has included the improvement of parking around the Mawson Lakes Interchange and Salisbury City Centre. In particular, site works commenced to implement the Paddocks Masterplan, and the preparation of the John Street Improvement Plan was initiated. Four playgrounds were also upgraded across the region this year as part of the Playspace Renewal Project. Furthermore, funding has been secured for the second athletics track for South Australia to be located at Bridgestone Park.

On a strategic level, City of Salisbury continued to maintain design, development, and delivery of high quality housing and improved amenity facilities in the City through our strategic property development projects. Our projects were recognised on a national level in 2018/19, winning the best affordable housing development in Australia for Jewel Living at Boardwalk in Paralowie, in partnership with Rivergum Homes.

City of Salisbury invests in its community centres to ensure they are well maintained, clean and attractive places for community members to meet and participate in activities.



# Be a connected city where all people have opportunities to participate

Advocating for well maintained transport options for residents, businesses and visitors to the region is a key part of Council's commitment to connectedness. The Northern Connector is a vital link for people in the region in accessing jobs, services, recreation and social activities. Council has continued to collaborate with the Department for Planning, Transport and Infrastructure in the delivery of this essential roadway, with Council contributing to future stormwater and road works design and modeling. The Northern Connector is expected to be completed early 2020.

City of Salisbury continued to promote and develop opportunities for volunteering to build skills, employability and business sustainability in the region. Volunteering is a key area providing residents the ability to participate and make a difference. A revamped strategy to recruit Digital Literacy Volunteers to support library IT enquiries is underway. It is anticipated the strategy will coincide with the move to the Salisbury Community Hub and provide dynamic, valuable volunteering opportunities.

Other volunteering and training opportunities offered through Council included the domestic violence forum, Community Centres SA Community Development Conference and Nature Play workshops. Volunteering remains a highly sought after developmental opportunity in the region and Council has taken a proactive approach in the attraction and management of quality volunteers. Some key highlights from the year include:

- Volunteer Services received 599 enquiries from people interested in volunteering
- Just under half (39.5%) of all enquiries were people seeking a pathway to employment
- · Council engaged 139 new volunteers
- Council managed 617 active volunteers
- Council's volunteers gave 73,019 hours of service
- The economic value of volunteers to the City of Salisbury was \$3,085,050.

City of Salisbury has been actively encouraging greater participation in social and recreational pursuits. An important feature of Council's wellbeing program has been the Cycle Salisbury Social Rides program. The program, now in its sixth year, provided 110 group riding opportunities during 2018/19. Participation levels have gone from strength to strength, with just over 1,000 individual rides for the twelve-month period (the previous best was 846 in 2016/17).

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Wellbeing and support for local residents has been a strong focus for Council this year. The number of individual residents receiving support through Council continues to increase. Key highlights for 2018/19

Individual residents receiving support: 2,829

Domestic assistance: 9,723 hours

Home maintenance: 4,661 hours

· Home modifications: \$68,532

Social Support Individual: 1,192 hours

Social Support Group: 86,130 hours

Number of meals provided: 21,720

Our libraries also facilitate access to early childhood literacy and 11,000 participants took part last year. Getting the best start in life and ready for school is critical to the ongoing ability for people to actively participate.

### Be a proud, accessible and welcoming community

Providing opportunities for community members to be involved in decision making and to have a voice with regards to the creation of strategies, programs and services is one of our greatest strengths. Youth make a significant contribution to the Salisbury community. The division through the youth team (and via Youth Council and Youth Parliament) has been actively encouraging the voice and engagement of young people in civic decision making with regards to local issues.

A key achievement has been the implementation of the Ability and Inclusion Strategic Plan which embeds the practice of engagement and involvement of the community in key Council decisions. Survey results and feedback received from the community has been incorporated into the Plan's strategies, programs and services. City of Salisbury offers a community where people's culture, ideas and their capacity to achieve is supported and valued. Examples of this include the regular involvement of Salisbury Senior Alliance, Disability Access and Inclusion Network and the Intercultural Community and Strategic Alliance on Council decisions.

Council takes a universal design approach to open space projects. This means that open space projects incorporate principles of accessibility and inclusiveness, whereby all members of the community, regardless of age or ability, can use and enjoy the space. Council has upgraded five play spaces in the region following this approach.

City of Salisbury aims to take a proactive role in ensuring good housing options are available to members of our diverse community. Homelessness or being at risk of homelessness is an issue requiring a strong response, and Council continues to lead through the Assistance to Care and Housing program (ACHA). During 2018/19, the program provided assistance to 90 older people who were homeless or at risk of homelessness. A key part of Council's role has been ensuring knowledge of seniors' housing needs is shared across the City and across neighbouring councils. In addition, through our Strategic Property Development Projects, Council is active in delivering affordable housing, including partnering with not-for-profit housing providers.

Safety is a principle concern of many residents and Council actively engages in the development of initiatives to create a community where people feel safe. Council continues to support the South Australia Safeguarding Strategy for seniors. The Safeguarding Strategy disseminates information from the World Elder Abuse Awareness Day (WEAAD) and encourages awareness through the promotion of Planning Ahead events. In particular, Council organised an information session at the Jack Young Centre and a further six sessions for the CALD communities in the region.

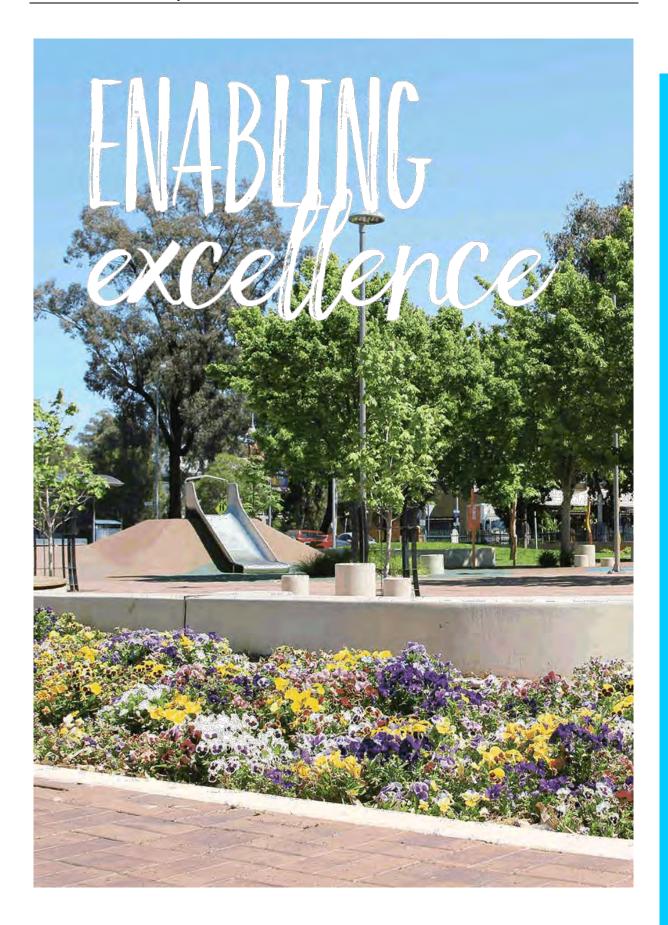
Participation in activities fosters community pride and engagement. In our last survey, we noted that:

- 69% attend community events
- 68% visit Council libraries
- 55% attend organised sport, church or community groups
- 55% attend local recreation centres
- · 33% attend community or youth centres
- 43% attend Council events
- 22% visit senior centres.



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By 2030 the City of Salisbury will excel in our provision of services to our community. The community and the people who work for and with the City of Salisbury value highly the Council and the role it plays.

We work closely with our community to anticipate and understand future needs and respond to immediate issues earning their respect and acknowledgment. Our customer service offers choice to people and businesses, and we deliver in ways that people prefer. We are proactive in developing strong relationships that make our City a better place.

We are a partner of choice because we can be relied upon to deliver outstanding results thanks to the knowledge of our people and supportive processes. People want to work for us because we make a difference in our community. Our processes enable us to work seamlessly across Council, embrace the use of technology and share information. We have a positive attitude.

# Strengthen partnerships that enable us to better address our community's priorities

City of Salisbury borders with three other councils and actively promotes strong relationships to address issues of regional importance. Work with neighbouring councils during 2018/19 included the delivery of business advisory services into Tea Tree Gully, working with Northern Regional Councils to develop the eSports network, and collaborating with the City of Playford on planning related matters.

An important part of strengthening relationships has been embedding consistent library services with other councils. Libraries have a significant role to play in addressing digital needs of members in the community. To ensure strong outcomes for improving digital literacy, City of Salisbury partnered with Public Library Services and Charles Sturt Library to roll out the Microsoft Digital Literacy Program. Council is now mentoring Charles Sturt Library and overseeing the rollout of the program to their library services.

Throughout 2018/19, City of Salisbury continued to work with the City of Playford on the Linkages and Capacity Building (ILC) Program. The program is a significant initiative to address disadvantage and isolation experienced by people with a disability in northern Adelaide. The program creates connections between people with a disability and their community through the

delivery of information and a toolkit which links people to available services and programs. It has been a valuable initiative in reducing stigma and improving community attitudes towards disability.

Strategic collaboration with State and Federal governments has been essential in shaping policy and investment decisions that impact our community. During 2018/19, City of Salisbury actively participated on advisory committees for the proposed State Government legislative changes to the planning system (via the Building Advisory Committee and Local Government Advisory Committee). Council also made formal submissions on the Planning Reforms, including the State Planning Policies, the Accreditation Scheme, various discussion papers and the draft Development Regulations. Submissions were prepared in relation to investment attraction planning policies and sex worker decriminalisation.

Council continued to foster and build partnerships with State and Federal governments, stakeholders and peak bodies to deliver our intercultural, community health and wellbeing services. Through regular attendance at meetings and involvement with agencies such as the Commonwealth Home Support Program, Disability SA, National Disability Insurance Agency, Council Of The Ageing, Age and Community Services Australia, Multicultural Aged Care, the Department of Premier and Cabinet, and the Department of Home Affairs, Council has been able to deliver long-term benefits for our community.

City of Salisbury remains committed to the development of strong partnerships with business and industry to address challenges associated with the future of employment. Council sought to address some of the challenges facing our region with the facilitation of two CEO Industry Roundtables. Initiated to gain input from the private sector with the view to supporting the growth of business and industry, the Roundtables also provided the opportunity for local business leaders to meet with State Government Minister for Innovation and Skills David Pisoni and Minister for Trade, Tourism and Investment David Ridgway.

Other key initiatives that are having a lasting impact to address skill capacity in the region include:

- Linking our work experience program with UniSA to promote a greater interest in STEM courses
- Partnering with the State Government on the Microsoft Pilot
- Partnering with the Commissioner for Children and Young People to roll out the Learn to Speak Robot initiative promoting digital thinking challenges for children
- Collaborating with Department for Innovation and Skills to host a trial of the Certificate III in Community Services in our region.

Council aims to collaborate with our community to ensure services are relevant and valued. A key part of our commitment in 2018/19 has been the renewal of the three year Community Centre Collaboration Agreement. Agreed changes have been made to the Collaboration Agreement and are currently awaiting finalisation.

Other key collaboration initiatives with community included:

- The Age Friendly Alliance Committee to promote the Age Friendly Salisbury strategy
- The Intercultural Strategic Alliance to provide advice on the implementation of the Intercultural Strategy
- The Community Ambassadors group
- The Jack Young Centre (JYC) advisory group to provide input on JYC services.

Council has taken a lead role in providing efficient access to information for residents through social media channels and print media. The community was kept up - to - date with vital information distributed via the Salisbury Aware Magazine. The magazine was distributed in August, December and April to more than 55,000 residential addresses per edition.

Digital communication channels are being embraced to enhance our engagement with our diverse population. As at June 2019:

- City of Salisbury Facebook page had 9,197 followers (increase of 16.6% on 2018)
- Discover Salisbury had 7,388 followers (increase of 4% on 2018)
- St Kilda Adventure Playground had 18,614 followers (increase of 3.4% on 2018)
- Salisbury Library Service had 2,278 followers (increase of 42.3% on 2018)
- Youth in Salisbury had 3,026 followers (increase of 1.6% on 2018)
- The Polaris Centre had 1,012 followers (increase of 9.8% on 2018) and
- The City of Salisbury website achieved 1,074,000 unique page views with an increase of 34.5% on 2018.

# Develop strong capability and commitment to continually improve Council's performance

City of Salisbury recognises the importance of building strong leadership capabilities within Council and across the wider community to ensure sustainability and continued improvement. Leadership and learning opportunities were encouraged throughout 2018/19, resulting in:

- Six staff members participating in the Local Government Professionals Australasian Management Challenge
- One staff member participating in the Local Government Professional Emerging Leaders Program
- One staff member participating in the Local Government Professionals Strategic Management Program
- · Nine staff benefiting from study support
- Staff participating in the White Ribbon Australia Accreditation Program and the successful White Ribbon Day in November 2018.



Learning and innovation continues to transform the way Council operates and plans for the future. A significant innovation project is a workplace Pilot Space to experience mobile technology, flexible ways of working, reduction of storage and reduction of printing, to transition to the new way of working and delivering services to our community in the Salisbury Community Hub.

Development of the Strategic Procurement Vision in 2018/19 has resulted in the transformation of Council's procurement processes to become a more commercially focused, value add function. A key part of the Vision was the rollout of a Competency Framework to guide best practice in the procurement of services. The Competency Framework has allowed the objective measuring of the current procurement team's procurement capabilities, benchmarked against international standards and tailored to the City of Salisbury. This process has resulted in a gap analysis being completed and clear development plans

Providing a safe working environment for all staff is always a priority at City of Salisbury. In 2018/19, a number of Workplace Health and Safety (WHS) initiatives were run, resulting in:

- Five WHS Policies and six WHS Procedures reviewed and updated
- Corporate WHS targets and performance indicators revised
- Hazard mapping across four divisions, with the development of accompanying Safe Work Method Statements/ Work Instructions
- All WHS policies, procedures, SWMS and work instructions available to outdoor workers through Skytrust on tablets
- Revised Skytrust workplace inspection templates
- Updated Site Emergency Plans for all staff occupied facilities

The organisation continues to review its service delivery through a Continuous Improvement Framework. Council completed its second year in the LG Performance Excellence benchmarking study to gain further insights into opportunities to improve performance.

In order to ensure a shared focus on accountability and performance, Council implemented a new Performance and Development Plan process for all staff. The Plan assists staff in aligning City of Salisbury Plan objectives to their own individual plans. Staff members are encouraged to take on projects that focus on individual skills and training with the aim of ensuring they feel confident working in the new environment.

# Have robust processes that support consistent service delivery and informed decision making

Council had a focus in 2018/19 of transforming business practices and promoting the flow of value to residents and businesses in our community. We aim to remove barriers from our workflows that block our efforts at achieving excellence. The year included many innovative responses to emerging needs and opportunities.

Of particular significance was the enhancement of our procurement process to provide clarity and transparency to our process. The new process will undergo a review in the near future to ascertain where efficiencies have been gained and to ensure that procurement procedures are streamlined and effective.

Council embarked on reviewing its Customer Service Charter to ensure a more community centric approach is delivered across the organisation. This has involved training all staff and development of a reporting dashboard to monitor service request response times.

In 2018/19, Australian Service Excellence Standards (ASES) accreditation was achieved for Council and all Community Centres in the region. Council was able to achieve accreditation through our commitment to improved efficiencies and processes, our evidence-based decision making and strict code of ethics. Some of the initiatives that highlight our continuous learning and innovation include:

- A trial for residents to self-read and provide their own recycled meter readings for three of the four meter readings per year in order to reduce costs
- Our electronic development assessment was extended to apply to all development applications in January 2019. This provides applicants and the community an unlimited ability to lodge and track development applications online
- A Trial undertaken with License Plate Recognition technology and Parking Sensor technology. The new technology assesses compliance with timed parking areas and helps to identify data to improve parking usage and turnover, and improve enforcement efficiencies. Trial to be concluded and assessed by the end of 2019.

City of Salisbury is a Council where technology is embraced and is used to proactively address community needs. Over 650 enquiries or transactions are made online per week in relation to development matters and this figure is set to grow. Council is currently reviewing its website to ensure high levels of accessibility and inclusiveness, as well as moving towards the full electronic development of assessment services.

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As Council moves towards more electronic services and new ways of working, a focus on ensuring staff have the right training and skills to provide great service has been maintained. All Field Operators now have iPads to improve customer response times. Residents in the community have also been benefiting from the focus on technology and skills with regular IT training provided at the Jack Young Centre for seniors and the Para Hills Community Hub. Development Applications are now lodged online and are assessed electronically, reducing the need for paper-based transactions and facilitating efficiencies in the processing and tracking of applications.

# Embed long term thinking, planning and innovation across the organisation

2018/19 was a year of sound financial practices, strong business planning and sustainable asset management. City of Salisbury continues to follow principles of informed, transparent and inclusive decision making that complies with legislative and policy requirements.

In addition to providing a statutory building certification service for developments within Salisbury, we also provide a certification service for clients outside the City via a Business Unit.

A key direction was the introduction of a structured approach to the development and resourcing of longer-term policies and strategies. One of the more significant policy initiatives has been the development of City of Salisbury as an Age Friendly City. Other significant projects were the development of the Intercultural Strategic Plan and the Ability and Inclusion Strategic Plan. All three projects have involved comprehensive community and stakeholder consultation, and are tracking on time.

Opportunities for residents to provide feedback are plentiful and encouraged. All regular services with individual consumers are reviewed on an annual basis. Council collects and analyses information to help us anticipate and respond to emerging needs and opportunities. Through the Salisbury Seniors Alliances we have received valuable feedback on issues relating to ageing that has guided our Age Friendly City strategy. The Salisbury Intercultural Community and Strategic Alliances have also been providing feedback relating to the implementation of the Intercultural Strategic Plan. City of Salisbury is able to move forward with confidence due to effective, well-managed feedback loops with residents.



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# performance inclicators

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### **KEY DIRECTION 1:**

### THE PROSPEROUS CITY

OBJECTIVES				
Have a community with the skills, knowledge and agility to participate in a rapidly changing economy	Be the place of choice for businesses to invest and grow in South Australia, nationally and internationally	Have a thriving business sector that supports community wellbeing, is globally oriented & creates job opportunities	Have well planned urban growth that stimulates investment and facilitates greater housing and employment choice	
INDICATORS				
Size of workforce and participation rate	Gross Regional Product	Number of actively trading businesses	Value of residential and commercial construction	
EXPLANATION OF INDICATORS				
Workforce as outlined in the Department of Employment, Small Area Labour Markets, March Quarter Participation rate as recorded by the Torrens University Public Health Information Development Unit	Source: The National Institute of Economic and Industry Research	Source: Australian Bureau of Statistics, Counts of Australian Businesses, including Entries and Exits, 2015 to 2017	Approved by the City of Salisbury in the 2018/19 Financial Year	
RESULT				
Workforce: 71,170 Participation rate: 62.5%	\$6.49 billion	7,234 firms	\$179 million	

### **KEY DIRECTION 2:**

### THE SUSTAINABLE CITY

OBJECTIVES				
Capture economic opportunities arising from sustainable management of natural environmental resources, changing climate, emerging policy direction and consumer demands	Have a community that is knowledgeable about our natural environment and embraces a sustainable lifestyle	Have natural resources and landscapes that support biodiversity and community wellbeing	Have urban and natural spaces that are adaptive to future changes in climate	
INDICATORS				
Volume of stormwater captured	Percentage of waste diverted from landfill	Community perceptions of open space.	Percentage of Council area with tree canopy cover	
EXPLANATION OF INDICATORS				
2542ML harvested with 20% additional passing through wetlands.	Based on estimates from 2018/19 NAWMA annual report.	Response out of 10 to statement "I feel that I live in a pleasant environment in terms of planning, open space and lack of pollution" Source: 2016 Community Survey	Based on iTree survey	
RESULT				
3050ML	44%	7.3	18%	

### **KEY DIRECTION 3:**

### THE LIVEABLE CITY

Be an adaptive community that embraces change and opportunities	Have interesting places where people want to be	Be a connected city where all people have opportunities to participate	Be a proud, accessible and welcoming community
INDICATORS			
Socio-economic Indexes for Areas (SEIFA)	Percentage of residents who have participated in local community activities	Wellbeing	Perceptions of quality of life and perceptions of Salisbury
EXPLANATION OF I	NDICATORS	1	
The SEIFA Index of Disadvantage measures the relative level of socio-economic disadvantage based on a range of Census characteristics. It is a good place to start to get a general view of the relative level of disadvantage in one area compared to others and is used to advocate for an area based on its level of disadvantage. A higher score on the index means a lower level of disadvantage. A lower score on the index means a higher level of disadvantage. A lower score on the index means a higher level of disadvantage. Source: SEIFA data was last released in the 2016 Census.	City of Salisbury Community Satisfaction Survey 2018:  Response to question "How often are you involved in the following community activities?"	Participation in Higher Education  Source: Public Health Information Development Unit (PHIDU) based on SA Tertiary Admissions Centre (SATAC) data from 2017  Participation in vocational education and training Source: Public Health Information Development Unit (PHIDU) based on National Centre for Vocational Education Research (NCVER) data from 2015  City of Salisbury Community Satisfaction Survey 2018:  Housing affordability  Community Safety Response out of 10 to question "how safe do you feel in the Salisbury Council area" (0 = very unsafe, 10 = very safe)  Community Connectedness Response out of 10 to question "I can get help from family, friends & neighbours when I need it" (0= strongly disagree, 10 = strongly agree)  Access to Services Response out of 10 to question about "access to information, services & activities that support health and wellbeing" (0= very unsafe, 10 = very safe)	City of Salisbury Community Satisfaction Survey 2018:  Response out of 10 to questior "I like living in my local community" (0= strongly disagree, 10 = strongly agree)  Response out of 10 to statement ""Overall satisfaction with quality of life in Salisbury Council area"" (0 = extremely dissatisfied, 10 = extremely satisfied)"

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### **KEY DIRECTION 3:**

### THE LIVEABLE CITY CONT'D

RESULT			
In the 2016 Census, the City of Salisbury received a SEIFA score of 917.	69% attend community events 68% visit Council libraries 55% attend organised sport, church or community groups 55% attend local recreation centres 33% attend community or youth centres 43% attend Council events 22% visit senior centres	26.3% Participation in higher education 23,552 persons Participation in vocational and training 7.2 Housing affordabilty 6.2 Community Safety 7.2 Community Connectedness 6.9 Access to services respectively	7.4 and 6.9 respectively

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### **KEY DIRECTION 4:**

### **ENABLING EXCELLENCE**

OBJECTIVES	m		
Strengthen partnerships that enable us to better address our community's priorities	Develop strong capability and commitment to continually improve council's performance	Have robust processes that support consistent service delivery and informed decision making	Embed long term thinking, planning and innovation acros the organisation
INDICATORS			
Targeted surveys of our partners	Benchmarking our performance through people, systems and processes	Customer satisfaction survey	Financial sustainability
EXPLANATION OF I	NDICATORS		
Council was involved in a number of stakeholder partnerships in delivering on this objective in delivering its various services. Council engages with a number of stakeholders to ensure the services are delivered to meet community expectations while also capitalising on opportunities to bring in external funding or expertise to enhance economic and social outcomes. This indicator is intended to reflect the number and outcomes of these partnerships ctive. A review of this indicator is occuring as part of the update of the City Plan.	Since 2012, Council has been undertaking a program of reviews of all its functions to ensure the service levels are meeting community needs and being delivered in the most efficient and effective manner as possible. In 2018, Council embarked on a continuous improvement model that builds on the work of the program review undertaken previously.	Since 2001, Council has undertaken bi-annual community perception surveys with the most recent in October 2018. This survey has seen a decrease (6.8 from 7.4 in 2016) in community perception of overall services. A number of strategies and actions have been identified to respond to the decrease in satisfaction.	Operating Surplus (deficit)  - The difference between income and expenditure: Council operating with a surplus means that current rat payers are meeting the costs of the services that they are consuming.  Net Financial Liabilities Ratio - Indicates the extent that Council can meet its net financial liabilities out of operating revenue: Councils with a falling ratio over time are becoming stronger in their capacity to meet their financial obligations.  Asset Sustainability Ratio  - Indicates whether capital assets are being renewed or replaced at the same rate as these assets are wearing out.  Councils with a high ratio are replacing and renewing capital assets at a rate comparable to depreciation/wear.

See over page for results

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### **KEY DIRECTION 4:**

### **ENABLING EXCELLENCE CONT'D**

### RESULT

Council was involved in a number of stakeholder partnerships in delivering on this Objective. A review of this indicator is occuring as part of the update of the City Plan. Key achievements this year from the ongoing improvement in our delivery of includes \$1.4M in cost reductions and cost avoidance through our procurement process. This is additional to the \$2.6M of ongoing savings delivered from the Program Review.

6.8

Operating Surplus Ratio (Target 0.5% - 5%) - 9.9% (Adjusted)

Net Financial Liabilities Ratio (<40%) - 2.4%

Asset Sustainability Ratio (90% - 110%) - 82.2%



### Council Solutions Annual Report 2018/19

Council Solutions is a joint initiative of the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully (Constituent Councils). Established as a Regional Authority in December 2012 in accordance with the Local Government Act 1999 (SA), its purpose is to optimise the financial sustainability of its constituent councils through the benefits of collaborative strategic procurement and contract negotiation and management. Council Solutions is governed by a Board of Management comprising an independent Chairperson and the Chief Executive Officer of each Constituent Council.

### Northern Adelaide Waste Management Authority Annual Report 2018/19

The Northern Adelaide Waste Management Authority (NAWMA) is a Local Government Regional Subsidiary of the Cities of Salisbury and Playford and the Town of Gawler. It also provides waste management services to client councils including Barossa, Barunga West, Clare/Gilbert Valley, Copper Coast, Goyder Regional, Light Regional, Mallala, Mount Remarkable, Peterborough, Yorke Peninsula and Wakefield Regional

NAWMA coordinates the City of Salisbury's kerbside waste management and hard waste collection. The three-bin collection service incorporates household waste, recyclables and garden/food organics.

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Council Solutions is a joint initiative of the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully that make up the Constituent Councils.

Established in 2012 as a Regional Authority in accordance with Section 43 of the *Local Government Act 1999*, Council Solutions provides a collaborative and strategic approach to the procurement of goods and services on behalf of its Constituent Councils, including negotiating and managing contracts, and investigating the provision of other shared functions.

This collaborative approach to procurement not only provides significant purchasing power to attain the best value for the community, but it also optimises the financial sustainability of each of the Constituent Councils by reducing administrative costs, the number of tender processes and replicated contract management activities.

The goal of Council Solutions is to improve community prosperity and wellbeing by undertaking local government procurement and collaborative services that:

- Deliver best value for money
- Explore innovative ways of delivering infrastructure and services
- Value partnership between councils and suppliers

### Background

Council Solutions provides the legal structure to the G6 Procurement Group formed in 1994 by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully to address the combined \$415 million annual spend on infrastructure and services by these Constituent Councils.

Ministerial approval was given for the Council Solutions Regional Authority to be established by notice in the SA Government Gazette on 20 December 2012. The Gazette states the purpose of the Authority as "promoting procurement and service delivery amongst the constituent councils."

As a South Australian local government body, it is governed by the:

- Local Government Act 1999
- Local Government (Financial Management) Regulations 2011
- Council Solutions Regional Authority Charter 2012

Council Solutions Regional Authority 25 Pirie St, Adelaide SA 5000 councilsolutions.sa.gov.au

ABN 92 168 067 160

Date prepared: 30 September 2019

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### Foreword from the Chair



Council Solutions continues to optimise the financial sustainability of Constituent Councils through the benefits of collaborative strategic procurement and contract management.

The benefits of aligning and managing contracts under the regional subsidiary are significant and resulted in estimated savings of \$7.5m for the Constituent Councils and accession Councils.

Council Solutions achieved a favourable performance against budget and maintains a strong equity position. I thank our Audit Committee who supports us in achieving the highest standards of accountability, transparency and governance.

I commend the Council Solutions team for their ongoing commitment, dedication and professionalism during 2018/19. I would also like to

acknowledge Oliver Barry for his significant contribution as Chief Executive Officer from May 2016 to July 2018, Tim Dawson for his contribution as Senior Procurement Officer from August 2016 to July 2018 and, Kerrie Jackson, Acting Chief Executive Officer from July 2018 to February 2019.

Finally, the Council Solutions Board of Management and I would like to acknowledge and thank Catherine Cooper, Chair of the Board November 2012 to December 2018 for her support in achieving the strategic goals of Council Solutions.



Jeff Tate Chair of the Board Council Solutions Regional Authority

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### Report from the Council Solutions Manager

The past year has seen Council Solutions continue to work in partnership with our Constituent Councils to deliver optimum value for money from collaborative strategic procurement and contract management.

On behalf of our six Constituent and eight Accession Councils, Council Solutions has delivered 32 collaborative contract and panel agreements, across 110 suppliers, with a combined total value of over \$68 million per annum. Council Solutions ensures best practice across its suite of contracts, actively promoting continuous improvement and developing opportunities for innovation.

The Council Solutions Governance Framework and Board-approved Key Performance Indicators ensures the effectiveness and efficiency of Council Solutions' operations when collaborating with Councils and industry partners.

I thank the Board for their support, and the Council Solutions team comprising Audrey Rangel, Bruce Wright, Colin Owen and Tammy Sheridan for their continuing professionalism.

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Clare Coupar Manager Council Solutions Regional Authority

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### Board of Management 2018/19



INDEPENDENT CHAIRPERSON



INDEPENDENT CHAIR (TO DEC 18)



MR MARK GOLDSTONE CITY OF ADELAIDE



CITY OF CHARLES STURT



MR ADRIAN SKULL CITY OF MARION



CITY OF ONKAPARINGA

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CITY OF SALISBURY



CITY OF TEA TREE GULLY

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### Board of Management 2018/19

Council Solutions is a body corporate, governed by a Board of Management, comprising seven members being the Chief Executive Officer from each Constituent Council: The Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully, and one person who is not a member or officer of a Constituent Council who holds the position of Chair.

The Board held three formal and two out-of-session meetings during the year to consider the strategic direction and financial integrity of the organisation. Meeting attendances were as follows:

Board Position	Board Member	Formal Meetings Attended
Independent Chairperson	Mr Jeff Tate	2
Independent Chairperson – till Dec 2018	Ms Catherine Cooper	- 91
City of Adelaide	Mr Mark Goldstone, CEO	3
City of Charles Sturt	Mr Paul Sutton, CEO	3
City of Marion	Mr Adrian Skull, CEO	3
City of Onkaparinga	Mr Mark Dowd, CEO	3
City of Salisbury	Mr John Harry, CEO	2
City of Tea Tree Gully	Mr John Moyle, CEO	3

### **Audit Committee**

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the state of the Authority and reviewing the adequacy of financial management systems and practices. The Audit Committee is governed by Terms of Reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work Program is updated after each meeting to reflect Committee achievements and actions arising from either the meeting for the Council Solutions Board Meeting.

Please refer to Appendix B for a report on the activities undertaken by the Audit Committee throughout the 2018/19 financial year.

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### Governance and Operating Framework

Council Solutions works in partnership with its Constituent Councils to deliver value outcomes. In accordance with the Council Solutions Governance Framework and Key Performance Indicators, the critical success factors that underpin the optimal effectiveness and value provided by the collaborative partnership with Council Solutions and its Constituent Councils are:

- Shared accountability and responsibility for achievement of goals and outcomes;
- Evidence-based opportunity identification, analysis and performance measurement via shared data and information; and
- Effective communication with key stakeholders to ensure clear understanding of goals, roles and responsibilities.

The Governance Framework assists in enhancing the effectiveness and efficiency of collaborative procurement by having the appropriate decision-making structure that ensures key staff have ownership in the management and success of the operations. It also plays the key role of developing and maintaining a strong partnership and collaborative culture and is underpinned by seven inter-related elements:

- Direction shared understanding of our purpose and priorities through collaboration and effective planning and resource allocation;
- Expectations agreed performance expectations through effective communication;
- Delivery quality customer-focused service delivery through effective resource management, monitoring, review and reporting;
- Improvement enhance our performance through review, intervention, capability-building and internal control mechanisms;
- Risk Management regularly assess and respond to risk and opportunities;
- Responsibilities accountability and transparency for decisions through information management, evaluation and Audit Committee and Board reporting; and
- Alignment functions, structures and a culture that supports the success of Council Solutions through quality leadership, role clarity and empowered staff.

Key Performance Indicators provide the Board of Management oversight of the effectiveness and value that Council Solutions provide to its Constituent Councils.

### Savings and Benefits

Expected outcomes of the procurement activity are achieved. These will be detailed as part of the procurement activity initiation and will be reported on upon the conclusion of the activity.

### **Timeliness**

Procurement is undertaken within the agreed timeframes nominated as part of the procurement activity initiation and will be reported on upon conclusion of the activity.

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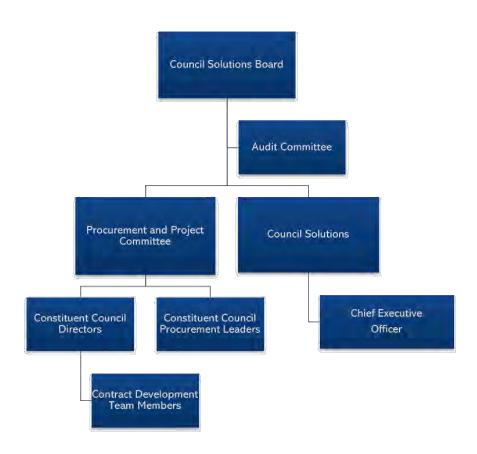
### Structure and Staffing

As at 30 June 2019, Council Solutions comprised five staff (4.8 FTE) delivering expertise in management, procurement, contract management, governance, policy, data analysis and administration skills. In addition, support has also been provided to the team by Rex Mooney, Financial Consultant.

The Council Solutions team comprises:

- Manager Clare Coupar
- Senior Procurement Officers Bruce Wright, Colin Owen, Tammy Sheridan,
- Executive Support Officer Audrey Rangel

### Governance and Organisation Structure



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#### Procurement and Contract Management Achievements 2018 /19

Council Solutions manages a growing suite of collaborative contracts for its Constituent Councils that continue to deliver significant contract management efficiencies. The Regional Forward Procurement Plan, approved by the Council Solutions by the Board of Management in 2016, provides a roadmap to target collaborative procurement opportunities to deliver improved outcomes for Councils and ratepayers.

During 2018/19 over \$68 million of Council expenditure was undertaken utilising Council Solutions collaborative contract arrangements. This represents an increase of 15% on the previous year.

The Council Solutions suite of 32 collaborative contracts and panel agreements, across 110 suppliers, covers a diverse and comprehensive range of categories to include Finance and Professional Services, Human Resources, Roads and Infrastructure, Facilities Management and Parks and Gardens. Our strong focus on contract management is key to extracting value from the contracts for both Councils and suppliers.

The Regional Forward Procurement Plan remained on track in the scheduling of procurement activities across target expenditure categories, with Council Solutions established new contracts for use by Constituent Councils for Cleaning Services, Supply and Delivery of Concrete, Managed Services (Unified Communications) and Segmental Pavers.

The most significant procurement projects undertaken by Council Solutions' during 2018/19 were the Waste Management Services Project and the re-tendering of the Legal Service Panel.

#### Waste Management Services Project:

Tenders for the Waste Management Services project were called in December 2018. The collaborative procurement of four Participating Councils will see alignment of waste management services across three service streams. The scale and value of the contracts will encourage industry competition to secure reliable tonnage of waste and strong cashflow to support investment in Material Recovery Facility infrastructure, improve data capture, reporting, encourage and support alternative waste technology and waste to energy as longer-term options for residual waste disposal. The new contract term will be for up to 10 years and will enable the support infrastructure investment as the total value of the three service streams is in the order of \$25million per annum. Following evaluation and negotiation, contracts will be awarded in August 2019.

#### Legal Service Panel

The continuing collaboration in this category will provide the Constituent and accession Councils with a "Best of Breed" panel of legal firms to service the needs of the Councils. The benefit of maintaining the agreement is to provide a pre-approved panel of service providers, offering an agreed schedule of rates, with a mix of capability, experience and approach to ensure access to the best resources and information for councils.

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#### Innovation and Continuous Improvement Initiatives

2018/19 saw the delivery of some exciting innovations and continuous improvement outcomes in collaboration with our infrastructure industry partners.

#### Bituminous Works Program (Downer EDI Works)

Approximately 100kms of the Participating Councils (the Cities of Charles Sturt, Marion, Onkaparinga, Salisbury, Tea Tree Gully and Mount Barker District Council) Councils' road network was resurfaced.

The Councils lowered their carbon footprint by adopting sustainably manufactured asphalt products and reducing impacts on the environment.

With the use of Recycled Asphalt Pavement (RAP), the Councils have re-used product that would have potentially ended up as landfill. Collectively this is a total savings of 992 tonnes of Co<sub>2</sub> emissions, which is the equivalent of removing 393 cars from our road network per year.

In November 2018, Downer EDI Works introduced a new mix design 'Reconophalt', in response to increased demand from Councils to reduce landfill by using more recycled products. Reconophalt is an asphalt mix that included soft plastics and recycled glass and is capable of being developed to include other water materials. At total of 7467 tonne of Reconophalt was used by the Cities of Marion (3689t), Charles Sturt (3507t) and Onkaparinga (371t).

The Councils and Downer EDI Works continue to collaborate on the compaction review. Downer introduced new roller technology in January 2019 and several alternative mix designs were trialled throughout the year.

Several significant WHS initiatives were introduced to the contract during 2018/19 including engineered controlled reversing plant, forward sweeping brooms on skid steers, and traffic and pedestrian fencing segregation trials at Charles Sturt.

#### Grack Sealing Program (SuperSealing)

The Cities of Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully's crack sealing program resulted in approximately 1.4 million m² of Councils' combined road network being crack-sealed. In addition to extending the pavement life, this preventative maintenance saw the use of 550 recycled tyres that equates to the reduction of 115 household rubbish bins which are not going to landfill.

#### CoolSeal Product Trials (SuperSealing)

The Cities of Charles Sturt and Salisbury participated in trials of CoolSeal, a new and innovative road sealing product as part of studies to reduce the urban heat island effect in Council areas. This alternative product is a heat-reflective preservation treatment keeping roads cooler during warmer months and has the potential to significantly reduce surface temperatures of the road network.

The City of Charles Sturt sealed approx. 20,000m² in the Hendon Business precinct and Albert Park. The City of Salisbury sealed approx. 22,000m² and together with SuperSealing, receiving the IPWEA 2018/19 Excellence in Sustainable Solutions in Public Works award for the 'The Bridges' CoolSeal project at Mawson Lakes.

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#### Contract Extensions

In addition, over the past 12 months Councils Solutions has facilitated the extensions of 6 existing collaborative contract arrangements with a combined total value of approximately \$33.2 million per annum.

#### COUNCIL SOLUTIONS CONTRACT MANAGEMENT LIST AS AT 30 JUNE 2019

Contract / Panel Arrangement	2018/19 Expenditure \$000
Temporary Labour Hire	28,533
Bituminous Works	20,665
Cleaning Services	3,859
Legal Services	3,451
Segmental Pavers	2,321
Arboriculture Services Panel Agreements	2,189
Tree Works Panel	
Consultancy	
Irrigation Services Agreements	1,319
Parts	
Design	
Minor Works	
Leasing Finance of IT Equipment	1,303
Concrete	1,109
Quarry Materials	903
Architectural Services Panel Agreements	823
Architectural	
Landscape Architecture	
Urban Design	
Crack Sealing	759
Postal Services	616
Across Government Postal Services	
Postal Services - Post Bill Pay	
Debt Collection Panel Agreement	494
Fencing Panel Agreement	338
Engineering Services Panel Agreements	200
Building Services	
Civil & Structural Engineering	
Geotechnical Engineering	
<ul> <li>Process</li> </ul>	
Traffic & Transport Planning	
Water & Environmental Engineering	
Pest Control Services	6
Managed Services (Unified Communications)	Not Applicable
Rate & Dog Registration	Not Applicable
Transactional Banking Services	Not Applicable

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#### Finance

#### Operating Surplus Ratio

Council Solutions achieved a 21% favourable variance in its operating surplus ratio. This is reflective of the funding structure of this entity whereby revenue levels are maintained by contracts set up in prior years.

The better than budget operating result occurred primarily due to a few employee positions remaining vacant as a few employees moved on throughout the year. This accounts for most of the \$440k better than budget result.

As fewer projects were undertaken than originally forecast, there were also savings in consultancy and legal fees. The lower levels of activity also delivered further savings in other non-salary expenditure lines.

Reimbursements are underbudget by \$111k. This is primarily due to the overhead recoupment initially calculated to be reimbursed by Councils participating in the waste management services project that was recalculated at a lower level that reflected the reduction in operating costs referred to above. This is shown in 'Other Income' within the Statement of Comprehensive Income that follows.

Management fees were \$44k less than budgeted for. This revenue varies from year to year in accordance with the level of Council usage of the various contracts in place.

#### Net Financial Liabilities Ratio

Net financial liabilities ratio saw a favourable variance of 18%. The data used to make this calculation is sourced from the Statement of Financial Position.

A negative result for this indicator means the Authority is in a Net Financial Assets situation.

Net Financial Assets have increased by \$150k due to the better than budget operating result. The level of current assets is close to what was budgeted for, however current liabilities are less than originally budgeted for due to amounts payable to suppliers being settled late in June as well as the payment of the City of Adelaide loan account ('Other Current Liabilities').

The Authority continues to maintain high level of cash reserves.

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CITY OF SALISBURY ANNUAL REPORT 18/19

## COUNCIL SOLUTIONS REGIONAL AUTHORITY General Purpose Financial Reports for the year ending 30 June 2019

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#### COUNCIL SOLUTIONS REGIONAL AUTHORITY Certification Of Financial Statements for the year ending 30 June 2019

I have been authorised by the Council Solutions Regional Authority Board to certify the financial statements of the Council Solutions Regional Authority in their final form. In my opinion:

- The accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards.
- The financial statements present a true and fair view of the Council Solutions Regional Authority's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year.
- Internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.

The financial statements accurately reflect the Council Solutions Regional Authority's accounting and other records.

Jeff Tate Chair Of The Board

Date: 29 August 2019

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#### Appendix A

## COUNCIL SOLUTIONS REGIONAL AUTHORITY STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
INCOME			
Investment Income	2	7	4
Management Fees	2	1,056	1,054
Other Income	2	270	641
Total Income		1,333	1,699
EXPENSES			
Materials, contracts & other expenses	3	960	1,770
Total Expenses		960	1,770
OPERATING SURPLUS / (DEFICIT)		373	(71)
NET SURPLUS / (DEFICIT)		373	(71)
Total Other Comprehensive Income		-	-
TOTAL COMPREHENSIVE INCOME		373	(71)

This Statement is to be read in conjunction with the attached Notes.

## COUNCIL SOLUTIONS REGIONAL AUTHORITY BALANCE SHEET as at 30 June 2019

		Notes	2019 \$'000	2018 \$'000
ASSETS			•	•
Current Assets				
Cash and cash equivalents			539	174
Receivables			342	564
	Total Current Assets	4,7	881	738
Total Assets			881	738
LIABILITIES				
Current Liabilities				
Trade & Other Payables			37	124
Other Current Liabilties			15	158
	Total Current Liabilities	5,7	52	282
Total Liabilities		5,7	52	282
NET ASSETS			829	456
EQUITY				
Accumulated Surplus			686	313
Share Capital			143	143
TOTAL EQUITY			829	456

This Statement is to be read in conjunction with the attached Notes.

#### COUNCIL SOLUTIONS REGIONAL AUTHORITY STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Initial Contribution by Owners	Accumulated Surplus	Total
2019	\$'000	\$'000	\$'000
Opening Balance	143	313	456
Net Surplus for Year	-	373	373
Balance at end of period	143	686	829
	Initial Contribution	Accumulated	Total
	by Owners	Surplus	. • • • • • • • • • • • • • • • • • • •
2018	by Owners \$'000	\$'000	\$1000
2018 Opening Balance	-	\$'000	
	\$'000	\$'000 385	\$1000

## CASH FLOW STATEMENT for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES		¥ 555	4
Receipts			
Operating receipts		1,548	1,600
Investment Income		7	4
Payments			
Operating payments to suppliers & employees		(1,190)	(1,764)
Net Cash provided by (or used in) Operating Activities		365	(160)
Net Increase (Decrease) in cash held		365	(160)
Cash & cash equivalents at beginning of period		174	334
Cash & cash equivalents at end of period	6	539	174

This Statement is to be read in conjunction with the attached Notes

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#### **COUNCIL SOLUTIONS REGIONAL AUTHORITY**

#### Notes to and forming part of the Financial Statements for the year ending 30 June 2019

#### Note 1 - Significant Accounting Policies

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011*.

#### 1 Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

#### 2 Income recognition

Management Fee Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Management Fee.

#### 3 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition.

#### 4 Infrastructure, Property, Plant & Equipment

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

#### 5 Employee Benefits

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.

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#### **COUNCIL SOLUTIONS REGIONAL AUTHORITY**

#### Notes to and forming part of the Financial Statements for the year ending 30 June 2019

#### 6 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax":

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

#### 7 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

#### 8 Critical Accounting Estimates and Judgements

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the authority.

Accounts receivable are reviewed at each reporting date to establish the collectability.

#### 9 Pending Accounting Standards

AASB 1058

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

Income of Not-for-Profit Entities

(Standards not affecting local government have been excluded from the above list.)

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

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#### Note 2 - INCOME

	2019 \$'000	2018 \$'000
INVESTMENTS		
Interest Income	7	4
	7	4
REBATES		
Management Fees	1,056	1,054
	1,056	1,054
OTHER INCOME		
Reimbursements	270	641
	270	641

#### Note 3 - EXPENSES

	2019	2018
	\$'000	\$'000
MATERIALS, CONTRACTS & OTHER EXPENSES		
Advertising	0	1
Audit Fees	4	4
Catering	1	1
Contractors	40	45
Consultant Fees	92	532
Insurance	28	27
IT Expenses	23	34
Legal Fees	35	63
Membership Fees & Subscriptions	5	4
Motor Vehicle	2	2
Reimbursements - Salary & Wages	665	982
Rent	27	26
Sitting Fees	19	32
Sundry	13	13
Telephone	2	2
Training and Development	4	2
	960	1,770

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#### Note 4 - CURRENT ASSETS

	2019 \$'000	2018 \$'000
CASH & CASH EQUIVALENTS		
Cash at Bank	539	174
	539	174
RECEIVABLES		
Accounts Receivables	226	419
Accrued Income	116	143
Prepaid Expenses		2
	342	564
TOTAL CURRENT ASSETS	881	738

#### Note 5 - LIABILITIES

	2019	2018
	\$'000	\$'000
TRADE & OTHER PAYABLES		
Creditors	28	120
Expenses Accrued	9	4
	37	124
OTHER CURRENT LIABILITIES		
Payable to Adelaide City Council	15	158
	15	158
TOTAL LIABILITIES	52	282

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#### Note 6 - RECONCILIATION TO CASH FLOW STATEMENT

#### (a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Balance Sheet.

	2019	2018
	\$'000	\$'000
Cash at Bank	539	174
Balances per Cash Flow Statement	539	174
(b) Reconciliation of Change in Net Assets to Cash		
from Operating Activities		
Net Surplus	373	(71)
Net (increase)/decrease in Receivables	222	(95)
Net increase/(decrease) in Current Liabilities	(230)	6
Net Cash provided by (or used in) operations	365	(160)

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#### Note 7 - FINANCIAL INSTRUMENTS

#### (a) Interest Rate Risk

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities is as follows;

2018-19	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fixed Interest rate instruments	Fair Value of Fixed Interest rate Instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.9%	539				539
Receivables	0.0%	-	-	-	-	342
Total Financial Assets		539	-	-	-	881
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-		52
Total Financial Liabilities		-	-	-	-	52
2017-18	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year		Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets:						
Cash	1.8%	174	-	-	-	174
Receivables	0.0%	-	-	-	-	564
Total Financial Assets		174				738
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	282
Total Financial Liabilities						282

#### (b) Credit Risk

Credit Risk respresents the loss that would be recognised if other entities failed to perform as contracted. The Authority's exposure to credit risk is summarised as follows;

Receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

#### (c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability. The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material, and hence, have not been considered.

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#### Note 8 - RELATED PARTY DISCLOSURES

#### **KEY MANAGEMENT PERSONNEL**

The Key Management Personnel of the Council include the Chair of the Board, the Board, Independent Members of the Audit Committee and the CEO, Acting CEO and General Manager.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were \$232k (2018-19) and \$259k (2017-18)

The following qualifying related party disclosures have been identified in relation to the 2018-19 financial year

Related Party Entity	Amounts received from related parties during 2018-19 FY	Amounts outstanding from related parties as at 30 June 2019	Amounts outstanding to related parties as at 30 June 2019
	\$ '000	\$ '000	\$ '000
City of Adelaide	112	26	-
City of Charles Sturt	116	26	-
City of Marion	100	-	-
City of Salisbury	3	-	-
City of Tea Tree Gully	3	-	-
City of Onkaparinga	3	-	-

The above amounts received represent reimbursements of designated project costs paid by the above listed Constituent Councils to Council Solutions at various times throughout the year. These amounts have been approved by the Board and reported on as part of the ongoing annual budget setting and budget review process.

Council Solutions provides procurement services to the above listed entities.

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#### Council Solutions Regional Authority

#### **Certification Of Auditor Independence** for the year ending 30 June 2019

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2019, the Council's Auditor, lan G McDonald FCA, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations #011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22(3) (b) Local Government (Financial Management) Regulations 2011.

Jeff Talk

CHAIR **Council Solutions** 

Date: 15 August 2019

Mark Dowd CHIEF EXECUTIVE OFFICER City of Onkaparinga

Date: 12 August 2019

Paul Sutton **CHIEF EXECUTIVE OFFICER** 

City of Charles Sturt

John Harry CHIEF EXECUTIVE OFFICER City of Salisbury

Tanva Johnston

**Presiding Member of Audit Committee** 

Date: 15 August 2019

Mark Goldstone

**CHIEF EXECUTIVE OFFICER** 

Adelaide City Council

Adrian Skull

CHIEF EXECUTIVE OFFICER City of Marion

Date: (2.8.19

John Moyle

CHIEF EXECUTIVE OFFICER

City of Tea Tree Gully

### lan G McDonald FCA



#### **Council Solutions Regional Authority**

ANNUAL FINANCIAL STATEMENTS For the year ended 30 June 2019

#### STATEMENT BY AUDITOR

We confirm that, for the audit of the financial statements of the Council Solutions Regional Authority for the year ended 30 June 2019, we have maintained our independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement is prepared in accordance with the requirements of Regulation 22 (5) Local Government (Financial Management) Regulations 2011.

lan G McDonald FCA

Dated this 2nd day of August 2019

You me Donald

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lan 0419 620 906 ianmcdonald@creativeauditing.org PO Box 75, Henley Beach SA 5022 ABN 13 550 494 869 Nancy 0408 832 848 nancytran@creativeauditing.org

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### Ian G McDonald FCA

#### Council Solutions Regional Authority Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of Council Solutions Regional Authority for the year ended 30 June 2019.

#### Opinion

In our opinion, the financial statements of the Authority are properly drawn up:

- a) to present fairly the financial position of the Authority as at the 30 June 2019 and the results of its operations for the period then ended, and;
- b) according to Australian Accounting Standards.

#### **Basis for Opinion**

For the audit of the Authority we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Other Information - Basis of Accounting and Restriction on Distribution

Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the authority to meet the requirements of Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

#### Responsibilities of Management for the Financial Report

The Board of Management is responsible for the preparation of the financial report in accordance with Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011 and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

#### Auditor's Responsibilities for the Audit of the Financial Report

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

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

lan G McDonald FCA Registered Company Auditor

ianmcdonald@creativeauditing.org

Dated at Grange this 2<sup>nd</sup> day of September 2019

www.creativeauditing.com.au

PO Box 75, Henley Beach SA 5022 ABN 13 550 494 869 Nancy 0408 832 848 nancytran@creativeauditing.org



lan 0419 620 906

CITY OF SALISBURY ANNUAL REPORT 18/19

Page 307 Audit Committee Agenda - 12 November 2019

#### Appendix B

#### Audit Committee Annual Report to the Board for the Year Ending 30 June 2019

#### **Audit Committee**

The Council Solutions Board is supported by one designated committee being the Audit Committee which is formally appointed pursuant to the requirements under the Local Government Act 1999 (the Act) and the Local Government (Financial Management) Regulations 2013.

The function of the Audit Committee includes reviewing annual financial statements to ensure that they present fairly the Authority's state of affairs and reviewing the adequacy of financial management systems and practices.

This report provides a summary of activities undertaken by the Audit Committee during the Year Ending 30 June 2019.

#### Committee Membership and Meetings Attended

The Audit Committee met on 4 occasions during the financial year.

Member	Meetings Attended
Ms Tanya Johnston, Chair and Independent Member	4
Mr David Papa, Independent Member	4
Mr John Moyle, Board member	3
Mr Adrian Skull, Proxy Board Member	1

#### Activities

The Audit Committee is governed by a Terms of Reference with the work flow controlled by an Audit Committee Work Program. The Audit Committee Work program is updated after each meeting to reflect Committee achievements as well as to include actions arising from the meeting as well as from Board meetings.

The table that follows represents the completed work program for the meetings held in the year ending 30 June 2019.

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#### Completed Work Program 2018/19

ACTIVITY	MEETING DATE
1. Financial Reporting	
Monitor the integrity of the financial statement reports referred to below to review any significant financial reporting issues and judgements which they may contain.	
Specifically - review and challenge where necessary:	
<ul> <li>the consistency in application of, and/or any changes to, accounting policies;</li> <li>the method used to account for significant or unusual transactions where different approaches are possible;</li> <li>whether the Authority has followed appropriate accounting standards and made appropriate estimates and judgements, considering the views of the external auditor;</li> <li>the clarity of disclosure in the Authority's financial reports and the context in</li> </ul>	
<ul> <li>all information presented with the financial statements, such as the operating and financial review and the corporate governance statement (in so far as it relates to the audit and risk management); and significant adjustments to the financial report (if any) arising from the audit process.</li> </ul>	
1.1 Annual Financial Statements – 2017/18	Sep 2018
1.2 Financial Performance Report – 2017/18	Sep 2018
1.3 Budget Review #1 – 2018/19	Dec 2018
1.4 Annual Budget – 2019/20	Apr 2019
	Jun 2019
1.5 Budget Review #2 – 2018/19	Apr 2019
1.6 Budget Review #3 – 2018/19	Jun 2019
2. Internal Controls and Risk Management Systems	
2.1 Review and comment on internal control policy and operational framework.	Dec 2018
2.2 Review and comment on updated risk register including the risk assessment framework used when completed.	Dec 2018
2.3 Review and comment on the disaster recovery plan as well as a business continuity plan when completed.	Dec 2018
3. Internal Audit	
3.1 Consider and make recommendations on the scope and function of an internal audit program suitable for an operational structure and size of Council Solutions.	Dec 2018

ACTIVITY	MEETING DATE
4. External Audit	
4.1 Liaise with the Authority's external auditor on the scope and planning of annual audits, including any issues arising from audits and the resolution of such matters.	Sep 2018
4.2 Review the findings of any external audit report that raises significant issues relating to risk management, accounting, internal controls, financial reporting and other accountability or governance issues and make recommendations to the Board where appropriate.	Sep 2018
4.3 All correspondence between the Auditor and Council is to be tabled for consideration. The audit committee will review and comment on the Authority's response to, and actions taken following issues raised from any external audit.	Ongoing
4.4 Ensure compliance with Clause 22 of the Local Government (Financial Management) Regulations 1999 regarding the prohibition of auditors providing additional non-audit services.	Sep 2018
4.5 Review and recommend the engagement of the Authority's external auditor, including the appointment, reappointment, and removal of the Authority's external auditor. The review should look to satisfy the Board that the external audit services can demonstrate adequate independence from the operations of the Authority.	Jun 2019
4.6 Chair of Audit Committee to meet with the Chair of the Board to discuss ongoing matters with the parties would help identify risks from a governance perspective	Sep 2018
4.7 Chair of Audit Committee to meet with the external Auditors to discuss ongoing matters with the parties would help identify risks from a governance perspective	Sep 2018
5. Reporting Requirements of the Audit Committee	
5.1 Ensure that significant, urgent matters identified through the work program are formally and promptly reported to the Board.	Ongoing
5.2 Table the minutes of Audit Committee meetings held as part of the agenda of the next Board meeting, ensuring recommendations are considered and adopted as required.	Ongoing
5.3 Prepare annually a report to the Board on the Audit Committees performance over the past year and include the report in the Annual Report of Council Solutions.	Sep 2018
5.4 Review its own performance and Terms of Reference on an annual basis.	Dec 2018

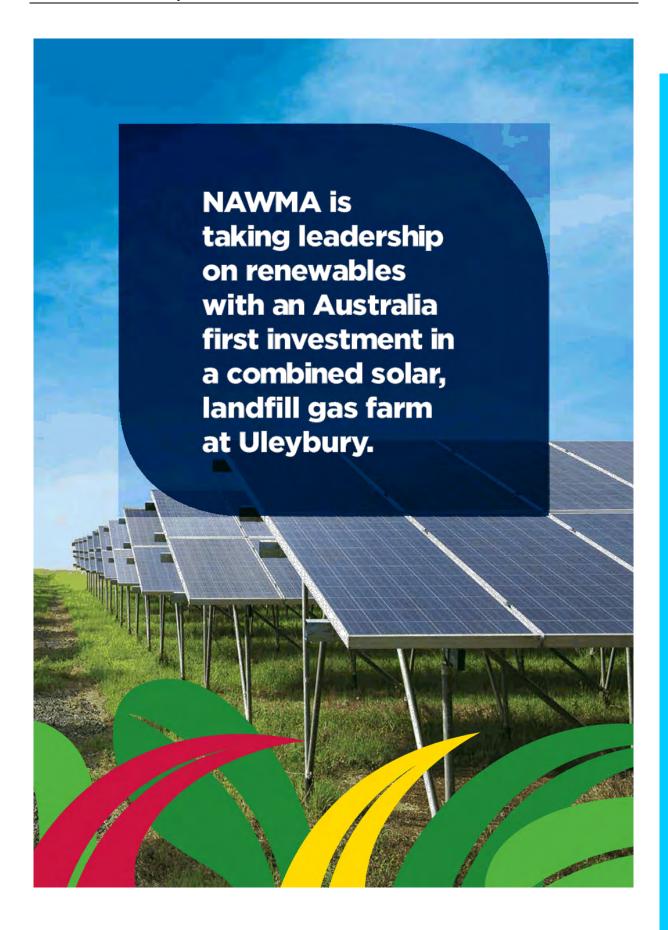
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ACTIVITY	MEETING DATE
6. Other	
6.1 Set Audit Committee work program and Confi	rm meeting dates for 2019. Dec 2018
6.2 Audit Committee Chairperson Appointment	Jun 2019
6.3 Management Fee Audit. Update Report.	Dec 2018
6.4 Review and comment on the following policies	s: Dec 2018
<ul> <li>Petty cash/credit cards</li> </ul>	
<ul> <li>Accounting/financial management</li> </ul>	
<ul> <li>Procurement – contract and tendering</li> </ul>	
<ul> <li>Financial delegations</li> </ul>	

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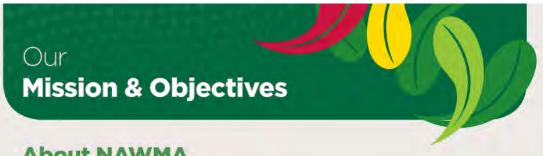
- 2 Our Mission & Objectives
- 3 Report from the Independent Chairman
- 5 Report from the Chief Executive Officer
- 6 NAWMA's Northern Area Services Map
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- 9 Resource Recovery Centres
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- 12 Circular Economy Landfills Of The Future
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ANNUAL REPORT 2018-2019 NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY



#### About NAWMA

We provide local waste management and resource recovery services and infrastructure of global significance. We do this on behalf of our Constituent Councils: City of Salisbury, City of Playford and Town of Gawler.

#### Mission

To deliver world-class recycling and waste management services to our Constituent and client Councils.

### **Objectives**

#### Objective 1: Achieve best practice in diversion of waste from landfill

Performance indicators:

- All Constituent Council households to have a three-bin system by 2020
- Increase kerbside diversion from 45% to 70% by 2023
- Reduce the contamination rate of the kerbside recyclables bin to less than 10% by 2023

#### Objective 2: Advocate and facilitate a circular economy

Performance indicators:

- Recycle 100% of yellow bin (household) recovered material in Australia by 2020
- · Engage with Constituent Councils to encourage the purchasing back half (by weigh) of their kerbside recovered recyclables in the form of sustainable procurement by 2023

#### Objective 3: Maintain cost-effectiveness in service delivery

Performance indicators:

- Reduce cost per Serviced Entitled Premise by 5% by 2023 (allowing for LGPI/CPI indexation, and excluding State Government Solid Waste Levy)
- · Reduce cost per Constituent Council by 5% by 2023 (allowing for LGPI/CPI indexation, and excluding State Government Solid Waste Levy)
- · Efficiently manage the life of the Uleybury Landfill, while investigating landfill alternative technologies in readiness for post closure

NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY ANNUAL REPORT 2018-2019

### Report from the

### **Independent Chairman**



2018-2019 has been a successful year for NAWMA, in terms of financial, operational and reputational results. Our core business is to provide efficient and effective waste management and resource recovery services to our Constituent Councils, and our focus does not waiver from this task.

Each week we provide seamless kerbside collection services to some 115,000 properties, annually processing approximately 200,000 tonnes of recyclables, waste and organics, and enabling around 90,000 transactions at our public Resource Recovery Centres. Building on the growing nationwide recognition of NAWMA's integrated business model and achievements, NAWMA has hosted many government agencies and prominent private sector entities from across Australia and the globe.

- Green Industries South Australia Board, Chief Executive Officer, and Management Team
- Global Leadership Program on the Circular Economy (international delegates)
- Sustainability Victoria, Environment Protection Authority Victoria
- Environment Protection Authority NSW
- Overseas delegations from South Africa, New Zealand, United Kingdom, India and China



Some of these include:

- Premier of South Australia, the Honourable Steven Marshall
- Minister for Environment and Water, the Honourable David Speirs
- South Australian Government Environment, Resources and Environment Select Committee (in their function as the Parliamentary Inquiry into the South Australian Recycling Sector)

During the same period, NAWMA was represented on four (4) high level State Government advisory committees into various waste management and resource recovery matters, and provided written submissions to three (3) topical matters.

NAWMA is considered a thought leader in our field, and we cherish the opportunity to guide policy in order to stimulate economic and environmental activity in the Northern Region of Adelaide.

ANNUAL REPORT 2018-2019 NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY





Across 2018-2019, NAWMA received \$1.75M in grant funding in order to future proof our Material Recovery Facility (MRF). While the improvement projects are still on foot, this investment will see the introduction of South Australia's first glass recovery plant, first artificial intelligence robotics, and a significant expansion of our footprint in the Edinburgh Parks Industrial Estate.

We are proud of the fact we provide employment for some 80 full time equivalent employees (FTEs) at our MRF, and we are equally proud of our headway in meeting our commitment to 100% processing of yellow-top bin recyclables on Australian shores by 2020. Through prudent market identification and development, NAWMA is approximately 80% onshore with recyclables processing. While others looked to secondary (and often unstable) Asian markets, NAWMA pivoted hard and early to stimulate jobs and economic activity through the domestic reprocessing of paper, plastics, metals, and glass.

Not one to rest on our recycling achievements, NAWMA was awarded the 2018 Landfill Excellence Award for our Uleybury Balefill and Renewable Energy Park. As recognition for this best in class landfill and Australia's first combined solar thermal and landfill gas renewable energy facility, this award was given by the peak industry body Waste Management & Resource Recovery Association of Australia. NAWMA is a net exporter of electricity from this facility, proving that even waste is seen as a resource by NAWMA.

Testament to prudent fiscal management by the NAWMA Board, Audit Committee and Management Team, NAWMA has grown its revenue base significantly to a \$34M turnover, and delivered a mostly balanced budget in what was another turbulent year for the resource recovery sector. We have grown our Client Council base and now some 28 Councils are utilising the NAWMA MRF, and we proudly provide access to this facility for most of rural and regional South Australia. NAWMA has bedded down the operational management of the Pooraka Resource Recovery Centre, and will soon embark on a modernisation of this facility in partnership with City of Salisbury.

I would like to take this opportunity to thank the NAWMA Board for their leadership, strategy development, and financial management. My thanks also go to the NAWMA Audit Committee, Technical Working Group, Constituent Councils Mayors, elected representatives and Chief Executive Officers. Finally, to NAWMA Chief Executive Officer Adam Faulkner and his excellent Senior Management Team, I provide my full endorsement and praise on behalf of the Board for an outstanding year of achievement in delivering the 2018–2025 NAWMA Strategic Plan.

I look forward to another successful year in 2019-2020, and as Independent Chairman of the NAWMA Board, I commend this Annual Report.



Brian Cunningham
Independent Chairman

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NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY ANNUAL REPORT 2018-2019

# Report from the Chief Executive Officer



Under the guidance and leadership of Brian Cunningham and the NAWMA Board, NAWMA embarked in 2018-2019 on delivering the bold commitments outlined in the 2018-2025 NAWMA Strategy.

As Australia's first jurisdiction to publicly commit to reprocessing 100% of yellow-top bin recyclables in Australia by 2020, NAWMA has stimulated local and interstate markets, and kept these valuable resources onshore. We have partnered with domestic paper mills, plastic reprocessors, and glass beneficiary plants, to turn our residents' recyclables back into Australian commodities. This has been achieved through an unwavering commitment to jobs in our region, and we proudly employ over 80 FTEs across all of our operations in the northern suburbs of Adelaide.

On behalf of our Constituent Councils of City of Salisbury, City of Playford and Town of Gawler, NAWMA operates:

- · Uleybury Balefill and Renewable Energy Park
- · Edinburgh North Waste Processing Facility
- Edinburgh North Resource Recovery Centre (which will imminently host the region's first free household chemical and paint drop off facility
- · Material Recovery Facility, Edinburgh
- · Environmental Education Centre, Edinburgh
- · Pooraka Resource Recovery Centre

#### We provide:

- Kerbside household collection of waste, recyclables, organics, and hard waste
- Customer Service Centre
- Recycling Education and Behaviour Change Programs

During the 2018-2019 year, NAWMA modernised the way we interact with our residents, through an updated website, mobile phone app (My Local Services), and SMS functionality for hard waste vouchers. NAWMA has a very lean administration, and I am very proud of our team for their pursuit of customer service excellence.

With a growing reputation as a resource recovery thought leader, NAWMA was invited to present keynote addresses at the Local Government Association Best Practice Showcase, Waste Essentials for Elected Members, and the Waste Management & Resource Recovery Association of Australia State Conference. This was in addition

to chairing a session of the International Solid Waste Association World Congress in Kuala Lumpur and hosting participants from the Global Leadership Program on the Circular Economy.

In early 2019, NAWMA was selected as the preferred tenderer for the receipt and processing of recyclables from seven (7) large metropolitan Adelaide Councils. This took the number of Councils serviced at our Material Recovery Facility to 28, testament to the leadership shown by the NAWMA Board and Constituent Councils in owning and operating the only local government Material Recovery Facility in South Australia.

Our Uleybury Balefill received a well-deserved national award for innovation, and we integrated the Pooraka Resource Recovery Centre into our operations in a seamless manner.

Our key driver is diverting as much waste away from landfill, and we look forward to continuing to partner with our Constituent Councils and residents in the responsible use of the kerbside household three bin system. While we have achieved much in 2018-2019, we still have a huge challenge in meeting our target of 70% household landfill diversion by 2023 while reducing contamination to less than 10% in the same time period.

In closing I would like to thank the NAWMA Board, Audit Committee, Technical Working Group, for their governance and leadership, and I would personally like to acknowledge the support provided by the Constituent Council Chief Executive Officers.

Lastly (but not least!) I give my resolute thanks to our team at NAWMA.



Adam Faulkner
Chief Executive Officer

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## NAWMA Governance



NAWMA is administered by a Board in accordance with the requirements of the Local Government Act (1999), the NAWMA Charter and various other policies. The Board are responsible for the overall governance, management and strategic direction of the Authority.

The Board meets bi-monthly and drives organisational performance to deliver efficient, best practice service and facilities to our Constituent Councils.

As defined by the NAWMA Charter, the membership of the Board comprises of ten (10) Directors -three Directors appointed by each of the Constituent Councils, and one independent person appointed by the Board who acts as Chair. The Board appoints a Chief Executive Officer who is responsible for implementing the decisions made by the Board and the day to day operations of the Authority.

The Board held four formal meetings over the 2018-2019 financial year. Due to the Local Government elections in late 2018 and the implications upon Board Director term expiry dates, the NAWMA Board was inactive between October and December 2018. Unfortunately, a quorum was not reached for the scheduled January 2019 meeting.

The table below details Board Member attendance at the four (4) meetings. Several other matters were resolved by Circular Resolutions out of Board Meeting frequency.



Mr Brian Cunningham Independent Chair 4 of 4 meetings



Mr Sam Green
City of Playford
4 of 4 meetings



Cr Shirley Halls
City of Playford
4 of 4 meetings



Ms Grace Pelle

City of Playford

2 of 3 meetings<sup>1</sup>



Mr Charles Mansueto
City of Salisbury
3 of 4 meetings



Cr Julie Woodman
City of Salisbury
4 of 4 meetings



Cr Graham Reynolds
City of Salisbury
3 of 3 meetings<sup>2</sup>



Mr Henry Inat
Town of Gawler
3 of 4 meetings



Cr Paul Koch
Town of Gawler
4 of 4 meetings



Cr Paul Little

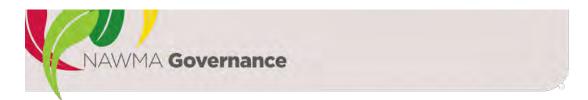
Town of Gawler

2 of 3 meetings<sup>2</sup>

<b>Board Member</b>		Meetings
Cr Clint Marsh	City of Playford	1 of 1 <sup>™</sup>
Cr David Balaza	City of Salisbury	1 of 13
Cr Merilyn Nicolson	Town of Gawler	O of 1 <sup>3</sup>
Cr Diane Fraser	Town of Gawler	1 of 22#

- Elected to Board February 2019
   Elected to Board November 2018
- 3 Board term completed November 2018 # Deputy Board Directors only attend meetings
- as required

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#### Audit

In accordance with the requirements of the Local Government Act (1999), NAWMA has an established Audit Committee.

The functions of the Committee include:

- Monitoring the integrity of the financial statements of NAWMA, including its annual report, reviewing significant financial reporting issues and judgements which they contain;
- Reviewing the adequacy of the accounting, internal auditing, reporting and other financial management systems and practices of NAWMA on a regular basis; and

 Reviewing and providing recommendations to NAWMA on the sustainability of its financial performance and proposals with respect to debt levels included in the strategic management plans and, in particular, the long-term financial plan.

The membership of the Audit Committee consists of six (6) members, three (3) members who are independent members (including the Chair), two (2) members who are NAWMA Board Directors, and the NAWMA Board Chair as an Ex-Officio member.

The Audit Committee held five (5) formal meetings over the 2018-2019 financial year including one (1) joint meeting with the NAWMA Board. The table below details Audit Committee Member attendance at these meetings:

	Meetings
Independent Chair	<b>5</b> of 5
Independent Member	<b>4</b> of 5
Independent Member	<b>5</b> of 5
Board Director	<b>3</b> of 3 <sup>1</sup>
Board Director	<b>2</b> of 2 <sup>2</sup>
Ex-Officio Member	<b>4</b> of 5
	Independent Member Independent Member Board Director Board Director

- 1 Elected to Audit Committee February 2019
- 2 Elected to Audit Committee May 2019

The Audited Financial Statements for the year ended 30 June 2018 are provided from page 21.



#### **Technical Working Group**

NAWMA's Technical Working Group (TWG), comprised of an Executive from each Constituent Council, meets ad-hoc to discuss any operational or strategic matter that has arisen for the Authority.

The TWG provide guidance and advice to NAWMA's Management and throughout 2018-2019 have been instrumental in implementing a number of the Authority's major achievements, particularly the Strategic Plan 2018-2025.

The membership of the Technical Working Group is based upon skillset, and various Constituent Council Executives are called upon determined by the matters at hand.

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NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY **ANNUAL REPORT 2018-2019** 





### NAWMA operates two Resource Recovery Centres (RRCs) within the northern community, which are open to the public seven days a week.

NAWMA's Edinburgh North Resource Recovery Centre continues to provide a number of important resource recovery services. The facility houses:

- A drive-through undercover Resource Recovery Centre for materials recovery,
- A Salvage and Save retail outlet operated by Mobo Group in association with NAWMA, with this outlet providing employment for the community and reuse of valuable household resources; and
- A recycling service for bottles and cans operated by Scouts SA.

Working in conjunction with Green Industries South Australia (GISA), a household chemical and paint drop-off area will open at this site in September 2019. The site will be open to all South Australian residents and will increase options for disposal of household volumes of chemical material and paint. The free service will operate seven days a week.

In addition to the Edinburgh North Resource Recovery Centre, NAWMA took over management of the Pooraka Resource Recovery Centre that was historically managed by City of Salisbury on 2 July 2019. The change in management has provided an opportunity for consistent messaging and harmonised pricing structures for both of NAWMA's Resource Recovery Centres. This facility houses a drive through undercover Resource Recovery Centre and is earmarked for an upgrade during the 2019/20 financial year.

NAWMA has spent considerable time this year sourcing options for further resource recovery to avoid waste to landfill. In addition to existing items, both the Edinburgh North RRC and the Pooraka RRC are now able to accept globes, fluorescent tubes, batteries, x-rays and paint for recovery.

Following are details of combined operations of the two Resource Recovery Centres for the year ended 30 June 2019:

- Over 90,000 customers accessed the facilities delivering green waste and general waste,
- Over 7,500 tonnes of material was transported to SUEZ-ResourceCo for processing into Refuse Derived Fuel (RDF),
- Over 3,000 mattresses were recovered and recycled,
- Over 2,400 tyres were collected and recycled; and
- Over 120,000 litres of paint was disposed of safely.

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NAWMA houses the only local government owned and operated Material Recovery Facility (MRF) in South Australia, and one of few in Australia.

Our world-class, best practice facility sorted more than 50,000 tonnes of kerbside recyclables during the 2018-2019 meaning NAWMA was able to produce high quality finished goods such as paper, plastics, glass, aluminium and steel. These products were marketed locally, interstate and internationally.

Economically, the MRF provided a significant revenue stream for NAWMA's Constituent Councils, while reducing exposure to the commercial recycling industry. At a time when the recycling industry was severely challenged, a two-shift five-workday team of 22 sorters per shift, processed kerbside recyclables from NAWMA's Constituent Councils, in addition to material from more than 28 Councils from both metropolitan and regional South Australia.

Everyday trucks from NSW come to Adelaide to deliver paper-rolls that make the Messenger and Advertiser newspapers and return empty.

As part of the new deal, these trucks collect paper sorted from yellow-lid recycling bins at NAWMA's Edinburgh MRF, which handles up to 60 tonnes of paper per day.

The recovered paper is transported to NSW to recycle into new packaging and paper-rolls, which are brought back to Adelaide as part of the trucks' regular run. To ensure the high quality of paper required by the mill, NAWMA invested in a state-of-the-art baler to help bale separated cardboard from the paper stream.



NAWMA is the first local government jurisdiction in Australia to make the commitment to 100% onshore recyclables secondary reprocessing by 2020. This places NAWMA, its Constituent Councils and partner Councils at the forefront of driving the circular economy and sustainable procurement agenda.

NAWMA has already signed multi-year supply agreements with domestic South Australian processors for recovered steel, aluminium, glass and container deposit PET.

One of our biggest achievements of the 2018-2019 year was the signing of a supply agreement with an Australian paper mill in September 2018.

The initiative has several positive aspects including:

- extending the useful life of a valuable resource (paper), meaning less trees are destroyed for paper manufacture
- · creating new jobs at NAWMA's Edinburgh MRF
- reducing greenhouse gas emissions associated with transport as resources are kept in Australia for processing, not sent overseas.

The commitment to local jobs, remanufacturing and the push to a circular economy is a credit to NAWMA's Technical Working Group, Board and Constituent Councils.

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# Resource Recovery Food and Garden Organics

NAWMA's Food and Garden Organics (FOGO) collection is an opt-in service for the residents of our three Constituent Councils. The service continues to grow in popularity with more than 63,000 FOGO bins currently in service, with an overall participation rate of almost 64%.

The kerbside collected organic material is transported to our Edinburgh North facility by Suez (NAWMA's kerbside collection contractor) using side-loader vehicles, specifically designed for the kerbside collection of bins.

The material is stored short-term, undercover at this location before being bulk-hauled by sealed vehicles to one of Peats Soils and Garden Supplies facilities. The material is processed by Peats into mulch and compost products.

Many of these products are used in large-scale operations such as vineyards and market gardens.

This financial year Peats processed more than 20,000 tonnes of kerbside collected material with another 6,000 tonnes of material sent for processing via NAWMA's Resource Recovery Centres.

The following table outlines the kerbside tonnes collected and diverted from landfill for the 2018/2019 financial year:

		1	7		
the state of the s	Waste		FOGO	TOTAL	Diversion
Playford	18,652	6,803	5,054	30,509	39%
Salisbury	29,957	10,137	13,617	53,711	44%
Gawler	5,241	1,785	2,071	9,097	42%
Total (Tonnes)	53,850	18,725	20,742	93,317	42%



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# Resource Recovery

# **Hard Waste Service**



1,970 tonnes of hard waste and 5,000 mattresses were collected in

2018-19



NAWMA continued to operate the hard waste collection services for both City of Salisbury and City of Playford during the 2018/2019 financial year. An efficiency overhaul of the hard waste system was implemented on 1 July 2019 with residents now able to utilise an at-call hard waste collection service.

This revitalised system replaced the historic suburbby-suburb basis approach used in prior years. The new at-call collection service provides a reduction in wait time and allows residents to have their hard waste collected at a time convenient to their needs. The change in service has proved popular with the service accessed by over 19,000 residents across the two Councils, almost a 25% increase to the previous financial year.

The improved service level for collections was rolled out at the same time as another efficiency, the SMS message drop-off system for hard waste drop-offs. The SMS message voucher system is a real time system that allows residents to be sent a unique voucher number while on the phone to the NAWMA Customer Service Team. This SMS message can then be presented at either of the two Resource Recovery Centres to redeem the voucher service. The change in this system means the resident no longer has to have a physical voucher mailed or collected, providing more convenience. Over 9,000 vouchers were redeemed in 2018-2019.

Material collected as part of the two (2) hard waste services also provides employment benefits for the broader community. Examples of this include:

 E-waste recovered is recycled via E Cycle SA, one of the first e-waste recycling companies operating in Australia

- · Metal recovered is recycled via Sims Recycling
- Mattresses recovered are recycled by a small local company, collecting re-usable material from each mattress collected with any non-recoverable material going to an alternative Energy from Waste facility
- Residual material recovered via the voucher system is recycled where possible with any residual being sent to an alternative fuels facility

In conjunction with NAWMA, the 2018-2019 year saw Town of Gawler undertake a hard waste service trial with a selected group of residents.

The 2019-2020 year will see all residents of Town of Gawler having access to this service.

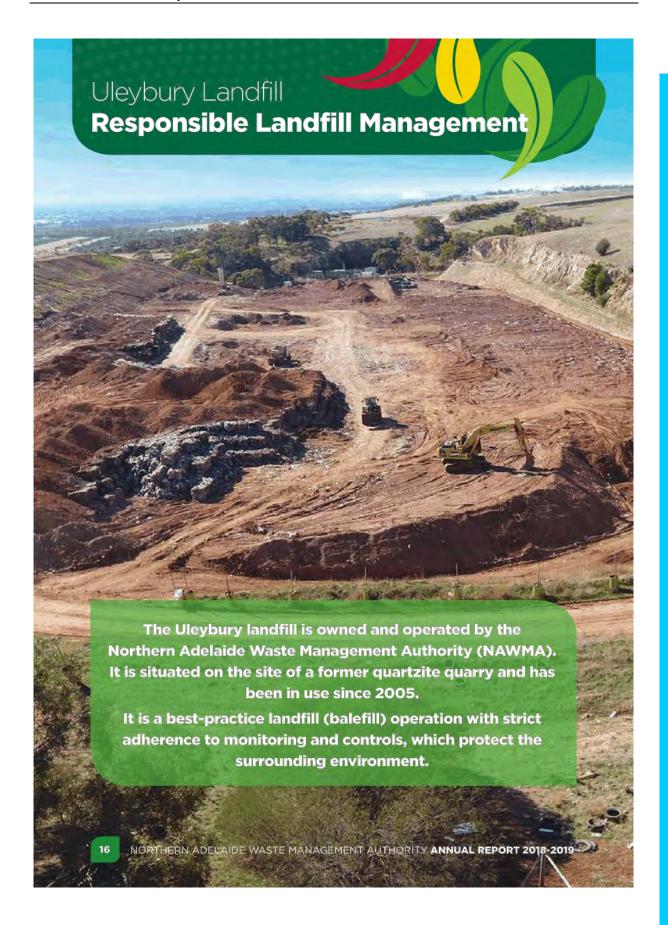
In 2018-2019 a total of 1,970 tonnes of hard waste was collected, in addition to over 5,000 mattresses.

NAWMA also implemented a new free trailer-hire service for residents of the Cities of Playford and Salisbury who have hard waste items to recycle but no access to their own trailer.

Residents can borrow a 6x4 caged trailer from either of NAWMA's two Resource Recovery Centres to transport hard waste as part of their drop-off service.

This service was used more than 100 times in its first six months.

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# Uleybury

# **Balefill and Renewable Energy Park**

NAWMA's Uleybury Balefill and Renewable Energy Park is the first combined solar – landfill gas farm of its type in Australia and continues to generate power for the local community using over 11,000 solar panels and gas extracted from 18 vertical wells and a network of horizontal wells in the active cell area. NAWMA, with its South Australian partner Joule Energy, has committed to turning a once untapped waste product into a resource.



The following outlines the power generation and gas consumption during the financial year:

- Over 1.8M kilowatt hours of power exported to the power network from solar panels.
- Solar power run time peaking during the month of November 2018 with 460 run hours,
- Over 7M kilowatt hours of power exported via the gas generation engine.
- Over 4.4M m3 of landfill gas used as energy to power gas engine; and
- The accumulated total power generation close to 9M kilowatt hours.

The Balefill Management Consultative Committee (BMCC), chaired during the year by Cr Paul Koch (Town of Gawler) and most recently Cr Paul Little (Town of Gawler), continues to meet bi-monthly. The Committee provides nearby residents, Council, the EPA and NAWMA the opportunity to discuss topics relating to the site and its operations.

Meeting minutes and supporting documents are distributed to nearby residents and Council.

Following the removal of valuable resources from the waste stream, 79,000 tonnes were deposited to the Uleybury Balefill and Renewable Energy Park in 2018-2019. Almost 74,000 of these tonnes were processed and baled at NAWMA's Edinburgh North Waste Processing Facility (WPF). The site bales the material and transports it to Uleybury, with over 200 bales transported on average per day.

In March 2019 NAWMA was presented a prestigious national award for its visionary management of the Uleybury Balefill and Renewable Energy Park. Judges from the Waste Management and Resource Recovery Association of Australia (WMRR) acknowledged the site as a world-class landfill with pioneering developments.

Placement of bales in Cell 3 (the final cell) started in 2016 with the revegetation of the site (Cells 1 and 2) well underway.

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In 2018/19, NAWMA continued to develop its newly branded suite of community education resources. Information to the community also occurred via different channels including Constituent Council Facebook pages, adverts in local media and posters in local community centres and libraries.

The NAWMA website was launched in September 2018 and provides up-to-date information on all of NAWMA's operations and services as well as a range of options for booking services online. As at June 2019, the website was receiving almost 10,000 visits per month. NAWMA also made bin collection reminders and recycling tips available via the free My Local Services app.

Residents from NAWMA's Constituent Councils continued to visit NAWMA's facilities to see operations firsthand. These tours and many face-to-face presentations to community groups enabled participants to gain a better understanding of NAWMA' goals and commitments as well as services that are available to them.

Plans are in place to further engage with the community through the development of a corporate video and the creation of an education facility.

NAWMA's Customer Service Team (CST) continued to grow as operations expanded. This year NAWMA

introduced a Team Leader Administration to oversee the functions of the CST and the team now consists of 5.6 full-time equivalent employees. Casual employees attend to residents who visit the Resource Recovery Centres on weekends.

The team responds to all resident and Council enquiries ranging from missed bins, bins requiring repair or replacement, recycling tips and the hard waste collection and drop-off services. The team were instrumental in the successful implementation of the change to the hard waste service frequency and the SMS message hard waste drop-off system.

In the 2019/2020 year, the CST will aim to implement a new Customer Relationship Management (CRM) program to enable NAWMA to form a history with its residents and better tailor the specific resource recovery services required.

Positive relationships with residents are at the forefront of NAWMA's operations to ensure efficient and effective Customer Service.



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**Certification of Financial Statements** 

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# Northern Adelaide Waste Management Authority Financial Statements 2018-2019

# NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY **ANNUAL FINANCIAL STATEMENTS** FOR THE YEAR ENDED 30 June 2019 CERTIFICATION OF FINANCIAL STATEMENTS I have been authorised by Northern Adelaide Waste Management Authority to certify the financial statements in their final form. In our opinion: - the accompanying financial statements comply with the Local Government Act 1999, Local Government (Financial Management) Regulations 2011 and Australian Accounting Standards. - the financial statements present a true and fair view of the Authority's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year. - Internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year. - the financial statements accurately reflect the Authority's accounting and other records. Adam Faulkner Brian Cunningham CHIEF EXECUTIVE OFFICER CHAIRPERSON Date: 19 September 2019

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# STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2019

Notes	2019 \$'000	2018 \$'000
INCOME		
User charges 2	33,758	29,026
Investment income 2	209	108
Reimbursements 2	67	77
Other 2	-	131
Total Income	34,034	29,342
EXPENSES		
Employee costs 3	2,753	2,191
Materials, contracts & other expenses 3	29,756	25,524
Finance costs 3	351	373
Depreciation, amortisation & impairment 3	1,394	1,449
Total Expenses	34,254	29,537
OPERATING SURPLUS / (DEFICIT) transfer to Equity Statement	(220)	(195)
Asset disposal & fair value adjustments 3	(9)	(1)
Amounts received specifically for new/upgraded assets	233	115
NET SURPLUS / (DEFICIT)	4	(81)
Changes in revaluation surplus -		
infrastructure, property, plant & equipment	-	45
Total Other Comprehensive Income		45
TOTAL COMPREHENSIVE INCOME	4	(36)

This Statement is to be read in conjunction with the attached Notes.

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# STATEMENT OF FINANCIAL POSITION

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	4	2,613	1,061
Trade & other receivables Stock on Hand	4	3,172 64	2,689 49
Total Current Assets		5,849	3,799
Non-current Assets	_		
Infrastructure, Property, Plant & Equipment Financial Assets	6 5	14,709	15,567
	5		1,018
Total Non-current Assets		14,709	16,585
Total Assets	•	20,558	20,384
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	3,410	2,271
Provisions	7	191	263
Borrowings	7	1,186	1,079
Total Current Liabilities		4,787	3,613
Non-Current Liabilities			
Borrowings	7	6,318	7,415
Provisions	7	2,698	2,605
Total Non-current Liabilities		9,016	10,020
Total Liabilities		13,803	13,633
NET ASSETS		6,755	6,751
EQUITY			
Accumulated Surplus		6,095	6,091
Asset Revaluation Reserve		660	660
TOTAL EQUITY		6,755	6,751

This Statement is to be read in conjunction with the attached Notes.

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# STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2019

	Accumulated Surplus	Asset Revaluation Reserve	TOTAL EQUITY
2019			
\$'000			
Balance at end of previous reporting period  Net Surplus/ (Deficit) for Year  Other Comprehensive Income	6,091 4	660	6,751 4
Gain on revaluation of infrastructure, property, plant & equipment Transfers between reserves Distributions to Member Councils	-	-	-
Balance at end of period	6,095	660	6,755
	Accumulated Surplus	Asset Revaluation Reserve	TOTAL EQUITY
2018			
\$'000			
Balance at end of previous reporting period Net Surplus/ (Deficit) for Year Other Comprehensive Income	6,172 (81)	615 -	6,787 (81)
Gain on revaluation of infrastructure, property, plant & equipment Transfers between reserves Distributions to Member Councils		45 - -	45 - -
Balance at end of period	6,091	660	6,751

This Statement is to be read in conjunction with the attached Notes.





# STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Notes	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating receipts		33,342	28,933
Investment receipts		209	108
Payments		(71.400)	(00.770)
Operating payments to suppliers & employees Finance payments		(31,429) (351)	(28,338) (323)
Net Cash provided by (or used in) Operating Activities	8	1,771	380
CASH FLOWS FROM INVESTING ACTIVITIES Receipts			
Amounts specifically for new or upgraded assets		233	115
Disposal of Investments		1,018	-
Sale of surplus assets		-	5
Payments			
Expenditure on new/upgraded assets		(480)	(6,075)
Purchase of Investments			(1,018)
Net Cash provided by (or used in) Investing Activities		771	(6,973)
CASH FLOWS FROM FINANCING ACTIVITIES Receipts			
Proceeds from Borrowings		-	4,454
Payments			
Repayments of Borrowings		(990)	(1,082)
Net Cash provided by (or used in) Financing Activities		(990)	3,372
Net Increase (Decrease) in cash held		1,552	(3,221)
Cash & cash equivalents at beginning of period	8	1,061	4,282
Cash & cash equivalents at end of period	8	2,613	1,061

This Statement is to be read in conjunction with the attached Notes.

ANNUAL REPORT 2018-2019 NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY



for the year ended 30 June 2019

#### **Note 1 - SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1 Basis of Preparation

#### 1.1 Compliance with Australian equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government* (Financial Management) Regulations 2011.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Salisbury, City of Playford and the Town of Gawler.

#### 1.2 Historical Cost Convention

Except where stated below, these financial statements have been prepared in accordance with the historical cost convention.

#### 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards which requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of this Note.

#### 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

#### 2 The Local Government Reporting Entity

Northern Adelaide Waste Management Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act, and has its principal place of business at Woomera Avenue, Edinburgh Park SA 5111.

These financial statements have been prepared for use by the Constituent Councils of the Authority.

#### 3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Authority obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

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for the year ended 30 June 2019

#### Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

#### 4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at the Authority's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 9.

#### 5 Infrastructure, Property, Plant & Equipment

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use".

#### 5.1 Initial Recognition

All assets are initially recognised at cost. Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition.

The cost of non-current assets constructed by the Authority includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

#### 5.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by the Authority for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. No capitalisation threshold is applied to the acquisition of land or interests in land.

#### 5.3 Subsequent Recognition

Certain asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. For infrastructure and other asset classes where no active market exists, fair value is determined to be the current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the asset.

# 5.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

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for the year ended 30 June 2019

#### **Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)**

Plant, Furniture & Equipment 5 to 10 years Buildings 30 years

Infrastructure:

Waste Facility 10 to 20 years

Landfill Construction Amortised proportionately to rate of filling

#### 5.5 Land Assets

As at 30 June 2018, an independent valuation was undertaken on all Land and Building assets held by the Authority. The independent valuation was undertaken by AssetVal Pty Ltd and valued land and building assets to the current market value.

Given the material value of Land and Building assets subsequent to the valuation performed, Land and Building assets are shown as a separate class of asset and disclosed accordingly in Note 6.

#### 5.6 Impairment

Assets that have an indefinite useful life are not subject to depreciation and are reviewed annually for impairment. Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash outflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if the Authority were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

#### 6 Payables

#### 6.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received.

Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

## 7 Employee Benefits

# 7.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

No accrual is made for sick leave as the Authority's experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. The Authority does not make payment for untaken sick leave.

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for the year ended 30 June 2019

#### Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)

#### 7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to the Local Government Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently.

#### Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation (9.5% in 2017/18; 9.5% in 2016/17). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### Defined Benefit Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent full actuarial investigation conducted by the Scheme's actuary, , Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to the Authority's contribution rates at some future time.

The Authority also makes contributions to other superannuation schemes selected by employees under the 'choice of fund' legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the new assets of the scheme, and no further liability attaches to the Authority.

#### 8 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and make adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet.

An independent assessment of the Authority's landfill capping and post closure rehabilitation obligations was undertaken by Golder Associates Pty Ltd as at 30 June 2018.

The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified. The next independent review is to be undertaken in 2019/20.

#### 9 Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where the Authority substantially carries all the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as assets under lease, and are amortised to expense over the period during which the Authority is expected to benefit from the use of the leased assets.

Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

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for the year ended 30 June 2019

#### **Note 1 - SIGNIFICANT ACCOUNTING POLICIES (cont)**

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

#### 10 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

#### 11 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

#### 12 Critical Accounting Estimates and Judgements

The Board evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and based on current trends and economic data, obtained both externally and within the Authority.

#### 13 New Accounting Standards

In the current year, the Authority adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. Certain new accounting standards have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

The Authority believes that the introduction of AASB 16 Leases will have a material impact on the future reported financial performance and position. It is estimated that a Right-of-Use Asset and equivalent Lease Liability of \$5.757 million will be recorded as at 1 July 2019. As a result of the introduction of AASB 16, it is estimated that Operating Expenses will increase by an estimated \$0.25 - \$0.3 million in FY2020 to account for the different accounting treatment of its operating leases compared to the current adopted policies of the Authority.

Given the nature and terms of the Authority's contracts and services it provides to its customers, the introduction of AASB 15 Revenue from Contracts is not assessed as having any impact on existing accounting policies given there is no deferral of revenues nor ongoing specific performance obligations which need to be met. As the Authority is a not-for-profit, AASB 1058 is applicable as from 1 July 2019, however, given the nature of the operations it is not expected to have an impact on the existing accounting policies of the Authority.

#### 14 Stock on Hand

The Authority records stock on hand as at reporting date to reflect the value of stockpiled recycled finished goods held. The value attributed to stock items is based on the expected sale price of goods held based on existing contract rates held with customers and/or pubic market rates, whichever is applicable.

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for the year ended 30 June 2019

Note 2 - INCOME		2019	2018
	Notes	\$'000	\$1000
USER CHARGES			
Waste Management Operations	-	33,758	29,026
		33,758	29,026
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		39	44
Rental income		170	64
		209	108
REIMBURSEMENTS			
Reimbursement		-	11
Fuel Tax Credit Reimbursements	-	67	66
		67	77
OTHER INCOME			
Promotional Income	-		131
NAL 7 EVERNÓPO			131
Note 3 - EXPENSES			
EMPLOYEE COSTS		0.760	1007
Salaries and Wages		2,362	1,663
Employee leave expense		4	70
Superannuation		214	166
Workers' Compensation Insurance		31	72 20
Allowances Other		142	200
Total Operating Employee Costs	-	2,753	2,191
Total Operating Employee Costs		2,755	2,191
MATERIALS, CONTRACTS & OTHER EXPENSES			
Prescribed Expenses			
Auditor's Remuneration			
- Auditing the financial reports		18	16
- Other Services		-	5
Bad and Doubtful Debts		-	32
Lease costs		1,378	1,083
Subtotal - Prescribed Expenses		1,396	1,136
Other Materials, Contracts & Expenses			
Promotions		22	125
Bank Fees		33	19
Landfill Royalty		213	226
Contractors		18,535	15,618
Electricity		266	225
Environmental Protection Agency Levy		7,818	6,847
Fuels & Oils		281	179
Professional services		279	466
Waste Recycle Bins		360	242
Administration & Other Expenses	-	553	441
Subtotal - Other Materials, Contracts & Expenses		28,360	24,388
		29,756	25,524

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for the year ended 30 June 2019

Note 3 - EXPENSES (cont)	Notes	2019 \$'000	2018 \$'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Waste Processing Facility		222	167
Uleybury Landfill Plant & Equipment		29	28
Education Program Plant & Equipment		1	1
Office Furniture & Equipment		28	18
Property & Improvements		15	15
Landfill Cell Stage Three		297	409
Landfill Capping Stage Three		119	71
Post Closure Rehabilitation		71	147
Buildings		130	120
Material Recovery Facility		482	341
Impairment - Buildings	-		132
	_	1,394	1,449
FINANCE COSTS			
Interest on Loans and Overdraft		351	373
		351	373
INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	-		
Assets renewed or directly replaced			
Proceeds from disposal		-	5
Less: Carrying amount of assets sold	_	(9)	(6)
Gain (Loss) on disposal		(9)	(1)
Note 4 - CURRENT ASSETS			
CASH & EQUIVALENT ASSETS			
Cash on Hand and at Bank		1,552	725
Deposits at Call		1,061	725 336
Deposits at Call	-		
TRADE & OTHER RECEIVABLES	-	2,613	1,061
Debtors - general		3,025	2,701
Less: Provision for Doubtful Debts		-	(32)
Accrued Revenues		147	6
Prepaid Expenses		-	14
	-	3,172	2,689
NAME OF STREET PRIANCIAL ACCURA	-		
Note 5 - OTHER FINANCIAL ASSETS			
FINANCIAL ASSETS	-		1,018
Term Deposit	_		1,018

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# Northern Adelaide Waste Management Authority Financial Statements 2018-2019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

# Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (Cont)

		2018	18			2019	2019	
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	1,776	p	,	1,776	1,776	ľ	ì	1,776
Waste Processing Facility	1	3,124	(1,380)	1,744	'	3,269	(1,597)	1,672
Uleybury Landfill Plant & Equipment	1	2,100	(1,969)	131		2,125	(1,994)	131
Education Program Plant & Equipment	ì	20	(44)	9	ı	34	(30)	4
Office Furniture & Equipment	1	126	(67)	59		177	(65)	112
Property & Improvements	1	1,594	(1,474)	120	1	1,605	(1,490)	115
Landfill Cell Stage One	ı	1	'	'	'	1	•	'
Landfill Cell Stage Two	ì	ı	ı	1	1	1	ı	t
Landfill Capping Stage One	1	1	'	'	1	1	1	1
Landfill Capping Stage Two	•	'	'	'	'	'	•	'
Landfill Cell Stage Three	l .	3,084	(840)	2,244		3,084	(1,137)	1,947
Landfill Capping Stage Three	1	1,024	(146)	878	'	1,050	(265)	785
Post Closure Rehabilitation	1	1,553	(1,054)	499	'	1,591	(1,125)	466
Buildings	3,285	247	(108)	3,424	3,285	247	(238)	3,294
Mobile Garbage Bins	1	1	'	1	'	1	1	1
Material Recovery Facility	'	4,679	(341)	4,338	'	5,178	(823)	4,355
WIP	1	348	1	348	1	52	1	52
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	5,061	17,929	(7,423)	15,567	5,061	18,412	(8,764)	14,709
Comparatives	875	25,950	(76,102)	10,723	5,061	17,929	(7,423)	15,567

This Note continues on the following pages.

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# **NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS** for the year ended 30 June 2019

# Note 6 - INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT (Cont)

	2018 \$'000	Ď	CARRYING AMOUNT MOVEMENTS DURING YEAR \$'000	40UNT MOVEN \$'000	VEMENTS D	DURING YE	٩R	\$'000
	SININGOVO	ADDI	ADDITIONS					OADDVING
	AMOUNT	Capital	New/Upgrade	Disposal	Transfer	Revaluation	Revaluation Depreciation AMOUNT	AMOUNT
Land	1,776	'	'				'	1,776
Waste Processing Facility	1,744	'	154	(4)	'	'	(222)	1,672
Uleybury Landfill Plant & Equipment	131	,	30	€	t	k	(29)	131
Education Program Plant & Equipment	9	'	'	€	'	'	€	4
Office Furniture & Equipment	29	'	84	(3)	1	'	(28)	112
Property & Improvements	120	,	9	1	ı	١	(15)	115
Landfill Cell Stage Three	2,244	1	'	'	1	1	(297)	1,947
Landfill Capping Stage Three	878	26	'	'	'	'	(611)	785
Post Closure Rehabilitation	499	38	'	'	'	'	8	466
Buildings	3,424	1	'	1	1	1	(130)	3,294
Material Recovery Facility	4,338	'	499	'	'	'	(482)	4,355
WIP	348	'	'	'	(296)	'	'	52
TOTAL INFRASTRUCTURE, PROPERTY, PLANT & EQUIPMENT	15,567	64	111	6)	296)	•	(1,394)	14,709
2018 Totals	10,723	ì	16,119	(9)	(10,042)	90	(7,317)	15,567

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# Northern Adelaide Waste Management Authority Financial Statements 2018-2019

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

## **Note 7 - LIABILITIES**

		2019 \$'000		2018 \$'000
Notes	Current	Non-current	Current	Non-current
TRADE & OTHER PAYABLES				
Goods & Services	2,263	-	1,917	-
Accrued expenses - other	1,147	-	354	-
	3,410	-	2,271	-
BORROWINGS				
Loans	1,186	6,318	1,079	7,415
	1,186	6,318	1,079	7,415
PROVISIONS				
Annual Leave	147	-	147	-
Long Service Leave	44	74	116	46
Provision for Capping Stage 3A	-	1,050	-	1,024
Provision for Post Closure Site Rehabilitation	-	1,574	-	1,535
	191	2,698	263	2,605

## Movements in Provisions - 2019 year only

(current & non-current)

	Opening Balance	Additional Amounts Recognised/ Derecognised)	Payments	Closing Balance
Provision for Capping Stage 3A	1,024	26	-	1,050
Post Closure Site Rehabilitation	1,535	39	-	1,574
Total	2,559	65	-	2,624

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#### NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 30 June 2019

#### Note 8 - RECONCILIATION TO CASH FLOW STATEMENT

## (a) Reconciliation of Cash

Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	2019 \$'000	2018 \$'000
Total cash & equivalent assets Less: Short-term borrowings	4	2,613	1,061
Balances per Cash Flow Statement	-	2,613	1,061
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities	•		(01)
Net Surplus (Deficit)  Non-cash items in Income Statement		4	(81)
Depreciation, amortisation & impairment (Gain) / Loss on Disposal		1,394 9	1,449 (1)
Grants for capital acquisitions treated as Investing Activities		(233)	(115)
Bad Debts Expense		-	29
		1,174	1,281
Add (Less): Changes in Net Current Assets Net (increase) decrease in receivables		(483)	(252)
Net (increase) decrease in inventory  Net increase (decrease) in trade & other payables  Net increase (decrease) in other provisions		(15) 1,139 (44)	(49) (497) (103)
Net Cash provided by (or used in) operations		1,771	380
(c) Non-Cash Financing and Investing Activities Acquisition of assets by means of: - Physical resources received free of charge			-
- Non-cash grants & contributions			-
Amounts recognised in Income Statement		-	-
- Finance Leases			
Total Non-Cash Financing and Investing Activities		-	-
(d) Financing Arrangements Corporate Credit Cards		15	15

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

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for the year ended 30 June 2019

#### **Note 9 - FINANCIAL INSTRUMENTS**

#### **Recognised Financial Instruments**

Short Term Deposits	is recognised when earned.
	Terms & conditions: Deposits on Call do not have a maturity period and have an average interest rates of 1% (2018: 1.5%).
	Carrying amount: approximates fair value due to the short term to maturity.
Receivables - Gate Fees & Associated Charges	Accounting Policy: Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.
	Carrying amount: approximates fair value (after deduction of any allowance).
<b>Liabilities -</b> Creditors and Accruals	Accounting Policy: Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Authority.
	Terms & conditions: Liabilities are normally settled on 30 day terms.
	Carrying amount: approximates fair value.

#### Net Fair Value

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Authority.

#### Risk Exposures

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and Bank SA. There is no material exposure to any individual debtor.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of the Authority's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

Liquidity Risk is the risk that the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows. The Authority also has available a range of bank overdraft and short-term draw down facilities that it can access.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

ANNUAL REPORT 2018-2019 NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY



for the year ended 30 June 2019

# Note 9 - FINANCIAL INSTRUMENTS (Cont)

2019	Floating	Fixe	d interest mat	uring in	Non-	
	Interest	≤ year	> 1 year	> 5 years	interest	Total
	Rate		≤ 5 years		bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets	1,552	1,061	-	-	-	2,613
Receivables	-	-	-	-	3,172	3,172
Total	1,552	1,061	-	-	3,172	5,785
Financial Liabilities						
Payables	_	_		_	3,410	3,410
Current Borrowings	_	1,186	_	-	5,-10	1,186
Non-Current Borrowings	-	-	4,977	1,341	-	6,318
Total	-	1,186	4,977	1,341	3,410	10,914
EXCESS OF FINANCIAL						
ASSETS OVER LIABILITIES	1,552	(125)	(4,977)	(1,341)	(238)	(5,129)
2018	Floating	Fixe	d interest mat	uring in	Non-	
	Interest	≤ year	> 1 year	> 5 years	interest	Total
	Rate		≤ 5 years		bearing	
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Financial Assets						
Amortised Cost						
Cash Assets	725	336	1,018	-	-	2,079
Receivables		-	-	-	2,689	2,689
Total	725	336	1,018	-	2,689	4,768
Financial Liabilities						
Payables	_		_		2,271	2,271
Current Borrowings	_	1,079	_	-	٠,٧١	1,079
Non-Current Borrowings	-	1,079	4,987	2,428	-	7,415
Total	-	1,079	4,987	2,428	2,271	10,765
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES	725	(747)	(7.060)	(2,420)	418	/E 007\
ASSE IS OVER LIABILITIES	/25	(743)	(3,969)	(2,428)	418	(5,997)

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#### **Note 10 - COMMITMENTS FOR EXPENDITURE**

	2019	2018
Notes	\$'000	\$'000
Expenditure Commitments		
Other expenditure committed for (excluding inventories) at the reporting date but financial statements as liabilities:	ıt not recognised	in the
Audit Services	15	30
Waste Collection, Processing and Mobile Garbage Bin		
Supply Contracts	80,696	82,268
	80,711	82,298
These expenditures are payable:		
Not later than one year	14,049	14,766
Later than one year and not later than 5 years	56,136	56,300
Later than 5 years	10,526	11,232
	80,711	82,298

The Authority manages multiple external contracts with external suppliers for the collection, processing and disposal of waste on behalf of its Constituent Councils and customers. The commitments disclosed above reflect a consolidation of multiple contracts entered into with external suppliers. In future years, all contracts will be required to be renewed with external suppliers in accordance with adopted procurement policies and procedures of the Authority.

## **Note 11 - EVENTS OCCURRING AFTER REPORTING DATE**

There were no events that occurred after reporting date that requires to be disclosed.

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for the year ended 30 June 2019

#### **Note 12 - OPERATING LEASES**

#### Lease payment commitments of Authority

No contingent rentals were paid during the current or previous reporting periods. No lease imposes any additional restrictions on the Authority in relation to additional debt or further leasing.

No lease contains any escalation clause. Commitments under non-cancellable operating leases that have not been.

		2019	2018
	Notes	\$'000	\$'000
Not later than one year		1,035	1,075
Later than one year and not later than 5 years		2,620	3,326
Later than 5 years		3,004	482
		6,659	4,883

## **Note 13 - DISCLOSURES OF RELATED PARTY TRANSACTIONS**

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the Local Government Act 1999. In all, 6 persons were paid the following total compensation:

	2019 \$'000	2018 \$'000
Salaries, allowances & other short term benefits	803	764
Long term benefits	59	105
TOTAL	862	869

#### Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services (\$'000)	Amounts Outstanding from Related Parties (\$'000)	Description of Services Provided to Related Parties
City of Salisbury	12,221	1,096	Provision of waste collection, processing and disposal services
City of Playford	7,828	691	Provision of waste collection, processing and disposal services
Town of Gawler	2,029	179	Provision of waste collection, processing and disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 4. The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.





for the year ended 30 June 2019

#### Note 14 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED

The following assets and liabilities do not qualify for recognition in the Balance Sheet but knowledge of those items is considered relevant to user of the financial report in making and evaluating decisions about the allocation of scarce resources.

#### 1. POTENTIAL INSURANCE LOSSES

The Authority insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

The Authority has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to the Authority may have existed at reporting date.

#### 2. LEGAL EXPENSES

All known costs have been recognised.

#### 3. PERFORMANCE BONDS/GUARANTEES

The Authority has a performance bond/guarantee held with the Local Government Finance Authority to the Environment Protection Authority for an amount of \$1,350,000 in accordance with the requirements under its Post Closure remediation obligations for the Uleybury Landfill site.

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for the year ended 30 June 2019

#### **Note 15 - FAIR VALUE MEASUREMENTS**

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

- Land assets
- Building assets
- Stock on Hand

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

#### (a) Fair value hierarchy

AASB 13: Fair Value Measurement requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

# Level 1 Level 2 Level 3 Measurements based on quoted Measurements based on inputs Measurements based on inputs

Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.

Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

#### Valuation techniques

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

- Market approach: uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.
- Income approach: converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.
- Cost approach: reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

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for the year ended 30 June 2019

#### Note 15 - FAIR VALUE MEASUREMENTS (Cont)

The following tables provide the fair values of the Authority's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Notes	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
2019 (\$'000)					
Recurring fair value measurements					
Infrastructure, Property, Plant & E	quipment				
- Land	6	-	1,776	-	1,776
- Buildings	6	-	3,285	-	3,285
- Stock on Hand		64	-	-	64
Total financial assets recognised at fair value		64	5,061	-	5,125
	-				
2018 (\$'000)					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,776	-	1,776
- Buildings	6	-	3,285	-	3,285
- Stock on Hand		49	-	-	49
Total financial assets recognised at fair value		49	5,061	-	5,110

#### (b) Disclosed fair value measurements

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the techniques used to measure the value of items disclosed in the financial statements.	1	Market	Based on expected sale price of goods based on existing contract prices.
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements.

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## NORTHERN ADELAIDE WASTE MANAGEMENT AUTHORITY

ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 June 2019

CERTIFICATION OF AUDITOR INDEPENDENCE

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Northern Adelaide Waste Management Authority for the year ended 30 June 2019, the Authority's Auditor, HLB Mann Judd, has maintained its independence in accordance with the requirements of the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 made under that Act.

This statement prepared in accordance with the requirements of Regulation 22(3) Local Government (Financial Management) Regulations 2011.

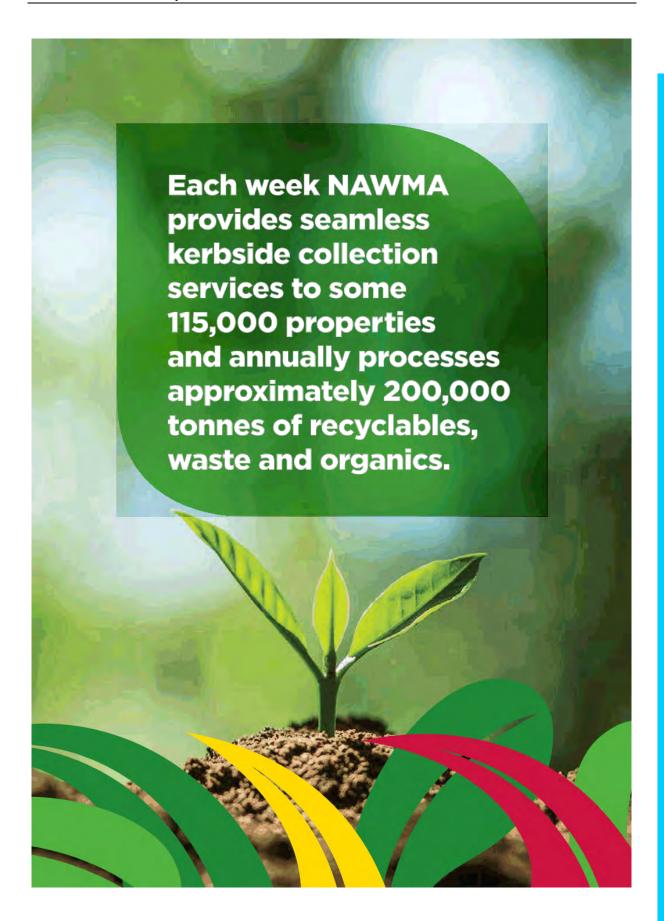
EXECUTIVE OFFICER

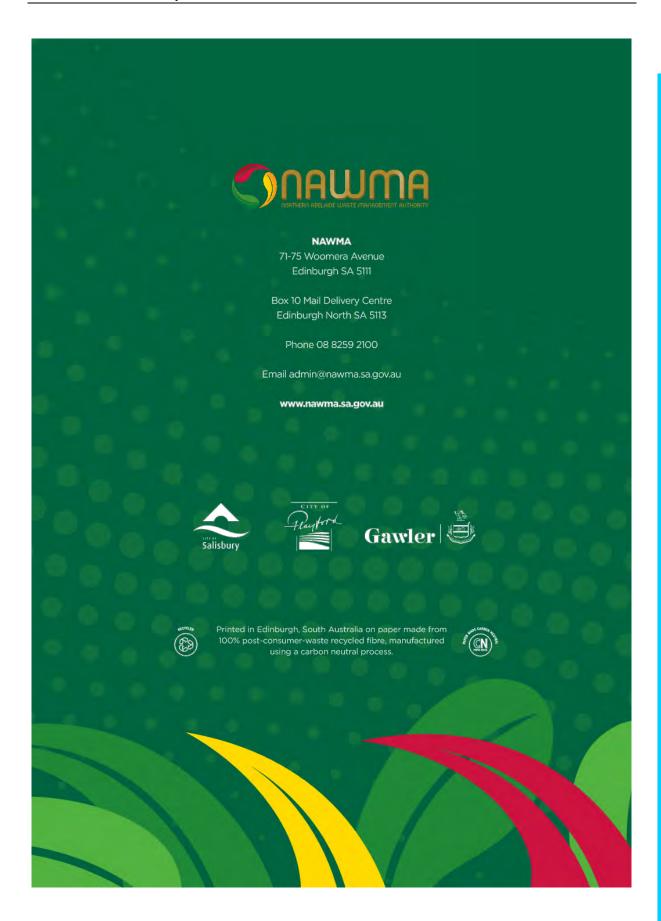
PRESIDING MEMBER

**AUDIT COMMITTEE** 

Date 19 September 2019.

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