

Audit Committee Agenda & Reports

22 February 2021

Our Vision

*A City which values its heritage, cultural diversity,
sense of place and natural environment.*

*A progressive City which is prosperous, sustainable
and socially cohesive, with a strong community spirit.*

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
Norwood
Payneham
& St Peters

18 February 2021

To all Members of the Audit Committee

Committee Members

- Mayor Robert Bria
- Cr John Minney (Presiding Member)
- Cr Mike Stock
- Ms Sandra Di Blasio (Independent Member)
- Ms Brigid O'Neill (Independent Member)

Staff

- Mario Barone (Chief Executive Officer)
- Sharon Perkins (General Manager, Corporate Services)
- Andrew Alderson (Financial Services Manager)

NOTICE OF MEETING

I wish to advise that pursuant to Sections 87 and 88 of the *Local Government Act 1999*, the next Ordinary Meeting of the Audit Committee, will be held in the Mayors Parlour, Norwood Town Hall, 175 The Parade, Norwood, on:

Monday 22 February 2021, commencing at 7.00pm

Please advise Sharon Perkins on 83664585 or email sperkins@npsp.sa.gov.au, if you are unable to attend this meeting or will be late.

Yours faithfully



Mario Barone
CHIEF EXECUTIVE OFFICER

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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Email townhall@npsp.sa.gov.au
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City of
**Norwood
Payneham
& St Peters**

1.	CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 26 OCTOBER 2020	1
2.	PRESIDING MEMBER'S COMMUNICATION.....	1
3.	QUESTIONS WITHOUT NOTICE	1
4.	QUESTIONS WITH NOTICE	1
5.	WRITTEN NOTICES OF MOTION	1
6.	STAFF REPORTS	1
6.1	2020-2021 EXTERNAL AUDIT PLAN	2
6.2	2020-2021 MID YEAR BUDGET REVIEW	4
6.3	STRATEGIC MANAGEMENT PLANS.....	11
6.4	2021-2022 ANNUAL BUSINESS PLAN AND BUDGET.....	16
6.5	GOVERNANCE ARRANGEMENTS – REGIONAL SUBSIDIARIES.....	21
6.6	FINANCE POLICIES.....	25
6.7	INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT	28
7.	CONFIDENTIAL REPORTS	31
8.	OTHER BUSINESS	31
9.	NEXT MEETING	31
10.	CLOSURE.....	31

VENUE Mayors Parlour, Norwood Town Hall

HOUR

PRESENT

Committee Members

Staff

APOLOGIES

ABSENT

TERMS OF REFERENCE:

The Audit Committee is responsible to facilitate:

- *the enhancement of the credibility and objectivity of internal and external financial reporting;*
- *propose and provide information relevant to a review of the Council's Strategic Management Plans and Annual Business Plan;*
- *the review and reporting on any matter relating to financial management or the efficiency and economy with which the Council manages its resources;*
- *effective management of financial and other risks and the protection of the Council's assets;*
- *compliance with laws and regulations related to financial and risk management as well as use of best practice guidelines;*
- *the provision of an effective means of communication between the external auditor, management and the Council;*
- *proposing and reviewing the exercise of powers under Section 130A of the Local Government Act 1999;*
- *review Annual Financial Statements to ensure that they present fairly the state of affairs of the Council;*
- *liaising with the Council's Auditor; and*
- *reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.*

1. **CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON
26 OCTOBER 2020**

2. **PRESIDING MEMBER'S COMMUNICATION**

3. **QUESTIONS WITHOUT NOTICE**

4. **QUESTIONS WITH NOTICE**
Nil

5. **WRITTEN NOTICES OF MOTION**
Nil

6. **STAFF REPORTS**

6.1 2020-2021 EXTERNAL AUDIT PLAN

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee, the Annual External Audit Plan for the 2020-2021 Financial Year.

BACKGROUND

The 2020-2021 Audit Committee work plan requires the Audit Committee to ensure that financial information for external audiences, accurately reflects accrual based financial principles. An effective and compressive External Audit Plan assists the Audit Committee in discharging its responsibilities with regard to this requirement.

At the Audit Committee Meeting held on 26 February 2018, the Committee considered the appointment of BDO Advisory (SA) Pty Ltd (BDO) as the Council's Auditors for a five (5) year term commencing from the completion of the 2017-2018 Annual Financial Statements. In accordance with BDO's audit methodology, the 2020-2021 External Audit Plan has been prepared and is presented to the Committee for endorsement.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Nil.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Not Applicable.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Elected Members**
Nil.
- **Community**
Not Applicable.
- **Staff**
The Council's General Manager, Corporate Services and Financial Services Manager, have met with representatives from BDO to discuss the audit approach, the information contained in the Audit Plan and have agreed on the timetable of significant milestones.
- **Other Agencies**
Not Applicable.

DISCUSSION

The External Audit Plan (the Plan) as contained in **Attachments A**, sets out the basis upon which BDO will undertake the external audit of the Councils 2020-2021 Financial Statements and Internal Controls.

The Plan outlines the objectives and the potential risks which BDO will consider and assess during the Audit of the Councils financial statements and internal controls.

OPTIONS

Nil

CONCLUSION

The proposed External Audit Plan as presented will achieve the compliance outcomes required of the External Audit process.

COMMENTS

If Committee Members have any questions or require clarification in relation to the External Audit Plan, do not hesitate to contact the Financial Services Manager, Andrew Alderson on 8366 4548 prior to the meeting.

RECOMMENDATION

That the Audit Committee recommends to the Council that the 2020-2021 External Audit Plan as contained in **Attachments A** be endorsed.

Attachment A

2020-2021 External Audit Plan

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

CITY OF NORWOOD PAYNEHAM & ST PETERS

Annual audit plan

30 June 2021

CONTENTS

Your BDO team 4
Audit objectives and approach 5
Materiality 8
Enhancing the client experience 9
Risk assessment and areas of audit focus 10
Timeline 12
Fees 13
Appendix 1 New developments 14
Appendix 2 Other communications 15



Dear Audit Committee Members

Thank you for the opportunity to present our annual audit plan ('plan') for City of Norwood Payneham & St Peters for the year ending 30 June 2021.

Our plan has been developed with input from City of Norwood Payneham & St Peters management and continues to be based on our understanding of City of Norwood Payneham & St Peters business and operating environment.

We acknowledge that throughout the year there may be business developments, circumstances may change and additional matters may arise. Our plan will be responsive to your needs and will maximise audit effectiveness so we can deliver the high-quality audit you expect.

This plan is intended solely for management and the Audit Committee and is not intended to be and should not be used by anyone other than these specified parties.

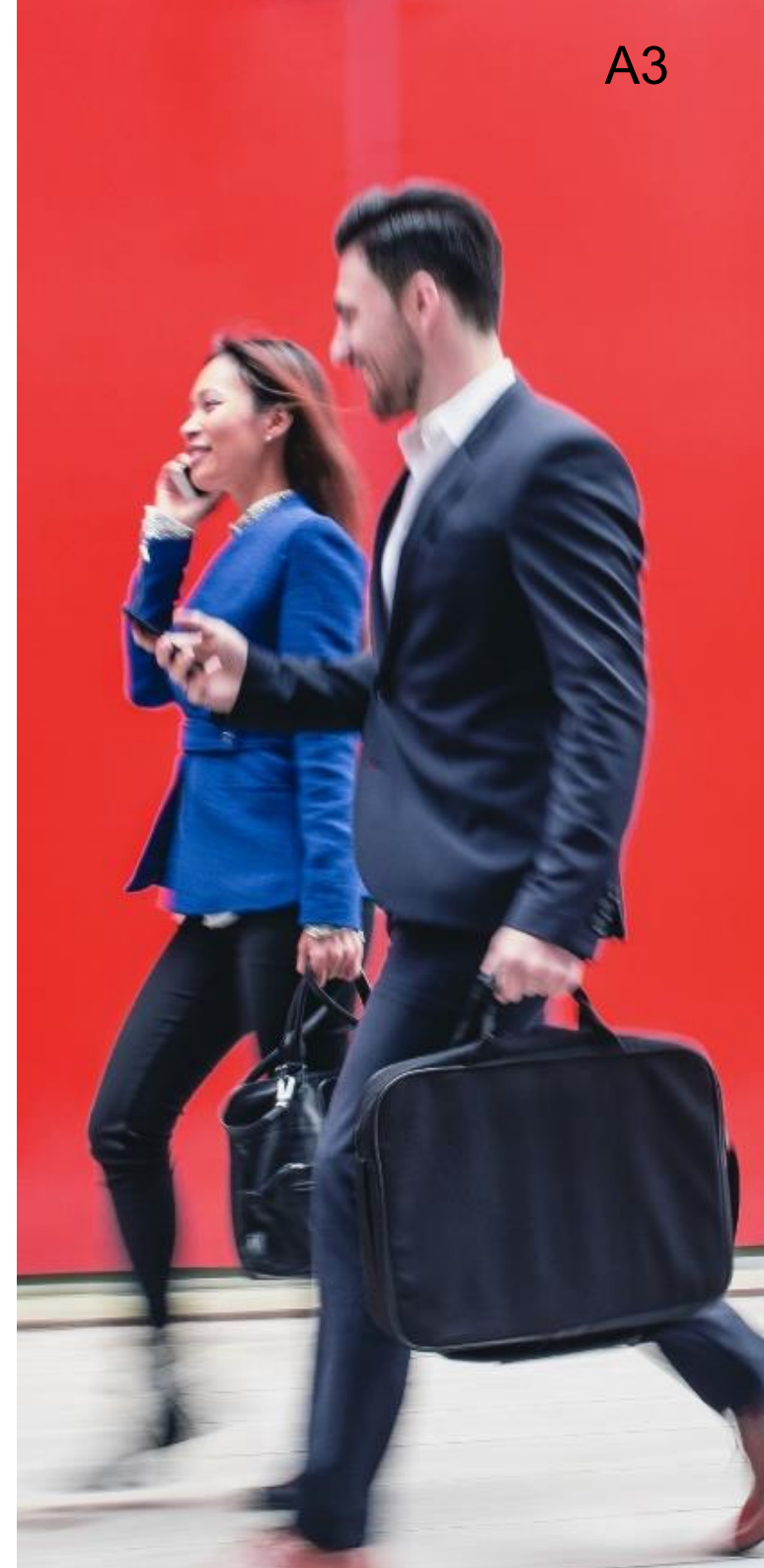
Please feel free to contact me on +61 8 7324 6082 if you have any questions or would like to discuss the content of this plan further.

Yours faithfully



Geoff Edwards
Lead audit partner

Adelaide, 15 February 2021



YOUR BDO TEAM

YOUR BDO TEAM

Our audit of City of Norwood Payneham & St Peters will be led by Geoff Edwards as Engagement Partner. Geoff will oversee the co-ordination of the audit and will have primary responsibility for working with Andrew Alderson and his team.

Supporting Geoff will be Chelsea Aplin as audit manager.

Chelsea is responsible for the day-to-day direction of the audit work and is the key point of contact for Andrew Alderson.

The day-to-day audit team will be led by Chelsea Aplin.

SPECIALISTS

When auditing key judgements, we are often required to engage specialists who have qualifications and expertise not possessed by the core audit team.

Supporting the engagement team will be a Jason Foster, our IT Specialist, who will be dedicated to reviewing City of Norwood Payneham & St Peters' IT environment and any relevant IT general controls for audit.



GEOFF EDWARDS

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Associate Director

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AUDIT OBJECTIVES AND APPROACH

AUDIT OBJECTIVES

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

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

OUR APPROACH

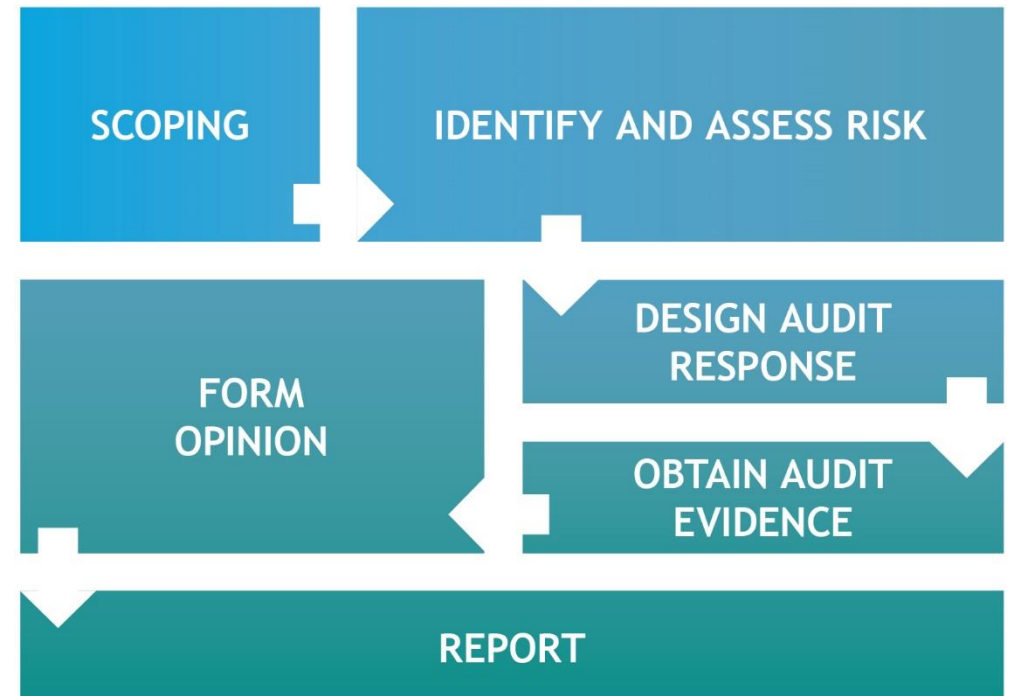
Our audit is performed in accordance with the BDO Audit Approach which consists of six phases and is documented using our global audit tool, APT.

The approach is centred around:

- ▶ Obtaining an understanding of the business being audited from an internal and external point of view
- ▶ Assessing the risk of material misstatements and the controls in place to address and prevent these risks
- ▶ Choosing appropriate procedures to obtain evidence, including the use of data analytics where appropriate

- ▶ Ensuring rigorous quality control over audit performance
- ▶ Providing constructive ideas for improving internal controls and business systems.

A summary of the other key aspects of the BDO Audit Approach is set out on subsequent pages.



OUR APPROACH CONTINUED

INTERNAL CONTROL

We obtain an understanding of the system of internal control relevant to the audit to assist us with our risk assessment procedures. Our understanding covers:

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

This understanding is also supported by our assessment of internal controls based on the criteria in the Better Practice Model - Financial Internal Control for South Australian Councils, to allow us to express an opinion on the matters set out in Section 129(b) of the *Local Government Act 1999*.

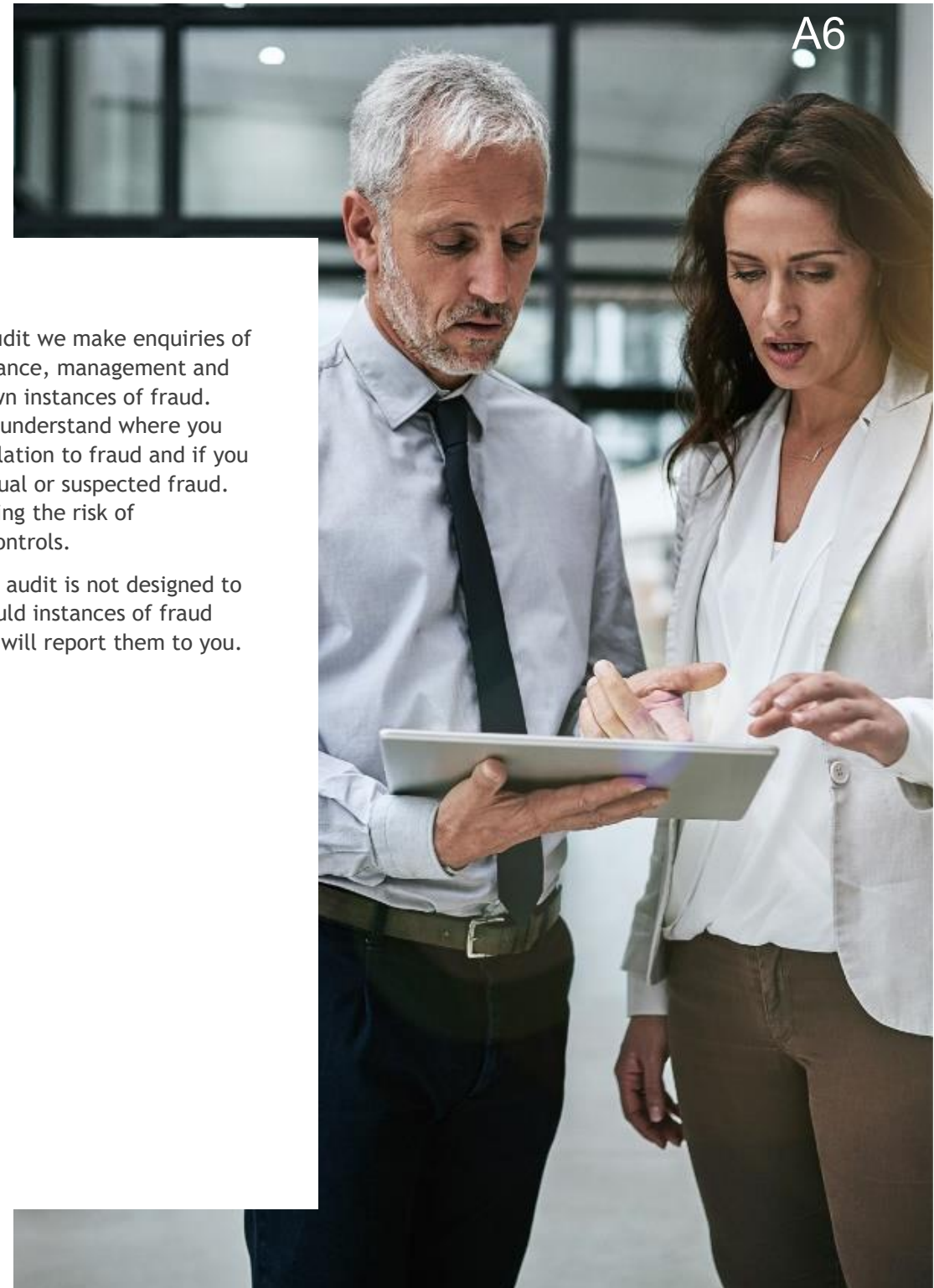
Any deficiencies that come to our attention during our assessment are initially discussed with management to discuss the reason and potential effects of the deficiency as well as any mitigating controls.

These are reported to the Corporate Governance Committee, with recommendations and management comments, in our annual completion report that is provided at the completion of our audit.

FRAUD

During the course of our audit we make enquiries of those charged with governance, management and others to identify any known instances of fraud. We also make enquiries to understand where you consider the risks are in relation to fraud and if you have any knowledge of actual or suspected fraud. This also includes considering the risk of management override of controls.

It should be noted that our audit is not designed to detect fraud however, should instances of fraud come to our attention, we will report them to you.



OUR APPROACH CONTINUED

AUDIT QUALITY AND PROFESSIONAL SCEPTICISM

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

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

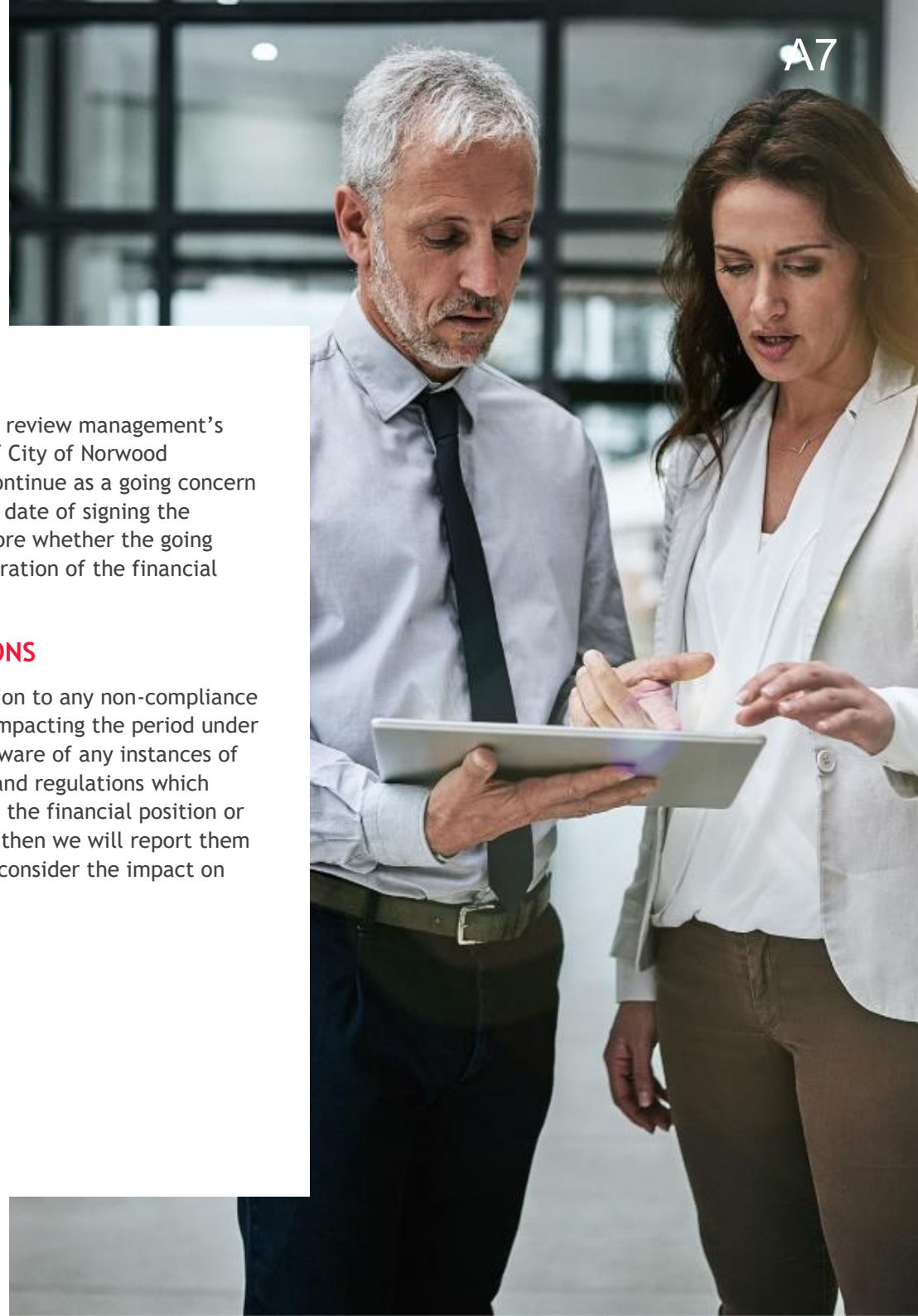
The application of professional scepticism by all members of the engagement team is central to BDO's Audit Approach.

GOING CONCERN

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

LAWS AND REGULATIONS

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



MATERIALITY

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

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

We determine materiality by considering a range of both qualitative and quantitative factors when applying our professional judgement.



ENHANCING THE CLIENT EXPERIENCE

BDO'S CLIENT PORTAL

To enhance our communication and to reduce any potential expectation gaps, we will use the BDO Global Portal ('portal').

In addition to facilitating the secure exchange of information, the use of the portal assists with project management and provides a live view of progress to both BDO and City of Norwood Payneham & St Peters.

We will consult with you about how you would like us to communicate during the engagement, and the frequency of our status updates. In addition, whether it is to provide ad-hoc support, brainstorm ideas, or discuss any aspect of our services, the portal can assist. The key features of the portal are illustrated below:



ONLINE CLIENT COLLABORATION

- ▶ Upload information and documentation in one secure place
- ▶ Track actions and milestones for BDO and client responsibilities.



A FLEXIBLE, SECURE PLATFORM WITH LOCAL CUSTOMISATION

- ▶ Security - permission and access can be set at a project level for different users such as your staff or our BDO teams
- ▶ You can receive a daily or weekly digest, summarising all activity that has occurred on the portal
- ▶ View document audit trails, reducing the risk of email misdirection.



DIGITISED PAPERWORK AND WORKFLOW

- ▶ Approve and sign documents all within the portal, allowing for better transparency and speedier project progress
- ▶ Set dates with calendar reminders for when BDO requires certain documentation or information to be uploaded or completed
- ▶ Assign tasks to specific users
- ▶ Portal supports multiple document types and views.

RISK ASSESSMENT AND AREAS OF AUDIT FOCUS

In line with our audit approach, and based on our understanding of City of Norwood Payneham & St Peters, we have identified and assessed the risks of material misstatement at both the engagement and assertion level.

Our audit procedures are focused on areas that are considered to represent risks of material misstatement to the financial report. We identified the risk areas as part of our risk assessment procedures during the planning phase and will continue to be alert for risks during the course of the audit. We set out below the key areas of focus, our perspective of the potential impact on the financial statements and our proposed approach. The associated risks are categorised between those that are considered to be significant and other than significant.

AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
Revaluation, depreciation, useful lives and residual values of infrastructure assets	Council's infrastructure, property, plant and equipment are carried at valuation. There is a risk that these balances are misstated as a result of the application of inappropriate valuation methodologies, or incorrect underlying assumptions.	We will evaluate the competence, capability and objectivity of the independent valuers, obtain an understanding of their work and evaluate its appropriateness.
Accounting treatment of capital work in progress (WIP)	There is a risk that the accounting treatment of items captured within capital WIP may not be in accordance with Australian Accounting Standards.	We will obtain the WIP schedule and review in detail a sample of projects outstanding at the end of the year to ensure they are likely to generate assets. We will also review a sample of assets transferred out of capital WIP to ensure that the categorisation and value allocated to assets are appropriate.
Management override of controls	Australian Auditing Standards require that we presume there is a risk that management has the ability to manipulate accounting records and override controls that otherwise appear to be operating effectively.	We will test the appropriateness of journal entries and other adjustments made in the preparation of the financial report. We will also review accounting estimates for bias, and evaluate the business rationale (or lack of) of any significant transactions that are outside the normal course of business or that otherwise appear to be unusual.

RISK ASSESSMENT AND AREAS OF AUDIT FOCUS *CONTINUED*

AREAS OF FOCUS	OUR PERSPECTIVE	PLANNED RESPONSE
<p>Accounting treatment and disclosures of amounts relating to Council's interest in Eastern Health Authority Inc; Highbury Landfill Authority; Eastern Waste Management Authority Inc and ERA Water Inc.</p>	<p>There is a potential risk in relation to the accounting treatment and disclosure of amounts relating to Council's interest in Eastern Health Authority Inc; Highbury Landfill Authority; Eastern Waste Management Authority Inc and ERA Water Inc., including any changes occurring during the year, may not be in accordance with Australian Accounting Standards.</p>	<p>We will obtain the statutory financial statements for Eastern Health Authority Inc; Highbury Landfill Authority; Eastern Waste Management Authority Inc and ERA Water Inc. for the year ending 30 June 2021 and the Council's calculation of their proportional interest, and compare this to the amounts and disclosures within the financial statements.</p>
<p>Accounting treatment for grant funding</p>	<p>There is a potential risk of error in the calculation of grant income recognised and deferred at year end by reference to grant agreements and Australia Accounting Standards.</p>	<p>We will obtain a schedule of grant income recognised and deferred at year end. We will select a sample of grants and obtain the agreements to review in detail and ensure that they have been recognised in accordance with applicable accounting standards.</p>

TIMELINE

AUDIT MILESTONES

We recognise that regular, timely communication with management and the Audit Committee is critical to maintaining an effective and transparent relationship. Our audit process operates throughout the year so that we can respond to issues as they arise and maintain close communication, with management and the Audit Committee, as the audit cycle progresses.

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

MILESTONE	DATE
Audit Committee meeting and submission of Annual Audit Plan	22 February 2021
Interim audit visit commences, including review of controls and transactional testing	24 May 2021
Audit requirements to be uploaded to the Client Portal	Early June 2021
Draft financial statements to be provided to auditors	6 September 2021
Final audit visit commences	6 September 2021
Close out meeting with management	10 September 2021
Audit clearance	18 October 2021
Audit Committee meeting and submission of audit completion report	25 October 2021
Chief Executive Officer and Principal Member of the Council to approve and sign off Regulation 14 Certification of Financial Statements, Certificate of Auditor Independence and management representation letter	TBC November 2021
Issue Independent Auditor's Report and Statement by Auditor in relation to Independence	TBC November 2021

FEES

FEES

In accordance with our service agreement for external audit services, the agreed fee for audit services provided for the year ending 30 June 2021 is \$24,500. All amounts are exclusive of GST.

This fee compasses the audit of:

- ▶ Annual financial statements
- ▶ Internal controls
- ▶ Roads to Recovery Chief Executive Officer's Financial Statement
- ▶ LGAWCS Actual Wages Declaration
- ▶ Beulah Road Community Hall Management Committee

Charges to other grant acquittals will depend on the complexity and nature of the acquittal. Fee proposals will be provided on an acquittal basis and work will not be commenced until a fee has been agreed.

ASSUMPTIONS

Any reasonable out of pocket expense are charged to you as disbursements when incurred. Our estimate is based on our understanding of your current operations and the required scope of the audit. If these alter, the fee estimate will need to be revised.

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

ASSISTANCE REQUIRED

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

- ▶ Management providing all deliverables in line with the agreed timetable
- ▶ Assistance from your staff with supporting documentation and explanations during the audit process
- ▶ Disclosure by your staff of all information relevant to the engagement in a timely manner
- ▶ Prior to the commencement of our audit, we will provide you with an audit preparation package.

APPENDIX 1 NEW DEVELOPMENTS

WHAT'S NEW FOR YOUR FINANCIAL REPORT?

AASB 2020-4 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - COVID-19 RELATED RENT CONCESSIONS

Effective for annual reporting periods beginning on or after 1 June 2020, this change introduces a practical expedient that permits lessees not to assess whether a rent concession that occurs as a direct consequence of the COVID-19 pandemic is a lease modification, provided all of the following criteria are met:

- ▶ Change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately prior to the change
- ▶ Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (for example, a concession would meet this condition if it resulted in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021)
- ▶ There is no substantive change to other terms and conditions of the lease.

In such cases, the concessions are accounted for as if they were not a lease modification. On first time adoption for the year ended 30 June 2021, the cumulative effect of initially applying the amendment will be recognised as an adjustment to opening balances of retained earnings on 1 July 2020.

AASB 2020-1 AMENDMENTS TO AUSTRALIAN ACCOUNTING STANDARDS - CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT

Effective for annual reporting periods beginning on or after 1 January 2022, there are four main changes to the classification requirements within AASB 101 *Presentation of financial statements*:

1. The requirement for an 'unconditional' right has been deleted from paragraph 69(d) because covenants in banking agreements would rarely result in unconditional rights.
2. The right to defer settlement must exist at the end of the reporting period. If the right to defer settlement is dependent upon the entity complying with specified conditions (covenants), the right to defer only exists at reporting date if the entity complies with those conditions at reporting date.
3. Classification is based on the right to defer settlement, and not intention (paragraph 73), and
4. If a liability could be settled by an entity transferring its own equity instruments prior to maturity (e.g. a convertible bond), classification is determined without considering the possibility of earlier settlement by conversion to equity, but only if the conversion feature is classified as equity under IAS 32.

As these amendments only apply for the first time to the 30 June 2023 balance sheet (and 30 June 2022 comparative balance sheet), companies are not yet able to make an assessment of the impacts regarding the right to defer settlement, compliance with bank covenants, and intention to settle.

APPENDIX 2 OTHER COMMUNICATIONS

ETHICS AND INDEPENDENCE

In conducting our audit, we are required to comply with the independence requirements of the *Local Government Act 1999*, the *Local Government (Financial Management) Regulations 2011* and Part 4A of APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.

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

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

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

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

BDO has not provided any other services during the year to City of Norwood Payneham & St Peters.

COMMUNICATIONS WITH THOSE CHARGED WITH GOVERNANCE

City of Norwood Payneham & St Peters has an Audit Committee and it is common practice for the auditor to liaise directly with the Audit Committee. All our reporting will be to the Presiding Member of Audit Committee.

To enhance our communication and to reduce any potential expectation gaps with clients, BDO has adopted a structured reporting system. We will communicate with the Audit Committee and management through various means. This includes but is not limited to:

- ▶ This audit plan
- ▶ Management letter after each audit visit
- ▶ The BDO Client Portal
- ▶ An audit completion report at the conclusion of the audit
- ▶ The audit report.

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

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

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6.2 2020-2021 MID YEAR BUDGET REVIEW

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320/A122337
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with a summary of the forecast Budget position for the year ended 30 June 2021, following the Mid-Year Budget Review. The forecast is based on the year-to-date December 2020 results.

BACKGROUND

Pursuant to Section 123 (13) of the *Local Government Act 1999*, the Council must, as required by the Regulations reconsider its Annual Business Plan or its budget during the course of a financial year and, if necessary or appropriate, make any revisions.

The Budget Reporting Framework set out in Regulation 9 of the *Local Government (Financial Management) Regulations 2011* ("the Regulations") comprises two (2) types of reports, namely:

1. The Budget Update; and
2. The Mid-year Budget Review.

Budget Update

The Budget Update Report sets out the revised forecast of the Council's Operating and Capital investment activities compared with the estimates for those activities set out in the Adopted Budget. The Budget Update is required to be presented in a manner consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

The Budget Update Report must be considered by the Council at least twice per year between 30 September and 31 May (both dates inclusive) in the relevant financial year, with at least one (1) Budget Update Report being considered by the Council prior to consideration of the Mid-Year Budget Review Report.

The Regulations requires a Budget Update Report to include a revised forecast of the Council's operating and capital investment activities compared with estimates set out in the Adopted Budget, however it is recommended by the Local Government Association that the Budget Update Report should also include at a summary level:

- the year to date result;
- any variances sought to the Adopted Budget or the most recent Revised Budget for the financial year; and
- a revised end of year forecast for the financial year.

Mid-Year Review

The Mid-Year Budget Review must be considered by the Council between 30 November and 15 March (inclusive) in the relevant financial year. The Mid-Year Budget Review Report sets out a revised forecast of each item shown in its Budgeted Financial Statements compared with estimates set out in the Adopted Budget presented in a manner consistent with the Model Financial Statements. The Mid-Year Budget Review Report must also include revised forecasts for the relevant financial year of the 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 note in the Model Financial Statements entitled *Financial Indicators*.

The Mid-year Budget Review is a comprehensive review of the Council's Budget and includes the four principal financial statements, as required by the Model Financial Statement, detailing:

- the year to date result;
- any variances sought to the Adopted Budget; and
- a revised full year forecast of each item in the budgeted financial statements compared with estimates set out in the Adopted budget.

The Mid-year Budget Review Report should also include information detailing the revised forecasts of financial indicators compared with targets established in the Adopted Budget and a summary report of operating and capital activities consistent with the note in the Model Financial Statements entitled *Uniform Presentation of Finances*.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Long Term Strategic directions are set out in *City Plan 2030 – Shaping our Future*. The Council's *Long Term Financial Plan (LTFP)*, is a key document in the Council's Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *City Plan 2030 – Shaping our Future*, Whole-of-Life Assets Management Plans, the Annual Business Plan and Budget.

The *2020-2021 Annual Business Plan* and Budget, sets out the proposed services, programs and initiatives for the 2020-2021 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial year. The 2020-2021 Adopted Budget estimated an Operating Deficit of \$798,455. The Operating Deficit was increased as part of the First Quarter Budget Review to \$924,210.

FINANCIAL AND BUDGET IMPLICATIONS

The Mid-Year Budget Review, provides the opportunity to reflect any changes in projections based on the actual year-to-date results to December 2020 and forecast the 2020-2021 Operating result.

Details of material movements in the forecast from the Adopted Budget are contained in the Discussion section of this Report.

EXTERNAL ECONOMIC IMPLICATIONS

This report provides information on the planned financial performance of the Council for the year ended 30 June 2021 and has no direct external economic impacts.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

There are no risk management issues arising from this issue. All documents have been prepared in accordance with the statutory requirements.

CONSULTATION

- **Elected Members**
The Council will consider the Mid-year Review at its Council meeting scheduled for 1 March 2021.
- **Community**
Not Applicable.
- **Staff**
Responsible Officers and General Managers.
- **Other Agencies**
Not Applicable.

DISCUSSION

The 2020-2021 Adopted Operating Budget, projected an Operating Deficit of \$798,455. At the Council meeting held on 7 December 2020, the Council considered endorsed the First Budget Update, which reported a forecast Operating Deficit of \$924,210.

Following the Mid-Year Budget Review, as presented in this report, the Operating Deficit is forecast to be \$651,547.

The material movements in the components that make up the Operating Surplus following the Mid-Year Budget Review are detailed below.

A. Recurrent Operating Budget

For 2020-2021, the Recurrent Operating Budget forecast a Recurrent Operating Surplus of \$435,651, which was reduced to \$386,438 following the First Budget Update.

As a result of the Mid-Year Budget Review, the Recurrent Operating Surplus is forecast to be \$501,909, an increase of \$133,463 on the Adopted First Budget Update. The major reasons for the movement in Operating Surplus are detailed in Table 1.

TABLE 1: MAJOR VARIANCES IN RECURRENT OPERATING BUDGET - MID-YEAR BUDGET REVIEW

	Favourable/ (Unfavourable) \$
The employee expenses budget has been reduced to reflect the cost not incurred on budgeted positions that remain unfilled at the end of the first half of the year. The positions include Community Arts Officer, Manager, City Projects and IT System Administrator.	187,257
The Council received a bonus payment from Local Government Finance Authority. The bonus payment is reflective of the value of deposits and loans the Council held with the Authority.	46,145
Due to COVID-19, the Council's major events for the first half year were cancelled. Both Events Coordinators were secondment to vacant positions in the Customer Service Unit in lieu of engaging contract staff to back fill vacancies in the Customer Service Unit.	22,700
Additional Waste Bin Permits issued for the 2020-2021 Financial Year were higher than anticipated in the Adopted Budget.	13,000
Due to COVID-19 protocols, the St Peters Child Care Centre and Preschool required that staff who were unwell to not present to work. Due to licensing requirements, temporary staff were engaged to ensure that Staff to Child ratios were maintained.	(30,000)

When the 2020-2021 Budget was prepared, the on-going health, social and economic impacts of the COVID-19 were uncertain, as such, it was assumed that a number of services, programs and activities would not be in a position to recommence until the second half of the financial year. Given the Governments response in the management of the pandemic, the Council was in the position to recommence services earlier than anticipated. The COVID-19 impacts, built into the Adopted Budget that didn't come to fruition have been adjusted as part of the Mid-Year Budget Review and are detailed in Table 2.

TABLE 2: COVID-19 REPONSE

	Favourable/ (Unfavourable) \$
In preparing the 2020-2021 Adopted Budget, it was anticipated that there would be a delay in the collection of rate payments, impacting the Council's cashflow, as such the Adopted Budget provided for additional interest from short term financing. The collection of Rates has not been adversely impacted by the pandemic, and as such the short term borrowings have not been required	50,000
The Norwood Concert Hall was anticipated to be prevented from opening due to physical distancing restrictions put in place to address the health impact of COVID-19 for the first six months of the 2020-2021 Financial Year. With the easing of restrictions, events have been able to be held. As such, the Norwood Concert Hall revenue and expenditures are increased by \$49,698 and \$80,619 respectively.	(30,921)
The Swimming Season commenced in October as per normal. As such, user charges were increased by \$194,044 and operational expenses were increased by \$339,918 to reflect the earlier than anticipated Season opening.	(145,874)

B. Operating Projects

The Adopted Budget includes an estimate of operating project expenditure for the year under review and:

- previously approved and carried forward projects from the prior budget years; less
- an allowance for current year approved projects projected to be carried forward to subsequent budget years.

Carried Forward estimates (from prior financial years) are reviewed upon finalisation of the Annual Financial Statements. Additional expenditure required for non-completed Operating Projects at the end of the Financial Year, is incorporated in the Budget as part of First Budget Update.

Taking into account the carried forward Operating Project expenditure and new projects which have been endorsed by the Council, the 2020-2021 Adopted Operating Projects Budget forecast a cost to the Council of \$1.597 million.

Carried Forward Operating Project expenditure was estimated as part of the Adopted Budget to be \$338,000. Following the First Budget Update, the value of carried forward expenditure is \$604,000. The increase in the Carried Forward Budget, is due to projects not progressing as anticipated or the commencement of some projects being deferred.

The First Budget Update forecast the cost of Operating Projects to be \$1.816 million, the Mid-Year Budget Update is estimating a slight decrease in this figure to \$1.737 million. The major reasons for the movement in Operating Projects are detailed in Table 3.

TABLE 3: MAJOR VARIANCES IN OPERATING BUDGET - MID-YEAR BUDGET REVIEW

	Favourable/ (Unfavourable) \$
Due to COVID-19, the 2021 Santos Tour Down Under was cancelled. At its meeting held on 7 December 2020, the Council endorsed two (2) bicycle themed events, with a budget of \$20,000. The first event, "Wheel Park" was held in January 2021 at Felixstow Reserve. The second bicycle themed event will be held in April 2021.	85,000
The Council's budgeted contribution to the Resilient East Coordinator is no longer required as the City of Burnside, who is the auspice Council for the Resilient East Program, received grant funding of \$52,000 from State Government to fund this position.	\$10,000
The Council engaged an external consultant to undertake graphic design of the Business & Economic Development Strategy due to other priorities within the Council Communication Unit.	(15,800)
The Council received grant funding from Green Adelaide for tree planting in Kent Town, associated with the works currently being undertaken on the Parade West and College Road (adjacent to the Kent Town Hotel).	60,000

A review of status of the Operating Projects will be undertaken as part of the Third Budget Update, which will be considered by the Council at the Council Meeting scheduled for May 2021.

Eight (8) out of total forty-one (41) operating projects have been completed by December 2020.

Details of Operating Projects is contained in **Attachment A**.

C. Capital Projects

The Council adopted a Capital Budget of \$19.936 million for 2020-2021, which comprised funding allocations for New Capital Projects involving new or the upgrading of existing assets (\$4.127 million), the renewal/replacement of existing assets (\$10.146 million) and Carried Forward Projects from 2019-2020 (\$5.457million).

The First Budget Update forecast the cost of Capital Projects to be \$22.225 million. The increase is predominately due to a number of projects which were initially anticipated to be completed by 30 June 2020 being delayed or still being in progress as at 30 June 2020. Following the Mid-Year Budget Review, the Capital Project expenditure is forecast to increase by \$563,000 to \$22.787 million. The budget variations identified in the Mid-Year Review are detailed in Table 4 below:

TABLE 4: MAJOR VARIANCES IN CAPITAL PROJECT BUDGET - MID-YEAR BUDGET REVIEW

Capital Project	Increase/ (Decrease) \$
The additional budget is requested to relocate two (2) bus stops on Sixth Avenue to enable wheelchair access as per <i>Disability Discrimination Act</i> requirements.	6,000
As part of the Willow Bend Park Upgrade project, it was identified that the pre-existing power infrastructure was located under a private property fence. Funds are requested to relocate the power supply to a more accessible location.	21,000
The budget for the first year maintenance for River Torrens Linear Park Path Upgrade project was not carried forward from the 2019-2020 Financial Year, in the First Budget Update.	35,000
The Council has been successful with grants application from Green Adelaide for the St Peters Street Upgrade Project and Burchell Reserve Upgrade Project. The grant funding was sought to offset the cost of drainage works, which have been added to the scope of the upgrade projects. As the receipt of grant funding offsets the cost of the increased scope of works, there is no net increase in the Cost to Council.	100,000
The additional funds are requested as part of the Payneham Oval Tennis Courts Reconstruction Project for the removal and disposal of ballast rock within the subgrade surface. The presence of the ballast rock was unknown prior to the works commencing.	180,000
As its Meeting held on 7 December 2020, the Council awarded the tender to undertake the construction work for streetscape upgrade on The Parade West, Rundle Street and College Road Kent Town. The Tender was based on an extended scope of works to include College Road, Kent Town associated with the Kent Town Hotel and the implementation of a structural soil system associated with tree planting. The cost of the increased scope of works is offset by a \$50,000 contribution by the Kent Town Hotel.	220,711

It is not expected that the increase in capital expenditure for the 2020-2021 Financial Year will result in any additional borrowings being required. However, this will be monitored during the second half of the year.

A review of status of the Capital Projects will be undertaken as part of the Third Budget Update, which will be considered by the Council at the Council Meeting scheduled for May 2020.

By December 2020, eight (8) out of total fifty-five (55) Capital Projects have been completed.

Details of Capital Projects is contained in **Attachment B**.

Regulation 9 (1) (b) of the Regulations states the Council must consider:

“between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.”

Further Regulation 9 (2) of the Regulations states the Council must consider:

“revised forecasts for the relevant financial year of the 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 note in the Model Financial Statements entitled Financial Indicators.”

The revised Budgeted Financial Statements and Financial Indicators as a result of the Mid-Year Budget Update are included in **Attachment C**.

OPTIONS

Not Applicable.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

1. That the Mid-Year Budget Update Report be received and noted.
2. That project progress reports contained in Attachments A and B, be received and noted.
3. That the Committee recommends to the Council that pursuant to Regulation 9 (1) and (2) of the Local Government (Financial Management) Regulations 2011, the Budgeted Financial Statements and Financial Indicators as contained within Attachment C, be adopted.

Attachment A

2020-2021 Mid Year Budget Review

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City of
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Payneham
& St Peters**

**FINANCIAL YEAR 2020-2021 FIRST BUDGET REVIEW OPERATING PROJECTS PROGRESS**

Project Description	FY2020-2021 Approved Budget	First Budget Update	Mid-Year Budget Request	Mid-Year Budget Update	YTD Actual by December 2020	Has Project Commenced? (Y/N)	Forecasted Completion Date
TOUR DOWN UNDER (Wheel Park Event)	105,000	105,000	(85,000)	20,000	853	Y	Apr-21
YOUTH ARTS & EVENTS PROGRAM	15,603	14,539		14,539	12,532	Y	Jun-21
RESILIENT EAST PROJECT	15,000	15,000	(10,000)	5,000	1,883	Y	Jun-21
SUSTAINABLE GARDEN AWARDS	6,000	6,000		6,000	4,464	Y	Dec-20
BUILDING INFRASTRUCTURE WORKS	-	50,712		50,712	-	Y	Jun-21
CONCERTS IN THE PARK	40,000	40,000		40,000	-	N	May-21
CHILDREN BOOKWEEK PROGRAM	3,000	3,000		3,000	1,144	Y	Dec-20
CITY WIDE PARKING REVIEW	70,000	70,000		70,000	14,685	Y	Jun-21
SA ONLINE PLANNING PORTAL - COUNCIL'S CONTRIBUTION	-	29,000		29,000	-	Y	Jun-21
PEOPLE PLACE & ACTIVITY STRATEGY	30,000	30,000		30,000	-	N	May-21
BUSINESS & ECONOMIC DEVELOPMENT STRATEGIC PLAN	2,000	2,379	15,800	18,179	15,440	Y	Dec-20
FLY BARS COMPLIANCE REVIEW	-	10,000		10,000	-	N	Jun-21
MOVIE ON THE OVAL	7,000	7,000		7,000	5,179	Y	Dec-20
CITY WIDE BUSINESS AWARDS	37,000	37,000		37,000	-	N	Apr-21
AGE FRIENDLY WAYFINDING STRATEGY	20,000	20,000		20,000	-	N	Jun-21
CIVIL INFRA. CONDITION AUDIT & VALUATION	110,000	110,000		110,000	35,595	Y	Jun-21
COMMUNITY EVENTS	14,766	12,943		12,943	1,330	Y	Jun-21
STREET TREE PLANTING	50,000	50,000		50,000	6,224	N	Jun-21
CULTURE & BUSINESS EXCELLENCE DEVELOPMENT	26,985	26,985		26,985	22,075	Y	Jun-21
ADDITIONAL LEVEL ON THE WEBBE ST PARKING	50,000	50,000		50,000	-	N	Jun-21
WORK HEALTH & SAFETY INITIATIVES	-	9,000		9,000	-	Y	Jun-21

**FINANCIAL YEAR 2020-2021 FIRST BUDGET REVIEW OPERATING PROJECTS PROGRESS**

Project Description	FY2020-2021 Approved Budget	First Budget Update	Mid-Year Budget Request	Mid-Year Budget Update	YTD Actual by December 2020	Has Project Commenced? (Y/N)	Forecasted Completion Date
ELECTRONIC DOCUMENT MANAGEMENT SYSTEM OPERATING	156,666	156,666		156,666	34,214	Y	Jun-21
THE PARADE & GEORGE ST SCRAMBLE CROSSING	-	83,682		83,682	410	Y	Jun-21
STREET LIGHTING RENEWAL & UPGRADE	80,000	78,791		78,791	11,075	Y	Jun-21
TRANSITION TO SA PLANNING PORTAL	60,000	60,000		60,000	-	Y	Jun-21
SMART CITY TECHNOLOGY PLAN	-	12,727		12,727	22,233	Y	Nov-20
FOOTPATH DEFECT AUDIT	200,000	200,000		200,000	49,218	Y	Jun-21
COMMUNITY LAND MANAGEMENT PLANS REVIEW	-	5,787		5,787	4,948	Y	Sep-20
DOG & CAT MANAGEMENT PLAN EDUCATION CAMPAIGN	6,000	6,000		6,000	2,810	Y	Jun-21
CITYPLAN 2030 MID TERM REVIEW 2020	5,000	18,281		18,281	12,262	Y	Jan-21
EHIVE - CULTURAL HERITAGE COLLECTIONS PROJECT	65,000	65,000		65,000	-	Y	Jun-21
RAISING THE BAR ADELAIDE	32,000	32,000		32,000	31,694	Y	Nov-20
CYCLING EDUCATION PROGRAM	-	2,884		2,884	-	Y	Jun-21
TRAFFIC MANAGEMENT	146,884	146,884		146,884	65,677	Y	Jun-21
CITY WIDE CYCLING PLAN REVIEW & CROSSING UPGRADE	-	23,800		23,800	-	Y	Jun-21
TREE MANAGEMENT POLICY AND STRATEGY	30,000	30,000		30,000	-	Y	Jun-21
ASSET MANAGEMENT	-	32,119		32,119	1,059	Y	Jun-21
EMISSIONS REDUCTION PLAN	70,000	70,000		70,000	2,960	Y	Jun-21
TRAFFIC & INTERGRATED TRANSPORT INVESTIGATIONS	80,000	80,000		80,000	39,178	Y	Jun-21
CORPORATE UNIFORM	13,000	13,000		13,000	-	Y	Jun-21
MAGILL/PORTRUSH ROAD INTERSECTION DESIGN REVIEW	-	-			3,960	Y	Oct-20
Total Operating Projects	1,546,904	1,816,178	(79,200)	1,736,978	403,103		

Attachment B

2020-2021 Mid Year Budget Review

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
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Payneham
& St Peters**



FINANCIAL YEAR 2020-2021 CAPITAL PROJECTS PROGRESS

Project Description	FY2020-2021 Approved Budget	First Budget Update	Mid-Year Budget Request	Mid-Year Budget Transfer	Mid-Year Budget Update	YTD Actual by December 2020	Work-in- Progress as at 30 June 2020	Approved Project Budget	Has Project Commenced? (Y/N)	Forecasted Carry Forward	Forecasted Completion Date
ANNUAL ACQUISITION OF LIBRARY BOOKS	205,925	205,925	-	-	205,925	19,153			Y		Jun-21
MAJOR PUBLIC ART FUNDING PROJECT - YEAR 1-3	146,762	146,762	-	-	146,762	-			N	146,762	Jun-23
PARADE MEDIAN STREETScape UPGRADE	300,000	300,000	-	-	300,000	-			N	300,000	Jun-21
PLANT REPLACEMENT	277,000	192,000	-	-	192,000	-			N		Jun-21
REC & OPEN SPACE INF WORKS PROGRAME	909,000	800,818	6,000	-	806,818	93,865			Y		Jun-21
CAPITALISATION OF PROJECT MANAGEMENT ON-COST	745,000	745,000	-	-	745,000	8,935			Y		Jun-21
NORWOOD CONCERT HALL GRAND PIANO	100,000	100,000	-	-	100,000	82,790	335		Y		Dec-20
PAYNEHAM SWIMMING CENTRE POOL COVER	35,000	35,000	-	-	35,000				N		Jun-21
PAYNEHAM SWIMMING CENTRE MAIN POOL REFURBISHMENT (INCLUDING MAIN POOL PIPEWORK)	1,619,742	1,614,792	-	-	1,614,792	15,511	448,965	2,060,000	Y		
AUTHORITY VERSION UPGRADE - BIS UPGRADE	9,755	9,755	-	-	9,755	9,094			Y		Dec-20
AUTHORITY VERSION UPGRADE - HIERARCHY & ONLINE LEAVE WORK PATTERNS	8,500	18,500	-	-	18,500	6,465			Y	12035	Dec-21
FELIXSTOW RESERVE MASTERPLAN PROJECT			-	-	-	24,828			Y		Oct-20
NPSP WEBSITE DEVELOPMENT	10,000	10,000	-	-	10,000	4,904			Y		Jun-21
ADEY RESERVE MASTER PLAN	40,000	50,000	-	-	50,000	-			N	50,000	Jun-22
"ALL THINGS ARE ONE" INSTALLATION	-	49,250	-	-	49,250	-	1,650		Y		Jun-21
LINEAR PARK PATH UPGRADE	-	5,000	35,000		40,000	14,283			Y		Apr-21
ST PETERS STREET STREETScape CONCEPT DESIGN	100,000	100,000	50,000	-	150,000	-	16,996		Y		Jun-21
SYD JONES CONCEPT PLAN						40,648			Y		
BUTTERY RESERVE TENNIS CLUB COURT UPGRADE	1,050,000	1,064,003	-	-	1,064,003	109,695	12,399		Y		Feb-21
NORWOOD OVAL NEW CLUBROOMS AND MEMBERS FACILITIES	-		-	-	-	1,897,904	11,352,493	11,157,948	Y		Jun-21
BEULAH ROAD BICYCLE BOULEVARD	-	499,052	-	-	499,052	319,623	1,169,648	1,668,700	Y		Dec-20



FINANCIAL YEAR 2020-2021 CAPITAL PROJECTS PROGRESS

Project Description	FY2020-2021 Approved Budget	First Budget Update	Mid-Year Budget Request	Mid-Year Budget Transfer	Mid-Year Budget Update	YTD Actual by December 2020	Work-in- Progress as at 30 June 2020	Approved Project Budget	Has Project Commenced? (Y/N)	Forecasted Carry Forward	Forecasted Completion Date
CITY INTERACTIVE MAP	-	39,210	-	-	39,210	-	-		Y		Jun-21
ERA WATER RESERVE CONNECTIONS	30,000	24,651	-	-	24,651	-			Y		Jun-21
SPCCC PABX UPGRADE	16,000	16,000	-	-	16,000	-			N		Jun-21
COUNCIL-WIDE BUSINESS WEBSITE	-	9,740	-	-	9,740	-	260		Y		Mar-21
PAYNEHAM OVAL WOMEN FACILITY	1,109,801	1,086,769	-	-	1,086,769	681,297	91,073	1,143,822	Y		Mar-21
MASTER PLAN CONCEPT DESIGN FOR SWIMMING CENTRES	70,000	84,750	-	-	84,750	30,484	15,250		Y		Jun-21
STREET LIGHTING RENEWAL & UPGRADE		20,000	-	-	20,000	18,850			Y		Dec-20
BURCHELL RESERVE UPGRADE	80,000	100,000	50,000	-	150,000	-			N		Apr-21
STANDBY POWER FOR ST PETERS LIBRARY	80,000	78,550	-	-	78,550	-	1,450		Y		Jun-21
PAYNEHAM OVAL TENNIS COURTS RECONSTRUCTION	-	486,315	180,000	-	666,315	587,144	586,070	1,072,385	Y		Dec-20
PRIVATE LANEWAY	350,403	447,118	-	-	447,118	95,348	63,619		Y		Jun-21
THE PARADE WEST STREETScape UPGRADE KENT TOWN	265,000	257,160	220,711	-	477,871	21,960	7,840		Y		Mar-21
THE PARADE & GEORGE ST SCRAMBLE CROSSING	-	15,000	-	-	15,000	4,040			Y		Jun-21
PURCHASE OF NEW COMMUNITY BUS	-	158,665	-	-	158,665	152,350	335		Y		Jan-21
WILLOW BEND PARK UPGRADE	50,000	50,000	21,000	-	71,000	7,245			Y		Mar-21
OSMOND TERRACE WAR MEMORIAL	-	36,000	-	-	36,000	-			N		Jun-21
BARRY SKINNER RESERVE	20,000	20,000	-	-	20,000	-			N		Jun-21
CAPITAL WORKS PROGRAM ROAD RESEALING	3,854,614	3,854,614	-	60,000	3,914,614	828,848			Y		Jun-21
CAPITAL WORKS PROGRAM KERB	899,400	999,400	-	-	999,400	571,302			Y		Jun-21
CAPITAL WORKS PROGRAM FOOTPATH	874,729	1,039,936	-	-	1,039,936	346,988			Y		Jun-21
DRAINAGE PROGRAM	3,157,500	3,345,479	-	(60,000)	3,285,479	369,170	-	-	Y		Jun-21



FINANCIAL YEAR 2020-2021 CAPITAL PROJECTS PROGRESS

Project Description	FY2020-2021 Approved Budget	First Budget Update	Mid-Year Budget Request	Mid-Year Budget Transfer	Mid-Year Budget Update	YTD Actual by December 2020	Work-in- Progress as at 30 June 2020	Approved Project Budget	Has Project Commenced? (Y/N)	Forecasted Carry Forward	Forecasted Completion Date
BUILDING WORKS PROGRAM	647,000	796,153	-	-	796,153	55,357			Y		Jun-21
PAYNEHAM OVAL PRECINCT PARKING	250,000	263,240	-	-	263,240	1,770	6,760		Y		Jun-21
SECOND CREEK OUTLET UPGRADE	900,000	900,000	-	-	900,000	-			Y		Jan-22
BORTHWICH PARK CREEK IMPROVEMENTS DESIGN & CONST.	20,000	20,000	-	-	20,000	-			N		Jun-21
STEPHEN STREET (NORWOOD) IMPROVEMENTS	280,000	280,000	-	-	280,000	-			N		Jun-21
NORWOOD LIBRARY STRATEGIC REVIEW & CONCEPT PLAN	100,000	100,000	-	-	100,000	-			N		Jun-21
GEORGE STREET UPGRADE	800,000	800,000	-	-	800,000	-			N	800,000	Jun-22
HANNAFORD RESERVE MASTERPLAN	50,000	50,000	-	-	50,000	-			N	20,000	Sep-21
DON PYATT COMMUNITY HALL CHAIRS	20,000	20,000	-	-	20,000	-			Y		Jun-21
PERMANENT SIGNAGE INSTALLATION	5,000	5,000	-	-	5,000	-			Y		Jun-21
LANGMAN GROVE ROAD RECONSTRUCTION STAGE 2	-	550,000	-	-	550,000	-			N		Jun-21
THE PARADE MASTER PLAN	300,000	300,000	-	-	300,000	4,770	210,729	500,000	Y	150,000	Sep-21
EXTENSION OF SEVENTH LANE ALONG HANNAFORD RESERVE		25,000	-	-	25,000	-			Y		Jun-21
Total Capital Projects	19,786,131	22,224,608	562,711	-	22,787,319	6,424,619	13,985,872				

Attachment C

2020-2021 Mid Year Budget Review

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STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2021

Actual 2018-2019	Actual 2019-2020		Adopted Budget 2020-2021	Revised Budget 2020-2021	Variance	Actual YTD December 2020
\$	\$		\$			
		INCOME				
34,844,776	36,181,201	Rates	36,278,453	36,278,453	-	18,131,677
1,760,245	1,595,430	Statutory charges	1,509,000	1,547,000	38,000	844,042
3,700,927	3,408,253	User charges	3,332,384	3,607,774	275,390	1,700,864
3,152,098	2,958,655	Grants, subsidies and contributions	2,700,843	2,921,363	220,520	1,095,860
205,545	87,981	Investment income	64,500	64,500	-	12,059
1,012,572	1,526,956	Other revenues	574,703	701,848	127,145	460,026
34,887	27,605	Net gain - joint ventures & associates	-	-		
44,711,050	45,786,081	Total Revenues	44,459,883	45,120,938	661,055	22,244,529
		EXPENSES				
13,738,897	14,050,351	Employee costs	15,653,541	15,697,841	44,300	7,869,882
18,773,524	18,936,897	Materials, contracts & other expenses	18,878,304	19,271,421	393,117	8,513,919
488,826	404,968	Finance costs	800,000	750,000	(50,000)	310,537
8,984,395	9,503,233	Depreciation, amortisation & impairment	9,734,338	9,734,338	-	4,867,170
345,790	515,399	Net loss joint ventures and associates	192,158	318,888	126,730	-
42,331,432	43,410,847	Total Expenses	45,258,341	45,772,488	514,147	21,561,508
2,379,618	2,375,234	OPERATING SURPLUS / (DEFICIT)	(798,458)	(651,550)	146,908	683,021
(1,207,316)	(1,529,255)	Net gain (loss) on disposal or revaluation of assets	27,000	27,000	-	-
-	-	Non-operating items - joint ventures and associates	-	-	-	-
1,131,089	744,208	Amounts specifically for new or upgraded assets	1,845,360	2,580,570	735,210	-
24,000	-	Physical resources received free of charge	-	-	-	-
2,327,391	1,590,187	NET SURPLUS (DEFICIT)	1,073,902	1,956,020	882,118	683,021
32,992,649	3,542,270	Changes in revaluation Surplus- infrastructure, property, plant & equipment	2,000,000	2,000,000	-	-
8,809	12,526	Share of Other comprehensive Income - joint ventures and associates	-	-	-	-
33,001,458	3,554,796	TOTAL OTHER COMPREHENSIVE INCOME	2,000,000	2,000,000	-	-
35,328,849	5,144,982	TOTAL COMPREHENSIVE INCOME	3,073,902	3,956,020	882,118	683,021

STATEMENT OF FINANCIAL POSITION
as at 30 June 2020

Actual 2018-2019	Actual 2019-2020		Adopted Budget 2020-2021	Revised Budget 2020-2021	Variance	Actual YTD December 2020
\$	\$		\$	\$		
		ASSETS				
		Current Assets				
12,152,115	9,177,369	Cash and cash equivalents	360,902	1,518,563	1,157,661	8,650,520
2,945,277	2,889,164	Trade & other receivables	4,619,051	2,619,051	(2,000,000)	17,561,500
15,097,392	12,066,533	Total Current Assets	4,979,954	4,137,615	(842,339)	26,212,020
		Non-current Assets				
136,305	104,780	Financial Assets	104,780	104,780	-	104,780
2,890,415	2,463,297	Equity accounted investments in Council businesses	2,563,297	2,436,567	(126,730)	2,503,654
473,423,465	476,469,020	Infrastructure, Property, Plant & Equipment	506,310,374	509,161,562	2,851,188	495,492,468
6,118,903	17,891,485	Other Non-current Assets	-	-	-	-
482,569,088	496,928,582	Total Non-current Assets	508,978,451	511,702,909	2,724,458	498,100,902
497,666,480	508,995,115	Total Assets	513,958,405	515,840,524	1,882,119	524,312,922
		LIABILITIES				
		Current Liabilities				
6,271,814	7,309,501	Trade & Other Payables	5,377,572	6,377,572	1,000,000	22,593,958
1,781,492	1,651,032	Borrowings	1,547,467	1,547,467	-	789,455
2,751,650	3,134,785	Short-term Provisions	2,800,910	2,800,910	-	3,387,048
10,804,956	12,095,318	Total Current Liabilities	9,725,949	10,725,949	1,000,000	26,770,461
		Non-current Liabilities				
5,387,783	10,356,769	Long-term Borrowings	14,420,133	14,420,133	-	10,356,769
1,202,865	1,159,734	Long-term Provisions	1,162,968	1,162,968	-	1,159,734
1,429,064	1,396,501	Liability - Equity accounted Council businesses	1,588,659	1,588,659	-	1,356,144
8,019,712	12,913,004	Total Non-current Liabilities	17,171,760	17,171,760	-	12,872,647
18,824,668	25,008,322	Total Liabilities	26,897,709	27,897,709	1,000,000	39,643,108
478,841,812	483,986,793	NET ASSETS	487,060,696	487,942,815	882,119	484,669,814
		EQUITY				
55,222,301	56,825,014	Accumulated Surplus	57,898,915	58,781,034	882,119	57,508,035
423,619,511	427,161,779	Asset Revaluation Reserve	429,161,781	429,161,780	-	427,161,779
478,841,812	483,986,793	TOTAL EQUITY	487,060,696	487,942,814	882,119	484,669,814



STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2021

Actual 2018-2019	Actual 2019-2020		Adopted Budget 2020-2021	Revised Budget 2020-2021	Variance	Actual YTD December 2020
\$	\$			\$		
ACCUMULATED SURPLUS						
52,886,101	55,222,301	Balance at end of previous reporting period	56,825,013	56,825,014	-	56,825,014
2,327,391	1,590,187	Net Result for Year	1,073,902	1,956,020	882,118	683,021
-	-	Other Comprehensive Income	-	-	-	-
8,809	12,526	Share of other Comprehensive income - joint ventures and associates	-	-	-	-
55,222,301	56,825,014	Balance at end of period	57,898,915	58,781,034	882,118	57,508,035
ASSET REVALUATION RESERVE						
390,626,862	423,619,509	Balance at end of previous reporting period	427,161,781	427,161,780	-	427,161,779
32,992,649	3,542,270	Gain on revaluation of infrastructure, property, plant & equipment	2,000,000	2,000,000	-	-
423,619,511	427,161,779	Balance at end of period	429,161,781	429,161,780	-	427,161,779
478,841,812	483,986,793	TOTAL EQUITY AT END OF REPORTING PERIOD	487,060,696	487,942,814	882,118	484,669,814



STATEMENT OF CASH FLOWS
for the year ended 30 June 2021

Actual 2018-2019	Actual 2019-2020		Adopted Budget 2020-2021	Revised Budget 2020-2021	Variance	Actual YTD December 2020
		CASH FLOWS FROM OPERATING ACTIVITIES		\$		
		<u>Receipts</u>				
44,391,495	46,202,352	Operating receipts	42,665,496	45,326,551	2,661,055	22,232,470
203,603	87,981	Investment receipts	64,500	64,500	-	12,059
		<u>Payments</u>				
(31,915,698)	(32,515,736)	Operating payments to suppliers & employees	(36,605,491)	(36,042,908)	562,583	(16,383,801)
(488,826)	(406,609)	Finance Payments	(800,000)	(750,000)	50,000	(310,537)
12,190,574	13,367,988	Net Cash provided by (or used in) Operating Activities	5,324,505	8,598,143	3,273,638	5,550,191
		CASH FLOWS FROM INVESTING ACTIVITIES				
		<u>Receipts</u>				
1,049,079	1,164,734	Grants specifically for new or upgraded assets	1,845,360	2,580,570	735,210	-
4,896	50,739	Sale of replaced assets	27,000	27,000	-	-
13,462	43,077	Repayments of loans by community groups	-	-	-	-
4,160	7,179	Capital contributed to associated entities	-	-	-	-
		<u>Payments</u>				
(9,009,191)	(8,919,370)	Expenditure on renewal/replacement of assets	(11,645,452)	(12,893,274)	(1,247,822)	(2,050,940)
(6,614,928)	(13,174,690)	Expenditure on new/upgraded assets	(8,331,243)	(9,934,608)	(1,603,365)	(2,621,556)
-	-	Loans made to community groups	-	-	-	-
(96,453)	(80,714)	Capital contributed to associated entities	(100,000)	(100,000)	-	(80,714)
(14,648,975)	(20,909,045)	Net Cash provided by (or used in) Investing Activities	(18,204,335)	(20,320,312)	(2,115,977)	(4,753,210)
		CASH FLOWS FROM FINANCING ACTIVITIES				
		<u>Receipts</u>				
-	6,500,000	Proceeds from Borrowings	5,870,831	5,870,831	-	-
		<u>Payments</u>				
(1,201,875)	(1,933,691)	Repayments of Borrowings	(1,807,467)	(1,807,467)	-	(861,577)
(1,201,875)	4,566,309	Net Cash provided by (or used in) Financing Activities	4,063,364	4,063,364	-	(861,577)
(3,660,276)	(2,974,748)	Net Increase (Decrease) in cash held	(8,816,466)	(7,658,805)	1,157,661	(64,596)
15,812,394	12,152,118	Cash & cash equivalents at beginning of period	9,177,369	9,177,369	-	9,177,369
12,152,118	9,177,370	Cash & cash equivalents at end of period	360,903	1,518,563	1,157,661	9,112,773



UNIFORM PRESENTATION OF FINANCES
for the year ended 30 June 2021

Actual 2018-2019	Actual 2019-2020		Adopted Budget 2020-2021	Revised Budget 2020-2021	Variance	Actual YTD December 2020
44,711,050	45,786,081	Income	44,459,883	45,120,938	661,055	22,244,529
(42,331,432)	(43,410,847)	less Expenses	(45,258,341)	(45,772,488)	(514,147)	(21,561,508)
2,379,618	2,375,234	Operating Surplus / (Deficit)	(798,458)	(651,550)	146,908	683,021
		less Net Outlays on Existing Assets				
9,009,191	8,919,370	Capital Expenditure on renewal and replacement of Existing Assets	11,645,452	12,893,274	1,247,822	2,050,940
(8,984,395)	(9,503,233)	less Depreciation, Amortisation and Impairment	(9,734,338)	(9,734,338)	-	(4,867,170)
(4,896)	(50,739)	less Proceeds from Sale of Replaced Assets	(27,000)	(27,000)	-	-
19,900	(634,602)		1,884,114	3,131,936	1,247,822	(2,816,230)
		less Net Outlays on New and Upgraded Assets				
6,614,928	13,174,690	Capital Expenditure on New and Upgraded Assets	8,331,243	9,934,608	1,603,365	2,621,556
(1,049,079)	(1,164,734)	less Amounts received specifically for New and Upgraded Assets	(1,845,360)	(2,580,570)	(735,210)	-
(4,160)	(7,179)	Proceeds from Sale of Surplus Assets				
5,561,689	12,002,777		6,485,883	7,354,038	868,155	2,621,556
(3,201,971)	(8,992,942)	Net Lending / (Borrowing) for Financial Year	(9,168,455)	(11,137,524)	(1,969,069)	877,695



FINANCIAL RATIOS
for the year ended 30 June 2021

Actual 2018-2019	Actual 2019-2020		Adopted Budget 2020-2021	Revised Budget 2020-2021	Actual YTD December 2020
Operating Surplus Ratio					
5%	5%	<u>Operating Surplus</u>	(2%)	(1%)	3%
Total Operating Revenue					
Net Financial Liabilities Ratio					
8%	28%	<u>Net Financial Liabilities</u>	49%	52%	60%
Total Operating Revenue					
Asset Sustainability Ratio					
130%	130%	<u>Net Asset Renewals</u>	140%	155%	na
Infrastructure & Asset Management Plan required expenditure					
<i>Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets.</i>					
Recommended for disclosure by Local Government Association					
2,379,618	2,375,234	Operating Surplus	(798,458)	(651,550)	683,021
<i>Being the operating surplus (deficit) before capital amounts .</i>					
3,590,971	12,837,009	Net Financial Liabilities	21,812,975	23,655,315	13,326,307
<i>Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in</i>					
Interest Cover Ratio					
1%	1%	<u>Net Interest Expense</u>	2%	2%	1%
Total Operating Revenue less Investment Income					
Asset Consumption Ratio					
53%	61%	<u>Carrying value of depreciable assets</u>	57%	58%	55%
Gross value of depreciable assets					
<i>Total carrying value of depreciable assets divided by total reported value of depreciable assets before</i>					
Requested by Council					
Debt Repayment to Rate Revenue Ratio					
5%	6%	<u>Debt Servicing</u>	7%	7%	6%
Rate Revenue					

6.3 STRATEGIC MANAGEMENT PLANS

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320
ATTACHMENTS: A - F

PURPOSE OF REPORT

The purpose of this report is to present to the Committee for its information, *CityPlan 2030: Shaping the Future*, the Council's *Infrastructure and Asset Management Plans* and the *2021-2031 Long Term Financial Plan*, which have been adopted by the Council.

BACKGROUND

Pursuant to Section 122 (4) of the *Local Government Act 1999* (the Act), the Council must undertake a comprehensive review of its Strategic Management Plans within two (2) years after each Local Government General Election.

Due to the COVID-19 pandemic, the Minister for Transport, Infrastructure and Local Government, issued a notice which provided Councils up to a three (3) month extension to the statutory deadline. Given the uncertainty created by the COVID-19 pandemic, the Council elected to take advantage of the extension. As such, the respective plans were required to be adopted by the Council by February 2021.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030: Shaping the Future*, provides the framework upon which the Council's Strategic Plans are developed. The Council's suite of Strategic Management Plans currently incorporates the *CityPlan 2030: Shaping the Future*, the *Long Term Financial Plan (LTFP)*, the *Infrastructure and Asset Management Plans (IAMP's)* and the Annual Business Plan and Budget.

FINANCIAL AND BUDGET IMPLICATIONS

The financial projections contained within the LTFP provide an indication of the Council's direction and financial capacity, rather than predicting the future financial performance and position of the Council. The LTFP should be viewed as a guide to future actions or opportunities which encourages the Council to consider the future impact of decisions which are made on the Council's long-term financial sustainability.

The IAMP's allow for long term planning of the renewal and upgrade of the Councils infrastructure and assets, which in turn provides for the integration of projects from across the respective asset class. This approach leads to improved efficiency and more effective use of Council's financial resources which results in better outcomes for the community.

To this end, reference is made each year to the IAMP's and the LTFP when preparing the Annual Business Plan and Annual Budget, to ensure that the broad outcomes, both financial and operational, of the Council are continuing to be achieved.

EXTERNAL ECONOMIC IMPLICATIONS

The IAMP's contains future estimates of the financial commitment required to renew and upgrade the Council's infrastructure and assets. These estimates together with the financial projections to deliver the Councils services and programs are set out in the LTFP. Based on the financial projections contained within the LTFP, there will be an economic impact on ratepayers and customers through increases in rates and user charges for user pays services.

SOCIAL ISSUES

The IAMP's set out how the Council intends to maintain, renew and upgrade its existing asset base. The IAMP's identify the service standards that are to be set and maintained with respect to the roads, footpaths, stormwater drainage, open space and buildings. If assets are not maintained and renewed in line with the timing and standards set out within the respective IAMPs, the community well-being may be impacted through a reduction in service through the removal of assets (i.e. playgrounds, public facilities) from service or be exposed to hazards resulting from inadequately maintained assets.

The financial projections are based on the set of assumptions and it is possible that the projected rate revenue increase may have social implications for some ratepayers and recipients of user pays services.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Pursuant Section 122 (4) of the Act, the Council must undertake a comprehensive review of its Strategic Management Plans (which incorporates the Infrastructure and Asset Management Plans and Long-Term Financial Plan), within two (2) years after each Local Government General Election.

Due to the COVID-19 pandemic, the Minister for Transport, Infrastructure and Local Government, issued a notice which provided Councils up to a three (3) month extension to the statutory deadline. Given the uncertainty created by the COVID-19 pandemic, the Council elected to take advantage of the extension. The Council adopted *CityPlan 2030: Shaping the Future* at its meeting held on 7 December 2020, with the IAMP's and LTFP being adopted at its meeting held on 18 January 2021.

As previously mentioned, if assets are not maintained and renewed in line with the timing and standards set out within the respective IAMPs, the community's well-being may be impacted through a reduction in service through the removal of assets (i.e. playgrounds, public facilities) from service or be exposed to hazards resulting from inadequately maintained assets. To mitigate the potential hazards resulting from inadequately maintained assets, the timing of the capital projects set out in the LTFP, have been based on the Council's Infrastructure and Asset Management Plans (IAMP's).

The LTFP provides information on the financial projections of the Council based on the set of assumptions, which are set out in the plan contained in **Attachment F**. The objective of preparing the LTFP is to set out the Council's direction and financial capacity, rather than predicting the future financial performance and position of the Council. However, to ensure that the Council delivers on the objectives set out in *CityPlan 2030*, the IAMP, the assumptions which underpin the financial projections set out in the LTFP will need to be regularly reviewed. At a minimum, to ensure that the broad asset management and financial outcomes of the Council are continuing to be achieved, reference should be made each year to the IAMP's and LTFP when preparing the Annual Business Plan and Annual Budget.

COVID-19 IMPLICATIONS

While South Australia, has to date, managed the health and economic impacts of the pandemic effectively, the future ongoing impacts of the pandemic are still unknown. Therefore in determining the basis of the assumptions which have been used in preparing the LTFP, reference has been made to the economic conditions over the past ten (10) years. Essentially, the assumption has been made that the Council will return to "normal" operations and services suspended during 2020-2021 due to the pandemic will be re-instated.

CONSULTATION

- **Committee Members**
Cr Minney, Mayor Bria and Cr Stock, have been involved throughout the review process for the *CityPlan 2030: Shaping the Future*, the LTFP, the IAMP's and have made decisions as appropriate.
- **Community**
The community through community consultation process on the *CityPlan 2030: Shaping the Future*, LTFP and the IAMP's was provided the opportunity to provide feedback on the respective Plan's.
- **Staff**
 - Chief Executive Officer and General Managers
 - Financial Services Manager
 - Acting Manager, City Assets
 - Manager, Economic Development and Strategic Projects
 - Project Manager, Assets.
- **Other Agencies**
Not Applicable.

DISCUSSION

CityPlan 2030: Shaping the Future

In 2007, an extensive and wide-ranging community engagement program was implemented to develop *CityPlan 2030*, incorporating a comprehensive Community Visioning exercise which developed the Vision for a preferred future based on the community's shared values, aspirations and priorities. It was through this process that the Quadruple Bottom Line (QBL) model for Well-being, which incorporates the Outcomes of Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability were adopted. From this process, a series of Objectives, Strategies, Indicators and Targets were prepared. It should be noted that *CityPlan 2030* is a long-term Strategic Management Plan spanning a twenty-year period, in contrast to a short-term plan with a lifespan of three-to-five years.

CityPlan 2030 was reviewed and updated in 2012 and 2017. Each update subsequently comprised a review of the Objectives and Targets to ensure that the Plan was aligned with the community's emerging priorities. This was achieved through a comprehensive community engagement program.

The intent of the Mid-Term Review, like previous reviews, was to reaffirm the high level strategic direction of the Council through the format of a progress review to confirm the continued relevance of the Objectives, Strategies and Indicators and determine whether amendments or additions are required.

Community consultation and engagement has enabled the Council to 'test' the proposed amendments and refine the strategies aimed at achieving the Vision of *CityPlan 2030*. The *CityPlan 2030 – Mid-term Review*, has been prepared based on the comments received during the two (2) stages of community consultation and engagement, together with extensive research into recent trends and drivers of change, input from Elected Members and internal comments provided by Council staff.

The Mid Term Review of *CityPlan 2030* will ensure that the Council is continuing to meet the aspirations and expectations of the community, whilst ensuring that it continues to strive to achieve the four (4) outcomes of Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability.

The *CityPlan 2030 – Mid-term Review*, as contained in **Attachment A**, was adopted by the Council at its meeting held on 7 December 2020.

Infrastructure and Asset Management Plans

Asset management is the combination of management, financial, economic, engineering, and other practices, applied to the Council's physical assets, with the objective of providing the required level of service in the most cost-effective manner. Infrastructure and asset management planning ensures delivery of services from infrastructure is provided in a financially sustainable manner.

The Council's *Infrastructure and Asset Management Plans* set out the Council's approach to the management of the council owned assets over its lifecycle, which includes construction, maintenance, operations, renewal and replacement or upgrade.

The IAMPs are influenced by strategic documents, such as the Councils Strategic Management Plan *CityPlan 2030: Shaping the Future*, the *City-Wide Cycling Plan*, the *Playground Strategy*, the *Open Space Strategy* and the *Economic Development Strategy*, to identify future infrastructure requirements.

In developing the asset management strategy for each class of asset, service standards have been based on the following:

- safety and compliance with Australian Standards and codes for intended uses;
- capacity of infrastructure and functionality of assets to meet usage requirements;
- asset condition, which is regularly monitored to ensure serviceability maintained and timely maintenance or renewal undertaken; and
- capacity of infrastructure such as underground stormwater drainage network and overland flow paths to perform during target rainfall events.

Asset renewal works, as set out in the IAMPs, are planned based on the condition data of existing assets, which is collected periodically and have been aligned with new and upgrade projects to ensure there is efficient use of resources and where possible, assets are not being replaced earlier than required. In addition, projects across asset classes, have where possible been integrated to provide improved efficiency and outcomes for the community.

The IAMP's, as contained in **Attachments B to Attachment E**, were adopted by the Council at its meeting held on 18 January 2021.

Long Term Financial Plan

The *Long Term Financial Plan* is based on the Councils Financial Goal of being "a City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner" and the Financial Outcomes and financial targets have been established to support the Councils achievement of its Financial Goal.

The LTFP supports the Councils strategic planning process, with the LTFP outlining the Councils approach to delivering infrastructure, which is consistent with the Council's IAMPs and services which it provides to the community in a financially sustainable and affordable manner for the next ten (10) years.

The LTFP, based on a set of assumptions, provides financial projection for the continuing provision of Council's service, programs and activities for the next ten (10) years.

The LTFP balances the funding needs of renewal and new infrastructure assets, with the timing of proposed upgrade or new infrastructure projects being linked to asset renewals to provide improved efficiency and outcomes for the community, existing services against rating expectations, reasonable fees, debt leverage and the use of accumulated funds held in reserve accounts.

The LTFP, as contained in **Attachment F**, was adopted by the Council at its meeting held on 18 January 2021.

OPTIONS

Not Applicable.

CONCLUSION

The Council's vision and direction is set out in *CityPlan 2030: Shaping the Future* and forms the basis for the Council's planning framework. The IAMP's and the LTFP have been developed to ensure that the objectives of *CityPlan 2030: Shaping the Future* are achieved.

The IAMP's and the LTFP as contained in Attachments B-F, represents the asset management and financial strategies to meet the competing demands of delivering services and facilities to the community. There are numerous ways in which the Council can achieve its objectives. The LTFP seeks to balance the funding needs of the renewal and new infrastructure assets, with the timing of proposed upgrade or new infrastructure projects being linked to asset renewals, and existing services against rating expectations, reasonable fees, debt leverage and the use of accumulated funds held in reserve accounts.

Based on the asset management requirements set out in the IAMPs and the underlying assumptions set out in the LTFP, the financial projection set out in the LTFP indicates that the Council is in a position to deliver on its Strategic Outcomes set out in its suite of Strategic Management Plans.

COMMENTS

If Committee Members have any questions or require clarification in relation to specific items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins, prior to the meeting.

RECOMMENDATION

The report be received and noted.

Attachment A

Strategic Management Plans

CityPlan 2030 Shaping our Future

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
Norwood
Payneham
& St Peters

CityPlan 2030

Shaping Our Future

Mid Term Review 2020



Community Well-being

Social Equity | **Cultural Vitality** | **Economic Prosperity** | **Environmental Sustainability**



City of
Norwood
Payneham
& St Peters

Kurna Acknowledgement

The City of Norwood Payneham & St Peters acknowledges that this land is the traditional land of the Kurna people and that we respect their spiritual connection with their country.

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



The Children's Art Studio

The colourful canvases featured in this document, depict the vision of the City of Norwood Payneham & St Peters area in 2030. They were painted by the senior students of the 'Kid's Art Studio' under the guidance of Briony Fitzgerald (a student at Uni SA) and Maxine Cavaggion.

The students involved in the project were: Verity Tonkin, Sarah Hadaway, Tiana Della-Putta, Gulsara Kaplun, Shannon Eisenblatter, Laura Sinclair, Elizabeth Cardinale, Katie Georgiou, Ashleigh Duggan, Emma Oborn, Georgia Van Dissell, Erin Fraser, Asha Klose, Mahala Sultan, Lucy Tunno, Stella Tunno and Lucy Strokes.

Contents

Mayor's Message	2
Our Council	3
Location	4
Our History	6
CityPlan 2030	7
Our Strategic Planning Framework	8
Our Achievements	12
Mid Term Review	14
Our Review Framework	15
Our City Today	16
Challenges and Opportunities: 2020 and Beyond	20
Our Roles in Delivering CityPlan 2030	23
Our Strategic Plan	24
Outcome 1 – Social Equity	27
Outcome 2 – Cultural Vitality	31
Outcome 3 – Economic Prosperity	35
Outcome 4 – Environmental Sustainability	39

Mayor's Message

The City of Norwood Payneham & St Peters is proud of its reputation as a leader in Local Government and one of South Australia's most desirable places to live, work, play and visit.

Achieving this status has been possible with strong and clear strategic directions which guide our decision making and work. Since 2008 *CityPlan 2030* has played a pivotal role in guiding the City of Norwood Payneham & St Peters towards its preferred vision for the future.

The *CityPlan 2030 Mid Term Review* has taken into consideration the views, aspirations and ideas of members of our community. The review has presented a timely opportunity for the Council and the community to reflect on what we believe to be the unique and defining elements of the City of Norwood Payneham & St Peters, and how we will protect and nurture them given the challenge that we have and will continue to face with the COVID-19 pandemic. Adjusting to the new

'normal' will require a different way of thinking and doing things - testing our resilience, our agility, challenging long held beliefs and requiring innovation to keep up with the pace of rapid and at times, unpredictable change.

CityPlan 2030 continues to maintain focus on the four Outcomes: Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability, providing stability and certainty in an environment of constant change.

The mid term review of *CityPlan 2030* introduces the aspirational Smart City agenda while emphasizing the Council's focus on sustainable active transport and climate change adaptation. The Council will implement the revised Objectives and Strategies of the Plan and embrace new challenges and opportunities with a commitment to openness and collaboration.

Now, more than ever, it is important that we live by our values and work together to ensure that our natural environment,

rich built heritage, cultural diversity and community spirit are nurtured and protected for ourselves, our children and future generations.

On behalf of the Council, I thank everyone who shared their ideas and experiences during the mid term review of *CityPlan 2030* and look forward to working together in the coming years.

Robert Bria
Mayor



Our Council

The City of Norwood Payneham & St Peters is represented by a Mayor and 13 Councillors who are elected by the community every four years.

Elected to one of six wards, Elected Members play a vital leadership role by representing the interests of the broader community and delivering on the vision and strategic direction of the Council.

From left to right: Cr Fay Patterson, Cr John Minney, Cr Carlo Dottore, Cr Sue Whittington, Cr Christel Mex, Cr Mike Stock, Cr Garry Knoblauch, Mayor Robert Bria, Cr Kevin Duke, Cr Evonne Moore, Cr Scott Sims, Cr Kester Moorhouse, Cr John Callisto, Cr Connie Granozio.



City of Norwood Payneham & St Peters

Located just five minutes east of Adelaide's CBD, the City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work, study and visit.

The Council area is bounded by the City of Port Adelaide Enfield to the north; Campbelltown City Council to the east; the City of Burnside to the south; City of Adelaide to the west; and the Town of Walkerville to the north-west. The River Torrens also forms a boundary to the west and north.



Our History

The City of Norwood Payneham & St Peters is one of South Australia's most historic inner-urban areas spanning 21 suburbs and located on the eastern side of the Adelaide Plains, adjacent the Mount Lofty Ranges.

The Kurna people are the traditional owners of the land who lived around the four creeks which traverse the City, gathering for ceremony and cultural activities for more than 40,000 years prior to European settlement in the 1830s. Successive waves of migrants have since exerted significant influence over the development of the City which has instilled the City of Norwood Payneham & St Peters with an identity and character distinct from any other in South Australia.

The heritage of the City of Norwood Payneham & St Peters draws on the histories of three uniquely South Australian communities and municipalities. The first of these is the City of Kensington and Norwood,

the first township (outside of the City of Adelaide) to be granted municipal government in Australia. The second is the Town of St Peters with its distinctive villas and cottages amid tree-lined streets, and the third is the meandering River Torrens Valley to the north known as the Garden City of Payneham. The amalgamation of these three council areas in November 1997, unified a rich multicultural community and created the City of Norwood Payneham & St Peters.

Many of South Australia's most influential leaders have lived in our City, having impacts across disciplines that encompass politics, the arts, religion, sport and social reform and as the oldest suburban South Australian local government municipality, our beautiful residential, public and commercial buildings contribute to the unrivalled heritage character of the City which fills our community with a great sense of pride.



Andrew D Marsh, 2008

The future can be shaped, modelled and influenced by our actions today, for both our benefit and that of future generations.

CityPlan 2030

CityPlan 2030: Shaping Our Future is the long-term Strategic Management Plan for the City of Norwood Payneham & St Peters. First endorsed by the Council in 2008, CityPlan 2030 outlines the community's vision and aspirations to the year 2030 and establishes the broad directions which will help shape the City's future.

The focus of *CityPlan 2030* is to continue developing the things we love, changing the things which we don't and creating the things we want for the preferred future of our City.

CityPlan 2030 also builds upon the City's unique features—those features which set us apart from other cities and Local Government Areas and make the City of Norwood Payneham & St Peters an attractive place to live, work, study and visit. The title 'Shaping Our Future' reflects the view that the future can be shaped, modelled and influenced by our actions today, for both our benefit and that of future generations.

The Council takes a long-term approach to planning for the development and future requirements of the City. This approach allows the Council to target the investment of scarce resources and energy over a longer period thereby creating stability, certainty and building strong foundations for the future.

An extensive community visioning exercise was undertaken to prepare the first iteration of *CityPlan 2030* and develop a long-term strategic vision. This process included consultation and involvement of a broad cross-section of the community which helped to create a document that will, in essence, stand the test of time.

The City of Norwood Payneham & St Peters is committed to strategic planning in order to achieve a high-level of community well-being. *CityPlan 2030* identifies the broad strategic directions which will create the desired future for the City of Norwood Payneham & St Peters. The strategic framework illustrates how the Council's other plans and strategies align with *CityPlan 2030*, with the aim of achieving the long-term Vision and ultimately improving Community Well-being—the pivotal objective of this plan.

All councils are required to prepare a strategic management plan which complies with the requirements of Section 122 of the *Local Government Act 1999*.

This update is part of the mid term review of *CityPlan 2030* which was undertaken in 2020, to guide the direction of the Council for the next four years. *CityPlan 2030 – Mid Term Review* is based on extensive community consultation and engagement, despite restrictions that were in place as a result of the COVID-19 pandemic.

Our Strategic Planning Framework

The Council's Strategic Planning Framework is used to plan the future programming and delivery of the Council's programs, projects, services and initiatives, as well as to measure and report on progress.

The plan outlines the Vision and four Outcomes which reflect the community's aspirations for the City of Norwood Payneham & St Peters over the next 10 years and beyond.

How We Plan

CityPlan 2030 sets out the long-term strategic vision and plan for the City of Norwood Payneham & St Peters. It is intended to be a strategic document which provides high-level guidance to the Council and the community.

CityPlan 2030 outlines the Vision and four Outcomes which reflect the community's aspirations for the City of Norwood Payneham & St Peters over the next 10 years and beyond. CityPlan 2030 is supported by a series of other strategic documents including the Asset Infrastructure Management Plan, Long-term Financial Plan, Management Plans, Corporate Plan and thematic Strategies, which outline the short-term planning aspirations for the City.

Quadruple Bottom Line Approach

The Vision for the City continues to be underpinned by the four Outcomes of Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability. These four Outcomes (or Pillars) are the foundation upon which CityPlan 2030 is based and this approach is referred to as the Quadruple Bottom Line.

Quadruple Bottom Line (QBL) is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations and undertakings. The QBL is about achieving social, economic, cultural and environmental sustainability, without irreversibly damaging the ecological systems which support everything that we do. Adding the fourth Pillar of Culture to the traditional Triple Bottom Line approach of environmental, social and economic sustainability, highlights the importance which the Council and the community has placed on protecting and enhancing the City's unique character and 'sense of place'.

The Council continues to work towards these Outcomes over the long-term through its programs, services, special projects and initiatives.



Sustainability Principles

The development of CityPlan 2030 provided the opportunity to embed the principles of sustainable development at the local level. These principles provide a framework for the review of the Plan against our Vision for the future and how we work towards this.



Sustainability for the City of Norwood Payneham & St Peters is based on achieving economic, environmental, social and cultural growth without irreversibly exhausting the environmental systems which support that growth. In practice, this means integrated decision-making which generates mutually beneficial economic, social, cultural and environmental outcomes wherever possible.

As it applies to our City, sustainability is also about:

- **Thinking long term** by planning for future generations;
- **Having vision** with a focus on the preferred future; and
- **Fostering our individuality** and what it is that makes our City unique.

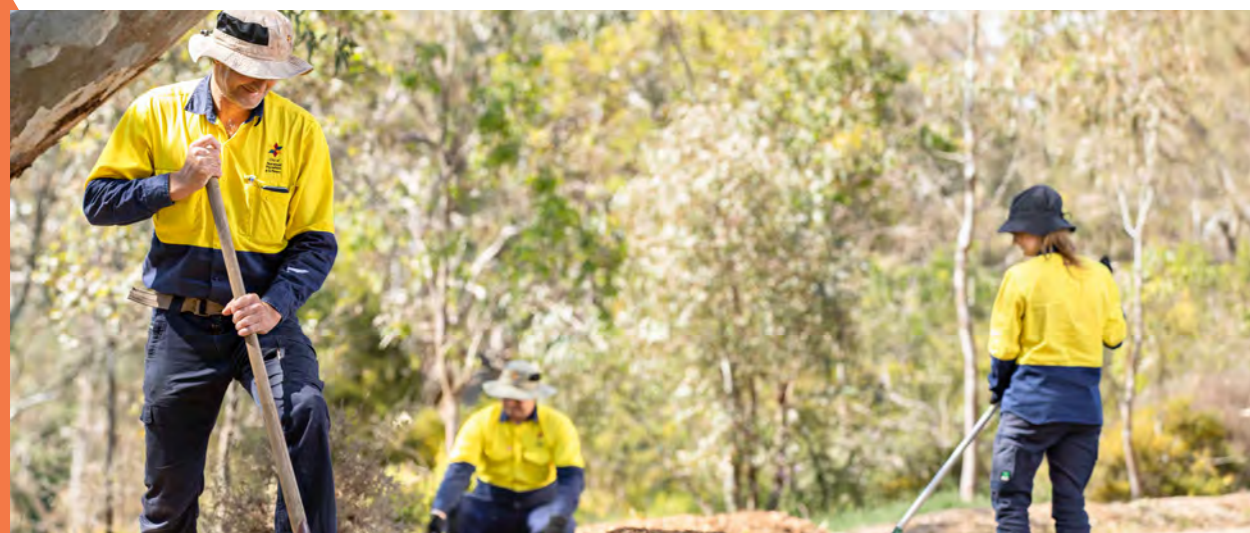
Where possible, regeneration principles should also be considered in the implementation of the Council's programs, projects, services and initiatives that are delivered as a result of CityPlan 2030.

How We Implement

CityPlan 2030 is supported by a series of strategic documents which are then implemented through the Council's Annual Business Plan, Annual Budget, Project Plans and Action Plans which highlight the Council's key priorities for each financial year.

In order to achieve this, the Council is committed to establishing partnerships and collaborating with the community and businesses, other tiers of government and key stakeholders including other councils and the Eastern Region Alliance. To an extent, all members of the community will play a role in shaping and delivering a better future for the City of Norwood Payneham & St Peters.

Much of the detail regarding how the Vision for the City will be achieved, will be outlined in other Council plans and strategies which are produced to guide the delivery of the Council's programs, projects, services and initiatives. The Council will also prepare a Corporate Plan to identify the specific programs and actions required to implement and integrate all of the elements of CityPlan 2030 over the next four years.



Plans and strategies are produced to guide the delivery of the Council's programs, projects, services and initiatives.

How We Report

The Council is committed to delivering CityPlan 2030 through to 2030 and monitoring progress through regular reporting to our community through the Council's Annual Report. Additional reporting is also provided through the Council's Reporting Framework.

Measures of success are outlined in CityPlan 2030 for each of the four Outcomes in the Plan and are set at three strategic levels: macro, Council and community.

- ▶ **Macro Targets** reflect the Council's commitment to contributing towards State and Federal Government targets, however the level of achievement against these targets is influenced by external economic and social factors, which are not within full control of the Council.
- ▶ **Council Targets** are set against deliverables which the Council is wholly accountable for and are not impacted by any reasonable external influences.
- ▶ **Community Perception targets** are set that reflect the community's level of satisfaction.

Targets set against each Outcome area provide a measure of achievement that the Council will be aiming to reach. They provide a clear goal for the Council to work towards over the next four year period to 2024, when the Council will undertake another update which will be used to evaluate our success.

Strategic Planning Framework

The Council's overall Vision is achieved through a framework comprising three key stages – Planning, Implementation and Reporting.



Our Achievements



Felixstow Reserve Redevelopment



St Peters Heroes Memorial



La Verde Apartments, Public Realm Enhancement Project



Raising The Bar Adelaide

A snapshot of achievements since 2017

Completed the award-winning **Felixstow Reserve Redevelopment Project**.

Endorsed **The Parade Masterplan** to guide future development of The Parade, Norwood.

Completed construction of the **River Torrens Linear Park Shared Pathway** project between Felixstow Reserve and Battams Road.

Completed upgrades to the **Payneham Oval Clubrooms** including increased accessibility elements.

Implemented the **LED Street Lighting Conversion Project** which resulted in a 65% reduction in CO2 emissions.

Added the names of 145 servicemen from St Peters and surrounds to the **St Peters Heroes Memorial** which was unveiled by the Governor of South Australia.

Introduced **Soft Plastic Recycling** at the Norwood Town Hall.

Launched the **Eastside Wine & Ale Trail**.

Introduced the annual **Eastside Business Awards** celebrating businesses across the City.

Held the **Concerts in the Park Series**, a trio of outdoor live music events.

Developed the **Kent Town Urban Design Framework** and **Kent Town Public Realm Manual**.

Signed up to the Local Government Association's **Circular Procurement Pilot Project**.

Completed the award-winning **Age Friendly Wayfinding Strategy**.

Adopted a Regional Public Health and Well-Being Plan – **Better Living, Better Health 2020–2025**.

Developed an **Access & Inclusion Strategy (2018–2021)**.

Developed the Council's first **Youth Development Strategy**.

Completed the redevelopment of **Syd Jones Reserve** at Firle.

Partnered with the State Government to deliver two **Public Realm Enhancement Projects** in Kent Town adjacent the East Park and La Verde apartments.

Endorsed and commenced a 15 year program to **upgrade the City's stormwater drainage network**.

Completed the **upgrade of Drage Reserve**, Felixstow including a new all abilities playground.

Unveiled **Perpetual Sun**, the City's third Quadrennial Major Public Artwork in Stepney.

Implemented a **40km per hour speed limit** in Stepney, Maylands and Evandale.

Designated The Parade as a **smoke-free** area.

Held the first **Raising The Bar Adelaide** and the inaugural **Raising The Bar Entrepreneurship** events.

Established the **Mayor's Business Commendation Awards**.

Conducted the Council's first **Come and Try Program** (2017).

Engaged with young people through the YouthFM radio broadcasting program.

Launched an **Online Heat Mapping Tool** as part of the Resilient East regional council collaboration.

Implemented the Council's unique **Private Laneways Policy and Procedure**.

Adopted the Local Government Association's **Shared Mobility Framework**.

Reviewed and endorsed new **Community Land Management Plans**.

Developed the Council's first **Smart City Plan**.

Mid Term Review

CityPlan 2030 was designed to evolve from its adoption in 2008 through to 2030 in order to address emerging or changing issues and trends, while also reflecting updated data. The Council recognises that as local, national and international conditions change, CityPlan 2030 will be required to adapt. These have been considered in undertaking the current CityPlan 2030 Mid Term Review.

As *CityPlan 2030* is a long-term plan, the high-level Outcomes have not changed in this mid term update; rather, adjustments have been made to some of the Objectives and Strategies to reflect changes in the community's aspirations and broader societal trends. The indicators and targets have also been realigned to better measure the Council's progress and success in delivering the plan and have been set against each of the four Outcomes.

In a similar fashion to the most recent update which was undertaken in 2017, this mid term review did not involve an overhaul of the Plan. Rather, it has

reaffirmed the high level strategic direction of the Council through the format of a progress review, intended to confirm the continued relevance of the Objectives and Strategies.

Two stages of community and stakeholder engagement and consultation have informed the 2020 mid term review of *CityPlan 2030*.

A summary of the consultation and engagement process is provided in the Council report which is available on the Council's website. Due to the restrictions which were put in place as a result of the COVID-19 pandemic, the consultation process undertaken for the mid term review was adapted to an online format to ensure that the community had the opportunity to contribute to the review process.

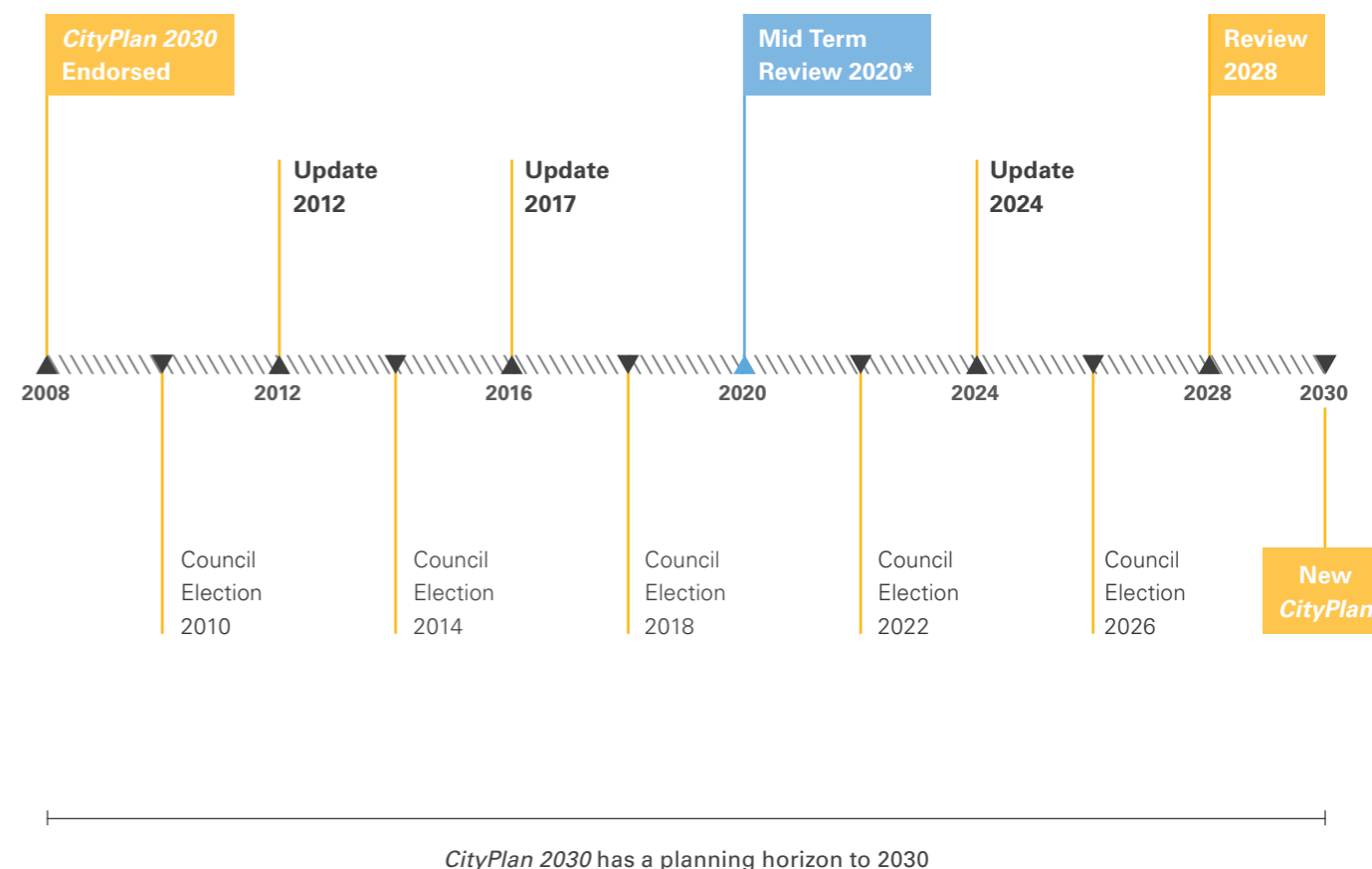
Since the previous update of *CityPlan 2030* in 2017, no new ABS Census data has been released. As such, 2016 ABS Census data and Remplan data, together with the results of the 2019 Community Survey, have been used to inform this review.



CityPlan 2030 is reviewed every four years to ensure that the priorities continue to reflect the community's aspirations.

Our Review Framework

A review of *CityPlan 2030* is undertaken every four years to ensure that the priorities continue to reflect the community's aspirations. The previous two reviews of *CityPlan 2030* were undertaken in 2012 and 2017, with the next update scheduled for 2024.



*Denotes current review

Our City Today

Located in the inner-eastern suburbs of Adelaide, the City of Norwood Payneham & St Peters comprises a unique mix of historic and contemporary architecture, complemented with a range of parks and gardens and leafy green streets which provide an attractive and distinct character.

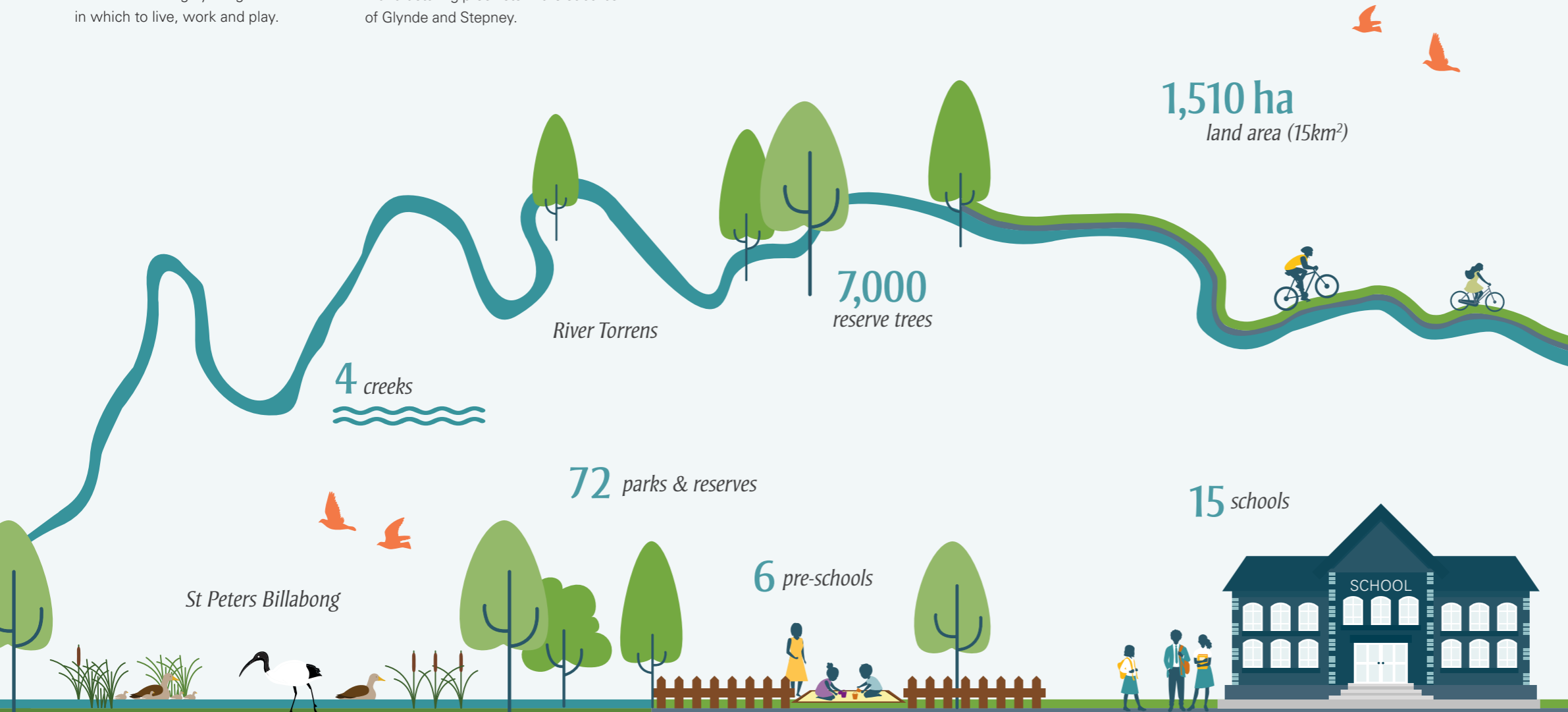
Although the City is predominantly residential, the extensive range of retail, commercial and institutional land uses, with pockets of industrial land make it a highly sought after area in which to live, work and play.

The citizens of the City of Norwood Payneham & St Peters are proud of its diverse population and celebrate the many cultures which are represented in the community, creating a strong sense of place and belonging.

With a reputation for its cosmopolitan lifestyle and cultural influences, the City has evolved over the last 20 years into a vibrant destination with retail mainstreets located along The Parade, Magill Road and Payneham Road, and thriving food and beverage manufacturing precincts in the suburbs of Glynde and Stepney.

With its close proximity to Adelaide's Central Business District, the City presents as a location of choice for businesses of all shapes and sizes. It offers a hub for innovative and emerging industries, co-working spaces, food and beverage manufacturing as well as creative industries. Existing professional, manufacturing and light industry precincts are also significant contributors to the State and local economies, along with smaller home-based businesses and start-ups, which underpin local entrepreneurialism.

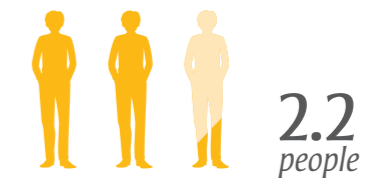
Although the socio-economic profile of the City is higher than the Adelaide and South Australian profiles, there are pockets of disadvantage. As such, the Council continues to provide services and infrastructure for people of all ages and at all stages of life and abilities.



Household composition[#]



Average household[#]



Age of the NPSP population[#]



2016 Census

Our City Today Continued

7,000⁺
local businesses

21,013⁺
Workers

A decrease from 24,367 in February 2020 (pre COVID-19) which equates to a fall of 13.8%

86%
of people travel into the City of Norwood, Payneham and St Peters to work

171km of roads

341km of footpaths

An increase of 5.8% from 2019[^]

37,056*
Residents

Population forecast
39,234
by 2031

More than 23,000
street trees

30 playgrounds

14%
of employed people both live and work in the City of Norwood, Payneham and St Peters

2 swimming centres

40 median age[#]

120 ethnicities[#]

Top 3 Employment sectors⁺



Health care and social assistance



Professional, scientific and technical services



Retail trade

How we connect and engage

81.9%
of households access the internet from their home[#]



eNewsletters



Website



Social Media

* ABS ERP 2019 - EconomyID
2016 Census
+ Remplan, March 2020
^ DPTI Dec 2019 Population Projections

Challenges and Opportunities 2020 and Beyond

As the City of Norwood Payneham & St Peters continues to evolve and grow, there are a number of opportunities and challenges which must be considered.

Global economic, political and environmental factors are driving a number of changes which have been occurring over the past four years since the last update of *CityPlan 2030* was undertaken in 2017. The most pressing challenges and biggest opportunities that present in the City of Norwood Payneham & St Peters reflect many of the major changes underway globally and across other parts of Australia with many inextricably linked to broader economic, social and environmental changes in society.

The Council must respond and take into account impending changes in order to accommodate changes to the City's built form, while maintaining and enhancing our transport and open

space networks, community facilities and services, and the well-being and connectedness of our people.

Alongside the challenges, the changes present an opportunity for the Council to work with the community and partners, to demonstrate strong leadership and good governance in delivering high quality infrastructure and services. Embracing and planning for the future is the foundation upon which *CityPlan 2030 – Mid Term Review* has been developed.

It is likely that these factors will have an impact on our society at the local, national and global scale and that this will extend beyond the City's 2030 Vision. For further information on these challenges and opportunities, the 'Discussion Paper – Key Trends & Drivers of Change' for consideration in the Mid Term Review of *CityPlan 2030: Shaping Our Future* is available on the Council's website.

Embracing and planning for the future is the foundation upon which CityPlan 2030 – Mid Term Review has been developed.

COVID-19 Pandemic

On 11 March 2020, the World Health Organisation declared the COVID-19 pandemic. In a very short period the world saw mass closures to society and businesses, resulting in social isolation and high unemployment levels.

In response to the local impacts of the pandemic, the Council introduced a Financial Assistance Package to assist ratepayers, residents, businesses, sporting clubs and other property owners and local groups. Despite the support which was offered by the Council and other tiers of Government, the impacts of social distancing have affected people's sense of connectedness and well-being, and have had impacts on the local economy, which will present a significant challenge to the Council and its community for the foreseeable future.

Population Growth

The City of Norwood Payneham & St Peters has maintained a relatively stable population with moderate growth.

The population is forecast to grow by 10% between 2016 and 2036 compared to the forecast growth of 18% across the Greater Adelaide Region. In 2019 there was an estimated 37,000 people living in the City of Norwood Payneham & St Peters with older people accounting for an increasing share of the population. In order to fully support people of all stages of life and abilities, the Council will need to maintain the provision of services and facilities for all people.

South Australian Planning Reforms

The South Australian State Government is in the progress of implementing its most radical overhaul of the urban planning system in more than two decades.

In addition, there have been several major changes in planning policy and State Government initiatives for urban consolidation in recent years and a strong focus remains on allowing

higher density and more intense mixed-use developments within the inner metropolitan areas. This has resulted in significant changes to built form in areas such as Kent Town and Norwood, where new development has resulted in increased population numbers and generated significant private and public sector investments into public realm upgrades.

The challenge remains for the Council, and the State Government, to ensure that there is a balance between the protection of character, heritage and neighbourhood amenity whilst facilitating opportunities for higher density development where appropriate and ensuring high quality design outcomes for the community.



Maintaining and enhancing our transport and open space networks, community facilities and services.

Smart City

A smart city generally refers to a city or region which uses information and communication technology as the enabler for providing services to and connecting with the community in a faster, more efficient and more environmentally sustainable manner.

Smart city technology generates huge amounts of data allowing real-time insights into the city which has never been possible before. The introduction of smart city technology has significant implications for the way local government decisions are made and services are delivered.

The City of Norwood Payneham & St Peters is committed to leveraging the benefits of the smart city revolution with the Council having a number of existing digital programs and reforms already in place. Some competing challenges for the Council to navigate will include how to prioritise the introduction of smart city initiatives into the Council and how to integrate this technology across the broader Council service offering while using it to achieve all four Outcomes of *CityPlan 2030*.

Alongside the potential for better service provision, comes increased opportunities for citizens of the City to interact with the Council in real time.

Transport and Movement

Current planning reforms have relaxed requirements for the provision of off-street car parking for developments, which over-time will place additional pressure on the Council's street network in terms of both parking and traffic.

The challenge for the Council is to enable development to occur in a way that improves access and mobility for

all ages and abilities and contributes to the liveability, health and well-being of the community. A key component in achieving this is to create safe and attractive streets that encourage people to replace short car trips with walking or cycling and replacing longer car trips with walking to a bus stop. The City of Norwood Payneham & St Peters is well placed to deliver this with many shops, services and facilities located within short distances to all dwellings, enabling active and sustainable transport options.

The Council will also be required to consider and adapt to the emerging challenges and opportunities resulting from post COVID-19 travel patterns with a need to create flexible and future-proof infrastructure.

Climate Change Adaptation and Mitigation

The Council recognises that we are experiencing a state of rapid climate change which requires strong action by all levels of government and subsequently is affirming its commitment to both mitigate against and adapt to, the adverse impacts occurring within the City of Norwood Payneham & St Peters.

Impacts to the local environment are likely to be experienced through the loss of biodiversity and natural character in our parks and reserves, reduced comfort and liveability in our streets, and an increased pressure on stormwater infrastructure, amongst other impacts.

While climate change is a global issue, it is felt locally and therefore the City of Norwood Payneham & St Peters is on the frontline of adaptation by collaborating with its key partners and the community.

Our Roles in Delivering CityPlan 2030

CityPlan 2030 identifies the strategies which the Council will implement in order to achieve our Vision. Implementation of these strategies will be achieved by understanding the community's expectations in the services being offered and in the Council determining its most appropriate role in delivering these strategies.

In implementing *CityPlan 2030*, the Council will act as:

Service Provider

Provide a range of local services, programs and infrastructure for our community.

Facilitator

Bring together and connect stakeholders with a common purpose to achieve an outcome.

Advocate

Be a voice for our community on broader issues.

Leader

Play a lead role by providing direction and solutions on community issues.

Partner/Collaborator

Partner and collaborate with the community, other levels of government and the private sector to deliver.

Be a voice for our community on broader issues

Our Strategic Plan

CityPlan 2030: Shaping Our Future is the blueprint for the direction that our City will take over the long-term in achieving Community Well-being.

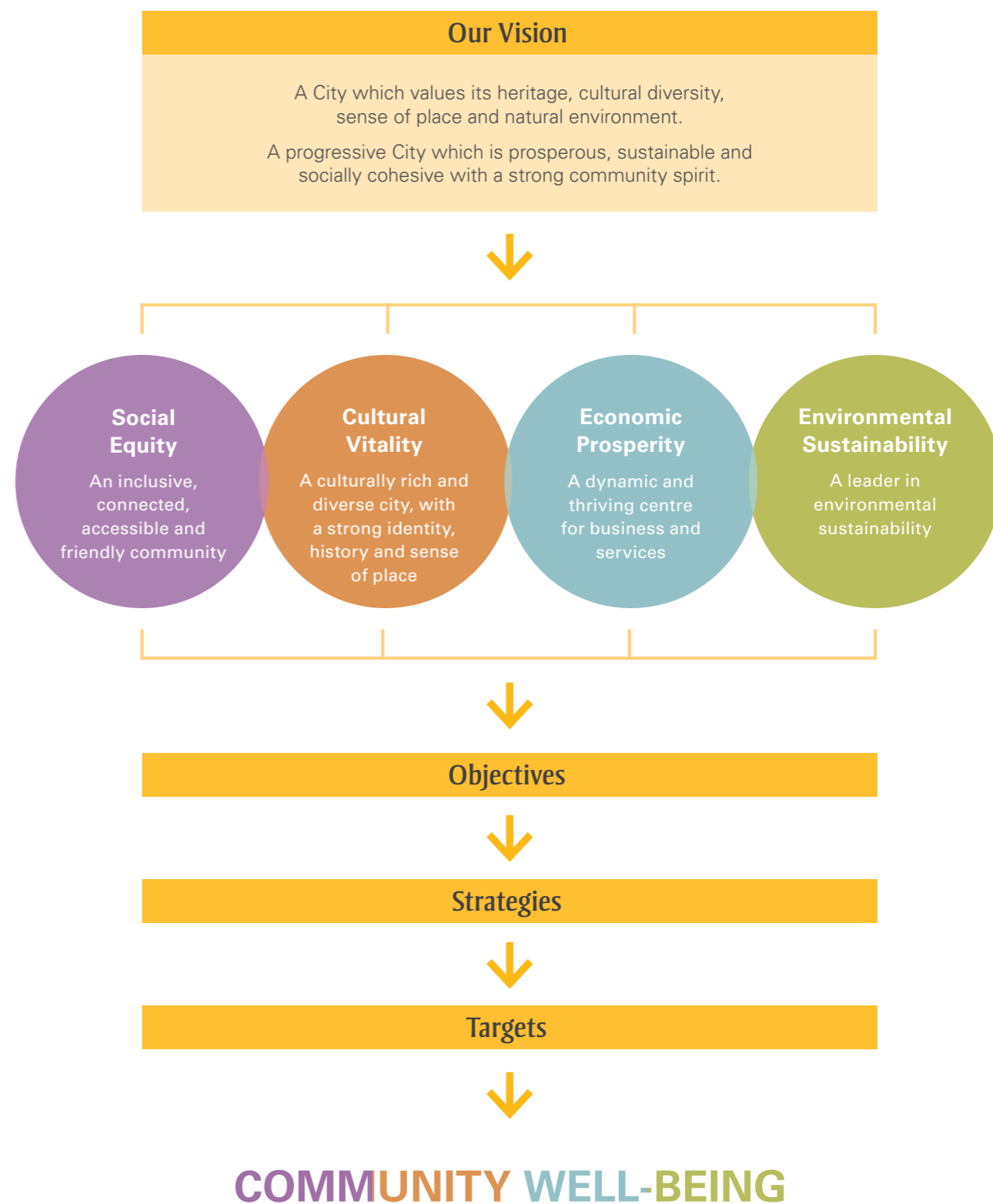
The Vision is based on the community's aspirations and is underpinned by four Outcomes – Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability. Each of the Outcomes in *CityPlan 2030* is translated into a series of Objectives and Strategies.

The Objectives outline the priorities which are aimed at achieving the four Outcomes, while the Strategies outline in broad terms how the Objectives will be achieved. Targets have subsequently been identified to measure our success in delivering on each of the four pillars.



The Vision is based on the community's aspirations and is underpinned by four outcomes.

CityPlan 2030 Shaping Our Future





In recognition that Community Well-Being is our ultimate goal, our people are at the centre of everything we do.

St Peters Library, St Peters



Outcome 1 Social Equity

An inclusive, connected, accessible and friendly community.

The City of Norwood Payneham & St Peters is a community which values its diversity and provides a welcoming, inclusive and safe environment where people of all backgrounds, cultures, ages and abilities feel welcome and connected.

Home to some 37,056 residents, the City has experienced a small but steady increase in its population and is predicted to continue to grow over the next ten years with an additional 2,000 people choosing the City of Norwood Payneham & St Peters as their place of residence. In recent years the community has grown with an influx of new citizens from China, Malaysia, India and South Korea, many of whom are students. Other recent settlers include citizens from South Africa, Vietnam, Nepal, the United Kingdom, New Zealand and Sudan.

Our community is diverse and one where people from all walks of life are valued for who they are and the qualities they bring with them. In recognition that Community Well-being is our ultimate goal, our people are at the centre of everything we do and our residents feel a strong sense of connection with their community.

To improve the health and well-being of the community, the Council looks to address the drivers of social disadvantage by creating services, information and facilities that are accessible to all. This includes maximising participation across the community and providing diverse opportunities for the community to feel socially connected, ensuring that no segment of the community is left behind.

The Council is also committed to accommodating the needs of the diverse population by facilitating a range of housing options to assist in maintaining social and cultural diversity and affordability across the City.

The City's connection is built on the ability of all people to move efficiently and sustainably. To achieve this the Council is committed to further developing its people-friendly, sustainable transport network. The Council continues to work on ensuring better connections for pedestrians, cyclists and public-transport users, facilitating lifestyle choices. New technology and climate change will continue to influence and shape the way people move around, with active transport modes being increasingly prioritised over traditional transport modes.



Social Equity

*Aspiration
An inclusive, connected,
accessible and friendly
community*

Objective 1.1

Convenient and accessible services, information and facilities.

Strategy

- 1.1.1 Establish community hubs that integrate social support, health, recreational and commercial services, in multi-purpose spaces.
- 1.1.2 Maximise access to services, facilities, information and activities.
- 1.1.3 Design and provide safe, high quality facilities and spaces for all people.

Objective 1.2

A people-friendly, integrated and sustainable transport network.

Strategy

- 1.2.1 Enable sustainable and active transport modes.
- 1.2.2 Provide safe and accessible movement for all people.
- 1.2.3 Work with other agencies to influence or provide improved and integrated sustainable transport networks.
- 1.2.4 Provide appropriate traffic management to enhance residential amenity.

Relevant Plans

- [City-Wide Cycling Plan \(2013\)](#)
- [Access & Inclusion Strategy \(2018–2022\)](#)
- [Aging Strategy \(2011\)](#)
- [Better Living Better Health, EHA \(2020–2025\)](#)
- [Dog & Cat Management Plan \(2019–2024\)](#)
- [Youth Development Strategy \(2019–2021\)](#)
- [Smart City Plan \(2020\)](#)
- [Age-friendly Wayfinding Strategy \(2019\)](#)

Objective 1.3

An engaged and participating community.

Strategy

- 1.3.1 Promote and facilitate volunteering opportunities in the community and within the Council.
- 1.3.2 Provide opportunities for community input in decision-making and program development.
- 1.3.3 Recognise and use the skills, knowledge and resources of the community.
- 1.3.4 Facilitate community support networks and partnerships for the sharing of resources and skills in order to build community capacity.
- 1.3.5 Inform and connect new residents to the community and its resources.

Objective 1.4

A strong, healthy, resilient and inclusive community.

Strategy

- 1.4.1 Encourage physical activity and support mental health to achieve healthier lifestyles and well-being.
- 1.4.2 Encourage and provide opportunities for lifelong learning.
- 1.4.3 Encourage the use of spaces and facilities for people to meet, share knowledge and connect with each other.
- 1.4.4 Facilitate a range of housing options to assist in maintaining social and cultural diversity and affordability.

Measuring Our Success

Metric	Measurement	Target
▶ The use of active transport (cycling, walking and public transport) to school/work.	Journey to work census data.	31% of trips made by active transport in 2045. Aligns with 30 Year Plan for Greater Adelaide (2017 update).
▶ The number of Lifelong learning programs provided by the Council.	Session numbers collected by the Council.	Year-on-year increase in the number of lifelong learning program sessions delivered by the Council.
▶ The provision of connected, safe and enjoyable streets, paths and facilities that encourage cycling and walking.	Infrastructure improvements recorded by the Council.	A minimum of one prioritised street improvement each year that encourages active transport.
▶ The level of community satisfaction with safety during the day and night.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating higher than the average from the previous four Council Community Surveys.
▶ The level of community satisfaction with the access to services and facilities.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating higher than the average from the previous four Council Community Surveys.

▶ Macro Targets ▶ Council Targets ▶ Community Targets



Our dynamic and vibrant public spaces provide inviting destinations for our community, creating a strong 'sense of place'.

Santos Tour Down Under, Norwood



Outcome 2 Cultural Vitality

A culturally rich and diverse City, with a strong identity, history and sense of place.

The City of Norwood Payneham & St Peters is located within the traditional lands of the Kurna people who lived around the City's creeks for more than 40,000 years prior to European settlement. Since that time, the City has developed a diverse cultural profile with a significant number of residents born in Italy, Greece, Germany and Poland, and with more recent migration coming from various parts of Asia.

The City has a rich and distinctive history with a long tradition of historical firsts at a local, state and national level. As a community we are proud of our history which has been recognised through the City's acceptance into the International League of Historical Cities. We continue to ensure that our heritage is protected and celebrated through the City's cultural and built form and heritage programs recognising our history.

Residents take great pride in the appearance of our City, both in the built environment and the open spaces. A mix of land uses create a diverse and liveable city with quality urban design consisting of high quality streetscapes, artworks and character, building a shared sense of identity for the community.

The City's culture is defined as our values and aspirations, traditions and

shared memories, the way in which we develop, receive and transmit these, and the ways of life that they produce.

Our dynamic and vibrant public spaces provide inviting destinations for our community, creating a strong 'sense of place'. A place where different cultures can share their experiences. These places are enlivened with creative expression and events relating to food, wine, music and the arts, and where the community is enriched with a sense of belonging.

Building on our strong community spirit and 'sense of place', and the existing assets within our City, the City of Norwood Payneham & St Peters facilitates opportunities for cultural representation and celebration encouraging an engaged and connected community.

The Council continues to encourage local creativity and participation in the arts, attracting and supporting cultural and creative organisations, businesses and people.

CityPlan 2030 presents an opportunity to celebrate our natural environment, together with our Kurna and European heritage, in a contemporary way to bring energy and vitality to our community.



Cultural Vitality

*Aspiration
A culturally rich and diverse City, with a strong identity, history and sense of place.*

Objective 2.1

An artistic, creative, cultural and visually interesting City.

Strategy

- 2.1.1 Use the arts to enliven public spaces and create a 'sense of place'.
- 2.1.2 Provide opportunities and places for creative expression for all people.
- 2.1.3 Attract and support cultural and creative organisations, businesses and individuals.

Objective 2.2

A community embracing and celebrating its social and cultural diversity.

Strategy

- 2.2.1 Acknowledge and recognise local Aboriginal heritage and history.
- 2.2.2 Facilitate opportunities for cultural expression, celebration and interaction between different cultural and demographic groups.
- 2.2.3 Promote understanding of and respect for our cultures and heritage.

Objective 2.3

A City which values and promotes its rich cultural and built heritage.

Strategy

- 2.3.1 Protect and enhance places, streetscapes, precincts and landmarks which reflect the built and cultural history of our City.
- 2.3.2 Reflect our City's history through cultural heritage programs and initiatives.
- 2.3.3 Promote the value of heritage protection.

Objective 2.4

Pleasant, well designed, and sustainable urban environments.

Strategy

- 2.4.1 Encourage development that complements our City's built heritage and character areas.
- 2.4.2 Encourage sustainable and quality urban design outcomes.
- 2.4.3 Maximise the extent of green landscaping provided in new development and in the public realm.

Objective 2.5

Dynamic community life in public spaces and precincts.

Strategy

- 2.5.1 Facilitate a mix of land uses and activities in appropriate locations in balance with amenity and character.
- 2.5.2 Create and provide interesting and vibrant public spaces to encourage interaction and gatherings.
- 2.5.3 Host and facilitate community events and activities.

Measuring Our Success

Metric	Measurement	Target
▶ Council support for initiatives and events that support cultural diversity.	The number of promotions delivered by the Council.	Promote four cultural events each year which celebrate our City's cultural diversity (eg NAIDOC Week, Harmony Day). Aligns with Arts & Culture Plan South Australia 2019–2024.
▶ The number of community events held.	The number of events delivered by the Council.	Hold a minimum of six major community events per year.
▶ Designs or upgrades undertaken to community spaces.	The number of projects delivered by the Council.	Undertake the design or upgrade of at least one public space per annum.
▶ The level of community satisfaction with the nature of new development within the Council area.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating higher than the average from the previous four Council Community Surveys.
▶ The level of community satisfaction with cultural heritage programs provided by the Council.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys.

▶ Macro Targets ▶ Council Targets ▶ Community Targets

Relevant Plans

- [Kent Town Public Realm Manual](#)
- [Kent Town Urban Design Framework](#)
- [Open Space Strategy \(2003\)](#)
- [Playgrounds Strategy \(2006\)](#)
- [Smart City Plan \(2020\)](#)



Our economy is vital to the success of our City as a place where people can be educated, work and live.

Adelaide Ravioli, Glynde



Outcome 3 Economic Prosperity

A dynamic and thriving centre for business and services

The City of Norwood Payneham & St Peters is a dynamic and vibrant place to do business. The City's proximity to the Adelaide Central Business District attracts a diverse range of businesses.

Our economy is vital to the success of our City as a place where people can be educated, work and live. This is underpinned by a consistent and sustained residential population.

The City offers excellent primary and secondary schools providing an ideal location for students and families to live in close proximity to services and facilities. The significant number of students living in the City also presents a valuable opportunity to retain a diverse mix of people in the City, contributing to the vibrant economic and cultural identity of the City.

Start-up businesses grow from our home-based businesses and co-working spaces contribute diversity and growth to our local economy. Thriving light industrial and manufacturing precincts, and a mix of growing and emerging sectors make the City an exciting opportunity for new businesses. Our 6,996 businesses are supported by both locals and visitors who are attracted to the City's iconic, premier mainstreets for their unique mix of retail, hospitality, character and cosmopolitan lifestyle.

The Council has identified food manufacturing, retail, cultural and creative, and professional and scientific as priority sectors to drive the local economy forward for their recognised contribution to jobs and vibrancy in the City. The City of Norwood Payneham & St Peters defines the cultural and creative industries as architecture, design and visual arts; music and performing arts; film, radio and television; writing and publishing; advertising and marketing; and creative software applications.

As with the rest of the world, the economic prosperity of the City of Norwood Payneham & St Peters has been impacted in 2020 by the COVID-19 pandemic. The COVID-19 pandemic is a disruptor event unseen before and the effects are likely to impact the economy for the foreseeable future.

To reduce the known impacts of the COVID-19 pandemic, the Council is committed to providing a supportive environment for businesses through the provision of infrastructure and other financial relief measures. Since 2017, the Council has continued to stimulate economic growth through a number of initiatives, and recognises the importance of maintaining economic prosperity as a primary focus moving forward.



Economic Prosperity

*Aspiration
A dynamic and thriving centre
for business and services*

Objective 3.1

A diverse range of businesses and services.

Strategy

- 3.1.1 Support and encourage local small, specialty, independent and family-owned businesses.
- 3.1.2 Attract diverse businesses to locate in our City.

Objective 3.2

Cosmopolitan business precincts contributing to the prosperity of the City.

Strategy

- 3.2.1 Retain, enhance and promote the unique character of all our City's business precincts.
- 3.2.2 Retain commercial and industrial land in appropriate locations, and protect it from the encroachment of incompatible land uses.
- 3.2.3 Promote the City as a visitor destination.

Objective 3.3

Attract new enterprise and local employment opportunities to locate in our City.

Strategy

- 3.3.1 Foster emerging enterprises and industries.
- 3.3.2 Support appropriate home-based businesses.
- 3.3.3 Promote and support local food and beverage manufacturing.

Objective 3.4

A leading centre for creative industries.

Strategy

- 3.4.1 Create a business environment that is conducive to retraining and attracting creative industries to our City.
- 3.4.2 Collaborate with other agencies to facilitate the provision of technological infrastructure to support businesses.

Objective 3.5

A local economy supporting and supported by its community.

Strategy

- 3.5.1 Support opportunities for people to collaborate and interact in business precincts.
- 3.5.2 Retain accessible local shopping and services.
- 3.5.3 Encourage businesses to sponsor local community activities.
- 3.5.4 Support opportunities for the community to access locally produced food and beverage produce.
- 3.5.5 Encourage community support for and promote awareness of all businesses in our City.

Measuring Our Success

Metric	Measurement	Target
▶ The number of jobs in the City.	Australian Bureau of Statistics and Australian Business Register.	Number of people employed in the City has returned to pre-COVID levels. (24,367 February 2020)
▶ The number of Council training & networking opportunities held by the Council.	Registration numbers recorded by the Council.	A minimum of six training/networking events held per annum.
▶ The number of promotional initiatives undertaken by the Council.	Initiatives recorded by the Council.	Year-on-year increase in the number of business promotional initiatives held.
▶ The level of community satisfaction with the Council's performance in attracting and supporting businesses.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating higher than the average from the previous four Council Community Surveys.
▶ The level of community satisfaction that the mix of businesses in the City's precincts contributes to the prosperity of the area.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating higher than the average from the previous four Council Community Surveys.

▶ Macro Targets ▶ Council Targets ▶ Community Targets

Relevant Plans

[Economic Development Strategy \(2021–2026\)](#)

[Kent Town Economic Growth Strategy \(2020–2025\)](#)

[Smart City Plan \(2020\)](#)



Our natural environment is a resource that is highly valued by residents and visitors.

St Peters Billabong, St Peters



Outcome 4 Environmental Sustainability

A leader in environmental sustainability

The City of Norwood Payneham & St Peters is an inner metropolitan City with beautiful open spaces and valuable natural resources. It is a City where current and future populations can enjoy a high quality of life in an aesthetically pleasing and environmentally friendly environment.

Our natural environment is a resource that is highly valued by residents and visitors and for this reason it requires careful and efficient management to be protected for future generations.

Street trees and landscaped streetscapes are treasured assets of the City. Together with the integration of green infrastructure and protection of native vegetation, the Council is committed to enhancing environmental sustainability and green cover throughout the City. With the percentage of higher density housing steadily increasing across the City, community open space for passive and active recreation will become increasingly more important. Although the City is well provisioned with open space, the Council will continue to enhance the connection, and management, of the open space network across the City.

Environmental sustainability requires the management of resources from our natural system to ensure they are available in the long-term. The Council recognises its responsibility to protect its natural environment and has affirmed its commitment to both mitigate against, and adapt to, the adverse impacts of climate change. The Council has made significant progress in reducing the ecological footprint of the City by supporting the community through ongoing education initiatives and the implementation of climate change adaptation. Despite this, climate change continues to have impacts on the City's water resources and biodiversity.

While climate change is a global issue. It is felt locally and therefore it is important that the City of Norwood Payneham & St Peters is on the frontline of adaptation through its Resilient East initiative facilitated through the Eastern Region Alliance Partnership. Furthermore, minimising waste and increasing recycling and reuse remain important environmental priorities for the Council.

The Council will continue to work with the community and take bold action on climate change adaptation and mitigation to ensure the protection and sustainability of the City for future generations.



Environmental Sustainability

*Aspiration
A leader in environmental sustainability*

Objective 4.1

Sustainable and efficient management of resources.

Strategy

- 4.1.1 Make better use of water resources including the harvesting and re-use of stormwater.
- 4.1.2 Investigate and implement innovative waste reduction and education initiatives.
- 4.1.3 Employ and promote energy efficiency initiatives and renewable energy resources.
- 4.1.4 Promote the use of sustainable, active and low emission transport modes.
- 4.1.5 Improve the water quality in our City's watercourses.
- 4.1.6 Manage stormwater to reduce the risks of flooding.

Objective 4.2

Sustainable streets and open spaces.

Strategy

- 4.2.1 Improve the amenity and safety of streets for all users including reducing the impact of urban heat island effect.
- 4.2.2 Protect, enhance and expand public open space.
- 4.2.3 Establish a network of linked open spaces for wildlife habitat.
- 4.2.4 Protect, diversify and increase green cover.
- 4.2.5 Integrate green infrastructure into streetscapes and public spaces.

Objective 4.3

Thriving and healthy habitats for native flora and fauna.

Strategy

- 4.3.1 Identify and protect existing native vegetation and enhance habitat quality.
- 4.3.2 Revegetate designated areas with local native species where appropriate.
- 4.3.3 Encourage green cover on private land.
- 4.3.4 Facilitate community participation in revegetation programs and gardening programs, where appropriate.

Objective 4.4

Mitigating and adapting to the impacts of climate change.

Strategy

- 4.4.1 Lead initiatives to reduce the City's ecological footprint and carbon emissions.
- 4.4.2 Undertake climate change adaption initiatives for our assets, public spaces, services and operations.
- 4.4.3 Support climate change adaptation and community education.

Measuring Our Success

Metric	Measurement	Target
▶ Total green cover (includes private and public land).	Record the number of new trees planted by the Council. LiDAR Analysis – Mapping Data.	Plant a minimum of 500 new trees per year in streets and/or public spaces. Aligns with 30 Year Plan for Greater Adelaide (2017 update) requiring an increase of 8% green cover in the City of Norwood, Payneham & St Peters by 2030.
▶ Corporate carbon emissions.	Carbon emissions recorded with the Trellis tool.	Zero corporate carbon emissions by 2030.
▶ The weight (tonnes) of recycled content purchased by the Council.	Council circular procurement reporting tool.	Year-on-year increase in corporate purchases of products or materials that contain recycled content.
▶ The level of community satisfaction with the Council's response to climate change.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating greater than higher than the average from the previous four Council Community Surveys.
▶ The level of community satisfaction with the Council's management and use of water.	Community Survey undertaken by the Council every two years.	Achieve a resident perception rating higher than the average from the previous four Council Community Surveys. Achieve a business perception rating greater than higher than the average from the previous four Council Community Surveys.

▶ Macro Targets ▶ Council Targets ▶ Community Targets

Relevant Plans

[Resilient East Regional Climate Change Adaptation Plan \(2016\)](#)
[Smart City Plan \(2020\)](#)

Further Information

For information on the Council's *CityPlan 2030: Shaping Our Future*, please visit www.npsp.sa.gov.au or phone 8366 4555.

You can also visit the Council's Customer Service Centre at the Norwood Town Hall, 175 The Parade, Norwood.



Additional Copies

CityPlan 2030: Shaping Our Future can be viewed online at www.npsp.sa.gov.au

Additional copies may also be obtained by:

- visiting Norwood Town Hall
- visiting any of the Council's Libraries
- emailing townhall@npsp.sa.gov.au
- contacting the Council on 8366 4555
- writing to the Council at PO Box 204, Kent Town SA 5074

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175 The Parade, Norwood SA 5067

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Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au
Socials  /cityofnpsp  @cityofnpsp



City of
**Norwood
Payneham
& St Peters**

Attachment B

Strategic Management Plans

2020 Asset Management Plan Buildings Infrastructure

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
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City of
Norwood
Payneham
& St Peters



2020
Asset Management Plan
Buildings Infrastructure



City of
Norwood
Payneham
& St Peters



Document Control		2020 ASSET MANAGEMENT PLAN – BUILDINGS INFRASTRUCTURE			
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	December 2020	Draft for Community Consultation	JC	PM	PP
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Contents

1.0	EXECUTIVE SUMMARY	5
1.1	The Purpose of the Asset Management Plan	5
1.2	Asset Description	5
1.3	Levels of Service.....	5
1.4	Future Demand.....	5
1.5	Life-Cycle Management Plan	5
1.6	Financial Summary.....	6
1.7	Asset Management Practices	7
1.8	Monitoring and Improvement Program	7
2.0	Introduction	8
2.1	Background	8
2.2	Goals and Objectives of Asset Ownership	10
3.0	LEVELS OF SERVICE	12
3.1	Community Research and Expectations	12
3.2	Strategic and Corporate Goals.....	12
3.3	Legislative Requirements.....	12
3.4	Citizen Values.....	13
3.5	Citizen Levels of Service.....	14
3.6	Technical Levels of Service.....	15
4.0	FUTURE DEMAND	17
4.1	Demand Drivers	17
4.2	Demand Forecasts	17
4.3	Demand Impact and Demand Management Plan	17
4.4	Asset Programs to Meet Demand.....	17
4.5	Climate Change and Adaptation	17
5.0	LIFE-CYCLE MANAGEMENT PLAN	19
5.1	Background Data	19
5.2	Operations and Maintenance Plan	19
5.3	Renewal Plan	21
5.4	Summary of Future Renewal costs	22
5.5	Acquisition Plan	23
5.6	Disposal Plan.....	25

6.0 RISK MANAGEMENT PLANNING 26

6.1 Critical Assets.....26

6.2 Risk Assessment.....26

6.3 Infrastructure Resilience Approach28

6.4 Service and Risk Trade-Offs28

7.0 FINANCIAL SUMMARY 30

7.1 Financial Statements and Projections.....30

7.2 Funding Strategy.....31

7.3 Valuation Forecasts31

7.4 Key Assumptions Made in Financial Forecasts31

7.5 Forecast Reliability and Confidence.....32

8.0 PLAN IMPROVEMENT AND MONITORING 33

8.1 Status of Asset Management Practices33

8.2 Improvement Plan33

8.3 Monitoring and Review Procedures33

8.4 Performance Measures34

9.0 REFERENCES 35

10.0 APPENDICES 36

Appendix A36

Appendix B37

Appendix C38

Appendix D39

Appendix E40

Appendix F41

1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Asset Management Plan

Asset management planning is a comprehensive process ensuring the delivery of services from infrastructure is financially sustainable.

This Asset Management Plan (AMP) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The AMP defines the services to be provided, how the services are provided and what funds are required over the ten (10) year planning period. The AMP will link to the Council's Long-Term Financial Plan (LTFP) which typically considers a ten (10) year planning period.

This AMP covers City's Buildings Infrastructure Network.

1.2 Asset Description

The City's Buildings Infrastructure Network comprises:

- municipal buildings;
- community facilities;
- recreation and leisure buildings and facilities;
- swimming centres; and
- public toilets.

The Buildings Infrastructure Network has a significant total renewal value estimated at \$119,709,192.

1.3 Levels of Service

The Council's present funding levels are sufficient to continue to provide existing services at current service levels in the medium term.

The main service consequences of the Planned Budget expenditure are:

- assets are replaced accordingly with respect to condition and intended useful life; and
- assets are compliant to the relevant standards and guidelines.

1.4 Future Demand

The main demands for new services are created by:

- increased use of Building Infrastructure assets due to an increase in population; and
- increased demand for sustainability practices due to climate change.

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures, such as:

- monitoring and auditing of asset condition and compliance; and
- understanding the expectations and needs of users.

1.5 Life-Cycle Management Plan

1.5.1 What does it Cost?

The forecast life-cycle costs necessary to provide the services covered by this AMP includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AMP may be prepared for a range of time periods, it typically informs a long-term financial planning period of ten (10) years. Therefore, a summary output from the AMP is the forecast of ten (10) year total outlays, which for the Buildings Infrastructure Network is estimated as \$37,739,247 or \$3,773,925 on average per year.

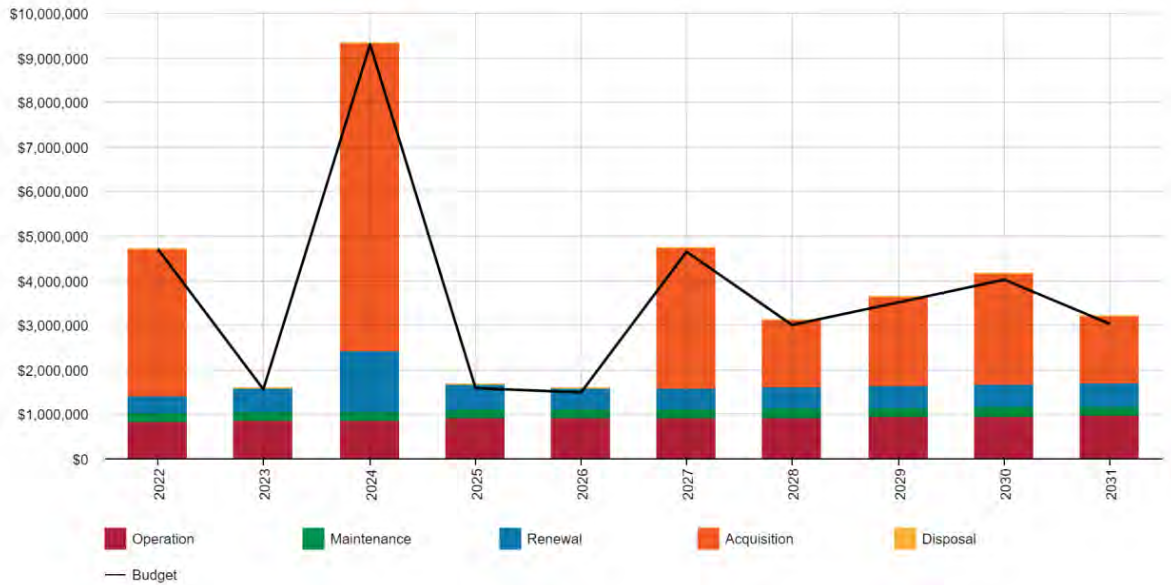
1.6 Financial Summary

1.6.1 What the Council will do

Estimated available funding for the ten (10) year period is \$36,866,281 (or \$3,686,628 on average per year) as per the Council’s LTFP. This is approximately 98% of the cost to sustain the current level of service at the lowest life-cycle cost.

The life-cycle summary shown in Figure 1.6.1 shows the minor shortfall in allocated funding across the planning period. The master-plan upgrade of various buildings and facilities will lead to a projected increase in operations and maintenance costs which have not been allowed for in the LTFP. The budget will need to be monitored and amended accordingly in future years to avoid deferred operation and maintenance works.

Figure 1.6.1: FORECAST LIFE-CYCLE COSTS AND PLANNED BUDGETS



All figure values are shown in current (2020) dollars.

The Council plans to undertake the following in respect to the existing Buildings Infrastructure Network:

- operation, maintenance, renewal and upgrade of existing Building Infrastructure Network assets to meet current service levels which are set by annual budgets; and
- upgrade of the Payneham Memorial Swimming Centre, Norwood Swimming Centre, Norwood Library and Norwood Concert Hall facilities within the ten (10) year planning period as set out in the Council’s LTFP.

1.6.2 What the Council cannot do

The Council currently allocates sufficient funding to sustain the Buildings Infrastructure Network at the proposed standard. Any operations and maintenance budget requirements derived from new or upgraded buildings infrastructure have not been allowed for, as the potential operations and maintenance which are required are unknown at this stage and will only be determined during the design of the renewal projects. As this information becomes available the AMP will be updated to reflect the changes.

1.6.3 Managing the Risks

The Council’s budget expenditure levels are sufficient to continue to manage risks in the medium term, however, the costs associated with increasing maintenance and operations due to assets which are planned to be acquired have not been allowed for in the LTFP.

The main risk consequences are:

- increased risk of asset failure due to deferred operation and maintenance works;

- service provided by assets are not to the standard of the users; and
- loss of the Council's reputation.

The Council will endeavour to manage these risks within available funding levels by:

- finding efficiencies within the current maintenance and operations program; and
- increasing proactive inspections and maintenance.

1.7 Asset Management Practices

The Council's systems associated with the management of assets include:

- the Council's financial system; and
- the Council's asset management system.

Assets requiring renewal/replacement are identified from either the Council's Asset Register or the Alternative Method. These methods are part of the Life-Cycle Model.

If Asset Register data is used to forecast the renewal costs, the acquisition year and the useful life are utilised.

Alternatively, an estimate of renewal life-cycle costs is projected from external condition modelling systems and may be supplemented with, or based on, expert knowledge.

The Alternative Method was used to forecast the renewal life-cycle costs for this AMP.

1.8 Monitoring and Improvement Program

The next steps resulting from this AMP to improve asset management practices are:

- integrating building assets with asset management system;
- reviewing the Asset Register (including building categorisation) and asset renewal program data and subsequently implementing a proactive renewal plan;
- reviewing the needs and expectations of the users to assisting the development of the buildings strategy;
- developing risk assessment and management planning;
- reviewing resilience of critical infrastructure and condition data;
- assessing the adequacy of operations and maintenance budget; and
- continuing the development of integration between strategic plans, AMP and LTFP.

2.0 Introduction

2.1 Background

The Council's Buildings Infrastructure assets represent a major investment by the community over a long period of time and provides a wide range of essential services, such as facilitating civic, administrative and community-based functions and activities. These assets have been donated, acquired and constructed over several generations and must be appropriately maintained, enhanced and renewed, in order to continue to provide adequate services and benefits to the community for future generations.

This AMP communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements and required funding to provide the appropriate levels of service over the long term planning period.

This AMP is to be read in conjunction with the following key planning documents:

- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- Public Buildings Policy (2008)
- Access & Inclusion Policy (2018)
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

The Council has a strong focus on asset management, with continuous improvements during the revision of the AMP. Integration of renewal and upgrade planning is undergoing continuous improvement to ensure the minimum required investment provides the greatest value outcomes.

The infrastructure assets covered by this AMP include municipal buildings, community buildings, recreation and leisure buildings swimming centres and public toilets. For a detailed summary of the assets covered in this AMP refer to Table 5.1.1 in Section 5.

The infrastructure assets included in this AMP have a total replacement value of \$119,709,192.

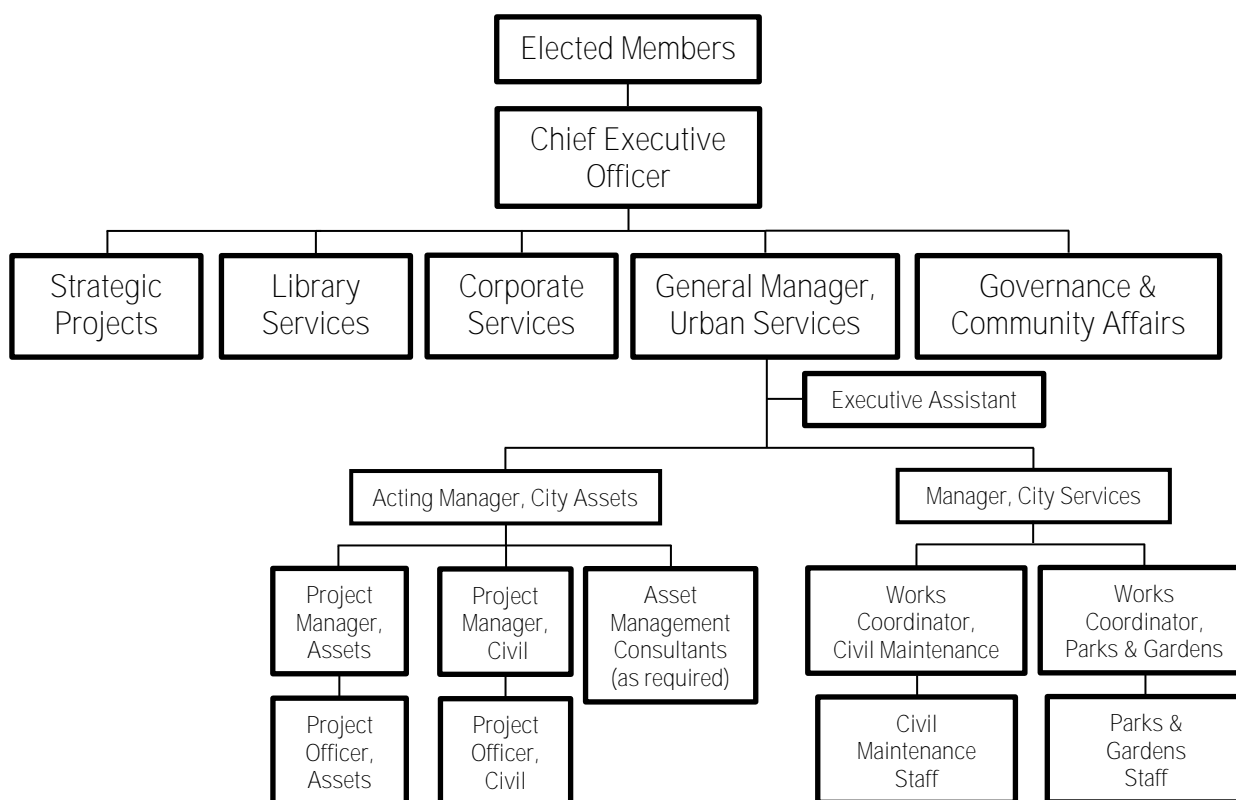
Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.1.

Table 2.1: KEY STAKEHOLDERS IN THE AMP

Key Stakeholder	Role in AMP
Elected Members	Represent needs of community/shareholders, allocate resources to meet planning objectives in providing services while managing risks and ensure services are sustainable.
Chief Executive Officer	Endorse the development of the AMP and provide resources required to complete the task.
General Manager, Urban Services and Acting Manager, City Assets	Set high level priorities for asset management development and support the implementation of actions resulting from this AMP.
Corporate Services	Develop supporting policies such as capitalisation and depreciation. Provide GIS applications and support. Provide local knowledge level of detail on the Buildings Infrastructure Network. Describe the maintenance standards deployed and the ability to meet the technical and customer levels of service.
Asset Management Consultants	Prepare asset sustainability and financial reports incorporating asset depreciation in compliance with the current accounting standards. Host and consolidate asset register including valuation, capitalisation and disposal. Provide support for the development of the AMPs and the implementation of effective asset management principles. Independently endorse asset revaluation methodology.
Project Manager, Assets Project Officer, Assets	Responsible for the overall development of the AMP. Coordinate input of other stakeholders into the AMP. Manage the periodic collection of asset condition data.
Building Maintenance Officer	Assists with coordinating Council's resources to deliver capital works and maintenance programs
Governance & Community Affairs	Manage the leasing and licensing of Council property assets
City Assets and Strategic Projects	Assist the Project Manager, Assets and Project Officer, Assets in the development and implementation of the AMP.
City Services and Library Services	Provide local knowledge level of detail on the Buildings Infrastructure Network. Describe the maintenance standards deployed and the ability to meet the technical and customer levels of service.
External Parties	Local Residents; Local Businesses; Utilities; Developers; and Federal and State Governments.

The Council's organisational structure for service delivery of infrastructure assets is detailed in Figure 2.1.

Figure 2.1: ORGANISATIONAL STRUCTURE



2.2 Goals and Objectives of Asset Ownership

The Council's goal in the management of infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- providing a defined level of service and monitoring performance;
- managing the impact of growth through demand management and infrastructure investment;
- taking a life-cycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service;
- identifying, assessing and appropriately controlling risks; and
- linking to the LTFP which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are:

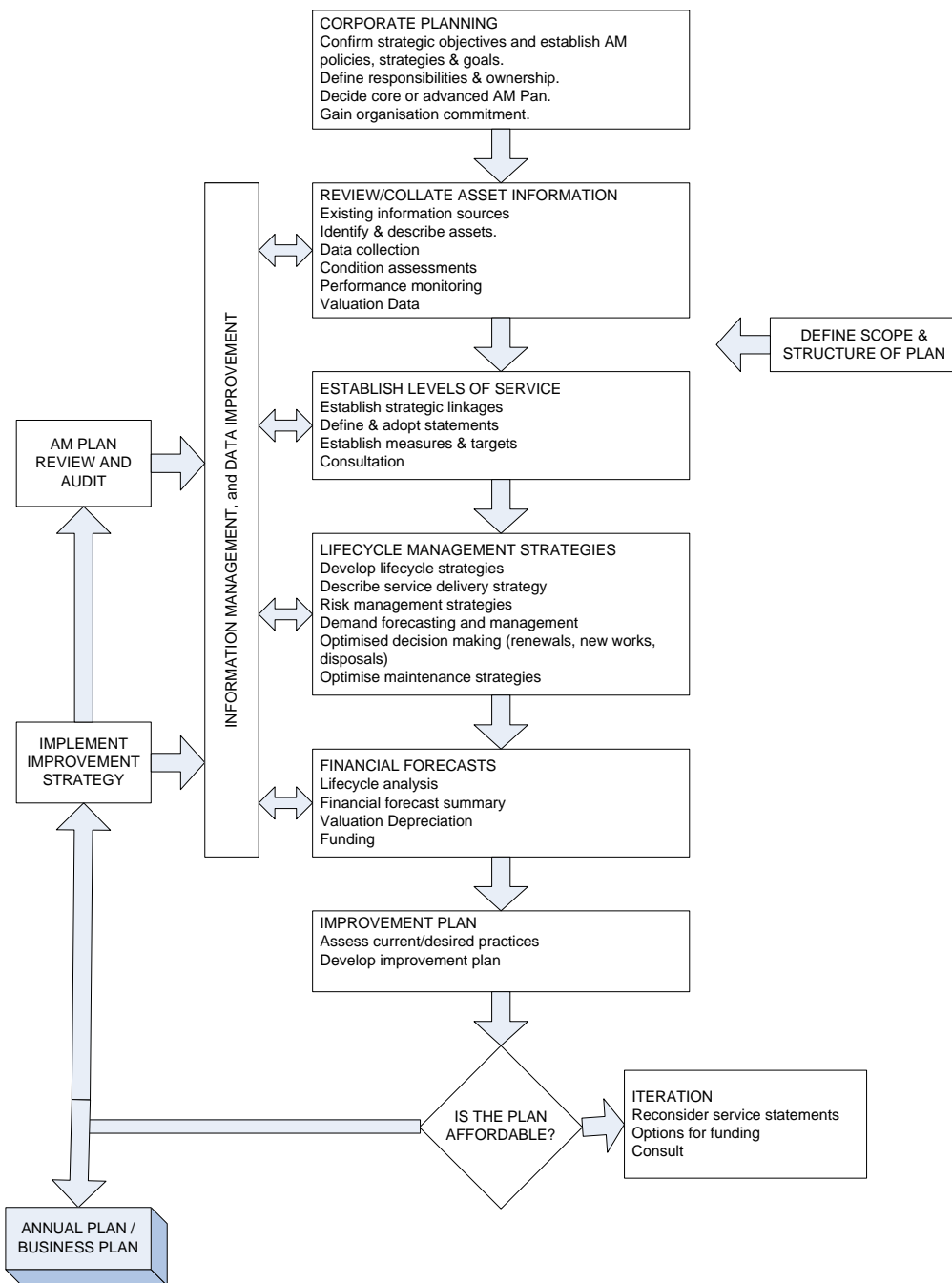
- **levels of service** – specifies the services and levels of service to be provided;
- **future demand** – how this will impact on future service delivery and how this is to be met;
- **life-cycle management** – how to manage its existing and future assets to provide defined levels of service;
- **financial summary** – what funds are required to provide the defined services;
- **asset management practices** – how the Council manages the provision of the services;
- **monitoring** – how the AMP will be monitored to ensure objectives are met; and
- **asset management improvement plan** – how the Council increases asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 ¹; and
- International Organisation for Standardisation (ISO) 55000².

A road map for preparing an AMP is shown in Figure 2.2.

Figure 2.2: ROAD MAP FOR PREPARING AN AMP



Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11

¹ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

² ISO 55000 Overview, principles and terminology

3.0 LEVELS OF SERVICE

3.1 Community Research and Expectations

The Council conducts Community Surveys at regular intervals to establish how the Council is performing in a number of key indicators. Community Surveys have been conducted in 2009, 2011, 2013 and 2017, with the most recent survey undertaken in 2019. The survey uses a 5-point scale to determine satisfaction, with 1 being very dissatisfied, 5 being very satisfied and a 'don't know' response. The mean score is derived from the five-point satisfaction scale. Table 3.1 summarises the results from the Council's Community Surveys.

Table 3.1: CUSTOMER SATISFACTION SURVEY LEVELS

Performance Measure	Satisfaction Level				
	2019	2017	2013	2011	2009
Overall Infrastructure Satisfaction	3.8	3.8	4.0	4.0	3.6
The Presentation & Cleanliness of the Council Area	4.1	4.1	4.2	4.1	4.0

3.2 Strategic and Corporate Goals

This AMP has been prepared in accordance with the Council's Vision, Mission, Goals and Objectives as set out in *CityPlan 2030: Shaping our Future*.

The Council's Vision is:

'A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.'

Strategic goals have been set by the Council and how these are addressed in this AMP is summarised in Table 3.2.

Table 3.2: GOALS AND HOW THESE ARE ADDRESSED IN THIS PLAN

Goal	Objective	How Goal and Objectives are Addressed in the AMP
Social Equity - A connected, accessible and pedestrian friendly community	Convenient and accessible services, information and facilities.	Development of service levels provided by the infrastructure and the balancing of this with the available funding and acceptable risk.
Social Equity - A connected, accessible and pedestrian friendly community	A people-friendly, integrated, sustainable and active transport and pedestrian network.	Building assets exist to support and provide services to the community. Planning the long term management of these assets is essential to the sustainability of these services.
Environmental Sustainability – A leader in environmental sustainability	Mitigating and adapting to the impacts of a changing climate.	Planning of long term sustainable infrastructure is important and to enable appropriate resources to be identified and provided.

3.3 Legislative Requirements

There are a number of legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Buildings Infrastructure Network are set out in Table 3.3.

Table 3.3: LEGISLATIVE REQUIREMENTS

Legislation	Requirement
Aboriginal Heritage Act 1988	An Act to provide for the protection and preservation of the Aboriginal heritage, and for other purposes.
Australian Accounting Standards	Standards applied in preparing financial statements, relating to the valuation, revaluation and depreciation of transport assets.
Australian Standards	All of the Council's infrastructure projects are undertaken in accordance with Australian Standards, or in the absence of, best practice techniques.
Building Code of Australia 2007	Sets out minimum standards for construction of new assets. Also provides minimum standards for new properties.
Development Act 1993	An Act to provide for planning and regulate development in the State; to regulate the use and management of land and buildings, and the design and construction of buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.
Disability Discrimination Act 1992	Provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people.
Environmental Protection Act 1993	Sets out requirements for any works to comply with, as well as water quality standards.
Local Government Act 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Planning Development and Infrastructure Act 2016	An Act to provide for matters that are relevant to the use, development and management of land and buildings.
Retail and Commercial Leases Act 1995 Retail and Commercial Leases Amendment Act 2019	An Act regulating the leasing of certain properties.
Work Health and Safety Act 2012	Provides minimum standards for health and safety of individuals performing works.

3.4 Citizen Values

Service levels are defined in three (3) ways, Citizen Values, Citizen Levels of Service and Technical Levels of Service.

Citizens Values indicate:

- what aspects of a service is important to the citizen;
- whether they see value in what is currently being provided; and
- the likely trend over time based on the current budget provision.

A summary of the satisfaction measure being used, the current feedback and the expected performance based on the current funding level is set out in Table 3.4.

Table 3.4: CITIZEN VALUES

Citizen Values	Citizen Satisfaction Measure	Current Feedback	Expected Trend Based on Planned Budget
Function	Community Survey & Complaints	Minimal number of complaints	Demand for long-term strategies expected to increase due to aging infrastructure
Quality	Community Survey & Complaints	Minimal number of complaints	Complaints maintaining current levels

3.5 Citizen Levels of Service

The Citizen Levels of Service are considered in terms of:

- **quality:** How good is the service? What is the condition or quality of the service?
- **function:** Is it suitable for its intended purpose? Is it the right service?
- **capacity:** Is the service over or under used? Does the Council need more or less of these assets?

A summary of the performance measure being used, the current performance and the expected performance based on the current funding level is set out in Table 3.5.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very Good) and provide a balance in comparison to the citizen perception that may be more subjective.

Confidence levels of current performance and expected trend are set out in Table 3.5 and are categorised as follows:

- **high:** professional judgement supported by extensive data;
- **medium:** professional judgement supported by data sampling; or
- **low:** professional judgement with no data evidence.

Table 3.5: CITIZEN LEVELS OF SERVICE MEASURES

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
Quality	Condition of building assets	Condition assessment by external auditor	Majority of assets are in good condition and fit-for-purpose	Building assets to be replaced as required to ensure compliant condition
	Confidence levels		High	Medium
Function	Accessibility	Public areas of Council buildings to provide access to people with disabilities	Buildings review has been completed with DDA-compliance deficiencies identified and will be targeted as part of the Capital Works Program	New assets installed as part of building assets will highly consider DDA access requirements
	Confidence levels		High	Medium
Capacity	Availability	Community Survey	The usage of various Council services is seen to have increased over the last ten (10) years but is not at capacity	Expected upward trend to continue, ample capacity to facilitate this projected increase in usage
	Confidence levels		Medium	Medium

3.6 Technical Levels of Service

To deliver the Citizen Values, and impact the achieved Citizen Levels of Service, operational or technical measures of performance are used. These technical measures relate to the activities and allocation of resources to best achieve the desired community outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **acquisition:** the activities to provide a higher level of service (e.g. swimming centre upgrades) or a new service that did not exist previously (e.g. a new library);
- **operation:** the regular activities to provide services (e.g. cleaning, utilities, inspections);
- **maintenance:** the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. wall patch repairs);
- **renewal:** the activities that return the service capability of an asset up to that which it had originally provided (e.g. like-for-like replacement of security systems); and
- **disposal:** the activities associated with the disposal of a decommissioned asset including sale, demolition or relocation (e.g. demolition of a building).

Service and Asset Managers plan, implement and control technical service levels to influence the service outcomes.³

Table 3.6 shows the activities expected to be provided under the current Planned Budget allocation and the forecast activity requirements being recommended in this AMP.

³ IPWEA, 2015, IIMM, p 2|28.

Table 3.6: TECHNICAL LEVELS OF SERVICE

Life-Cycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
Acquisition	Upgrade of the Council's Swimming Centre facilities, Norwood Library and Norwood Concert Hall	Quantity	The Payneham Memorial Swimming Centre, Norwood Swimming Centre, Norwood Library and Norwood Concert Hall are programmed to be upgraded	The Payneham Memorial Swimming Centre, Norwood Swimming Centre, Norwood Library and Norwood Concert Hall to be upgraded
		Budget	\$20,839,742 over ten (10) years	\$20,839,742 over ten (10) years
Operation	Operation works (e.g. cleaning, utilities, inspections) conducted on building assets	Frequency	As required and based on previous years' budgets	Increased level and frequency of operation works due to increased usage as a result of assets being new / upgraded
		Budget	\$8,412,000 over ten (10) years	\$9,122,554 over ten (10) years
Maintenance	Maintenance works (e.g. repairs) conducted on building assets	Frequency	As required and based on previous years' budgets	Increased level and frequency of maintenance works due to increased usage as a result of assets being new / upgraded
		Budget	\$1,881,500 over ten (10) years	\$2,043,912 over ten (10) years
Renewal	Replacement of critical assets	Frequency	As required based on standard useful life	As required based on standard useful life
		Budget	\$ 5,733,038 over ten (10) years	\$ 5,733,038 over ten (10) years
Disposal	Disposal of assets no longer in use	As identified in the AMP	No assets identified as no longer in use	No assets identified as no longer in use
	Sale of assets to developer	Strategic benefit of sale demonstrable	Opportunities to be identified on an ad hoc basis	Opportunities to be identified on an ad hoc basis
		Budget	\$0 over ten (10) years	\$0 over ten (10) years

Note: *Current activities related to Planned Budget.

**Forecast required performance related to forecast life-cycle costs.

It is important to regularly monitor the service levels provided by the Council as these will change. The current performance is influenced by work efficiencies and technology and community priorities will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices and environmental awareness.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AMP.

Table 4.3: DEMAND MANAGEMENT PLAN

Demand Driver	Current Position	Projection	Impact on Services	Demand Management Plan
Change in frequency of use	A number of the current residential properties within the Council have a swimming pool	More land sub-divisions will lead to smaller properties with no room for swimming pools	Increased use of swimming centres, increased rate of deterioration of building assets	Increase condition assessment and inspections of assets.
Change in user requirements	Some building facilities do not have DDA-compliant access	A significant push from the community to ensure access into facilities for the disabled	Some facilities will not be DDA compliant	Ensure that DDA-compliance is included in designs of building facility upgrades and renewals.

4.4 Asset Programs to Meet Demand

The new assets required to meet demand may be acquired, donated or constructed and these assets are discussed in Section 5.4.

Acquiring new assets will commit the Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the LTFP (refer to Section 5)

4.5 Climate Change and Adaptation

The impacts of climate change can have a significant impact on the assets which the Council manages and the services which are provided. In the context of the asset management planning process, climate change can be considered as both a future demand and a risk.

How climate change will impact on assets can vary significantly depending on the location and the type of asset and services provided, as will the way in which the Council responds and manage these impacts.

As a minimum, the Council should consider both how to manage existing assets given the potential impacts of climate change and how to create resilience to climate change in any new works or acquisitions.

Opportunities which have been identified to date to manage the impacts of climate change on existing assets are shown in Table 4.5.1.

Table 4.5.1: MANAGING THE IMPACT OF CLIMATE CHANGE ON ASSETS

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Temperature	Higher maximum temperatures, lower minimum temperatures	Increased deterioration of externally-located assets	Increase monitoring of externally-located assets as required
Storm Events	Increase rainfall and wind intensity during rainfall events	Increased deterioration of externally-located assets	Increase monitoring of externally-located assets as required

The way in which the Council constructs new assets should recognise that there is opportunity to build in resilience to the impacts of climate change. Building resilience has a number of benefits including but not limited to:

- assets will be able to withstand the impacts of climate change;
- services can be sustained; and
- assets that can endure the impacts of climate change may potentially lower the life-cycle cost and reduce their carbon footprint

Table 4.5.2 summarises some asset climate change resilience opportunities.

Table 4.5.2: BUILDING ASSET RESILIENCE TO CLIMATE CHANGE

New Asset Description	Climate Change Impact These Assets?	Build Resilience in New Works
Externally-located building assets	Higher maximum temperatures, lower minimum temperatures	Investigate environmentally sustainable and environmentally resilient assets with lower carbon emission footprint, increase use of renewable materials where possible

The impact of climate change on assets is a new and complex issue and opportunities will be developed in future revisions of this AMP.

5.0 LIFE-CYCLE MANAGEMENT PLAN

The Life-Cycle Management Plan details how the Council plans to manage and operate the assets at the agreed levels of service (refer to Section 3) while managing life-cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AMP are shown in Table 5.1.1.

Table 5.1.1: ASSETS COVERED BY THIS AMP

Asset Category	Replacement Value
Municipal Buildings	\$49,978,541
Community Buildings	\$30,068,063
Recreation & Leisure Buildings	\$33,921,237
Swimming Centres	\$2,999,818
Public Toilets	\$2,741,533
TOTAL	\$119,709,192

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: KNOWN SERVICE PERFORMANCE DEFICIENCIES

Location	Service Deficiency
Access into facilities	The standards and guidelines for access may have changed after the construction of the facilities and building assets
Painting	Painting of external and internal walls and ceilings not renewed when required leading to poor condition and performance

The above service deficiencies have been identified through the asset condition assessments completed in the 2017 – 2018 financial year.

5.1.3 Asset condition

The condition of assets is currently monitored by undertaking a complete condition assessment of the building assets once every five (5) years. The last being in the 2017 – 2018 financial year. This will now be amended to once every four (4) years. Yearly inspections of the worst conditioned assets are completed to inform the following year's asset renewal program.

A formal condition rating has not been historically provided with buildings condition assessments. The output has consisted of defects lists and associated maintenance requirements. It is planned to formalise a condition assessment rating system commencing with the next condition data collection.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, asset inspection and utility services.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include repairs to pipework, wall patching, and equipment repairs.

The trend in operation and maintenance budgets are shown in Table 5.2.

Table 5.2: OPERATION AND MAINTENANCE BUDGET TRENDS

Year	Operation and Maintenance Budget
2019 – 2020	\$1,029,350
2020 – 2021	\$1,029,350
2021 – 2022	\$1,029,350

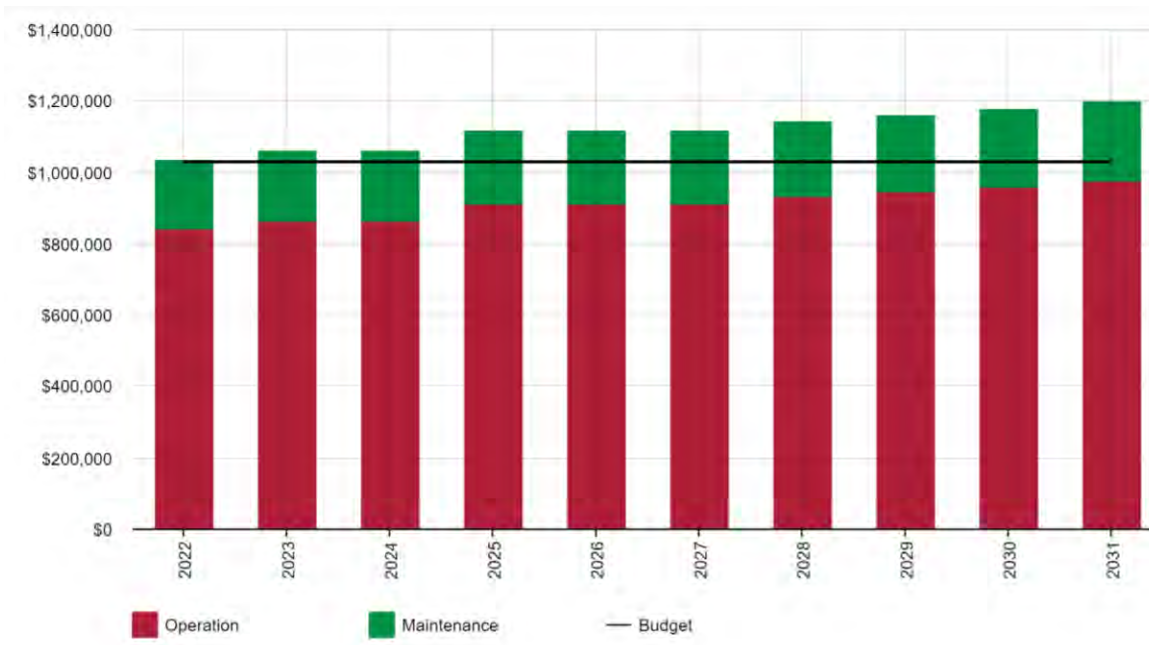
A combination of additional assets and increase usage of assets as a result of buildings upgrades will lead to a steady increase in maintenance and operation costs. Where budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AMP and service risks considered in the Infrastructure Risk Management Plan.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed, the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: OPERATIONS AND MAINTENANCE SUMMARY



All figure values are shown in current (2020) dollars.

Due to significant acquisition of assets and expected increase of popularity and usage through buildings upgrades, the forecast operations and maintenance expenditure is expected to rise. The budget will need to be monitored and amended accordingly in future years to avoid deferred operation and maintenance works.

5.3 Renewal Plan

Renewal involves major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Towards the end of an asset's useful life, the asset is inspected more closely to determine whether renewal is required. On some occasions, expected life can be greater than its standard useful life mainly due to efficient and timely operational and maintenance works program. As a result, the condition of the asset, as well as the asset's useful life, is closely considered when formulating the annual Capital Works Program.

Assets requiring renewal are identified from either of the following approaches in the Life-Cycle Model:

- the first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year); or
- the second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical "useful lives" of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed during the 2019 – 2020 financial year.

Table 5.3: USEFUL LIVES OF ASSETS

Asset Category	Useful life
Air Conditioning	15 – 30 years
Communications Systems	20 – 25 years
Doors	15 – 30 years
Electrical Infrastructure	15 – 30 years
Fire System	10 – 30 years
Floors	15 – 50 years
Kitchens	20 – 30 years
Lifts	25 – 30 years
Plumbing	15 – 40 years
Roof	30 – 40 years
Security Systems	25 years
Smoke Alarm Systems	25 years
Solar Systems	25 years
Stairs	50 years
Ventilation Systems	15 – 30 years
Walls	15 – 30 years
Windows	30 years

The estimates for renewals in this AMP have been based on the Alternative Method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate; or
- to ensure the infrastructure is of sufficient quality to meet the service requirements.⁴

It is possible to prioritise renewals by identifying assets or asset groups that:

- have a high consequence of failure;
- have high use and subsequent impact on users would be significant;
- have higher than expected operational or maintenance costs; and
- have potential to reduce life-cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.⁵

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

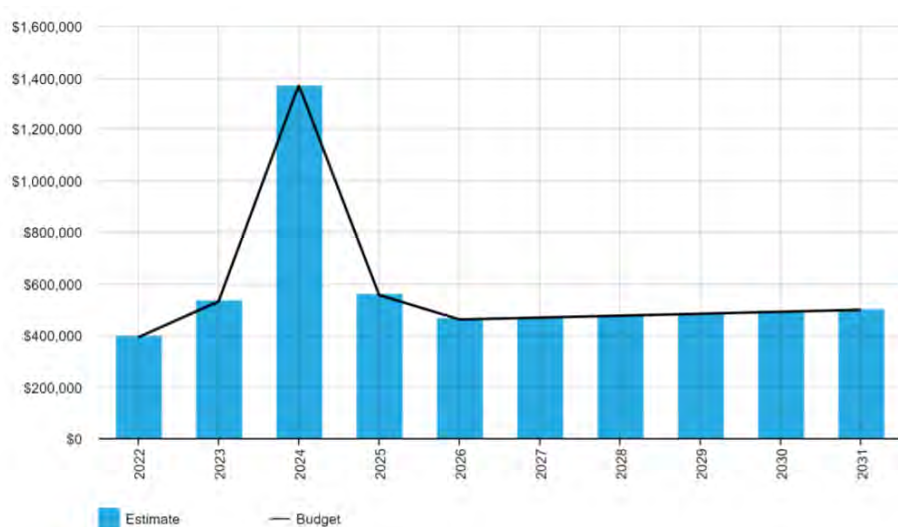
Table 5.3.1: RENEWAL PRIORITY RANKING CRITERIA

Criteria	Weighting
Injury / death as a result of asset failure or non-compliance	75%
Closure of building facilities due to condition deterioration leading to significant reputational risk	15%
Ongoing operations and maintenance financial costs due to condition deterioration	10%
TOTAL	100%

5.4 Summary of Future Renewal costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4. A detailed summary of the forecast renewal costs is shown in Appendix D.

Figure 5.4: FORECAST RENEWAL COSTS



All figure values are shown in current (2020) dollars.

⁴ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

⁵ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

There are various years where multiple high-value assets are due for renewal at approximately the same time. Should there be resourcing issues, prioritisation of these renewals will need to be determined, with high-risk assets to be renewed when required and lower-risk assets being deferred.

5.5 Acquisition Plan

Acquisition reflects new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council.

5.5.1 Selection criteria

Proposed upgrading of existing assets, and constructing new assets, are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Council needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

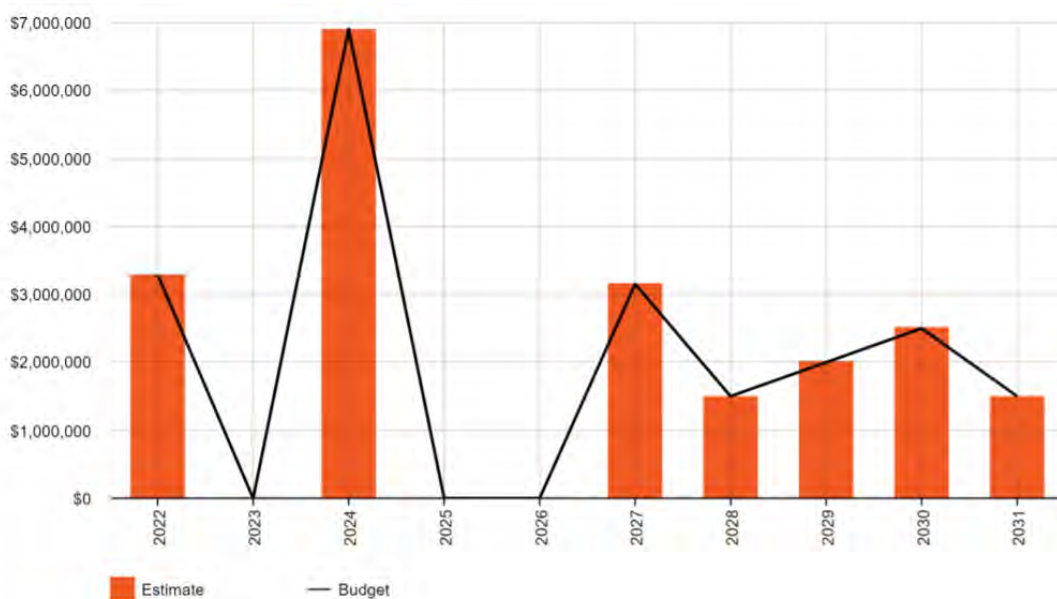
Table 5.5.1: ACQUIRED ASSETS PRIORITY RANKING CRITERIA

Criteria	Weighting
Master plan upgrade of facilities	75%
DDA-compliant building facilities and assets	25%
TOTAL	100%

Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition capital works program is shown in Appendix A.

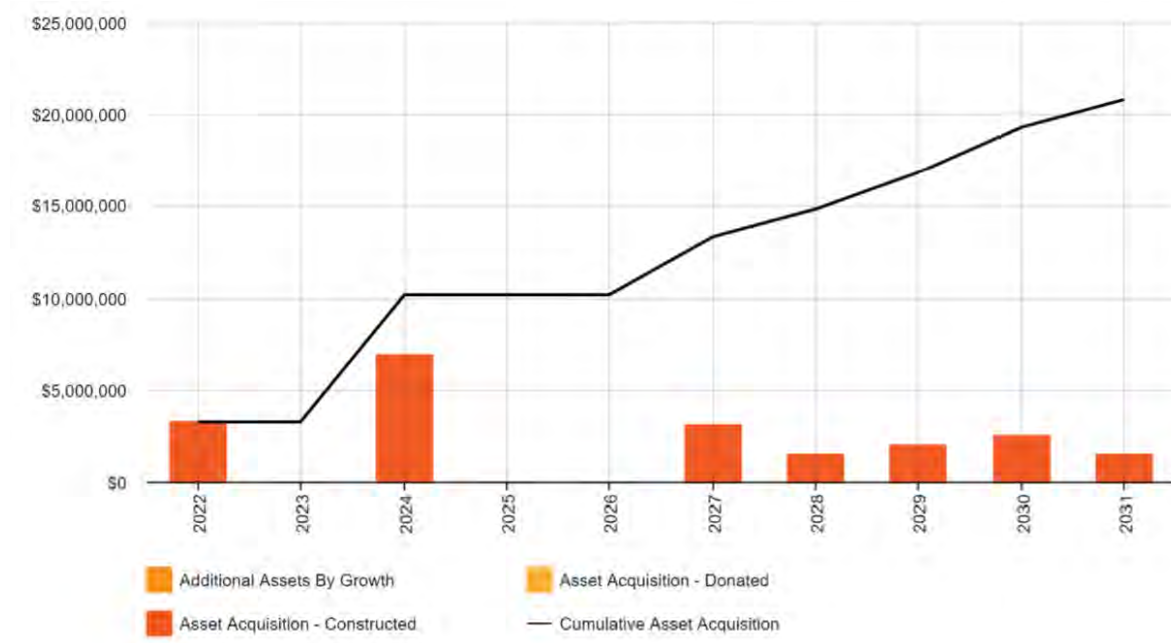
Figure 5.5.1: FORECAST ACQUISITION COSTS



All figure values are shown in current (2020) dollars.

When the Council commits to constructing new assets, the Council will be prepared to fund future operations, maintenance and renewal costs. The Council will account for future depreciation when reviewing long-term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Council. The cumulative value of all acquisition work, including assets that are constructed and contributed, are shown in Figure 5.5.2.

Figure 5.5.2: ACQUISITION SUMMARY



All figure values are shown in current (2020) dollars.

Expenditure on new assets and services in the Council’s Capital Works Program will be accommodated in the LTFP, but only to the extent that there is available funding.

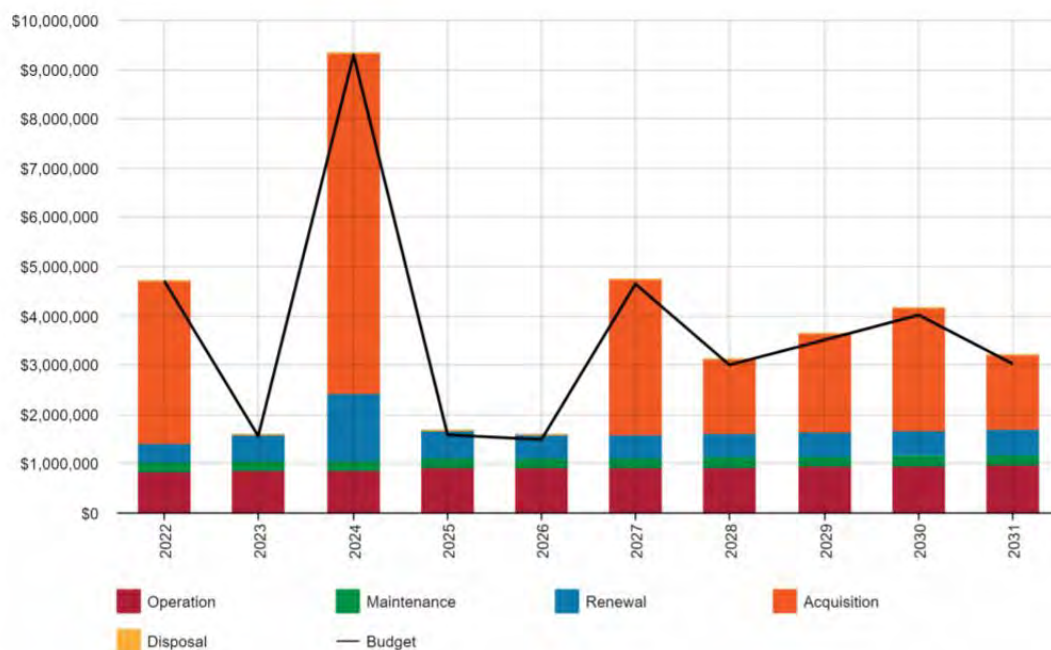
Acquisition of assets through master plan upgrades is in line with the Council’s plans and policies. These acquisitions will increase the Council’s asset base by adding new assets and will in the long term increase the operation, maintenance and renewal requirements of the buildings assets.

Summary of asset forecast costs

The financial projections based upon this AMP are shown in Figure 5.5.3. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life-cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.5.3: SUMMARY OF LIFE-CYCLE COSTS



All figure values are shown in current (2020) dollars.

The life-cycle summary shown in Figure 5.5.3 shows a minor shortfall in allocated funding across the ten (10 year) planning period. Any operations and maintenance budget requirements derived from new infrastructure (namely as a result of master-plan upgrades) have not been allowed for, as the potential operations and maintenance works which are required are unknown at this stage and will only be determined during the design of the projects. The budget will need to be monitored and amended accordingly in future years to avoid deferred operation and maintenance works.

The main risk consequences are:

- increased risk of asset failure due to deferred operation and maintenance works;
- service provided by assets not to the standard of the users; and
- loss of the Council’s reputation.

The Council will endeavour to manage these risks within available funding by:

- finding efficiencies within the current maintenance and operations program; and
- increasing proactive inspections and maintenance.

5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. A summary of the disposal costs and estimated reductions in annual operations and maintenance of disposing of the assets are also outlined in Table 5.6. Any costs or revenue gained from asset disposals is included in the LTFP.

Table 5.6: ASSETS IDENTIFIED FOR DISPOSAL

Asset	Reason for Disposal	Timing	Disposal Costs	Operations & Maintenance Annual Savings
No disposals have been identified in the plan	Nil	Nil	\$0	\$0

6.0 RISK MANAGEMENT PLANNING

The purpose of risk management associated with infrastructure assets is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk Management – Principles and Guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’⁶.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1: CRITICAL ASSETS

Critical Assets	Failure Mode	Impact
Essential building services (e.g. electrical, fire, mechanical, security)	Deterioration and fault within the system	Building deemed non-compliant
Council-operated buildings providing essential services	Deterioration (age, third-party damage)	Unable to provide essential services to the community

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

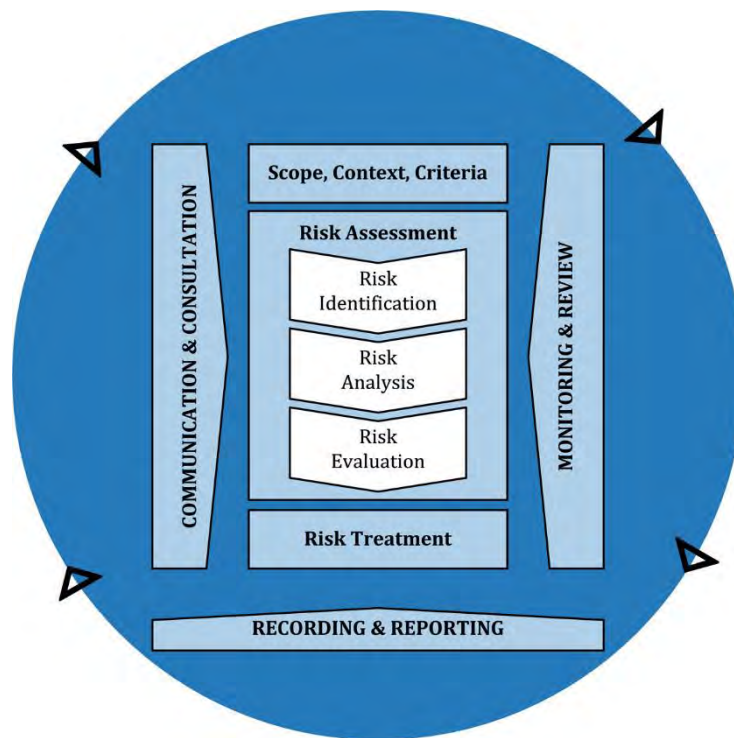
The risk management process used is shown in Figure 6.2.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

⁶ ISO 31000:2009, p 2

Fig 6.2: RISK MANAGEMENT PROCESS – ABRIDGED



Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Council.

Table 6.2: RISKS AND TREATMENT PLANS

Service or Asset at Risk	What Can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Building Assets	Asset life is less than expected	H	Review and consolidate the asset register and asset renewal program data	L	\$20,000 (one-off)
Building Assets	Asset life is less than expected	H	Increase frequency of database condition assessment updates	L	\$50,000 every four years (instead of \$50,000 every five years)
Building Assets	Operation and maintenance is under-funded	H	Liaise with relevant project teams to understand and budget for future increase in maintenance requirements	L	Internal

Note *The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Infrastructure Resilience Approach

The resilience of the Council's critical infrastructure is vital to the ongoing provision of services to the community. To adapt to changing conditions the Council needs to understand its capacity to 'withstand a given level of stress or demand' and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

The Council does not currently measure our resilience in service delivery. This will be included in future iterations of the AMP.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AMP are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What the Council cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next ten (10) years. These include:

- new and upgrade projects identified that are unaffordable with the AMP timeframe.

6.4.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to available resources, then this will result in service consequences for users. These service consequences include:

- decreased levels of service;
- potential asset failures; and
- limited acquisition of assets through building master-plan upgrades.

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:

- unsafe condition of assets leading to user risk;
- service provided by assets not to the standard of the users; and
- loss of the Council's reputation.

These actions and expenditures are considered and included in the forecast costs and where developed, the Risk Management Plan.

7.0 FINANCIAL SUMMARY

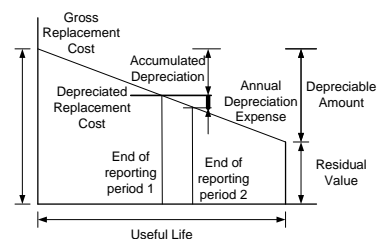
This section contains the financial requirements resulting from the information presented in the previous sections of this AMP. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Statements and Projections

7.1.1 Asset valuations

The best available estimate of the value of assets included in this AMP are shown below. The assets are valued at cost to replace existing service capacity:

Current (Gross) Replacement Cost	\$119,709,192
Depreciable Amount	\$119,709,192
Depreciated Replacement Cost ⁷	\$55,934,433
Depreciation during 2019 – 2020 Financial Year	\$1,566,937



7.1.2 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AMP for this service area, namely:

- asset renewal funding ratio (proposed renewal budget for the next ten (10) years / forecast renewal costs for next ten (10) years; and
- medium term forecast costs / proposed budget (over ten (10) years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁸ 100%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next ten (10) years the Council expects to have 100% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget is illustrated in Appendix D.

Medium term – ten (10) year financial planning period

This AMP identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a ten (10) year period. This provides input into ten (10) year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the ten (10) year period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the ten (10) year planning period is \$1,689,950 on average per year.

The proposed (budget) operations, maintenance and renewal funding is \$1,602,654 on average per year giving a ten (10) year funding shortfall of \$87,296 per year. This indicates that 95% of the forecast costs needed to provide the services documented in this AMP are accommodated in the proposed budget. This excludes acquired assets.

⁷ Also reported as Written Down Value, Carrying or Net Book Value.

⁸ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AMP and ideally over the ten (10) year life of the LTFP.

7.1.3 Forecast Costs (outlays) for the LTFP

Table 7.1.3 shows the forecast costs (outlays) for the ten (10) year LTFP.

Table 7.1.3: FORECAST COSTS (OUTLAYS) FOR THE LTFP

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal
2022	\$3,289,742	\$841,200	\$188,150	\$392,796	\$0
2023	\$0	\$864,228	\$193,413	\$531,577	\$0
2024	\$6,900,000	\$864,228	\$193,413	\$1,369,529	\$0
2025	\$0	\$912,528	\$204,453	\$556,645	\$0
2026	\$0	\$912,528	\$204,453	\$462,013	\$0
2027	\$3,150,000	\$912,528	\$204,453	\$469,222	\$0
2028	\$1,500,000	\$934,578	\$209,493	\$476,543	\$0
2029	\$2,000,000	\$945,078	\$211,893	\$483,979	\$0
2030	\$2,500,000	\$959,078	\$215,093	\$491,531	\$0
2031	\$1,500,000	\$976,578	\$219,093	\$499,201	\$0

All figure values are shown in current (2020) dollars.

7.2 Funding Strategy

The proposed funding for assets is outlined in the Council's Annual Budget and LTFP.

The Council's financial strategy outlines how funding will be provided, whereas the AMP communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added into the service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AMP, it has been necessary to make some assumptions. This section details the key assumptions made in the development of this AMP and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP are:

- all figures are shown in current (2020) dollars;
- acquisition costs have been based on professional judgement and previous works; and
- current operation and maintenance budget have been used.

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A – E level scale⁹ in accordance with Table 7.5.1.

Table 7.5.1: DATA CONFIDENCE GRADING SYSTEM

Confidence Grade	Description
A. Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is shown in Table 7.5.2.

Table 7.5.2: DATA CONFIDENCE ASSESSMENT FOR DATA USED IN AMP

Data	Confidence Assessment	Comment
Demand drivers	B	Based on Community Surveys
Growth projections	B	Based on Community Surveys
Acquisition forecast	C	Based on previous projects
Operation forecast	C	In line with previous years
Maintenance forecast	C	In line with previous years
Renewal forecast	B	As per approved methodology
- Asset values	B	Current estimates from asset register
- Asset useful lives	B	Detailed data capture and condition audit survey undertaken once every five (5) years (to be changed to one every four (4) years)
- Condition modelling	B	
Disposal forecast	NA	NA

The estimated overall confidence level for and reliability of data used in this AMP is considered to be reliable.

⁹ IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

8.1.1 Accounting and financial data sources

This AMP utilises accounting and financial data. The source of the data is the Council's accounting and financial system.

8.1.2 Asset management data sources

This AMP also utilises asset management data. The source of the data is the data obtained from the 2018 – 2019 condition assessment inspections.

8.2 Improvement Plan

It is important that the Council recognises areas of their AMP and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AMP is shown in Table 8.2.

Table 8.2: IMPROVEMENT PLAN

Task	Task	Responsibility	Resources Required	Timeline
1	Integrate building assets with asset management system	City Assets Section	Asset Consultants	Ongoing staged approach
2	Review the asset register (including building categorisation) and asset renewal program data and subsequently implement a proactive renewal plan	City Assets Section	Asset Consultants	1 year
3	Review the needs and expectations of the users to assist the development of the buildings strategy	Manager, Economic Development & Strategic Projects	Strategic Projects Section and City Assets Section	1 year
4	Further develop risk assessment and management planning	Project Manager, Assets	Project Officer, Assets and Asset Consultants	1 year
5	Review resilience of critical infrastructure and condition data	Project Manager, Assets	Project Officer, Assets and Asset Consultants	2 years
6	Assess adequacy of operations and maintenance budget	Manager, City Assets	City Assets Section	3 years
7	Continue the development of integration between strategic plans, AMP and LTFP	Chief Executive Officer and General Manager, Urban Services	City Assets Section and Finance Section	4 years

8.3 Monitoring and Review Procedures

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, upgrade/new and asset disposal costs and proposed budgets. These forecast costs and proposed budget are incorporated into the LTFP or will be incorporated into the LTFP once completed.

The AMP has a maximum life of four (4) years and is due for complete revision and updating within two (2) years of each Council election.

8.4 Performance Measures

The effectiveness of this AMP can be measured in the following ways:

- the degree to which the required forecast costs identified in this AMP are incorporated into the LTFP;
- the degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the AMP;
- the degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Plan and associated plans; and
- the Asset Renewal Funding Ratio achieving the Organisational Target (this target is often 1.0).

9.0 REFERENCES

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- IPWEA, 2012 LTFP Practice Note 6 PN Long-Term Financial Plan, Institute of Public Works Engineering Australasia, Sydney
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- Public Buildings Policy (2008)
- Access & Inclusion Policy (2018)
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

10.0 APPENDICES

Appendix A

Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source

The Council has policies and procedures in place that outlines the master plan upgrades of various buildings throughout the City. The master plan concept design, detailed design and construction stages are planned to be staged over multiple financial years.

A.2 – Acquisition Project Summary

Table A2: ACQUISITION PROJECT SUMMARY

Year	Project	Estimate
2022	Payneham Swimming Centre Upgrade	\$3,189,742
2022	Norwood Concert Hall Upgrade	\$100,000
2024	Payneham Swimming Centre Upgrade	\$6,900,000
2027	Norwood Swimming Centre Upgrade	\$3,150,000
2028	Norwood Swimming Centre Upgrade	\$1,500,000
2029	Norwood Library Redevelopment	\$1,000,000
2029	Norwood Concert Hall Upgrade	\$1,000,000
2030	Norwood Concert Hall Upgrade	\$1,000,000
2030	Norwood Library Redevelopment	\$1,500,000
2031	Norwood Library Redevelopment	\$1,500,000

A.3 – Acquisition Forecast Summary

Table A3: ACQUISITION FORECAST SUMMARY

Year	Constructed	Donated	Growth
2022	\$3,289,742	\$0	\$0
2023	\$0	\$0	\$0
2024	\$6,900,000	\$0	\$0
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$3,150,000	\$0	\$0
2028	\$1,500,000	\$0	\$0
2029	\$2,000,000	\$0	\$0
2030	\$2,500,000	\$0	\$0
2031	\$1,500,000	\$0	\$0

Appendix B

Operation Forecast

B.1 – Operation Forecast Assumptions and Source

The Council has extensive operation expenditure, such as cleaning and utilities costs. Audits of the building assets are conducted by asset management consultants. The forecast includes acquisitions that will add to the asset base and result in additional operations cost.

B.2 – Operation Forecast Summary

Table B2: OPERATION FORECAST SUMMARY

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2022	\$841,200	\$23,028	\$841,200
2023	\$841,200	\$0	\$864,228
2024	\$841,200	\$48,300	\$864,228
2025	\$841,200	\$0	\$912,528
2026	\$841,200	\$0	\$912,528
2027	\$841,200	\$22,050	\$912,528
2028	\$841,200	\$10,500	\$934,578
2029	\$841,200	\$14,000	\$945,078
2030	\$841,200	\$17,500	\$959,078
2031	\$841,200	\$17,500	\$976,578

Appendix C

Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

The Council undertakes maintenance activities such as equipment repair and patching. The forecast includes acquisitions that will add to the asset base and result in additional maintenance cost.

C.2 – Maintenance Forecast Summary

Table C2: MAINTENANCE FORECAST SUMMARY

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2022	\$188,150	\$5,263	\$188,150
2023	\$188,150	\$0	\$193,413
2024	\$188,150	\$11,040	\$193,413
2025	\$188,150	\$0	\$204,453
2026	\$188,150	\$0	\$204,453
2027	\$188,150	\$5,040	\$204,453
2028	\$188,150	\$2,400	\$209,493
2029	\$188,150	\$3,200	\$211,893
2030	\$188,150	\$4,000	\$215,093
2031	\$188,150	\$4,000	\$219,093

Appendix D

Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

Through building asset audits and asset renewal modelling, the Council has developed a forecast of required renewals for the forecast period.

D.2 – Renewal Forecast Summary

Table D2: Renewal Forecast Summary

Year	Renewal Forecast	Renewal Budget
2022	\$392,796	\$392,796
2023	\$531,577	\$531,577
2024	\$1,369,529	\$1,369,529
2025	\$556,645	\$556,645
2026	\$462,013	\$462,013
2027	\$469,222	\$469,222
2028	\$476,543	\$476,543
2029	\$483,979	\$483,979
2030	\$491,531	\$491,531
2031	\$499,201	\$499,201

Appendix E

Disposal Summary

E.1 – Disposal Forecast Assumptions and Source

No disposals have been forecast over the AMP period.

E.2 – Disposal Project Summary

No disposals have been forecast over the AMP period.

E.3 – Disposal Forecast Summary

Table E3: DISPOSAL ACTIVITY SUMMARY

Year	Disposal Forecast	Disposal Budget
2022	\$0	\$0
2023	\$0	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0
2031	\$0	\$0

Appendix F

Budget Summary by Life-Cycle Activity

The Planned Budget matches the forecast budget for acquisition and renewal, while the Planned Budget for operation and maintenance has not incorporated increases due to new and upgrade projects which have been allowed in the forecasts. Any additional operations and maintenance requirement from new and upgraded works will be factored into revisions of this AMP.

Table F1: BUDGET SUMMARY BY LIFE-CYCLE ACTIVITY

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2022	\$3,289,742	\$841,200	\$188,150	\$392,796	\$0	\$4,711,888
2023	\$0	\$841,200	\$188,150	\$531,577	\$0	\$1,560,927
2024	\$6,900,000	\$841,200	\$188,150	\$1,369,529	\$0	\$9,298,879
2025	\$0	\$841,200	\$188,150	\$556,645	\$0	\$1,585,995
2026	\$0	\$841,200	\$188,150	\$462,013	\$0	\$1,491,363
2027	\$3,150,000	\$841,200	\$188,150	\$469,222	\$0	\$4,648,572
2028	\$1,500,000	\$841,200	\$188,150	\$476,543	\$0	\$3,005,893
2029	\$2,000,000	\$841,200	\$188,150	\$483,979	\$0	\$3,513,329
2030	\$2,500,000	\$841,200	\$188,150	\$491,531	\$0	\$4,020,881
2031	\$1,500,000	\$841,200	\$188,150	\$499,201	\$0	\$3,028,551

Attachment C

Strategic Management Plans

2020 Asset Management Plan Civil Infrastructure

City of Norwood Payneham & St Peters
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City of
Norwood
Payneham
& St Peters



2020
Asset Management Plan
Civil Infrastructure



City of
Norwood
Payneham
& St Peters



Document Control		2020 ASSET MANAGEMENT PLAN – CIVIL INFRASTRUCTURE			
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	December 2020	Draft for Community Consultation	SD	PM	PP
2	January 2021	Final – Council Meeting 18 January 2021	SD	PM	PP

Contents

1.0	EXECUTIVE SUMMARY	5
1.1	The Purpose of the Asset Management Plan	5
1.2	Asset Description	5
1.3	Levels of Service.....	5
1.4	Future Demand	5
1.5	Life-Cycle Management Plan	6
1.6	Financial Summary.....	6
1.7	Asset Management Practices	7
1.8	Monitoring and Improvement Program	7
2.0	Introduction	8
2.1	Background	8
2.2	Goals and Objectives of Asset Ownership	10
3.0	LEVELS OF SERVICE	12
3.1	Community Research and Expectations	12
3.2	Strategic and Corporate Goals.....	12
3.3	Legislative Requirements.....	13
3.4	Citizen Values.....	13
3.5	Citizen Levels of Service	14
3.6	Technical Levels of Service.....	15
4.0	FUTURE DEMAND	19
4.1	Demand Drivers	19
4.2	Demand Forecasts	19
4.3	Demand Impact and Demand Management Plan	19
4.4	Asset Programs to Meet Demand.....	19
4.5	Climate Change and Adaptation	19
5.0	LIFE-CYCLE MANAGEMENT PLAN	21
5.1	Background Data	21
5.2	Operations and Maintenance Plan	24
5.3	Renewal Plan	26
5.4	Summary of Future Renewal Costs.....	27
5.5	Acquisition Plan	28
5.6	Disposal Plan.....	30

6.0	RISK MANAGEMENT PLANNING	31
6.1	Critical Assets.....	31
6.2	Risk Assessment.....	31
6.3	Infrastructure Resilience Approach	33
6.4	Service and Risk Trade-Offs	33
7.0	FINANCIAL SUMMARY	34
7.1	Financial Statements and Projections.....	34
7.2	Funding Strategy.....	35
7.3	Valuation Forecasts	35
7.4	Key Assumptions Made in Financial Forecasts	35
7.5	Forecast Reliability and Confidence.....	36
8.0	PLAN IMPROVEMENT AND MONITORING	37
8.1	Status of Asset Management Practices	37
8.2	Improvement Plan	37
8.3	Monitoring and Review Procedures	37
8.4	Performance Measures	38
9.0	REFERENCES	39
10.0	APPENDICES	40
	Appendix A.....	40
	Appendix B	42
	Appendix C	43
	Appendix D.....	44
	Appendix E	46
	Appendix F	47

1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Asset Management Plan

Asset management planning is a comprehensive process ensuring the delivery of services from infrastructure is financially sustainable.

This Asset Management Plan (AMP) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The AMP defines the services to be provided, how the services are provided and what funds are required over the ten (10) year planning period. The AMP will link to a Long-Term Financial Plan (LTFP) which typically considers a ten (10) year planning period.

This AMP covers the City's Civil Infrastructure Network.

1.2 Asset Description

The City's Civil Infrastructure Network comprises:

- road pavement and surface (172km / 1,424,840m²);
- kerb and water table (352km);
- footpaths (334km / 572,762m²);
- roundabouts (59);
- traffic control devices (401);
- off road carparks (26); and
- Linear Park Shared Path (6.9km).

The Civil Infrastructure Network has a significant total renewal value estimated at \$261,989,658.

1.3 Levels of Service

The Council's present funding levels are sufficient to continue to provide existing services at current service levels in the medium term.

The main service consequences of the Planned Budget are:

- assets will deteriorate over time and be renewed only at the end of life;
- maintenance of assets will be undertaken to ensure functionality is maintained and asset life maximised; and
- user expectations unlikely to be met in regards to maintained assets appearance.

1.4 Future Demand

The main demands for new services are created by:

- increased customer expectations;
- increased rate of loadings on roads; and
- increased population density resultant from development.

These demands will be approached using a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures, including:

- monitoring of asset condition;
- customer expectation surveys; and
- planning for demographic changes over time.

1.5 Life-Cycle Management Plan

1.5.1 What does it Cost?

The forecast lifecycle costs necessary to provide the services covered by this AMP includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AMP may be prepared for a range of time periods, it typically informs a long term financial planning period of ten (10) years. Therefore, a summary output from the AMP is the forecast of ten (10) year total outlays, which for the Civil Infrastructure Network is estimated as \$125,255,640 or \$12,525,564 on average per year.

1.6 Financial Summary

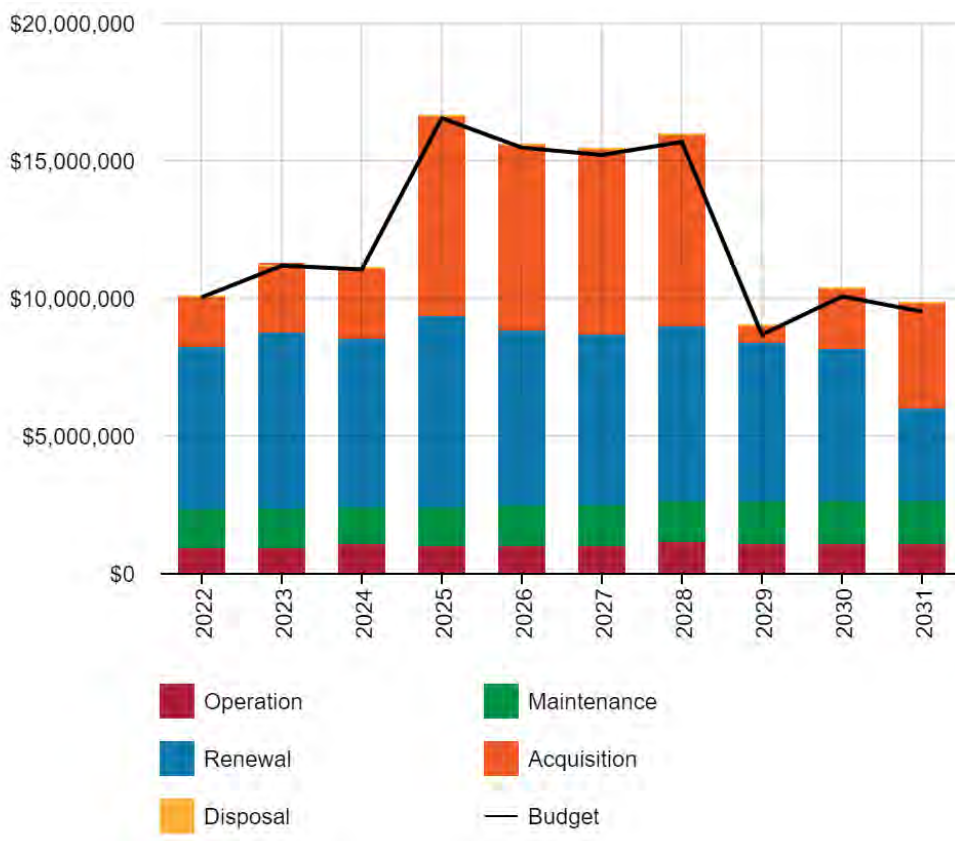
1.6.1 What we will do

Estimated available funding for the ten (10) year period is \$123,593,616 (or \$12,359,361 on average per year) as set out in the LTFP. This is 99% of the cost to sustain the current level of service at the lowest life-cycle cost.

The reality is that only what is funded in the Council’s LTFP can be provided. The informed decision making depends on the AMP emphasising the consequences of Planned Budgets on the service levels which are provided and risks.

The anticipated Planned Budget for the Council’s Civil Infrastructure Network results in a shortfall of \$166,203 average per year of the forecast lifecycle costs required to provide services in the AMP compared with the Planned Budget currently included in the LTFP. This is shown in Figure 1.6.1 below.

Figure 1.6.1: FORECAST LIFECYCLE COSTS AND PLANNED BUDGETS



All figure values are shown in current (2020) dollars.

The Council plans to provide and maintain the Civil Infrastructure Network for the following:

- operation, maintenance, renewal and upgrade of roads, footpaths, kerb & water table, traffic control devices, car parks and the Linear Park Shared Path to meet service levels which are set by annual budgets; and
- major works within the ten (10) year planning period consist of various road reconstruction projects, Linear Park Shared Path upgrades and streetscape upgrade projects as set out in the Council's LTFP.

1.6.2 What we cannot do

The Council currently does not allocate sufficient budget to sustain these services at the proposed standard or to provide all new services being sought. Works and services that cannot be provided under present funding levels are:

- the increased operations and maintenance requirements to new and upgraded assets above the level provided for the existing service standard.

1.6.3 Managing the Risks

The Council's current budget levels are sufficient to continue to manage risks in the medium term.

The main risk consequences are:

- deterioration of asset condition quicker than planned; and
- changes to asset performance requirements due to external factors.

The Council will endeavour to manage these risks within available funding by:

- prioritisation of renewal works;
- increase condition inspections; and
- increased reactive maintenance.

1.7 Asset Management Practices

The Council's systems to manage assets include:

- the Council's financial system; and
- the Council's asset management system.

Assets requiring renewal/replacement are identified from either the Council's Asset Register or the Alternative Method. These methods are part of the Life-Cycle Model.

If Asset Register data is used to forecast the renewal costs, the acquisition year and the useful life are utilised.

Alternatively, an estimate of renewal lifecycle costs is projected from external condition modelling systems (such as Pavement Management Systems) and may be supplemented with, or based on, expert knowledge.

The Alternative Method was used to forecast the renewal life-cycle costs for this AMP.

1.8 Monitoring and Improvement Program

The next steps resulting from this AMP to improve asset management practices are:

- renewing and upgrading expenditure prioritisation;
- reviewing risk assessment and management;
- reviewing resilience of critical infrastructure;
- reviewing adaptive technologies to prolong life of assets;
- reviewing specific customer and technical levels of service; and
- assessing adequacy of operations and maintenance budgets.

2.0 Introduction

2.1 Background

This AMP communicates the requirements for the sustainable delivery of services through the management of assets, compliance with regulatory requirements and required funding to provide the appropriate levels of service over the long term planning period.

This AMP is to be read in conjunction with the following key planning documents:

- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- City-Wide Cycling Plan
- Kent Town Urban Design Framework and Public Realm Manual
- River Torren Linear Park Strategic Integrated Asset Management Plan
- Private Laneways Policy and Procedure
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

The Council has a strong focus on asset management, with continuous improvements during the revision of the AMP. Integration of renewal and upgrade planning is undergoing continuous improvement to ensure the minimum required investment provides the greatest value outcomes.

The infrastructure assets covered by this AMP include roads, footpaths, kerb & water table, traffic control devices, car parks and the Linear Park Shared Path contained within the City. For a detailed summary of the assets covered in this AMP refer to Table 5.1.1 in Section 5.

The infrastructure assets included in this AMP have a total replacement value of \$261,989,658.

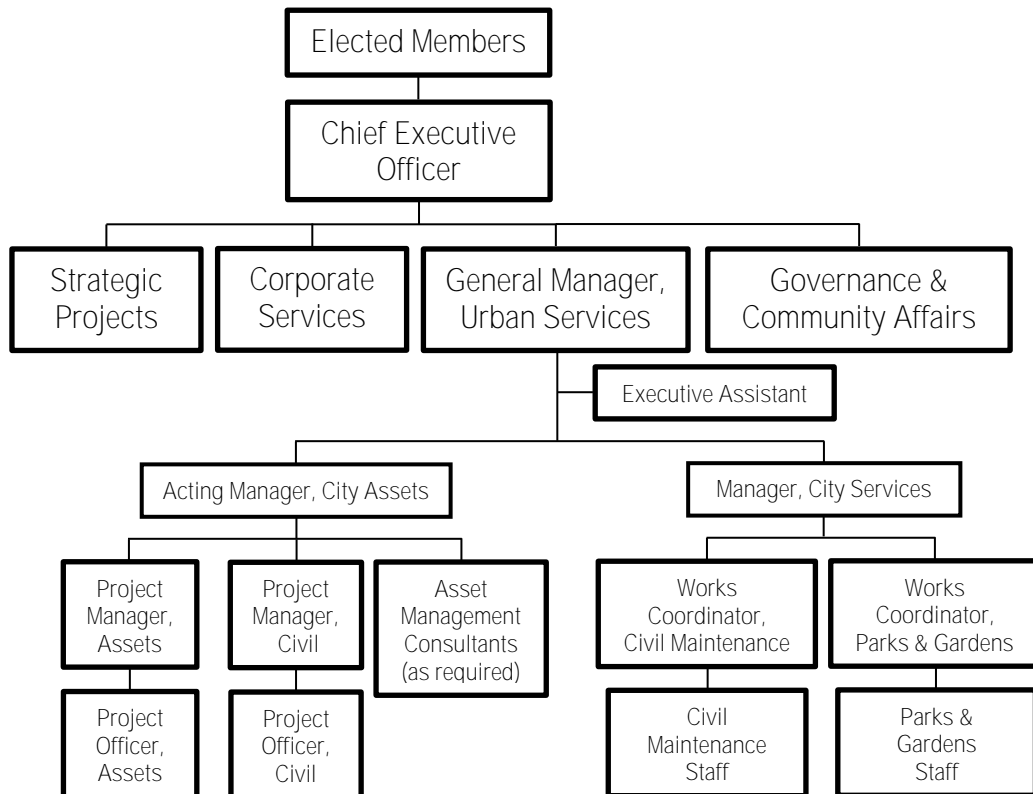
Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.1.

Table 2.1: KEY STAKEHOLDERS IN THE AMP

Key Stakeholder	Role in AMP
Elected Members	Represent needs of community/shareholders, allocate resources to meet planning objectives in providing services while managing risks and ensure services are sustainable.
Chief Executive Officer	Endorse the development of the AMP and provide resources required to complete the task.
General Manager, Urban Services and Acting Manager, City Assets	Set high level priorities for asset management development and support the implementation of actions resulting from this AMP.
Corporate Services	Development of supporting policies such as capitalisations and depreciation. Provision of GIS applications and support.
Asset Management Consultants	Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current accounting standards. Host and consolidate asset register including updating valuations, capitalisations and disposals. Provide support for development of the AMP and the implementation of effective asset management principles. Independently endorse asset revaluation methodology.
Project Manager, Assets	Responsible for the overall development of the AMP. Coordinate input of other stakeholder into the AMP. Manage the periodic collection of asset condition data.
City Assets and Strategic Projects	Assist the Project Manager, Assets in the development of the AMP.
City Services	Provide local knowledge level of detail on the Civil Infrastructure Network. Describe the maintenance standards deployed and the ability to meet the technical and Citizen Levels of Service.
Governance & Community Affairs	Manage the acquisition of land for private laneways assets.
External Parties	Local Residents; Local Businesses; Utilities; Developers; and Federal and State Governments.

The Council's organisational structure for service delivery of infrastructure assets is detailed in Figure 2.1.

Figure 2.1: ORGANISATIONAL STRUCTURE



2.2 Goals and Objectives of Asset Ownership

The Council's goal in the management of infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- providing a defined level of service and monitoring performance;
- managing the impact of growth through demand management and infrastructure investment;
- taking a life-cycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service;
- identifying, assessing and appropriately controlling risks; and
- linking to the LTFP which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are:

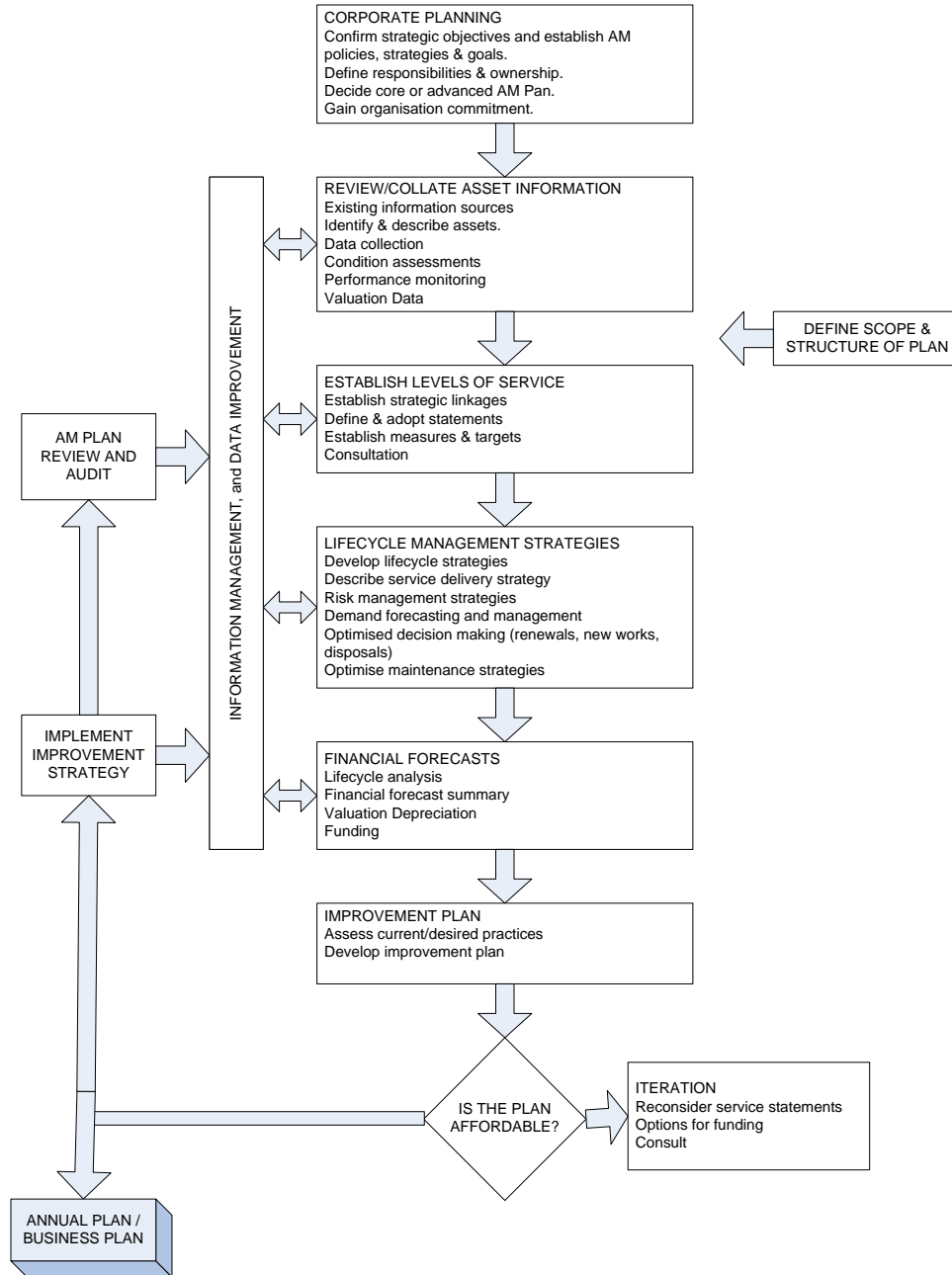
- **levels of service** – specifies the services and levels of service to be provided;
- **future demand** – how this will impact on future service delivery and how this is to be met;
- **life-cycle management** – how to manage its existing and future assets to provide defined levels of service;
- **financial summary** – what funds are required to provide the defined services;
- **asset management practices** – how the Council manages the provision of the services;
- **monitoring** – how the AMP will be monitored to ensure objectives are met; and
- **asset management improvement plan** – how the Council increases asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 ¹; and
- International Organisation for Standardisation (ISO) 55000².

A road map for preparing an AMP is shown in Figure 2.2.

Figure 2.2: ROAD MAP FOR PREPARING AN AMP



Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11

¹ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

² ISO 55000 Overview, principles and terminology

3.0 LEVELS OF SERVICE

3.1 Community Research and Expectations

The Council conducts Community Surveys at regular intervals to establish how the Council is performing in a number of key indicators. Community Surveys have been conducted in 2009, 2011, 2013 and 2017, with the most recent survey undertaken in 2019. The survey uses a 5-point scale to determine satisfaction, with 1 being very dissatisfied, 5 being very satisfied and a 'don't know' response. The mean score is derived from the five-point satisfaction scale. Table 3.1 summarises the results from the Council's Community Surveys.

Table 3.1: COMMUNITY SATISFACTION SURVEY LEVELS

Performance Measure	Satisfaction Level				
	2019	2017	2013	2011	2009
Overall Infrastructure Satisfaction	3.8	3.8	4.0	4.0	3.6
Providing and Maintaining Roads	3.6	3.6	3.8	3.8	3.6
The Provision and Maintenance of Cycling Pathways	3.6	3.6	3.7	3.7	3.3
Providing and Maintaining Footpaths	3.2	3.2	3.4	3.3	3.1
The Presentation and Cleanliness of the Council Area	4.1	4.1	4.2	4.1	4.0

3.2 Strategic and Corporate Goals

This AMP has been prepared in accordance with the Vision, Mission, Goals And Objectives as set out in the Council's *CityPlan 2030: Shaping Our Future*.

The Council's Vision is:

'A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.'

Strategic goals have been set by the Council and how these are addressed in this AMP is summarised in Table 3.2.

Table 3.2: GOALS AND HOW THESE ARE ADDRESSED IN THIS PLAN

Goal	Objective	How Goal and Objectives are Addressed in the AMP
Social Equity - A connected, accessible and pedestrian friendly community	A people friendly, integrated and sustainable transport and pedestrian network.	Civil Infrastructure assets exist to support and provide services to the community. Planning the long term management of these assets is essential to the sustainability of these services.
Environmental Sustainability – A leader in environmental sustainability	Sustainable and attractive streetscapes and open spaces	Development of service levels provided by the infrastructure and the balancing of this with the available funding and acceptable risk.
Environmental Sustainability – A leader in environmental sustainability	Mitigating and adapting to the impacts of climate change	Planning of long term sustainable infrastructure is important and to enable appropriate resources to be identified and provided.

3.3 Legislative Requirements

There are a number of legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Civil Infrastructure Network are set out in Table 3.3.

Table 3.3: LEGISLATIVE REQUIREMENTS

Legislation	Requirement
Aboriginal Heritage Act 1988	An Act to provide for the protection and preservation of the Aboriginal heritage, and for other purposes.
Australian Accounting Standards	Standards applied in preparing financial statements, relating to the valuation, revaluation and depreciation of transport assets.
Australian Standards	All of the Council's infrastructure projects are undertaken in accordance with Australian Standards, or in the absence of, best practice techniques.
Building Code of Australia 2007	Sets out minimum standards for construction of new assets. Also provides minimum standards for new properties.
Development Act 1993	An Act to provide for planning and regulate development in the State; to regulate the use and management of land and buildings, and the design and construction of buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.
Disability Discrimination Act 1992	Provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people.
Environmental Protection Act 1993	Sets out requirements for any works to comply with, as well as water quality standards.
Highways Act 1926	An Act to provide for the appointment of a Commissioner of Highways, and to make further and better provision for the construction and maintenance of roads and works and for other purposes.
Local Government Act 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long-term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Manual of Legal Responsibilities and Technical Requirements for Traffic Control Devices – Part 2 – Code of Technical Requirements	Defines legal requirements for the installation of traffic control devices.
Road Traffic Act (1961)	Defines responsibilities pertaining to roadways and standards.
Road Opening & Closing Act (1991)	Allows for the formalisation of roadways status.
Work Health and Safety Act 2012	Provides minimum standards for health and safety of individuals performing works.

3.4 Citizen Values

Service levels are defined in three (3) ways, Citizen Values, Citizen Levels of Service and Technical Levels of Service.

Citizens Values indicate:

- what aspects of a service is important to the citizen;
- whether they see value in what is currently being provided; and
- the likely trend over time based on the current budget provision.

A summary of the satisfaction measure being used, the current feedback and the expected performance based on the current funding level is set out in Table 3.4.

Table 3.4: CITIZEN VALUES

Citizen Values	Citizen Satisfaction Measure	Current Feedback	Expected Trend Based on Planned Budget
Cleanliness and amenability of streetscape	Community Survey & Complaints	Moderate number of complaints related to seasonal leaf drop	Targeted street sweeping and footpath blowing program implemented to current expenditure. Complaints expected to maintain current level due street tree leaf drop.
Roads surface in good condition and smooth to traverse	Community Survey & Complaints	Minimal number of complaints	Complaints expected to increase due to current age profile of road surface infrastructure in the short term and decline in the long term.
Footpaths provide access for all and free of hazards	Community Survey & Complaints	Moderate number of complaints due to point defects and trip hazards	Implementation of a proactive maintenance program continuing and continued reactive maintenance on request. Complaints are expected to decrease with the continuation of proactive maintenance program.
Concrete and asphalt footpaths to be replaced with block pavers	Community Survey & Complaints	Minimal number of complaints	Accelerated block paver renewal program to be implemented over the long term. Minor decline in complaints during implementation.
Street parking availability	Community Survey & Complaints	Moderate number of complaints around retail and high density accommodation precincts.	Complains are expected to increase due to continued higher density developments and no increase in street parking.
Bicycle infrastructure	Community Survey & Complaints	Minimal number of requests for increase cycling facilities.	Targeted streetscape program being implemented to deliver improved cycling and active transport routes. Requests to steadily decline in line with implementation.
Safety and pedestrian/cyclist conflicts on River Torren Linear Park	Community Survey & Complaints	Minimal number of complaints	Planned upgrades to the shared path to widen and realign where possible with the additional of lighting. Decrease in complaints following implementation.

3.5 Citizen Levels of Service

The Citizen Levels of Service are considered in terms of:

- **quality:** How good is the service? What is the condition or quality of the service?
- **function:** Is it suitable for its intended purpose? Is it the right service?
- **capacity:** Is the service over or under used? Does the Council need more or less of these assets?

A summary of the performance measure being used, the current performance and the expected performance based on the current funding level is set out in Table 3.5.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very Good) and provide a balance in comparison to the citizen perception that may be more subjective.

Confidence levels of current performance and expected trend are set out in Table 3.5 and are categorised as follows:

- **high:** professional judgement supported by extensive data;
- **medium:** professional judgement supported by data sampling; or
- **low:** professional judgement with no data evidence.

Table 3.5: CITIZEN LEVELS OF SERVICE MEASURES

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
Quality	Streets are well maintained	Community survey on the physical quality of the streets for driving, cycling and walking.	Refer to Table 3.1 for Customer Satisfaction Survey results	Improved performance is expected as a result of updated programmed maintenance processes and increased renewal expenditure.
	Confidence levels		High	Medium
Function	Asset to meet service needs – ‘fit for purpose’	Community survey on the physical quality of the streets for driving, cycling and walking.	Refer to Table 3.1 for Customer Satisfaction Survey results	Improved performance is expected as a result of implementation of strategic planning recommendations.
	Confidence levels		High	Medium
Capacity	Capacity of assets to meet demands	Community survey on the physical quality of the streets for driving, cycling and walking.	Refer to Table 3.1 for Customer Satisfaction Survey results	Increased demands on capacity expected.
	Confidence levels		High	Medium

3.6 Technical Levels of Service

To deliver the Citizen Values, and impact the achieved Citizen Levels of Service, operational or technical measures of performance are used. These technical measures relate to the activities and allocation of resources to best achieve the desired community outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **acquisition:** the activities to provide a higher level of service (e.g. upgraded pavement designed for bus loading) or a new service that did not exist previously (e.g. conversion of a private laneway to a public road);
- **operation:** the regular activities to provide services (e.g. street sweeping);

- **maintenance:** the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. pothole patching);
- **renewal:** the activities that return the service capability of an asset up to that which it had originally provided (e.g. road resurfacing); and
- **disposal:** the activities associated with the disposal of a decommissioned asset including sale, demolition or relocation (e.g. sale of a section of road).

Service and Asset Managers plan, implement and control technical service levels to influence the service outcomes.³

Table 3.6 shows the activities expected to be provided under the current Planned Budget allocation and the forecast activity requirements being recommended in this AMP.

Table 3.6: TECHNICAL LEVELS OF SERVICE

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
Acquisition	Gifted infrastructure from developers	Incorporate into AMP upon assuming ownership	Occurs on an ad hoc basis dependent on development	Occurs on an ad hoc basis dependent on development
	Upgrade of The Parade streetscape	Budget allocation	Budgeted within the AMP and LTFP	As recommended by The Parade Masterplan
	Upgrade of streetscapes within Kent Town	Budget allocation	Budgeted within the AMP and LTFP	As recommended by the Kent Town Urban Design Framework and Public Realm Manual
	Upgrade of active transport corridor streetscapes	Budget allocation	Budgeted within the AMP and LTFP	As recommended by the City-Wide Cycling Plan
	Acquire ownership of private laneways	Budget allocation	Limited by the existing budget provisions	As recommended by the Private Laneways Policy and Procedure
	Upgrade of Linear Park Shared Path	Budget allocation	Budgeted within the AMP and LTFP	Upgrade of shared path and installation of lighting
			Budget	\$40,875,978 over ten (10) years
Operation	Street Sweeping	Frequency	Conduct street sweeping as per programs	Conduct street sweeping as per programs
	Asset inspections	Frequency	Yearly renewal planning inspections	Yearly renewal and maintenance planning inspections
	Asset Condition Assessment	Frequency	Asset Condition Assessment undertaken once every five years	Asset Condition Assessment undertaken once every four years

³ IPWEA, 2015, IIMM, p 2|28.

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
		Budget	\$10,159,800 over ten (10) years	\$10,864,358 over ten (10) years
Maintenance	Road surface	Maintenance frequency	Reactive to limit of budget to repair surface defects which lead to hazards.	Reactive to limit of budget to repair surface defects which lead to hazards.
	Footpaths	Maintenance frequency	Programmed and reactive to customer requests. Footpath free of defects and hazards greater than 10mm	Programmed and reactive to customer requests. Footpath free of defects and hazards greater than 10mm
	Line Marking	Frequency	Refresh line marking to the City over a 3 year timeframe	Refresh line marking to the City over a 3 year timeframe
	Kerb and water table	Maintenance frequency	Reactive to limit of budget to repair defects which cause hazards by preventing free flow of stormwater	Reactive to limit of budget to repair defects which cause hazards by preventing free flow of stormwater
		Budget	\$13,823,470 over ten (10) years	\$14,780,943 over ten (10) years
Renewal	Road surface	Renewal as per lifecycle model	Current implementation budget smoothed over ten (10) year timeframe	Current implementation budget smoothed over ten (10) year timeframe
	Road surface	Rejuvenation treatment as per lifecycle model	Budget to increase the road surface life	Budget to increase the road surface life
	Granular pavement (road reconstruction)	Renewal as per lifecycle model	Current implementation budget smoothed over ten (10) year timeframe	Current implementation budget smoothed over ten (10) year timeframe
	Kerb and water table	Renewal as per lifecycle model	Renewal program and budget to align with road surface program	Renewal program and budget to align with road surface program
	Footpaths	Renewal as per lifecycle model	Accelerated renewal program to replace asphalt and concrete with block paving	Accelerated renewal program to replace asphalt and concrete with block paving
	Roundabouts	Renewal as per lifecycle model	Budget sufficient on an as needs basis	Budget sufficient on an as needs basis
	Traffic control devices	Renewal as per lifecycle model	Budget sufficient on an as needs basis	Budget sufficient on an as needs basis
	Off road carparks	Renewal as per lifecycle model	Budget sufficient on an as needs basis	Budget sufficient on an as needs basis
	Linear Park Shared Path	Renewal as per lifecycle model	Renewal program and budget undertaken in conjunction with upgrade requirements	Renewal program and budget undertaken in conjunction with upgrade requirements

Lifecycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
		Budget	\$58,734,368 over ten (10) years	\$58,734,368 over ten (10) years
Disposal	Disposal of assets no longer in use	As identified in the AMP	No assets identified as no longer in use	No assets identified as no longer in use
		Budget	\$0 over ten (10) years	\$0 over ten (10) years

Note: *Current activities related to Planned Budget.

**Forecast required performance related to forecast lifecycle costs.

It is important to regularly monitor the service levels provided by the Council as these will change. The current performance is influenced by work efficiencies and technology, and community priorities will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices, environmental awareness, etc.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AMP.

Table 4.3: DEMAND MANAGEMENT PLAN

Demand Driver	Current position	Projection	Impact on Services	Demand Management Plan
Increased population	Renewal and maintenance programs designed for current utilisation	Increased utilisation of assets	Increased deterioration of assets	Increased maintenance and renewal requirements
Increased customer expectation	Upgrade of assets programed with renewal	Upgrade requirements identified through strategic planning	The rate of renewal and upgrade limited to available budget	Increased operations and maintenance
Increased active transport	Strategic corridors identified for upgrade	Increased demand for cycling and age friendly streetscapes	Higher standard of service to be provided	Implement recommendations of strategic plans

4.4 Asset Programs to Meet Demand

The new assets required to meet demand may be acquired, donated or constructed and these are discussed in Section 5.4.

Acquiring new assets will commit the Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the LTFP (refer to Section 5).

4.5 Climate Change and Adaptation

The impacts of climate change can have a significant impact on the assets which the Council manages and the services which are provided. In the context of the asset management planning process, climate change can be considered as both a future demand and a risk.

How climate change will impact on assets can vary significantly depending on the location and the type of asset and services provided, as will the way in which the Council responds and manage those impacts.

As a minimum, the should consider both how to manage our existing assets given the potential climate change impacts, and then also how to create resilience to climate change in any new works or acquisitions.

Opportunities identified to date for management of climate change impacts on existing assets are shown in Table 4.5.1.

Table 4.5.1: MANAGING THE IMPACT OF CLIMATE CHANGE ON ASSETS

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Temperature	Higher maximum temperatures	Decreased lifespan of road surface treatments	Maintenance treatments and tree canopy shading
Storm intensity	Increase rainfall intensity during rainfall events	Decrease road pavement performance due to water ingress	Maintenance of road surface to prevent water ingress to pavement
Rainfall	Reduced annual rainfall	Damage to road assets due to tree roots searching for water	Management of water supply to street trees and landscaping through WSUD

The way in which the Council constructs new assets should recognise that there is opportunity to build in resilience to the impacts of climate change. Building resilience has a number of benefits including but not limited to:

- assets will be able to withstand the impacts of climate change;
- services can be sustained; and
- assets that can endure the impacts of climate change may potentially lower the life-cycle cost and reduce their carbon footprint

Table 4.5.2 summarises some asset climate change resilience opportunities.

Table 4.5.2: BUILDING ASSET RESILIENCE TO CLIMATE CHANGE

New Asset Description	Climate Change Impact These Assets?	Build Resilience in New Works
Civil assets	Higher maximum temperatures	All materials to be reviewed to ensure performance is in line with requirements, with recycled products prioritised. Increase in tree canopy cover to provide cooling through shade.
Civil assets	Increase rainfall intensity during rainfall events	All materials to be reviewed to ensure performance is in line with requirements with recycled products prioritised. Upgrades to be sensitive to the ongoing requirement to limit impacts of storm events.
WSUD infrastructure	Reduced annual rainfall	Utilising rainfall for passive irrigation of street trees and landscaping through streetscape WSUD initiatives.

The impact of climate change on assets is a new and complex issue and opportunities will be developed in future revisions of this AMP.

5.0 LIFE-CYCLE MANAGEMENT PLAN

The Life-Cycle Management Plan details how the Council plans to manage and operate the assets at the agreed levels of service (refer to Section 3) while managing life-cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AMP are shown in Table 5.1.1.

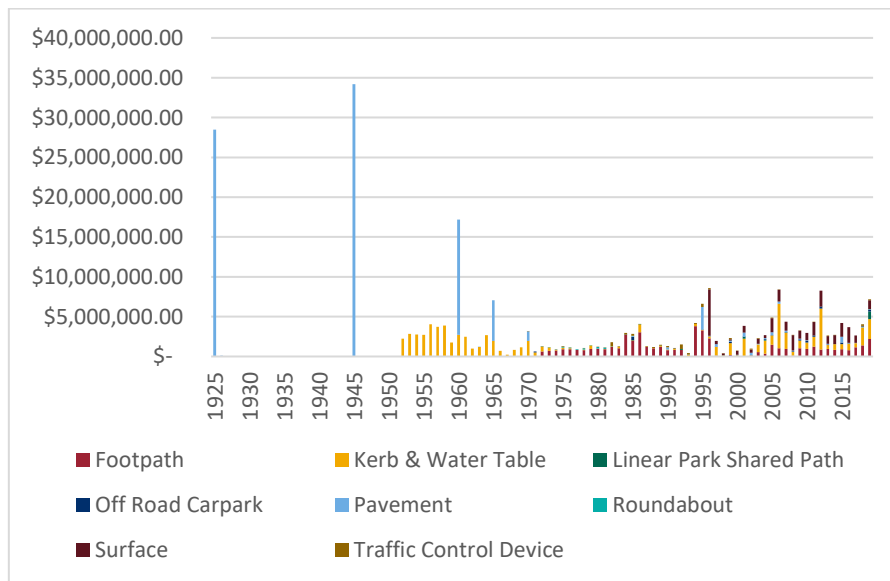
Civil Infrastructure assets includes all the road pavements and surface across the City.

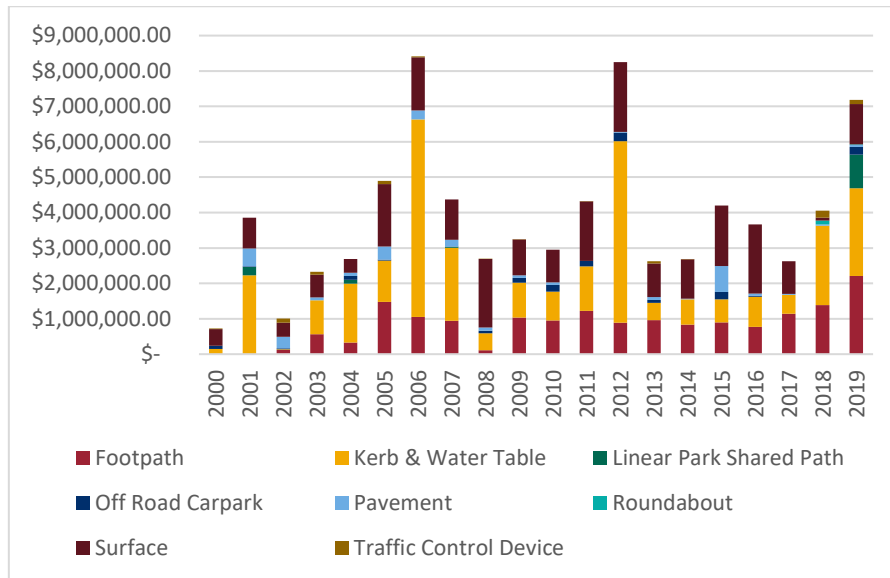
The age profile of the assets included in this AMP are shown in Figure 5.1.2.

Table 5.1.1: ASSETS COVERED BY THIS PLAN

Asset Category	Dimension	Replacement Value
Road pavement	172km / 1,424,840m ²	\$90,252,552
Road surface	172km / 1,424,840m ²	\$31,246,031
Kerb and water table	352km	\$79,791,076
Footpaths	334km / 572,762m ²	\$51,555,221
Roundabouts	59	\$1,250,929
Traffic control devices	401	\$4,303,462
Off road carparks	26	\$2,645,762
Linear Park Shared Path	6.9km	\$944,625
TOTAL		\$261,989,658

Figure 5.1.1: ASSET AGE PROFILE





All figure values are shown in current (2020) dollars.

The majority of assets acquired prior to the mid-1990s are long-life assets such as road pavement, kerb & water table and footpaths. The more recent assets are typically shorter life assets that have been through one or more renewal cycles and require renewal more frequently. Figure 5.1.1 does show that asset renewal requirements are not consistent and the funding required from year to year can vary. The aim of the renewal expenditure of this AMP is to maintain a consistent expenditure to provide financial certainty to the LTFF during a period of large upgrade expenditure.

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: KNOWN SERVICE PERFORMANCE DEFICIENCIES

Location	Service Deficiency
Roads on bus routes	Pavement not designed for bus loading resulting in premature failure
Isolated road segments	Surface treatments deteriorating faster than anticipated
Isolated footpath segments	Footpaths and bus stop pads do not meet DDA criteria with respect to obstructions, cross fall and tactile indicators
Various pram ramp road crossings	Pram ramp crossing do not meet current design and DDA criteria

The above service deficiencies were identified from the asset condition assessment completed in the 2018 – 2019 financial year. The identified service deficiencies are addressed systematically through the annual works programs wherever feasible.

5.1.3 Asset condition

The condition of assets is currently monitored by undertaking a complete condition assessment of the Civil Infrastructure assets once every five (5) years (the last being in the 2018 – 2019 financial year). The periodic condition assessments are to occur at a four (4) year interval following the last inspection to more closely monitor change in asset condition and to align with the preparation on AMPs. Yearly inspections of a portion of poorer conditioned assets is completed to inform the following year’s asset renewal program.

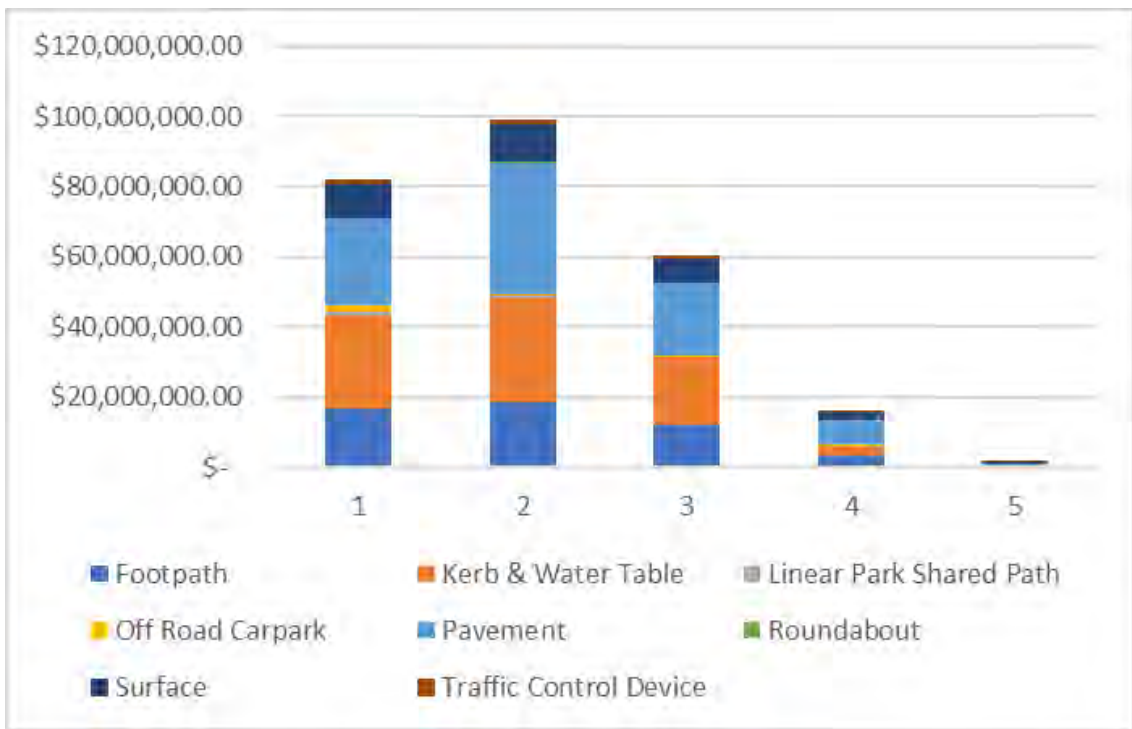
Condition is measured using a 1 – 5 grading system⁴ as detailed in Table 5.1.3. It is important that consistent condition grades be used in reporting various assets across an organisation. This supports effective communication. At the detailed level assets may be measured utilising different condition scales, however, for reporting in the AMP they are all translated to the 1 – 5 grading scale.

Table 5.1.3: SIMPLE CONDITION GRADING MODEL

Condition Grading	Description of Condition
1	Very Good: only planned maintenance required
2	Good: minor maintenance required plus planned maintenance
3	Fair: significant maintenance required
4	Poor: significant renewal/rehabilitation required
5	Very Poor: physically unsound and/or beyond rehabilitation

The Current Replacement Cost (CRC), i.e. the renewal cost, for each condition grading is shown in Figure 5.1.3.

Figure 5.1.3: ASSET CONDITION PROFILE



All figure values are shown in current (2020) dollars.

Overall, 92% of the Civil Infrastructure assets are in condition 3 (fair) or better. The percentage of assets in condition 3 (fair) or better and the average condition for individual asset class is detailed below:

- Road pavement – 91% & 2.1
- Road surface – 92% & 2.1
- Kerb and water table – 96% & 2.0

⁴ IPWEA, 2015, IIMM, Sec 2.5.4, p 2|80.

- Footpaths – 93% & 2.0
- Roundabouts – 89% & 2.3
- Traffic control devices – 90% & 2.1
- Off road carparks – 95% & 1.6
- Linear Park Shared Path – 96% & 1.6

The condition data was collected prior to the implementation of the planned footpath maintenance program. It is anticipated that the average condition of the footpaths will improve due to the maintenance program.

The asset class with the largest value of segments of condition 4 or greater is the road pavement. This indicates that there will be a period of increased road reconstruction occurring. This may be due to insufficient pavement strength on high load roads such as bus routes. Given the long life nature of road pavement, it also indicates that increased maintenance and/or renewal is required of the road surface to ensure that it remains impervious to water ingress.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, street sweeping, asset inspection and utility costs.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include pipe repairs, asphalt patching, and equipment repairs.

The trend in maintenance budgets are shown in Table 5.2.1.

Table 5.2.1: OPERATIONS AND MAINTENANCE BUDGET TRENDS

Year	Operations and Maintenance Budget
2019 – 2020	\$2,583,327
2020 – 2021	\$2,583,327
2021 – 2022	\$2,383,327

Maintenance budget levels are considered to be adequate to meet projected service levels, which is equal to current service levels. The reduction in maintenance budget in the 2021 – 2022 financial year is due to the completion of an accelerated footpath maintenance program. It is anticipated that the residual footpath maintenance budget will be sufficient to continue the programmed maintenance as well as reactive maintenance.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

Asset hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The service hierarchy is shown in Table 5.2.2.

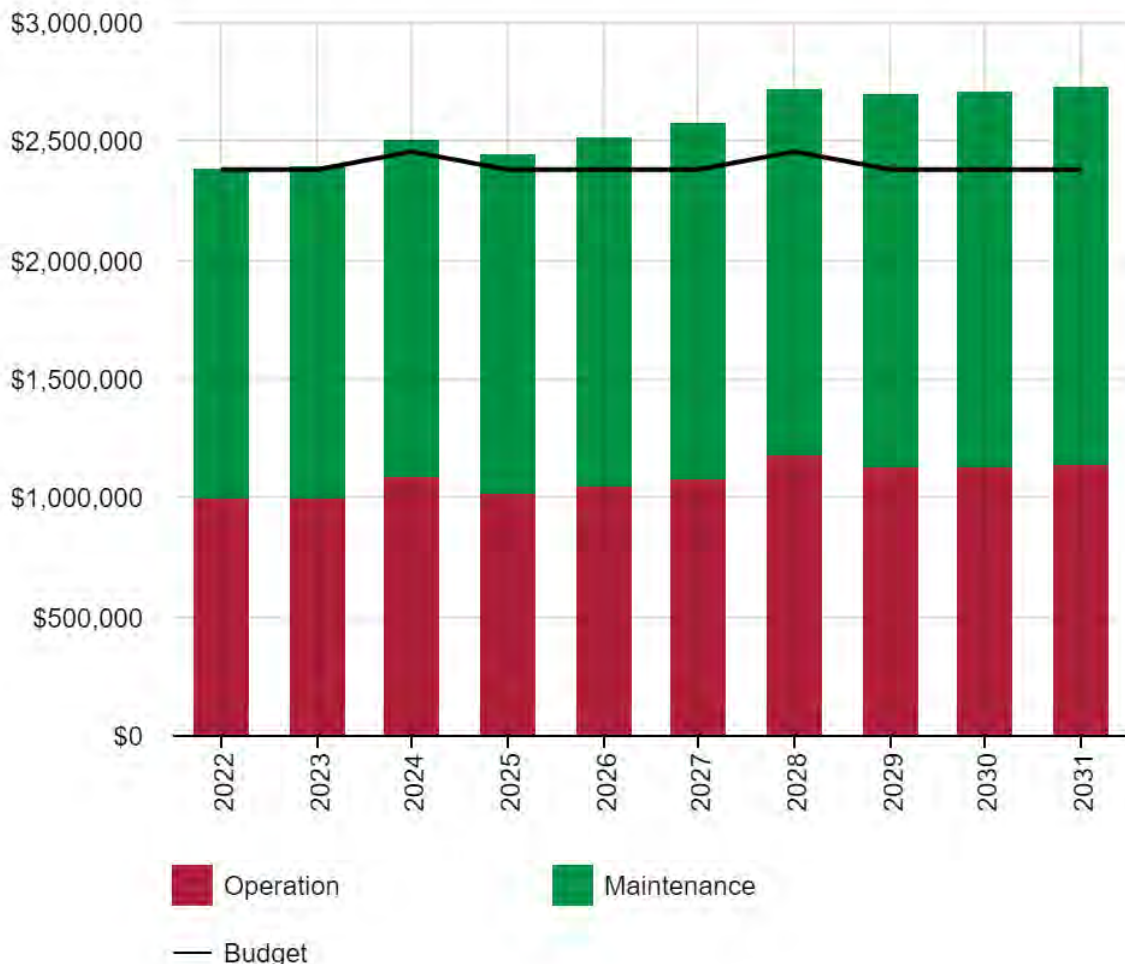
Table 5.2.2: ASSET SERVICE HIERARCHY

Service Hierarchy	Service Level Objective
Roads categorised by traffic volumes	High volume roads to be prioritised
Roads corridors categorised by active transport connections	Strategic active transport corridors to be prioritised
Footpaths categorised by usage	Footpaths connecting to public transport, open space, shopping precincts and age care facilities prioritised

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: OPERATIONS AND MAINTENANCE SUMMARY



All figure values are shown in current (2020) dollars.

The operations and maintenance budgets have been planned to remain steady over the planning period. The operations and maintenance forecast is projected to increase due to the addition of the converted private laneways and the upgrades to The Parade and other strategic streetscapes. At this stage it is not anticipated that forecast increases to the operations and maintenance budgets will be required to maintain the level of service to the new and upgraded assets.

5.3 Renewal Plan

Renewal involves major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified from either of the following approaches in the Life-Cycle Model:

- the first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year); or
- the second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical “useful lives” of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed during the 2019 – 2020 financial year.

Table 5.3: USEFUL LIVES OF ASSETS

Asset Category	Useful life
Road Pavement	80 – 300 years
Road Surface	15 – 40 years
Kerb and Water Table	40 – 70 years
Footpath	30 – 50 years
Linear Park Shared Path Pavement	60 years
Linear Park Shared Path Surface	30 years
Roundabouts	50 years
Traffic Control Devices	30 – 60 years

The estimates for renewals in this AMP have been based on the Alternative Method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate; or
- to ensure the infrastructure is of sufficient quality to meet the service requirements.⁵

It is possible to prioritise renewals by identifying assets or asset groups that:

- have a high consequence of failure;
- have high use and subsequent impact on users would be significant;

⁵ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

- have higher than expected operational or maintenance costs; and
- have potential to reduce life-cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.⁶

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

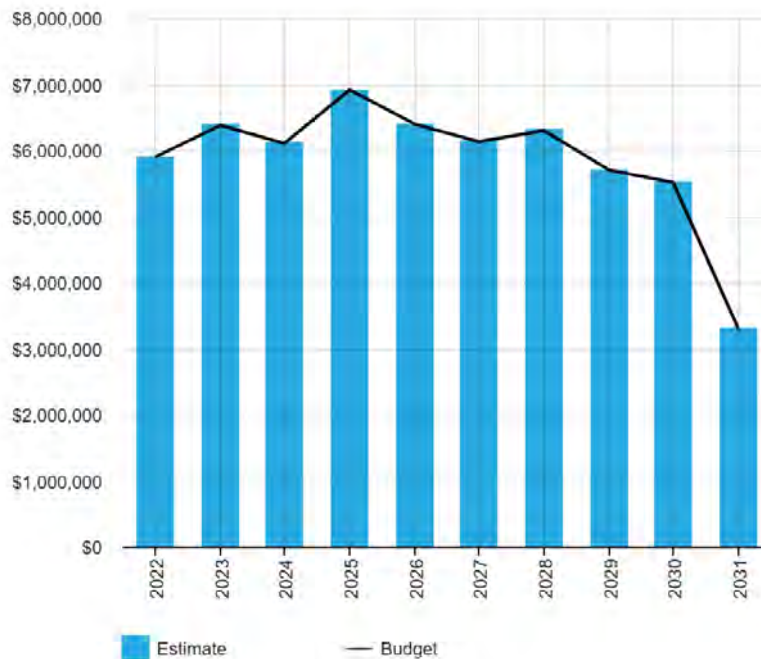
Table 5.3.1: RENEWAL PRIORITY RANKING CRITERIA

Criteria	Weighting
Road surface failure resulting in pavement deterioration	40%
Road hierarchy ranking (public transport corridor)	30%
Road hierarchy ranking (traffic volume)	15%
Change in road surface seal material to reduce life-cycle costs	15%
TOTAL	100%

5.4 Summary of Future Renewal Costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4. A detailed summary of the forecast renewal costs is shown in Appendix D.

Figure 5.4: FORECAST RENEWAL COSTS



All figure values are shown in current (2020) dollars.

The renewal cost over the ten (10) year planning period have been budgeted for and are reflected in the LTFP.

⁶ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

5.5 Acquisition Plan

Acquisition reflects new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council.

5.5.1 Selection criteria

Proposed upgrading of existing assets and constructing new assets are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Council’s needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

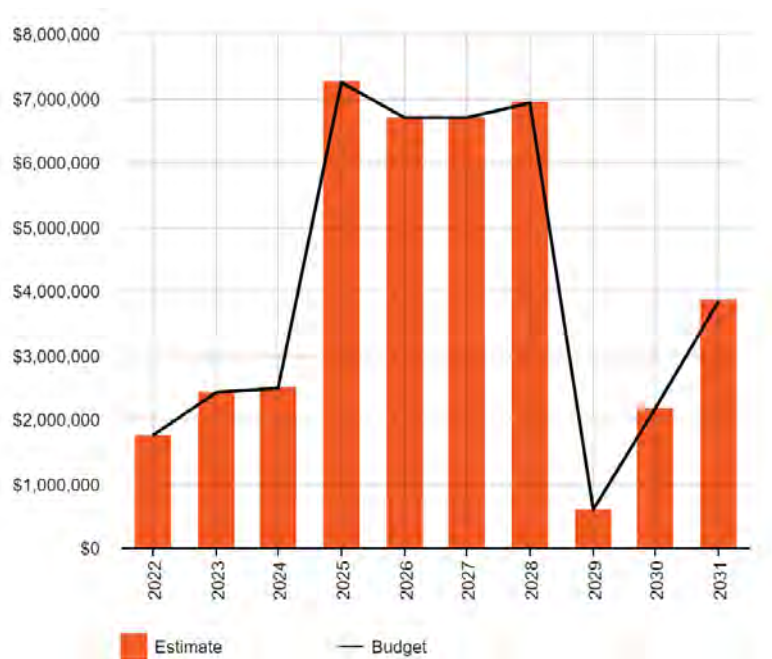
Table 5.5.1: ACQUIRED ASSETS PRIORITY RANKING CRITERIA

Criteria	Weighting
Upgrade of The Parade streetscape	40%
Upgrade of Kent Town streetscapes	25%
Upgrade of active transport corridors	25%
Acquisition and upgrade of private laneways	10%
TOTAL	100%

Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition capital works program is shown in Appendix A.

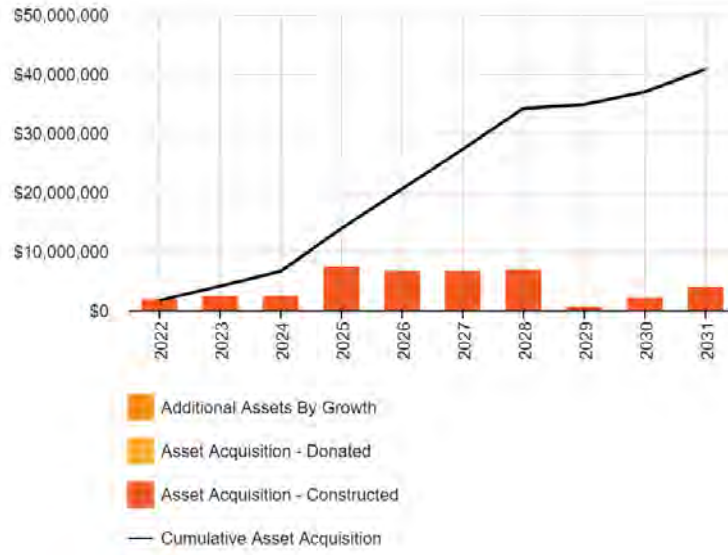
Figure 5.5.1: FORECAST ACQUISITION COSTS



All figure values are shown in current (2020) dollars.

When the Council commits to constructing new assets, the Council will be prepared to fund future operations, maintenance and renewal costs. The Council must also account for future depreciation when reviewing long-term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Council. The cumulative value of all acquisition work, including assets that are constructed and contributed shown in Figure 5.5.2.

Figure 5.5.2: ACQUISITION SUMMARY



All figure values are shown in current (2020) dollars.

Expenditure on new assets and services in the Council’s Capital Works Program will be accommodated in the LTFP, but only to the extent that there is available funding.

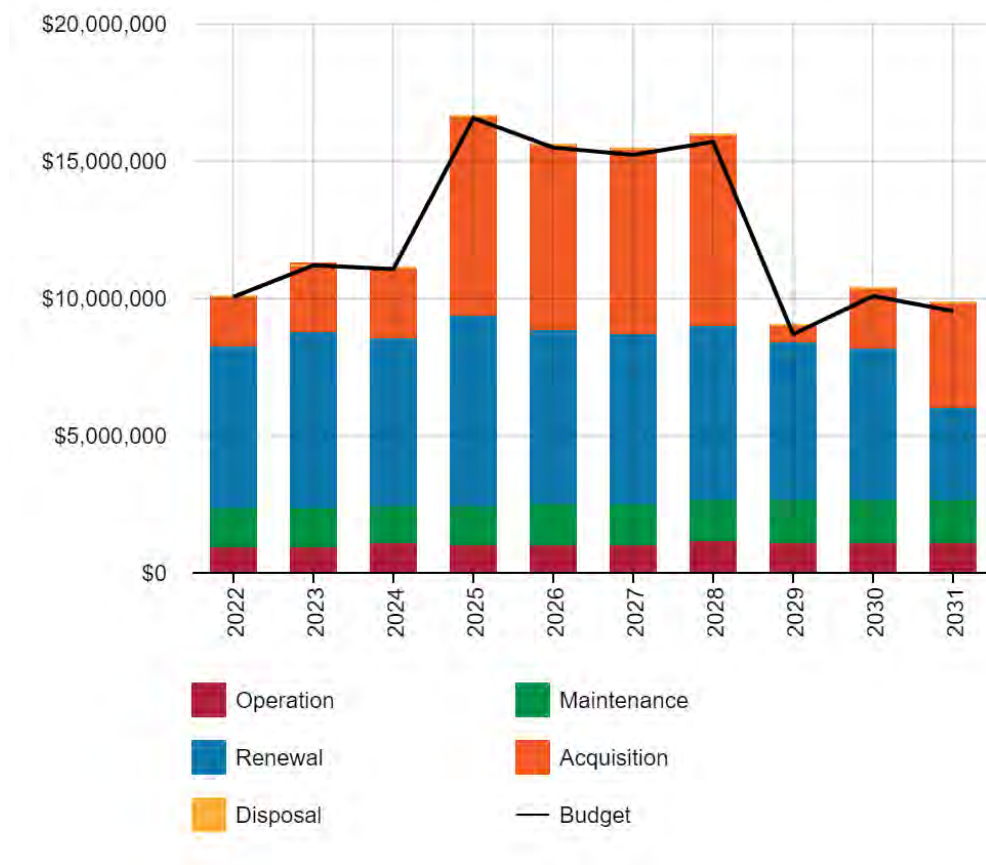
The proposed new and upgraded Civil Infrastructure assets have been programmed to be constructed in conjunction with the requirement for renewal wherever feasible to ensure the full value of existing asset is utilised and that the renewal budget is fully available to assist with the construction of the upgraded asset. Programming of new works and upgrades has been taken into account in the development of the LTFP to ensure that the Council has the financial capacity to afford the proposed new and upgraded assets.

Summary of asset forecast costs

The financial projections based upon this AMP are shown in Figure 5.5.3. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life-cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.5.3: SUMMARY OF LIFE-CYCLE COSTS



All figure values are shown in current (2020) dollars.

The life-cycle summary shown in Figure 5.5.3 has been constructed based on the life-cycle requirements of the City’s Civil Infrastructure assets and incorporates new and upgrade projects in line with the Council’s strategic directions. The expenditure requirements have been programmed and budgeted across the ten (10) year planning period in conjunction with the LTFP to ensure the AMP is feasible and affordable.

5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. A summary of the disposal costs and estimated reductions in annual operations and maintenance of disposing of the assets are also outlined in Table 5.6. Any costs or revenue gained from asset disposals is included in the LTFP.

Table 5.6: ASSETS IDENTIFIED FOR DISPOSAL

Asset	Reason for Disposal	Timing	Disposal Costs	Operations & Maintenance Annual Savings
No disposals have been identified in the plan	Nil	Nil	\$0	\$0

6.0 RISK MANAGEMENT PLANNING

The purpose of risk management associated with infrastructure assets is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’⁷.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1: CRITICAL ASSETS

Critical Assets	Failure Mode	Impact
Traffic Control Device	Degradation, third party damage	Service interruption
Footpaths	Degradation, third party damage	Service interruption
Surface seal	Degradation, third party damage resulting in permeability	Failure of pavement

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

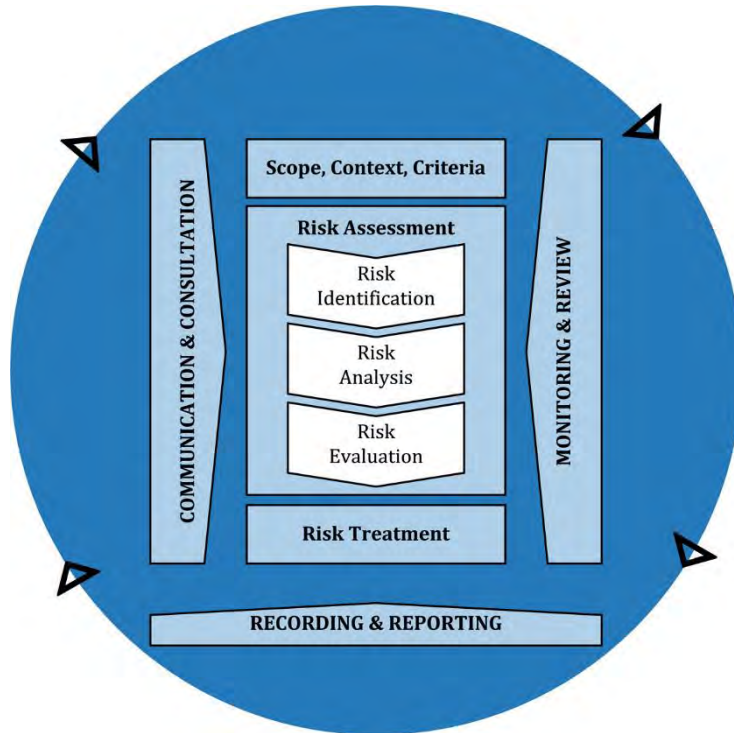
The risk management process used is shown in Figure 6.2.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

⁷ ISO 31000:2009, p 2

Fig 6.2: RISK MANAGEMENT PROCESS – ABRIDGED



Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences.

Critical risks are those assessed with ‘Very High’ (requiring immediate corrective action) and ‘High’ (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Council.

Table 6.2: RISKS AND TREATMENT PLANS

Service or Asset at Risk	What Can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Road surface and pavement	Deferred renewals	H	Implement recommendations of AMP	L	Ongoing in AMP lifecycle
Lack of information	Potential for uninformed decision making	H	Update condition data and review renewal program.	L	Ongoing in AMP lifecycle

Note *The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Infrastructure Resilience Approach

The resilience of the Council's critical infrastructure is vital to the ongoing provision of services to community. To adapt to changing conditions the Council needs to understand its capacity to 'withstand a given level of stress or demand' and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

The Council does not currently measure our resilience in service delivery. This will be included in future iterations of the AMP.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AMP are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What the Council cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next ten (10) years. These include:

- acquire and upgrade all private laneways.

6.4.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to available resources, then this will result in service consequences for users. These service consequences include:

- laneways are not upgraded to the Council's level of service and remain the responsibility of adjacent landowners.

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:

- loss of the City's reputation.

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

7.0 FINANCIAL SUMMARY

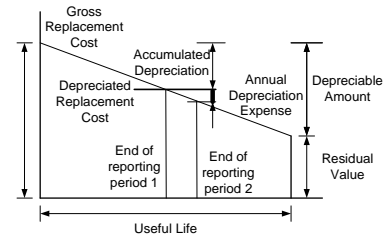
This section contains the financial requirements resulting from the information presented in the previous sections of this AMP. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Statements and Projections

7.1.1 Asset valuations

The best available estimate of the value of assets included in this AMP are shown below. The assets are valued at cost to replace service capacity:

Current (Gross) Replacement Cost	\$261,989,658
Depreciable Amount	\$261,989,658
Depreciated Replacement Cost ⁸	\$160,715,689
Depreciation during 2019 – 2020 Financial Year	\$4,223,581



7.1.2 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AMP for this service area, namely:

- asset renewal funding ratio (proposed renewal budget for the next ten (10) years / forecast renewal costs for next ten (10) years); and
- medium term forecast costs / proposed budget (over ten (10) years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁹ 100%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next ten (10) years we expect to have 100% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget is illustrated in Appendix D.

Medium term – ten (10) year financial planning period

This AMP identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a ten (10) year period. This provides input into ten (10) year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the ten (10) year period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the ten (10) year planning period is \$8,437,967 on average per year.

The proposed (budget) operations, maintenance and renewal funding is \$8,271,764 on average per year giving a ten (10) year funding shortfall or funding excess of \$166,203 per year. This indicates that 98% of the forecast costs needed to provide the services documented in this AMP are accommodated in the proposed budget. This excludes acquired assets.

⁸ Also reported as Written Down Value, Carrying or Net Book Value.

⁹ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AMP and ideally over the ten (10) year life of the LTFP.

7.1.3 Forecast Costs (outlays) for the LTFP

Table 7.1.3 shows the forecast costs (outlays) for the ten (10) year LTFP.

Table 7.1.3: FORECAST COSTS (OUTLAYS) FOR THE LTFP

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal
2022	\$1,757,842	\$1,000,980	\$1,382,347	\$5,907,381	\$0
2023	\$2,427,671	\$1,007,836	\$1,391,664	\$6,388,510	\$0
2024	\$2,491,302	\$1,092,304	\$1,404,530	\$6,115,076	\$0
2025	\$7,250,000	\$1,027,020	\$1,417,734	\$6,924,805	\$0
2026	\$6,700,000	\$1,055,295	\$1,456,159	\$6,406,158	\$0
2027	\$6,700,000	\$1,081,425	\$1,491,669	\$6,141,995	\$0
2028	\$6,931,931	\$1,182,555	\$1,527,179	\$6,309,665	\$0
2029	\$603,262	\$1,134,589	\$1,563,918	\$5,707,907	\$0
2030	\$2,171,868	\$1,136,942	\$1,567,116	\$5,525,844	\$0
2031	\$3,842,102	\$1,145,412	\$1,578,627	\$3,307,027	\$0

All figure values are shown in current (2020) dollars.

7.2 Funding Strategy

The proposed funding for assets is outlined in the Council's Annual Budget and LTFP.

The Council's financial strategy outlines how funding will be provided, whereas the AMP communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AMP, it has been necessary to make some assumptions. This section details the key assumptions made in the development of this AMP and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP are:

- all figure values are shown in current (2020) dollars;
- acquisition costs have been based on professional judgement; and
- current operations and maintenance budget have been used.

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A – E level scale¹⁰ in accordance with Table 7.5.1.

Table 7.5.1: DATA CONFIDENCE GRADING SYSTEM

Confidence Grade	Description
A. Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is shown in Table 7.5.2.

Table 7.5.2: DATA CONFIDENCE ASSESSMENT FOR DATA USED IN AMP

Data	Confidence Assessment	Comment
Demand drivers	C	Professional judgement
Growth projections	B	Limited ability for inner city asset growth
Acquisition forecast	C	In line with strategic plans, policy and procedures
Operation forecast	C	In line with previous years
Maintenance forecast	C	In line with previous years
Renewal forecast	B	As per approved methodology
- Asset values	B	Current estimates from asset register
- Asset useful lives	B	Current estimates from asset register
- Condition modelling	B	As per approved methodology
Disposal forecast	NA	NA

The estimated confidence level for and reliability of data used in this AMP is considered to be reliable.

¹⁰ IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

8.1.1 Accounting and financial data sources

This AMP utilises accounting and financial data. The source of the data is the Council's accounting and financial system.

8.1.2 Asset management data sources

This AMP also utilises asset management data. The source of the data is the Conquest Asset Management system licenced to the Council.

8.2 Improvement Plan

It is important that the Council recognise areas of their AMP and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AMP is shown in Table 8.2.

Table 8.2: IMPROVEMENT PLAN

Task No.	Task	Responsibility	Resources Required	Timeline
1	Renewal and upgrade of prioritisation of expenditure	Project Manager, Assets	Project Officer, Assets and Finance Section	6 months
2	Further develop risk assessment and management planning	Project Manager, Assets	Project Officer, Assets and Asset Consultants	1 year
3	Review resilience of critical infrastructure	Project Manager, Assets	Project Officer, Assets and Asset Consultants	1 year
4	Develop adaptive technologies to prolong life of assets	Project Manager, Assets	Project Officer, Assets and Asset Consultants	1 year
5	Develop more specific service levels	Acting Manager, City Assets and Manager, City Services	City Assets Section	1 year
6	Assess adequacy of operations and maintenance budget	Manager, City Services	City Assets Section	3 years
7	Continue to develop long term models predicting services level and risks based on varying funding models	Manager, City Assets	City Assets Section and Asset Consultants	4 years
8	Continue the development of integration between strategic plans, AMP and LTFP	Chief Executive Officer and General Manager, Urban Services	City Assets Section and Finance Section	4 years

8.3 Monitoring and Review Procedures

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, upgrade/new and asset disposal costs and proposed budgets. These forecast costs and proposed budget are incorporated into the LTFP or will be incorporated into the LTFP once completed.

The AMP has a maximum life of four (4) years and is due for complete revision and updating within two (2) years of each Council election.

8.4 Performance Measures

The effectiveness of this AMP can be measured in the following ways:

- the degree to which the required forecast costs identified in this AMP are incorporated into the LTFP;
- the degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the AMP;
- the degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Plan and associated plans; and
- the Asset Renewal Funding Ratio achieving the Organisational Target (this target is often 1.0).

9.0 REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.
- IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.
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- IPWEA, 2012 LTFP Practice Note 6 PN Long-Term Financial Plan, Institute of Public Works Engineering Australasia, Sydney
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- City-Wide Cycling Plan
- Kent Town Urban Design Framework and Public Realm Manual
- River Torren Linear Park Strategic Integrated Asset Management Plan
- Private Laneways Policy and Procedure
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

10.0 APPENDICES

Appendix A

Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source

The new and upgrade projects contained within this AMP have been derived from the Council's strategic documents, including the City-Wide Cycling Plan, the Kent Town Urban Design Framework and Public Realm Manual, the River Torrens Linear Park Strategic Integrated Asset Management Plan and Private Laneways Policy and Procedure. All projects have been programmed to occur with the requirement to renew some or all asset classes within a street to ensure value for money is maximised for each project. Due to the substantial investment required for The Parade Streetscape upgrade, no other new or upgrade projects will be programmed during the implementation period.

A.2 – Acquisition Project Summary

The project titles included in the lifecycle forecast are included here.

Table A2: ACQUISITION PROJECT SUMMARY

Year	Project	Cost
2022 – 2024 & 2029 – 2031	Private Laneways Conversion	\$1,500,000
2022	River Torrens Linear Park Path - Battams Road to Lambert Road (Construction)	\$194,400
2028	River Torrens Linear Park Path - Koolaman Street to Twelve Tree Reserve (Design)	\$220,000
2030 – 2031	River Torrens Linear Park Path - Koolaman Street to Twelve Tree Reserve (Construction)	\$1,980,000
2023 – 2025	St Peters Street Upgrade Stage (Construction)	\$3,000,000
2022	The Parade Streetscape (Design)	\$800,000
2025 – 2028	The Parade Streetscape (Construction)	\$27,100,000
2022 – 2024	Complete Streets - Glynburn Road to Magill Road Stage (Construction)	\$1,134,000
2022 – 2031	Complete Streets - Shipsters Road to Dequetteville Terrace (Design & Construction)	\$802,285
2023 – 2024	Complete Streets - Stephen Terrace to St Peters Street (Design & Construction)	\$261,000
2029 – 2031	Complete Streets - Linear Park to Kensington Road (Design & Construction)	\$982,800
2022 – 2023	Kent Town Streetscape - Little Grenfell Street (Design & Construction)	\$149,146
2022 – 2023	Kent Town Streetscape - Little Angas Street (Design & Construction)	\$125,283
2023 – 2024	Kent Town Streetscape - Little Flinders Street (Design & Construction)	\$127,272
2028 – 2029	Kent Town Streetscape - Little Capper Street (Design & Construction)	\$55,681
2028 – 2029	Kent Town Streetscape - Benda Street (Design & Construction)	\$63,635
2029 – 2030	Kent Town Streetscape - Little King William Street (Design & Construction)	\$314,204
2030 – 2031	Kent Town Streetscape - Fullarton Road (Design & Construction)	\$566,272
2031	Magill Road Streetscape Stage 1	\$1,500,000

A.3 – Acquisition Forecast Summary

Table A3: ACQUISITION FORECAST SUMMARY

Year	Constructed	Donated	Growth
2022	\$1,757,842	\$0	\$0
2023	\$2,427,671	\$0	\$0
2024	\$2,491,302	\$0	\$0
2025	\$7,250,000	\$0	\$0
2026	\$6,700,000	\$0	\$0
2027	\$6,700,000	\$0	\$0
2028	\$6,931,931	\$0	\$0
2029	\$603,262	\$0	\$0
2030	\$2,171,868	\$0	\$0
2031	\$3,842,102	\$0	\$0

Appendix B

Operation Forecast

B.1 – Operation Forecast Assumptions and Source

The operational forecast has been based on previous expenditure for the same service levels with requirements of additional operational expenditure due to new and upgrade projects factored in the year following completion.

B.2 – Operation Forecast Summary

Table B2: OPERATION FORECAST SUMMARY

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2022	\$1,000,980	\$6,856	\$1,000,980
2023	\$1,007,836	\$9,468	\$1,007,836
2024	\$1,092,304	\$9,716	\$1,092,304
2025	\$1,027,020	\$28,275	\$1,027,020
2026	\$1,055,295	\$26,130	\$1,055,295
2027	\$1,081,425	\$26,130	\$1,081,425
2028	\$1,182,555	\$27,035	\$1,182,555
2029	\$1,134,589	\$2,353	\$1,134,589
2030	\$1,136,942	\$8,470	\$1,136,942
2031	\$1,145,412	\$8,470	\$1,145,412

Appendix C

Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

The maintenance forecast has been based on previous expenditure for the same service levels with requirements of additional maintenance expenditure due to new and upgrade projects factored in the year following completion.

C.2 – Maintenance Forecast Summary

Table C2: MAINTENANCE FORECAST SUMMARY

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2022	\$1,382,347	\$9,317	\$1,382,347
2023	\$1,391,664	\$12,867	\$1,391,664
2024	\$1,404,530	\$13,204	\$1,404,530
2025	\$1,417,734	\$38,425	\$1,417,734
2026	\$1,456,159	\$35,510	\$1,456,159
2027	\$1,491,669	\$35,510	\$1,491,669
2028	\$1,527,179	\$36,739	\$1,527,179
2029	\$1,563,918	\$3,197	\$1,563,918
2030	\$1,567,116	\$11,511	\$1,567,116
2031	\$1,578,627	\$11,511	\$1,578,627

Appendix D

Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

The asset renewal program was derived from asset condition audits and the Council's asset register. Additional factors were all considered for some asset classes as described below.

Road Pavements and Surfaces were modelled using Road Surface Manager to provide a program for optimal intervention times and extent of works required.

Kerb & Water Table were programmed for the asset register and in conjunction with the road resealing program. Works programmed with the road resealing program are not necessarily full reconstructions and can be limited to repair of sections that have incurred external damage.

Traffic Control Devices were programmed for the asset register and in conjunction with the road resealing program. Certain types of traffic control devices such as speed humps will require reconstruction with the reseal of the road and have been programmed accordingly.

Footpaths have been programmed from the asset register. An accelerated program to replace asphalt and concrete footpaths with block pavers has been implemented and is based on observations from the footpath planned maintenance program.

D.2 – Renewal Project Summary

The project titles included in the life-cycle forecast are included here.

Table D2: RENEWAL PROJECT SUMMARY

Year	Road Pavement and Surface	Kerb & Water Table	Footpath	Traffic Control Devices	Off Road Carparks	Linear Park Shared path	Design
2022	\$3,404,845	\$1,206,715	\$920,000	\$48,923	\$37,269	\$94,532	\$195,097
2023	\$3,391,391	\$1,838,332	\$870,000	\$106,430	\$0	\$0	\$132,357
2024	\$3,416,729	\$1,574,237	\$870,000	\$95,751	\$0	\$0	\$158,360
2025	\$3,782,560	\$2,004,288	\$870,000	\$115,729	\$0	\$3,477	\$148,750
2026	\$3,937,301	\$1,290,136	\$870,000	\$181,072	\$3,296	\$0	\$124,353
2027	\$3,832,911	\$1,179,331	\$870,000	\$126,255	\$0	\$0	\$133,498
2028	\$3,797,564	\$1,357,986	\$870,000	\$146,233	\$0	\$3,171	\$134,711
2029	\$3,798,611	\$783,137	\$870,000	\$61,544	\$0	\$0	\$194,615
2030	\$3,548,890	\$768,994	\$870,000	\$185,167	\$5,000	\$0	\$147,793
2031	\$1,644,879	\$597,363	\$870,000	\$108,372	\$0	\$43,220	\$43,193

D.3 – Renewal Forecast Summary

Table D3: RENEWAL FORECAST SUMMARY

Year	Renewal Forecast	Renewal Budget
2022	\$5,907,381	\$5,907,381
2023	\$6,388,510	\$6,388,510
2024	\$6,115,076	\$6,115,076
2025	\$6,924,805	\$6,924,805
2026	\$6,406,158	\$6,406,158
2027	\$6,141,995	\$6,141,995
2028	\$6,309,665	\$6,309,665
2029	\$5,707,907	\$5,707,907
2030	\$5,525,844	\$5,525,844
2031	\$3,307,027	\$3,307,027

Appendix E

Disposal Summary

E.1 – Disposal Forecast Assumptions and Source

No disposals have been forecast over the AMP period.

E.2 – Disposal Project Summary

No disposals have been forecast over the AMP period.

E.3 – Disposal Forecast Summary

Table E3: DISPOSAL ACTIVITY SUMMARY

Year	Disposal Forecast	Disposal Budget
2022	\$0	\$0
2023	\$0	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0
2031	\$0	\$0

Appendix F

Budget Summary by Life-Cycle Activity

The planned budget matches the forecast budget for acquisition and renewal, while the planned budget for operation and maintenance has not incorporated increases due to new and upgrade projects which have been allowed in the forecasts. It is not anticipated that the new and upgraded works will result in the increases forecast.

Table F1: BUDGET SUMMARY BY LIFE-CYCLE ACTIVITY

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2022	\$1,757,842	\$1,000,980	\$1,382,347	\$5,907,381	\$0	\$10,048,550
2023	\$2,427,671	\$1,000,980	\$1,382,347	\$6,388,510	\$0	\$11,199,508
2024	\$2,491,302	\$1,075,980	\$1,382,347	\$6,115,076	\$0	\$11,064,705
2025	\$7,250,000	\$1,000,980	\$1,382,347	\$6,924,805	\$0	\$16,558,132
2026	\$6,700,000	\$1,000,980	\$1,382,347	\$6,406,158	\$0	\$15,489,484
2027	\$6,700,000	\$1,000,980	\$1,382,347	\$6,141,995	\$0	\$15,225,322
2028	\$6,931,931	\$1,075,980	\$1,382,347	\$6,309,665	\$0	\$15,699,923
2029	\$603,262	\$1,000,980	\$1,382,347	\$5,707,907	\$0	\$8,694,496
2030	\$2,171,868	\$1,000,980	\$1,382,347	\$5,525,844	\$0	\$10,081,038
2031	\$3,842,102	\$1,000,980	\$1,382,347	\$3,307,027	\$0	\$9,532,456

Attachment D

Strategic Management Plans

2020 Asset Management Plan Stormwater Management Infrastructure

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City of
Norwood
Payneham
& St Peters



2020

Asset Management Plan

Stormwater Management Infrastructure



City of
Norwood
Payneham
& St Peters

Document Control		2020 ASSET MANAGEMENT PLAN – STORMWATER MANAGEMENT INFRASTRUCTURE			
Rev No	Date	Revision Details	Author	Reviewer	Approver
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Contents

1.0	EXECUTIVE SUMMARY	5
1.1	The Purpose of the Asset Management Plan	5
1.2	Asset Description	5
1.3	Levels of Service.....	5
1.4	Future Demand	5
1.5	Life-Cycle Management Plan	5
1.6	Financial Summary.....	6
1.7	Asset Management Practices	7
1.8	Monitoring and Improvement Program	7
2.0	INTRODUCTION	8
2.1	Background	8
2.2	Goals and Objectives of Asset Ownership	10
3.0	LEVELS OF SERVICE	12
3.1	Community Research and Expectations	12
3.2	Strategic and Corporate Goals.....	12
3.3	Legislative Requirements.....	13
3.4	Citizen Values.....	14
3.5	Citizen Levels of Service	15
3.6	Technical Levels of Service.....	16
4.0	FUTURE DEMAND	18
4.1	Demand Drivers	18
4.2	Demand Forecasts	18
4.3	Demand Impact and Demand Management Plan	18
4.4	Asset Programs to Meet Demand.....	18
4.5	Climate Change and Adaptation	19
5.0	LIFE-CYCLE MANAGEMENT PLAN	20
5.1	Background Data	20
5.2	Operations and Maintenance Plan	21
5.3	Renewal Plan	23
5.4	Summary of Future Renewal Costs.....	24
5.5	Acquisition Plan	24
5.6	Disposal Plan.....	27

6.0	RISK MANAGEMENT PLANNING	28
6.1	Critical Assets.....	28
6.2	Risk Assessment.....	28
6.3	Infrastructure Resilience Approach	30
6.4	Service and Risk Trade-Offs	30
7.0	FINANCIAL SUMMARY	31
7.1	Financial Statements and Projections.....	31
7.2	Funding Strategy.....	32
7.3	Valuation Forecasts	32
7.4	Key Assumptions Made in Financial Forecasts	32
7.5	Forecast Reliability and Confidence.....	33
8.0	PLAN IMPROVEMENT AND MONITORING	34
8.1	Status of Asset Management Practices	34
8.2	Improvement Plan	34
8.3	Monitoring and Review Procedures	34
8.4	Performance Measures	35
9.0	REFERENCES	36
10.0	APPENDICES	37
	Appendix A.....	37
	Appendix B	38
	Appendix C	39
	Appendix D.....	40
	Appendix E	41
	Appendix F	42

1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Asset Management Plan

Asset management planning is a comprehensive process ensuring the delivery of services from infrastructure is financially sustainable.

This Asset Management Plan (AMP) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The AMP defines the services to be provided, how the services are provided and what funds are required over the ten (10) year planning period. The AMP will link to the Council's Long-Term Financial Plan (LTFP) which typically considers a ten (10) year planning period.

This AMP covers the City's Stormwater Management Infrastructure Network.

1.2 Asset Description

The City's Stormwater Management Infrastructure Network comprises:

- stormwater drainage infrastructure (inclusive of pits, pipes, culverts, open channels, outlets and pumps);
- pedestrian and vehicular bridges; and
- Aquifer Recharge Storage (ASR) infrastructure (inclusive of bores, pits, pipes, pumps, control systems and bio-filtration beds).

The Stormwater Management Infrastructure Network has a significant total renewal value estimated at \$126,866,864.

1.3 Levels of Service

The Council's present funding levels are sufficient to continue to provide existing services at current service levels in the medium term.

The main service consequences of the Planned Budget expenditure are:

- assets are replaced accordingly with respect to condition and intended useful life; and
- assets complying with the relevant standards and guidelines.

1.4 Future Demand

The main demands for new services are created by:

- increased runoff from historic development within catchments;
- increased runoff from increased rainfall intensity as a result of a changing climate; and
- stormwater quality enhancements prior to discharging of stormwater.

These demands will be approached using a combination of managing existing assets, upgrading existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures, including:

- monitoring of asset condition;
- undertaking community expectation surveys; and
- monitoring the impacts of climate change and increased urban development.

1.5 Life-Cycle Management Plan

1.5.1 What does it Cost?

The forecast life-cycle costs necessary to provide the services covered by this AMP includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AMP may be prepared for a range of time periods, it typically informs a long-term financial planning period of ten (10) years. Therefore, a summary

output from the AMP is the forecast of ten (10) year total outlays, which for the Stormwater Management Infrastructure Network is estimated as \$32,102,100 or \$3,210,210 on average per year.

1.6 Financial Summary

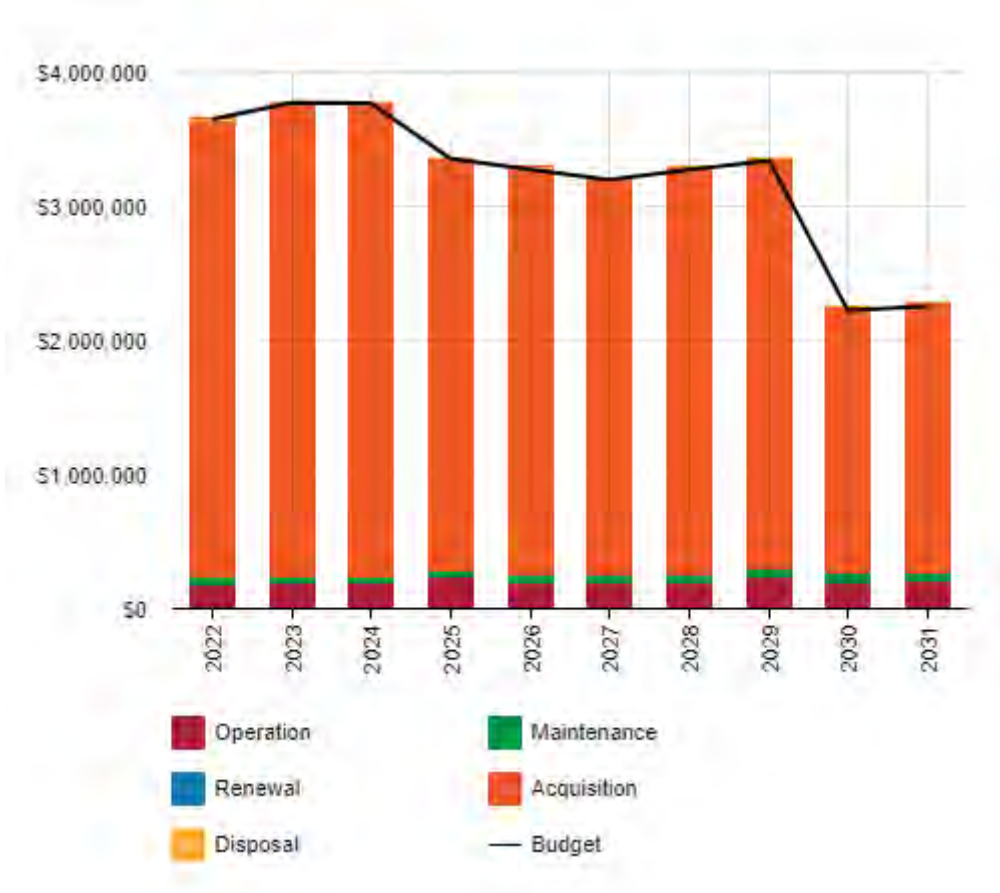
1.6.1 What the Council will do

Estimated available funding for the ten (10) year period is \$32,102,100 (or \$3,210,210 on average per year) as set out in the LTFP. This is 100% of the cost to sustain the current level of service at the lowest life-cycle cost.

The reality is that only what is funded in the LTFP can be provided. The informed decision making depends on the AMP emphasising the consequences of Planned Budgets on the service levels which are provided and the associated risks.

The anticipated Planned Budget for the City’s Stormwater Management Infrastructure Network results in a shortfall of \$0 average per year of the forecast life-cycle costs required to provide services in the AMP compared with the Planned Budget currently included in the LTFP. This is shown in Figure 1.6.1.

Figure 1.6.1: FORECAST LIFE-CYCLE COSTS AND PLANNED BUDGETS



All figure values are shown in current (2020) dollars.

The Council plans to undertake the following in respect to the existing Stormwater Management Infrastructure Network:

- operation, maintenance, renewal and upgrade of Stormwater Management Infrastructure assets to meet service levels set by in annual budgets; and
- major projects within the ten (10) year planning period which consists of upgrading the level of flood protection within catchments to provide the defined level of service through an integrated stormwater

management approach. This includes opportunities for stormwater reuse and water sensitive urban design (WSUD) initiatives wherever possible within the project budget.

1.6.2 What the Council cannot do

The Council currently allocates sufficient funding to sustain the Stormwater Management Infrastructure Network at the proposed standard. Any operations and maintenance budget requirements derived from new stormwater reuse or WSUD infrastructure have not been allowed for, as the potential new infrastructure and operations and maintenance which are required are unknown at this stage and will only be determined during the design of the renewal projects. As this information becomes available the AMP will be updated to reflect the changes.

1.6.3 Managing the Risks

The Council's current budget levels are sufficient to continue to manage risks in the medium term.

The main risk consequences are:

- frequency of flood events increasing due to increasing stormwater runoff;
- stormwater of poor quality entering the receiving waters and wider environment; and
- community expectations are not met.

The Council will endeavour to manage these risks within the available funding allocation by:

- reacting to potential flood events with temporary mitigation measures;
- maintaining the frequency of footpath "blowing and street sweeping" to remove gross pollutants from catchments; and
- prioritising acquisition projects.

1.7 Asset Management Practices

The Council's systems to manage assets include:

- the Council's financial system; and
- the Council's asset management system.

Assets requiring renewal/replacement are identified from either the Asset Register Method or the Alternative Method. These methods are part of the Life-Cycle Model.

If Asset Register data is used to forecast the renewal costs, this is done using the acquisition year and the useful life.

Alternatively, an estimate of renewal life-cycle costs is projected from external condition modelling systems and may be supplemented with, or based on, expert knowledge.

The Asset Register Method was used to forecast the renewal life-cycle costs for this AMP.

1.8 Monitoring and Improvement Program

The next steps resulting from this AMP to improve asset management practices are:

- prioritising acquisition expenditure;
- establishing a formal condition rating process and GIS data storage system;
- reviewing opportunities for stormwater reuse and WSUD;
- reviewing resilience of critical infrastructure; and
- reviewing adaptive technologies to prolong the life of assets.

2.0 INTRODUCTION

2.1 Background

This AMP communicates the requirements for the sustainable delivery of services through the management of assets, compliance with regulatory requirements and required funding to provide the appropriate levels of service over the long-term planning period.

This AMP is to be read in conjunction with the following key planning documents:

- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- Flood Mapping and Management Strategy
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

The Council has a strong focus on asset management, with continuous improvements during the revision of the AMP. Integration of renewal and upgrade planning is undergoing continuous improvement to ensure the minimum required investment provides the greatest value outcomes.

The infrastructure assets covered by this AMP include stormwater drainage, re-use and water quality assets. For a detailed summary of the assets covered in this AMP refer to Table 5.1.1 in Section 5.

The infrastructure assets included in this AMP have a total replacement value of \$126,866,864.

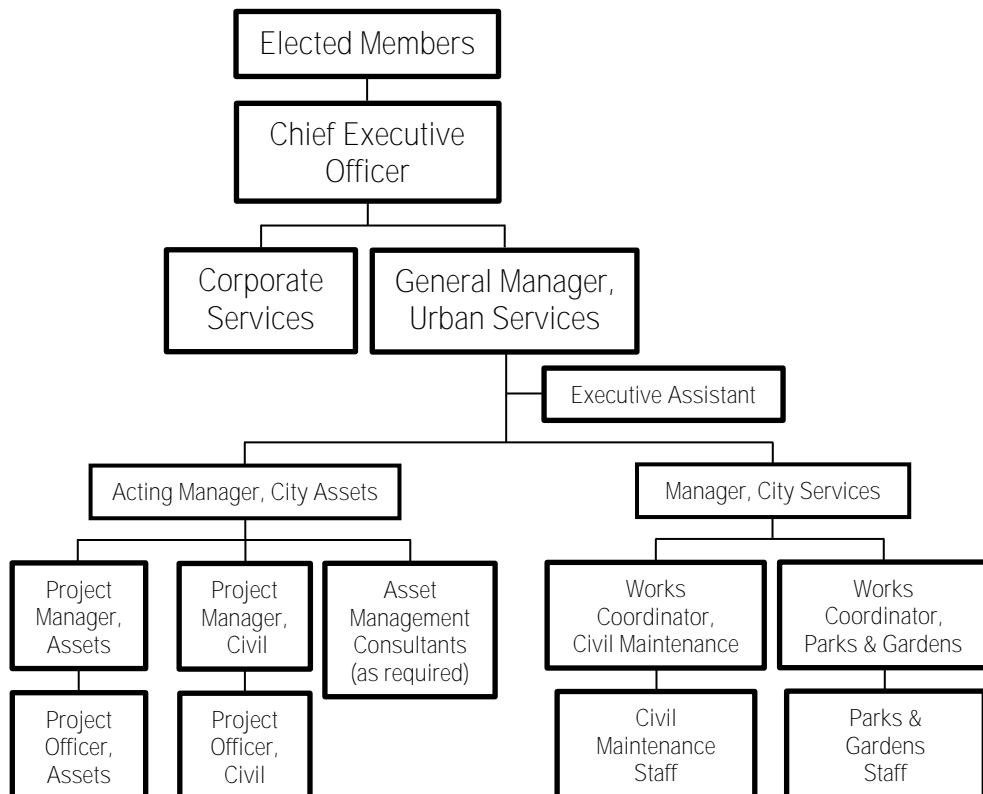
Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.1.

Table 2.1: KEY STAKEHOLDERS IN THE AMP

Key Stakeholder	Role in AMP
Elected Members	Represent needs of community/shareholders, allocate resources to meet planning objectives in providing services while managing risks and ensure services are sustainable.
Chief Executive Officer	Endorse the development of the AMP and provide resources required to complete the task.
General Manager, Urban Services and Acting Manager, City Assets	Set high level priorities for asset management development and support the implementation of actions resulting from this AMP.
Corporate Services	Development of supporting policies such as capitalisations and depreciation. Provision of GIS applications and support.
Asset Management Consultants	Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current accounting standards. Host and consolidate asset register including updating valuations, capitalisations and disposals. Provide support for development of the AMP and the implementation of effective asset management principles. Independently endorse asset revaluation methodology.
Project Manager, Assets	Responsible for the overall development of the AMP. Coordinate input of other stakeholder into the AMP. Manage the periodic collection of asset condition data.
City Assets	Assist the Project Manager, Assets in the development of the AMP.
City Services	Provide local knowledge level of detail on the Stormwater Management Infrastructure Network. Describe the maintenance standards deployed and the ability to meet the technical and Citizen Levels of Service.
External Parties	Local Residents; Local Businesses; Utilities; Developers; and Federal and State Governments.

The Council's organisational structure for service delivery of infrastructure assets is detailed in Figure 2.1.

Figure 2.1: ORGANISATIONAL STRUCTURE



2.2 Goals and Objectives of Asset Ownership

The Council's goal in the management of infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- providing a defined level of service and monitoring performance;
- managing the impact of growth through demand management and infrastructure investment;
- taking a life-cycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service;
- identifying, assessing and appropriately controlling risks; and
- linking to the LTFP which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are:

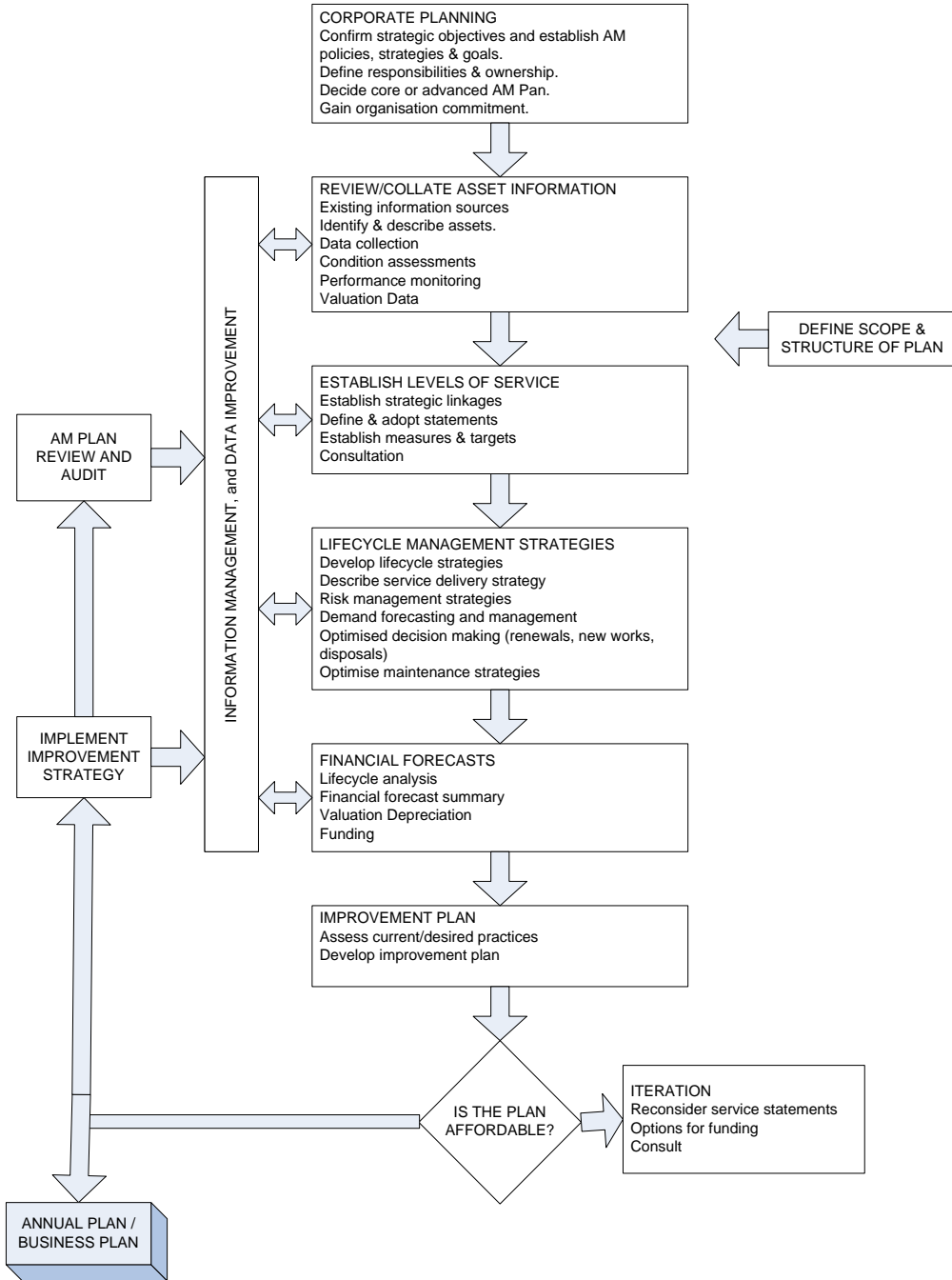
- **levels of service** – specifies the services and levels of service to be provided;
- **future demand** – how this will impact on future service delivery and how this is to be met;
- **life-cycle management** – how to manage its existing and future assets to provide defined levels of service;
- **financial summary** – what funds are required to provide the defined services;
- **asset management practices** – how the Council manages the provision of the services;
- **monitoring** – how the AMP will be monitored to ensure objectives are met; and
- **asset management improvement plan** – how the Council increases asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 ¹; and
- International Organisation for Standardisation (ISO) 55000².

A road map for preparing an AMP is shown in Figure 2.2.

Figure 2.2: ROAD MAP FOR PREPARING AN AMP



Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11

¹ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

² ISO 55000 Overview, principles and terminology

3.0 LEVELS OF SERVICE

3.1 Community Research and Expectations

The Council conducts Community Surveys at regular intervals to establish how the Council is performing in a number of key indicators. Community Surveys have been conducted in 2009, 2011, 2013 and 2017, with the most recent survey undertaken in 2019. The survey uses a 5-point scale to determine satisfaction, with 1 being very dissatisfied, 5 being very satisfied and a 'don't know' response. The mean score is derived from the five-point satisfaction scale. Table 3.1 summarises the results from the Council's Community Surveys.

Table 3.1: COMMUNITY SATISFACTION SURVEY LEVELS

Performance Measure	Satisfaction Level				
	2019	2017	2013	2011	2009
Overall Infrastructure Satisfaction	3.8	3.8	4.0	4.0	3.6
Overall Environmental Satisfaction	3.4	3.7	3.9	4.0	3.7
Enhancing the Natural Environment	3.7	3.8	3.8	3.9	3.5
Managing Watercourses	3.4	3.6	3.6	3.6	3.2
Water, Management & Use	3.4	3.7	3.5	3.6	3.1
Undertaking Environmental Initiatives	3.4	3.5	3.2	3.2	3.0
Responding to Climate Change	3.0	N/A	N/A	N/A	N/A

3.2 Strategic and Corporate Goals

This AMP has been prepared in accordance with the Council's Vision, Mission, Goals and Objectives as set out in *CityPlan 2030: Shaping our Future*.

The Council's Vision is:

'A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.'

Strategic goals have been set by the Council and how these are addressed in this AMP is summarised in Table 3.2.

Table 3.2: GOALS AND HOW THESE ARE ADDRESSED IN THIS AMP

Goal	Objective	How Goal and Objectives are Addressed in the AMP
Environmental Sustainability – A leader in environmental sustainability	Sustainable and attractive streetscapes and open spaces	Development of service levels provided by the infrastructure and the balancing of this with the available funding and acceptable risk.
	Mitigating and adapting to the impacts of climate change	Planning of long term sustainable infrastructure is important and to enable appropriate resources to be identified and provided.
Environmental Sustainability - Sustainable and efficient management of water, waste, energy and other resources.	Implement mechanisms to make better use of water resources including the harvesting and re-use of stormwater.	<p>Planning for water quality improvements upstream of existing stormwater harvesting infrastructure to increase the harvest potential.</p> <p>Planning to harvest stormwater for use in public toilet flushing where available and in conjunction with renewal of public toilet facilities.</p>
Environmental Sustainability - Healthy and sustainable watercourses	Revegetate and restore natural watercourses.	Planning for naturalisation of existing watercourses where feasible in conjunction with Recreation and Open Space projects.
	Improve the water quality in our City's watercourses.	Planning to develop WSUD initiatives as part of integrated stormwater management and streetscape projects.
	Encourage the capture and re-use of stormwater and reduce stormwater run-off.	Planning to develop WSUD initiatives as part of integrated stormwater management and streetscape projects.

3.3 Legislative Requirements

There are a number of legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Stormwater Management Infrastructure Network are set out in Table 3.3.

Table 3.3: LEGISLATIVE REQUIREMENTS

Legislation	Requirement
Aboriginal Heritage Act 1988	An Act to provide for the protection and preservation of the Aboriginal heritage, and for other purposes.
Australian Accounting Standards	Standards applied in preparing financial statements, relating to the valuation, revaluation and depreciation of transport assets.
Australian Standards	All of the Council's infrastructure projects are undertaken in accordance with Australian Standards, or in the absence of, best practice techniques.
Building Code of Australia 2007	Sets out minimum standards for construction of new assets. Also provides minimum standards for new properties.
Development Act 1993	An Act to provide for planning and regulate development in the State; to regulate the use and management of land and buildings, and the design and construction of buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.

Disability Discrimination Act 1992	Provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people.
Environmental Protection Act 1993	Sets out requirements for any works to comply with, as well as water quality standards.
Highways Act 1926	An Act to provide for the appointment of a Commissioner of Highways, and to make further and better provision for the construction and maintenance of roads and works and for other purposes.
Local Government Act 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long-term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Manual of Legal Responsibilities and Technical Requirements for Traffic Control Devices – Part 2 – Code of Technical Requirements	Defines legal requirements for the installation of traffic control devices.
Road Traffic Act (1961)	Defines responsibilities pertaining to roadways and standards.
Road Opening & Closing Act (1991)	Allows for the formalisation of roadways status.
Work Health and Safety Act 2012	Provides minimum standards for health and safety of individuals performing works.

3.4 Citizen Values

Service levels are defined in three (3) ways, Citizen Values, Citizen Levels of Service and Technical Levels of Service.

Citizens Values indicate:

- what aspects of a service is important to the citizen;
- whether they see value in what is currently being provided; and
- the likely trend over time based on the current budget provision.

A summary of the satisfaction measure being used, the current feedback and the expected performance based on the current funding level is set out in Table 3.4.

Table 3.4: CITIZEN VALUES

Citizen Values	Citizen Satisfaction Measure	Current Feedback	Expected Trend Based on Planned Budget
Management of watercourses, including flooding	Community Survey & Complaints	Community survey results declined from previous survey. Moderate amount of feedback related to specific rainfall events.	Improved management of watercourses including reduced risk of flooding to private property.
Undertaking environmental initiatives, including water quality and reuse	Community Survey & Complaints	Community survey results declined from previous survey.	Improved with implementation of integrated stormwater management and streetscape projects.
Enhancing natural environment	Community Survey & Complaints	Community survey results declined from previous survey.	Likely to remain unchanged with limited opportunity within urban environment.

3.5 Citizen Levels of Service

The Citizen Levels of Service are considered in terms of:

- **quality:** How good is the service? What is the condition or quality of the service?
- **function:** Is it suitable for its intended purpose? Is it the right service?
- **capacity:** Is the service over or under used? Does the Council need more or less of these assets?

A summary of the performance measure being used, the current performance and the expected performance based on the current funding level is set out in Table 3.5.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very Good) and provide a balance in comparison to the citizen perception that may be more subjective.

Confidence levels of current performance and expected trend are set out in Table 3.5 and are categorised as follows:

- **high:** professional judgement supported by extensive data;
- **medium:** professional judgement supported by data sampling; or
- **low:** professional judgement with no data evidence.

Table 3.5: CITIZEN LEVELS OF SERVICE MEASURES

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
Quality	Asset condition is 'fit for purpose'	Community survey on managing watercourses	Refer to Table 3.1 for Customer Satisfaction Survey results	No change
	Confidence levels		High	Medium
Function	Stormwater is managed in a sustainable way	Community survey on water, management & use	Refer to Table 3.1 for Customer Satisfaction Survey results	Improved performance is expected as a result of implementation of AMP
	Confidence levels		High	Medium
Capacity	Capacity of assets to meet demands	Community survey on managing watercourses	Refer to Table 3.1 for Customer Satisfaction Survey results	Improved performance is expected as a result of implementation of AMP
	Confidence levels		High	High

3.6 Technical Levels of Service

To deliver the Citizen Values, and impact the achieved Citizen Levels of Service, operational or technical measures of performance are used. These technical measures relate to the activities and allocation of resources to best achieve the desired community outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **acquisition:** the activities to provide a higher level of service (e.g. widening of a waterway) or a new service that did not exist previously (e.g. a new detention basin);
- **operation:** the regular activities to provide services (e.g. inspections and condition assessments);
- **maintenance:** the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. stormwater pit repairs);
- **renewal:** the activities that return the service capability of an asset up to that which it had originally provided (e.g. pipeline replacement); and
- **disposal:** the activities associated with the disposal of a decommissioned asset including sale, demolition or relocation (e.g. removal of a pipeline network).

Service and Asset Managers plan, implement and control technical service levels to influence the service outcomes.³

Table 3.6 shows the activities expected to be provided under the current Planned Budget allocation and the forecast activity requirements being recommended in this AMP.

³ IPWEA, 2015, IIMM, p 2|28.

Table 3.6: TECHNICAL LEVELS OF SERVICE

Life-Cycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
Acquisition	Upgrade of drainage catchment performance	Upgrade to defined service levels	Current implementation budget smoothed over ten (10) year timeframe	Current implementation budget smoothed over ten (10) year timeframe
	Gifted infrastructure from developers	Incorporate into asset register upon ownership	Occurs on an ad hoc basis dependent on development	Occurs on an ad hoc basis dependent on development
		Budget	\$29,665,000 over ten (10) years	\$29,665,000 over ten (10) years
Operation	Side Entry Pit and Trash Rack Cleaning	Frequency	Conduct on a programmed basis and on request	Conduct on a programmed basis and on request
	CCTV Inspection of underground assets	Frequency	Yearly inspection program of section of underground network	Yearly inspection program of section of underground network
	ASR Operation	Frequency	Conduct as per requirements	Conduct as per requirements
	Drainage Structures Condition Assessment	Frequency	Asset Condition Assessment undertaken once every five (5) years	Asset Condition Assessment undertaken once every four (4) years
		Budget	\$1,935,080 over ten (10) years	\$2,022,963 over ten (10) years
Maintenance	Reactive Maintenance	Maintenance frequency	Reactive to limit of budget to repair defects	Reactive to limit of budget to repair defects
	ASR Maintenance	Maintenance frequency	Planned and reactive maintenance	Planned and reactive maintenance
		Budget	\$502,020 over ten (10) years	\$560,607 over ten (10) years
Renewal	Renewal of asset	Renewal to requirements of asset register	Monitor condition and amend AMP as required	Monitor condition and amend AMP as required
		Budget	\$0 over ten (10) years	\$0 over ten (10) years
Disposal	Disposal of assets no longer in use	As identified in the AMP	No assets identified as no longer in use	No assets identified as no longer in use
		Budget	\$0 over ten (10) years	\$0 over ten (10) years

Note: *Current activities related to Planned Budget.

**Forecast required performance related to forecast life-cycle costs.

It is important to regularly monitor the service levels provided by the Council as these will change. The current performance is influenced by work efficiencies and technology and community priorities will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices and environmental awareness.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AMP.

Table 4.3: DEMAND MANAGEMENT PLAN

Demand Driver	Current Position	Projection	Impact on Services	Demand Management Plan
Climate change	Renewal program designed to mitigate impacts where possible	Increased stormwater runoff	Higher stormwater flow demand on services during thunderstorm events	Catchment renewal to consider an integrated stormwater management approach
Climate change	Renewal program designed to mitigate impacts where possible	Reduced overall rainfall	Reduced stormwater availability for WSUD and ASR infrastructure	Catchment renewal to consider an integrated stormwater management approach
Infill development	Minimise additional runoff to waterways through planning controls	Increased stormwater runoff	Higher stormwater flow demand on services during thunderstorm events	Maintain and enhance planning controls
Environmental management	Renewal program designed to enhance environmental outcome where possible	Increased water quality and reuse expectations	Increased requirement for WSUD infrastructure	Catchment renewal to consider an integrated stormwater management approach

4.4 Asset Programs to Meet Demand

The new assets required to meet demand may be acquired, donated or constructed and these assets are discussed in Section 5.4.

Acquiring new assets will commit the Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the LTFP (refer to Section 5).

4.5 Climate Change and Adaptation

The impacts of climate change can have a significant impact on the assets which the Council manages and the services which are provided. In the context of the asset management planning process, climate change can be considered as both a future demand and a risk.

How climate change will impact on assets can vary significantly depending on the location and the type of asset and services provided, as will the way in which the Council responds and manage these impacts.

As a minimum, the Council should consider both how to manage existing assets given the potential impacts of climate change and how to create resilience to climate change in any new works or acquisitions.

Opportunities which have been identified to date to manage the impacts of climate change on existing assets are shown in Table 4.5.1.

Table 4.5.1: MANAGING THE IMPACT OF CLIMATE CHANGE ON ASSETS

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Storm intensity	Increased rainfall intensity during rainfall events	Increased demand to manage increased flows	Catchment renewal to consider an integrated stormwater management approach including renewal materials
Rainfall	Reduced annual rainfall	Reduced availability for water reuse	Catchment renewal to consider an integrated stormwater management approach including renewal materials
Temperature	Higher maximum temperatures	Decreased lifespan of assets	Material selection and tree canopy shading

The way in which the Council constructs new assets should recognise that there is opportunity to build in resilience to the impacts of climate change. Building resilience has a number of benefits including but not limited to:

- assets will be able to withstand the impacts of climate change;
- services can be sustained; and
- assets that can endure the impacts of climate change may potentially lower the life-cycle cost and reduce their carbon footprint

Table 4.5.2 summarises some asset climate change resilience opportunities.

Table 4.5.2: BUILDING ASSET RESILIENCE TO CLIMATE CHANGE

New Asset Description	Climate Change Impact These Assets?	Build Resilience in New Works
WSUD infrastructure	Reduced annual rainfall	Higher quality stormwater more likely to be captured by ASR and reused for irrigation
Stormwater detention assets	Increased rainfall intensity during rainfall events	Reduce requirement to increase the capacity of the existing pit and pipe network

The impact of climate change on assets is a new and complex issue and opportunities will be developed in future revisions of this AMP.

5.0 LIFE-CYCLE MANAGEMENT PLAN

The Life-Cycle Management Plan details how the Council plans to manage and operate the assets at the agreed levels of service (refer to Section 3) while managing life-cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AMP are shown in Table 5.1.1.

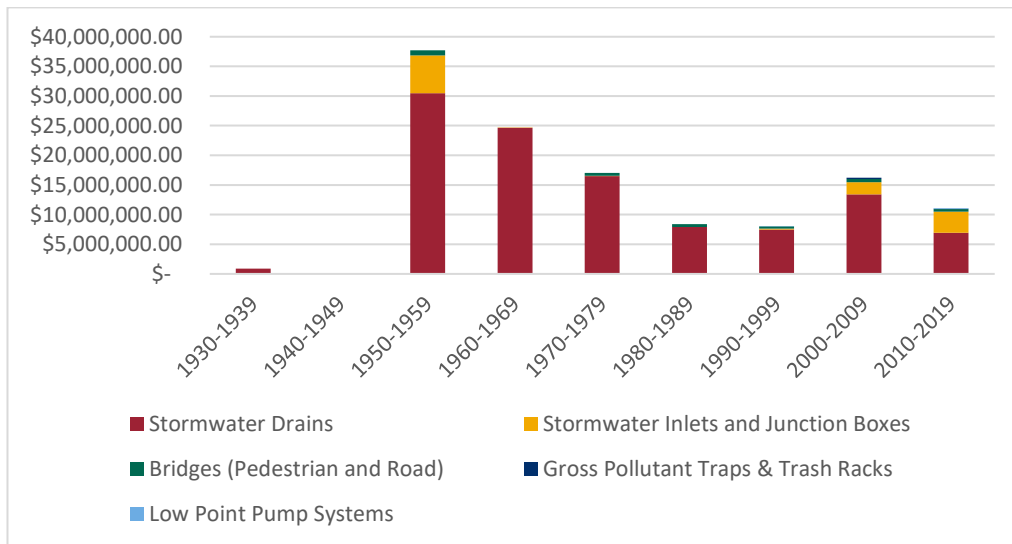
Stormwater Management Infrastructure assets includes all the stormwater drains, inlets, junction boxes, pedestrian and vehicular bridges, GPTs, trash racks, pump systems and ASR systems across the City.

The age profile of the assets included in this AMP are shown in Figure 5.1.1.

Table 5.1.1: ASSETS COVERED BY THIS AMP

Asset Category	Dimension	Replacement Value
Stormwater Drains	114km Pipe and Channel	\$109,473,927
Stormwater Inlets and Junction Boxes	2609 Units	\$12,291,201
Bridges (Pedestrian and Road)	18 Pedestrian & 37 Road	\$3,212,097
Gross Pollutant Traps & Trash Racks	6 Units 5 Installations	\$282,360
Low Point Pump Systems	2 Installations	\$107,611
Aquifer Storage Recharge System	1 installation (Linde Reserve, Stepney)	\$1,499,668
TOTAL		\$126,866,864

Figure 5.1.1: ASSET AGE PROFILE



All figure values are shown in current (2020) dollars.

Stormwater Management Infrastructure assets typically have a long life, often in excess of 80 to 100 years. The majority of the City’s underground Stormwater Management Infrastructure was constructed between 1950 and 1970 and has remaining life. It is anticipated that renewal activities will be required to commence in the 2030s, just beyond planning period for this AMP.

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: KNOWN SERVICE PERFORMANCE DEFICIENCIES

Location	Service Deficiency
Trinity Valley	Level of flood protection provided
Joslin Valley	Level of flood protection provided
First Creek	Level of flood protection provided
Linde Reserve ASR	Injection capacity not achieved

The above service deficiencies have been identified through the Flood Mapping and Management Strategy commissioned by the Council together with operational reports and historical data. The acquisition plan aims to improve the service identified deficiencies.

5.1.3 Asset condition

The condition of assets is currently monitored by undertaking a condition assessment of the Stormwater Management Infrastructure assets accessible from ground (e.g. bridge, pumps and ASR) once every five (5) years. The next condition assessment will be undertaken during the 2020-2021 financial year. The periodic condition assessments of accessible infrastructure will occur at a four (4) year interval following the current inspection to more closely monitor change in asset condition and to align with the preparation of the AMP. Yearly CCTV inspections of some inaccessible underground assets (e.g. pipes and culvert) is completed to systematically monitor asset condition.

A formal condition rating has not been historically provided with Stormwater Management Infrastructure condition assessments. The output has consisted of defects lists and associated maintenance requirements. It is planned to formalise a condition assessment rating system commencing with the next condition data collection.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include cleaning, street sweeping, asset inspection and utility costs.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include pipe repairs, asphalt patching, and equipment repairs.

The trend in operation and maintenance budgets are shown in Table 5.2.1.

Table 5.2.1: OPERATION AND MAINTENANCE BUDGET TRENDS

Year	Operation and Maintenance Budget
2019 – 2020	\$235,710
2020 – 2021	\$235,710
2021 – 2022	\$235,710

Operation and maintenance budget levels are considered to be adequate to meet projected service levels, which is equal to current service levels.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

Asset hierarchy

An asset hierarchy provides a framework for structuring data in an information system to assist in collection of data, reporting information and making decisions. The hierarchy includes the asset class and component used for asset planning and financial reporting and service level hierarchy used for service planning and delivery.

The service hierarchy is shown in Table 5.2.2.

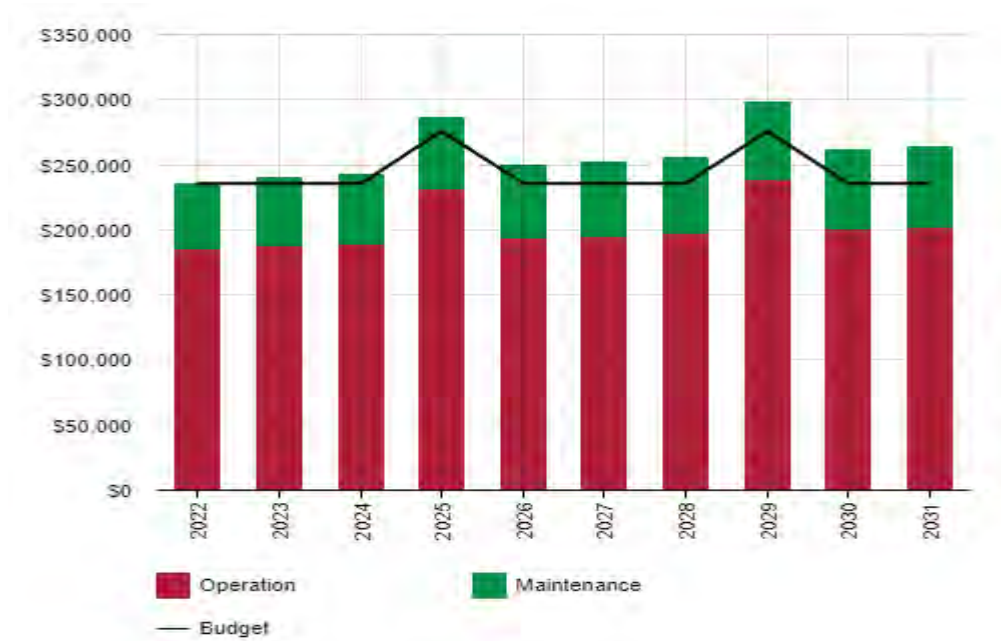
Table 5.2.2: ASSET SERVICE HIERARCHY

Service Hierarchy	Service Level Objective
Pedestrian and road bridges	In good condition to provide safe movement over rivers and creeks
Pits and underground drainage infrastructure	In good condition and clear of debris
Stormwater reuse infrastructure	In good condition to capture and reuse stormwater
WSUD infrastructure	In good condition to treat stormwater surface flow

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed, the forecast operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: OPERATIONS AND MAINTENANCE SUMMARY



All figure values are shown in current (2020) dollars.

Operation and maintenance costs remain consistent over the course of the AMP as the cost for the Stormwater Management Infrastructure Network are stable due to the nature and location of the assets. Additional operation and maintenance costs have not been planned for due to specific requirements of each project being unknown at this point in time. The AMP will be updated accordingly as information becomes available.

5.3 Renewal Plan

Renewal involves major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Assets requiring renewal are identified from either of the following approaches in the Life-Cycle Model:

- the first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year); or
- the second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical “useful lives” of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed during the 2019 – 2020 financial year.

Table 5.3: USEFUL LIVES OF ASSETS

Asset Category	Useful Life
Stormwater pipes, culverts, inlets and junction boxes	80 – 100 years
Bridges (pedestrian and vehicular)	80 – 100 years
Reno Mattress and Gabion Walls	70 years
Pumps and Control Systems	10 – 20 years
ASR Bore	50 years

The estimates for renewals in this AMP were based on the Asset Register Method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate; or
- to ensure the infrastructure is of sufficient quality to meet the service requirements.⁴

It is possible to prioritise renewals by identifying assets or asset groups that:

- have a high consequence of failure;
- have high use and subsequent impact on users would be significant;
- have higher than expected operational or maintenance costs, and
- have potential to reduce life-cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.⁵

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

⁴ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

⁵ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

Table 5.3.1: RENEWAL PRIORITY RANKING CRITERIA

Criteria	Weighting
Pedestrian and road bridges	50%
Pits and underground drainage infrastructure	40%
Stormwater reuse infrastructure	10%
TOTAL	100%

5.4 Summary of Future Renewal Costs

No renewal expenditure has been forecast in this AMP, as existing assets have remaining life. Proposed upgrades to the Stormwater Management Infrastructure Network are detailed in Section 5.5.

5.5 Acquisition Plan

Acquisition reflects new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council.

5.5.1 Selection criteria

Proposed upgrading of existing assets and constructing new assets are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Council's needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

Table 5.5.1: ACQUIRED ASSETS PRIORITY RANKING CRITERIA

Criteria	Weighting
Flood hazard reduction	70%
Stormwater reuse	15%
Stormwater quality improvements	15%
TOTAL	100%

Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition Capital Works Program is shown in Appendix A.

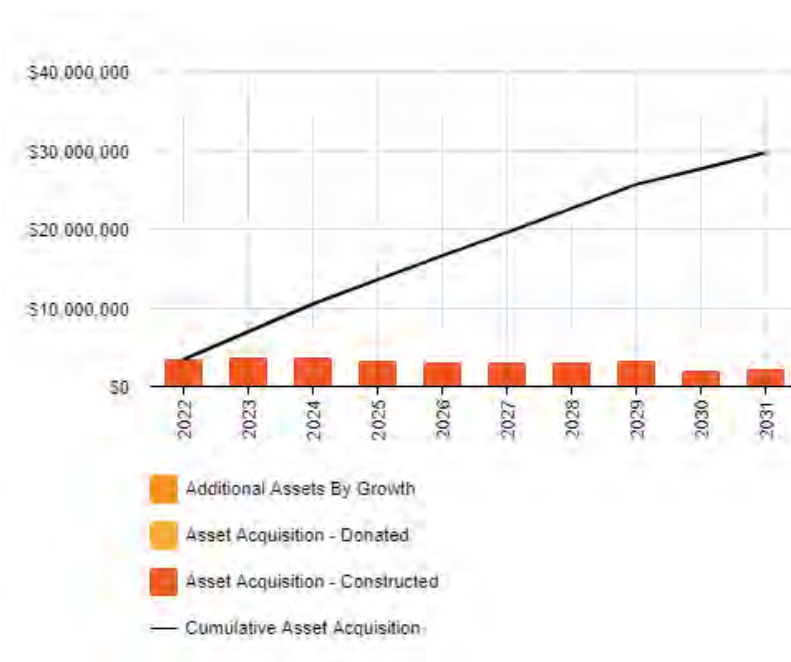
Figure 5.5.1: FORECAST ACQUISITION COSTS



All figure values are shown in current (2020) dollars.

When the Council commits to constructing new assets, the Council will be prepared to fund future operations, maintenance and renewal costs. The Council will account for future depreciation when reviewing long-term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Council. The cumulative value of all acquisition work, including assets that are constructed and contributed, are shown in Figure 5.5.2.

Figure 5.5.2: ACQUISITION SUMMARY



All figure values are shown in current (2020) dollars.

Expenditure on new assets and services in the Council’s Capital Works Program will be accommodated in the Council’s LTFP, but only to the extent that there is available funding.

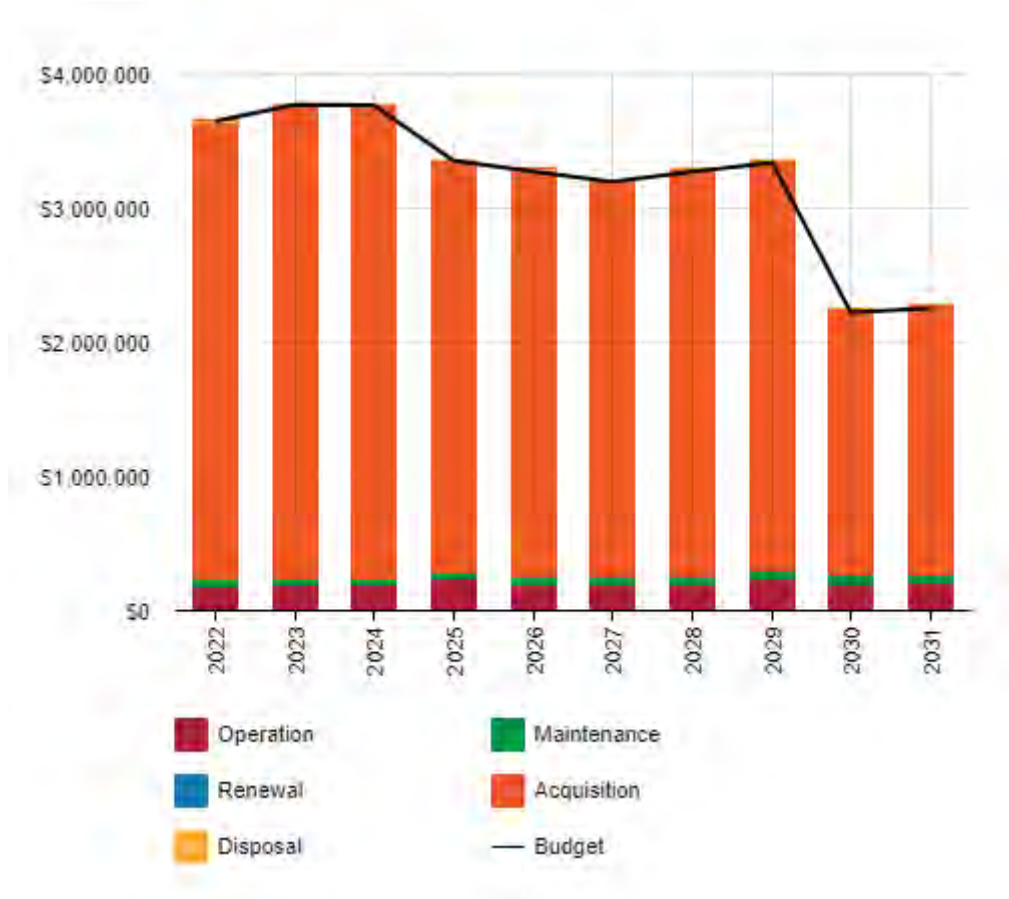
The proposed new and upgraded projects associated with the Stormwater Management Infrastructure Network have been programmed to be constructed in conjunction with the renewal and acquisition requirements of other asset classes, such as road reseals or recreation and open space upgrades, wherever possible, to increase the efficiency of expenditure. Programming of new works and upgrades has been undertaken into account with the development of the LTFP to ensure that the Council has the financial capacity to afford the proposed new and upgraded assets.

Summary of asset forecast costs

The financial projections based upon this AMP are shown in Figure 5.5.3. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life-cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.5.3: SUMMARY OF LIFE-CYCLE COSTS



All figure values are shown in current (2020) dollars.

The life-cycle summary shown in Figure 5.5.3 has been constructed based on the life-cycle requirements of the Stormwater Management Infrastructure assets and incorporates new and upgrade projects in line with the Council's strategic directions. The expenditure requirements have been programmed and budgeted across the ten (10) year planning period in conjunction with the LTFP to ensure the AMP is feasible and affordable.

5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. A summary of the disposal costs and estimated reductions in annual operations and maintenance of disposing of the assets are also outlined in Table 5.6. Any costs or revenue gained from asset disposals is included in the LTFP.

Table 5.6: ASSETS IDENTIFIED FOR DISPOSAL

Asset	Reason for Disposal	Timing	Disposal Costs	Operations & Maintenance Annual Savings
No disposals have been identified in the AMP	Nil	Nil	\$0	\$0

6.0 RISK MANAGEMENT PLANNING

The purpose of risk management associated with infrastructure assets is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’⁶.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery are summarised in Table 6.1. Failure modes can include physical failure, collapse or essential service interruption.

Table 6.1: CRITICAL ASSETS

Critical Assets	Failure Mode	Impact
Bridges	Degradation, third party damage	Service interruption
Levee banks	Failure, removal	Increased flood risk
Pumps	Breakdown	Increased flood risk

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

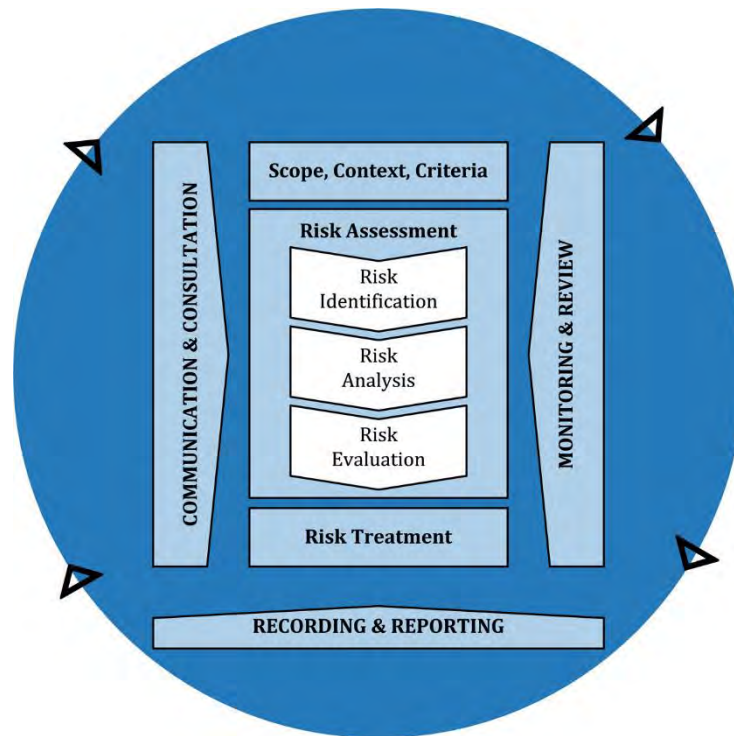
The risk management process used is shown in Figure 6.2.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

⁶ ISO 31000:2009, p 2

Figure 6.2: RISK MANAGEMENT PROCESS – ABRIDGED



Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts or other consequences.

Critical risks are those assessed with ‘Very High’ (requiring immediate corrective action) and ‘High’ (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Council.

Table 6.2: RISKS AND TREATMENT PLANS

Service or Asset at Risk	What Can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Bridges	Bridge failure	H	Period inspection and maintenance	L	Ongoing in AMP life-cycle
Stormwater drainage assets	Potential for uninformed decision making	H	Update condition data and review renewal program.	L	Ongoing in AMP life-cycle

Note *The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Infrastructure Resilience Approach

The resilience of the Council's critical infrastructure is vital to the ongoing provision of services to the community. To adapt to changing conditions the Council needs to understand its capacity to 'withstand a given level of stress or demand' and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

The Council does not currently measure our resilience in service delivery. This will be included in future iterations of the AMP.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AMP are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What the Council cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next ten (10) years. These include:

- new and upgrade projects identified that are unaffordable with the AMP timeframe.

6.4.2 Service trade-off

If there is forecast work (operations, maintenance, renewal, acquisition or disposal) that cannot be undertaken due to available resources, then this will result in service consequences for users. These service consequences include:

- flood risk and water quality improvements not entirely met.

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:

- loss of the Council's reputation.

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

7.0 FINANCIAL SUMMARY

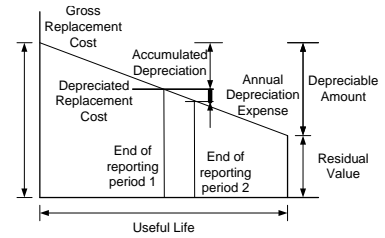
This section contains the financial requirements resulting from the information presented in the previous sections of this AMP. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Statements and Projections

7.1.1 Asset valuations

The best available estimate of the value of assets included in this AMP are shown below. The assets are valued at cost to replace service capacity:

Current (Gross) Replacement Cost	\$126,866,864
Depreciable Amount	\$126,866,864
Depreciated Replacement Cost ⁷	\$61,894,513
Depreciation during the 2019 – 2020 Financial Year	\$1,407,929



7.1.2 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AMP for this service area, namely:

- asset renewal funding ratio (proposed renewal budget for the next ten (10) years / forecast renewal costs for next ten (10) years); and
- medium term forecast costs / proposed budget (over ten (10) years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁸ 100%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next ten (10) years, the Council expects to have 100% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget is illustrated in Appendix D.

Medium term – ten (10) year financial planning period

This AMP identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a ten (10) year period. This provides input into ten (10) year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the ten (10) year period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the ten (10) year planning period is \$258,357 on average per year.

The proposed (budget) operations, maintenance and renewal funding is \$243,710 on average per year giving a ten (10) year funding shortfall of \$14,647 per year. This indicates that 94% of the forecast costs needed to provide the services documented in this AMP are accommodated in the proposed budget. This excludes acquired assets.

⁷ Also reported as Written Down Value, Carrying or Net Book Value.

⁸ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AMP and ideally over the ten (10) year life of the LTFP.

7.1.3 Forecast Costs (outlays) for the LTFP

Table 7.1.3 shows the forecast costs (outlays) for the ten (10) year LTFP.

Table 7.1.3: FORECAST COSTS (OUTLAYS) FOR THE LTFP

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal
2022	\$3,412,500	\$185,508	\$50,202	\$0	\$0
2023	\$3,537,500	\$187,556	\$51,567	\$0	\$0
2024	\$3,532,500	\$189,678	\$52,982	\$0	\$0
2025	\$3,077,500	\$231,798	\$54,395	\$0	\$0
2026	\$3,037,500	\$193,644	\$55,626	\$0	\$0
2027	\$2,962,500	\$195,467	\$56,841	\$0	\$0
2028	\$3,037,500	\$197,244	\$58,026	\$0	\$0
2029	\$3,062,500	\$239,067	\$59,241	\$0	\$0
2030	\$1,987,500	\$200,904	\$60,466	\$0	\$0
2031	\$2,017,500	\$202,097	\$61,261	\$0	\$0

All figure values are shown in current (2020) dollars.

7.2 Funding Strategy

The proposed funding for assets is outlined in the Council's Annual Budget and LTFP.

The Council's financial strategy outlines how funding will be provided, whereas the AMP communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added to service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AMP, it has been necessary to make some assumptions. This section details the key assumptions made in the development of this AMP and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP are:

- all figure values are shown in current (2020) dollars;
- acquisition costs have been based on professional judgement; and
- current operations and maintenance budget have been used.

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale⁹ in accordance with Table 7.5.1.

Table 7.5.1: DATA CONFIDENCE GRADING SYSTEM

Confidence Grade	Description
A. Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is shown in Table 7.5.2.

Table 7.5.2: DATA CONFIDENCE ASSESSMENT FOR DATA USED IN AMP

Data	Confidence Assessment	Comment
Demand drivers	A	Based on Resilient East climate reports and Flood Mapping and Management Strategy
Growth projections	A	Based on Resilient East climate reports and Flood Mapping and Management Strategy
Acquisition forecast	C	In line with strategic plans, policy and procedures
Operation forecast	C	In line with previous years
Maintenance forecast	C	In line with previous years
Renewal forecast	B	As per approved methodology
- Asset values	B	Current estimates from asset register
- Asset useful lives	B	Current estimates from asset register
- Condition modelling	C	Methodology and data capture to be updated
Disposal forecast	NA	NA

The estimated confidence level for and reliability of data used in this AMP is considered to be reliable.

⁹ IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

8.1.1 Accounting and financial data sources

This AMP utilises accounting and financial data. The source of the data is the Council's accounting and financial system.

8.1.2 Asset management data sources

This AMP also utilises asset management data. The source of the data is the Conquest Asset Management system licenced to the Council.

8.2 Improvement Plan

It is important that the Council recognise areas of their AMP and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AMP is shown in Table 8.2.

Table 8.2: IMPROVEMENT PLAN

Task No.	Task	Responsibility	Resources Required	Timeline
1	Prioritise acquisition expenditure	Project Manager, Assets	Project Officer, Assets and Finance Section	3 months
2	Establish formal condition rating process and GIS data storage system	Project Manager, Assets	Project Officer, Assets and Asset Consultants	6 months
3	Review opportunities for stormwater reuse and WSUD	Project Manager, Assets	Project Officer, Assets	1 year
4	Further develop risk assessment and management planning	Project Manager, Assets	Project Officer, Assets and Asset Consultants	1 year
5	Review resilience of critical infrastructure	Project Manager, Assets	Project Officer, Assets and Asset Consultants	2 years
6	Review adaptive technologies to prolong life of assets	Project Manager, Assets	Project Officer, Assets and Asset Consultants	2 years
7	Assess adequacy of operations and maintenance budget	Manager, City Services	City Assets Section	3 years
8	Continue to develop long term models predicting services level and risks based on varying funding models	Acting Manager, City Assets	City Assets Section and Asset Consultants	4 years
9	Continue the development of integration between strategic plans, AMP and LTFP	Chief Executive Officer and General Manager, Urban Services	City Assets Section and Finance Section	4 years

8.3 Monitoring and Review Procedures

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, upgrade/new and asset disposal costs and proposed budgets.

These forecast costs and proposed budget are incorporated into the LTFP or will be incorporated into the LTFP once completed.

The AMP has a maximum life of four (4) years and is due for complete revision and updating within two (2) years of each Council election.

8.4 Performance Measures

The effectiveness of this AMP can be measured in the following ways:

- the degree to which the required forecast costs identified in this AMP are incorporated into the LTFP;
- the degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the AMP;
- the degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Plan and associated plans; and
- the Asset Renewal Funding Ratio achieving the Organisational Target (this target is often 1.0).

9.0 REFERENCES

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- Long Term Financial Plan
- Annual Business Plan
- Flood Mapping and Management Strategy
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

10.0 APPENDICES

Appendix A

Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source

The new and upgrade projects contained within this AMP have been derived from the Council’s Flood Mapping and Management Strategy.

A.2 – Acquisition Project Summary

Table A2: ACQUISITION PROJECT SUMMARY

Year	Project	Cost
2022-2028	Trinity Valley (multiple projects)	\$15,200,000
2022-2031	First Creek (multiple projects)	\$3,670,000
2022-2030	Joslin Valley (multiple projects)	\$8,200,000
2024-2031	Third Creek (multiple projects)	\$4,465,000

A.3 – Acquisition Forecast Summary

Table A3: ACQUISITION FORECAST SUMMARY

Year	Constructed	Donated	Growth
2022	\$3,412,500	\$0	\$0
2023	\$3,537,500	\$0	\$0
2024	\$3,532,500	\$0	\$0
2025	\$3,077,500	\$0	\$0
2026	\$3,037,500	\$0	\$0
2027	\$2,962,500	\$0	\$0
2028	\$3,037,500	\$0	\$0
2029	\$3,062,500	\$0	\$0
2030	\$1,987,500	\$0	\$0
2031	\$2,017,500	\$0	\$0

Appendix B

Operation Forecast

B.1 – Operation Forecast Assumptions and Source

The operational forecast has been based on previous expenditure for the same service levels with requirements of additional operational expenditure due to new and upgrade projects factored in the year following completion.

B.2 – Operation Forecast Summary

Table B2: OPERATION FORECAST SUMMARY

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2022	\$185,508	\$2,048	\$185,508
2023	\$187,556	\$2,123	\$187,556
2024	\$189,678	\$2,120	\$189,678
2025	\$231,798	\$1,847	\$231,798
2026	\$193,644	\$1,823	\$193,644
2027	\$195,467	\$1,778	\$195,467
2028	\$197,244	\$1,823	\$197,244
2029	\$239,067	\$1,838	\$239,067
2030	\$200,904	\$1,193	\$200,904
2031	\$202,097	\$1,193	\$202,097

Appendix C

Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

The maintenance forecast has been based on previous expenditure for the same service levels with requirements of additional maintenance expenditure due to new and upgrade projects factored in the year following completion.

C.2 – Maintenance Forecast Summary

Table C2: MAINTENANCE FORECAST SUMMARY

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2022	\$50,202	\$1,365	\$50,202
2023	\$51,567	\$1,415	\$51,567
2024	\$52,982	\$1,413	\$52,982
2025	\$54,395	\$1,231	\$54,395
2026	\$55,626	\$1,215	\$55,626
2027	\$56,841	\$1,185	\$56,841
2028	\$58,026	\$1,215	\$58,026
2029	\$59,241	\$1,225	\$59,241
2030	\$60,466	\$795	\$60,466
2031	\$61,261	\$795	\$61,261

Appendix D

Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

The renewal forecast was based on the asset register. No renewal projects have been identified from the Council's Asset Register for the period of this AMP.

D.2 – Renewal Project Summary

No renewals have been forecast over the AMP period.

D.3 – Renewal Forecast Summary

Table D3: RENEWAL FORECAST SUMMARY

Year	Renewal Forecast	Renewal Budget
2022	\$0	\$0
2023	\$0	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0
2031	\$0	\$0

Appendix E

Disposal Summary

E.1 – Disposal Forecast Assumptions and Source

No disposals have been forecast over the AMP period.

E.2 – Disposal Project Summary

No disposals have been forecast over the AMP period.

E.3 – Disposal Forecast Summary

Table E3: DISPOSAL ACTIVITY SUMMARY

Year	Disposal Forecast	Disposal Budget
2022	\$0	\$0
2023	\$0	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0
2031	\$0	\$0

Appendix F

Budget Summary by Life-Cycle Activity

The Planned Budget matches the forecast budget for acquisition and renewal, while the Planned Budget for operation and maintenance has not incorporated increases due to new and upgrade projects which have been allowed in the forecasts. Any additional operations and maintenance requirement from new and upgraded works will be factored into revisions of this plan.

Table F1: BUDGET SUMMARY BY LIFE-CYCLE ACTIVITY

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2022	\$3,412,500	\$185,508	\$50,202	\$0	\$0	\$3,648,210
2023	\$3,537,500	\$185,508	\$50,202	\$0	\$0	\$3,773,210
2024	\$3,532,500	\$185,508	\$50,202	\$0	\$0	\$3,768,210
2025	\$3,077,500	\$225,508	\$50,202	\$0	\$0	\$3,353,210
2026	\$3,037,500	\$185,508	\$50,202	\$0	\$0	\$3,273,210
2027	\$2,962,500	\$185,508	\$50,202	\$0	\$0	\$3,198,210
2028	\$3,037,500	\$185,508	\$50,202	\$0	\$0	\$3,273,210
2029	\$3,062,500	\$225,508	\$50,202	\$0	\$0	\$3,338,210
2030	\$1,987,500	\$185,508	\$50,202	\$0	\$0	\$2,223,210
2031	\$2,017,500	\$185,508	\$50,202	\$0	\$0	\$2,253,210

Attachment E

Strategic Management Plans

2020 Asset Management Plan Recreation and Open Space Infrastructure

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City of
Norwood
Payneham
& St Peters



2020

Asset Management Plan

Recreation and Open Space Infrastructure



City of
Norwood
Payneham
& St Peters

Document Control		2020 ASSET MANAGEMENT PLAN – RECREATION AND OPEN SPACE INFRASTRUCTURE			
Rev No	Date	Revision Details	Author	Reviewer	Approver
1	December 2020	Draft for Community Consultation	JC	PM	PP
2	January 2021	Final – Council Meeting 18 January 2021	JC	PM	PP

Contents

1.0	EXECUTIVE SUMMARY	5
1.1	The Purpose of the Asset Management Plan	5
1.2	Asset Description	5
1.3	Levels of Service.....	5
1.4	Future Demand	5
1.5	Life-Cycle Management Plan	6
1.6	Financial Summary.....	6
1.7	Asset Management Practices	7
1.8	Monitoring and Improvement Program	7
2.0	Introduction	8
2.1	Background	8
2.2	Goals and Objectives of Asset Ownership	10
3.0	LEVELS OF SERVICE	12
3.1	Community Research and Expectations	12
3.2	Strategic and Corporate Goals.....	12
3.3	Legislative Requirements.....	13
3.4	Citizen Values.....	13
3.5	Citizen Levels of Service	14
3.6	Technical Levels of Service.....	15
4.0	FUTURE DEMAND	17
4.1	Demand Drivers	17
4.2	Demand Forecasts	17
4.3	Demand Impact and Demand Management Plan	17
4.4	Asset Programs to Meet Demand.....	17
4.5	Climate Change and Adaptation	18
5.0	LIFE-CYCLE MANAGEMENT PLAN	19
5.1	Background Data	19
5.2	Operations and Maintenance Plan	20
5.3	Renewal Plan	21
5.4	Summary of Future Renewal Costs.....	23
5.5	Acquisition Plan	24
5.6	Disposal Plan.....	26

6.0	RISK MANAGEMENT PLANNING	27
6.1	Critical Assets.....	27
6.2	Risk Assessment.....	27
6.3	Infrastructure Resilience Approach	29
6.4	Service and Risk Trade-Offs	29
7.0	FINANCIAL SUMMARY	31
7.1	Financial Statements and Projections.....	31
7.2	Funding Strategy.....	32
7.3	Valuation Forecasts	32
7.4	Key Assumptions Made in Financial Forecasts	32
7.5	Forecast Reliability and Confidence.....	33
8.0	PLAN IMPROVEMENT AND MONITORING	34
8.1	Status of Asset Management Practices	34
8.2	Improvement Plan	34
8.3	Monitoring and Review Procedures	34
8.4	Performance Measures	35
9.0	REFERENCES	36
10.0	APPENDICES	37
	Appendix A.....	37
	Appendix B	38
	Appendix C	39
	Appendix D.....	40
	Appendix E	41
	Appendix F	42

1.0 EXECUTIVE SUMMARY

1.1 The Purpose of the Asset Management Plan

Asset management planning is a comprehensive process ensuring the delivery of services from infrastructure is financially sustainable.

This Asset Management Plan (AMP) details information about infrastructure assets with actions required to provide an agreed level of service in the most cost-effective manner while outlining associated risks. The AMP defines the services to be provided, how the services are provided and what funds are required over the ten (10) year planning period. The AMP will link to the Council's Long-Term Financial Plan (LTFP) which typically considers a ten (10) year planning period.

This AMP covers the City's Recreation and Open Space Infrastructure Network.

1.2 Asset Description

The City's Recreation and Open Space Infrastructure Network includes:

- fencing (including open space fencing and barriers);
- furniture (including bus stop shelters, barbecues, benches, bike racks, litter bins, dog bag dispensers, drinking fountains, picnic table settings, artwork, monuments and plaques);
- irrigation systems;
- lighting (including way-finding, directional and security lighting);
- paths (including path steps and paths hand rails);
- retaining walls (including stone and concrete retaining walls); and
- sports and playgrounds (including tennis facilities, basketball courts and shade sail structures).

The Recreation and Open Space Infrastructure Network has a significant total renewal value estimated at \$24,989,342.

1.3 Levels of Service

The Council's present funding levels are sufficient to continue to provide existing services at current service levels in the medium term.

The main service consequences of the Planned Budget expenditure are:

- assets are replaced accordingly with respect to condition and intended useful life; and
- assets are complying to the relevant standards and guidelines.

1.4 Future Demand

The main demands for new services are created by:

- increased use of Recreation and Open Space Infrastructure assets due to the increase of population and the decrease of outdoor recreation areas at home as a result of smaller residential blocks; and
- increasing temperature and reduced rainfall due to a changing climate.

These demands will be approached using a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand. Demand management practices may also include a combination of non-asset solutions, insuring against risks and managing failures, including:

- monitoring and auditing of asset condition and compliance; and
- understanding the expectations and needs of the community.

1.5 Life-Cycle Management Plan

1.5.1 What does it Cost?

The forecast life-cycle costs necessary to provide the services covered by this AMP includes operation, maintenance, renewal, acquisition, and disposal of assets. Although the AMP may be prepared for a range of time periods, it typically informs a long-term financial planning period of ten (10) years. Therefore, a summary output from the AMP is the forecast of ten (10) year total outlays, which for the Recreation and Open Space Infrastructure Network is estimated as \$45,468,892 or \$4,546,889 on average per year.

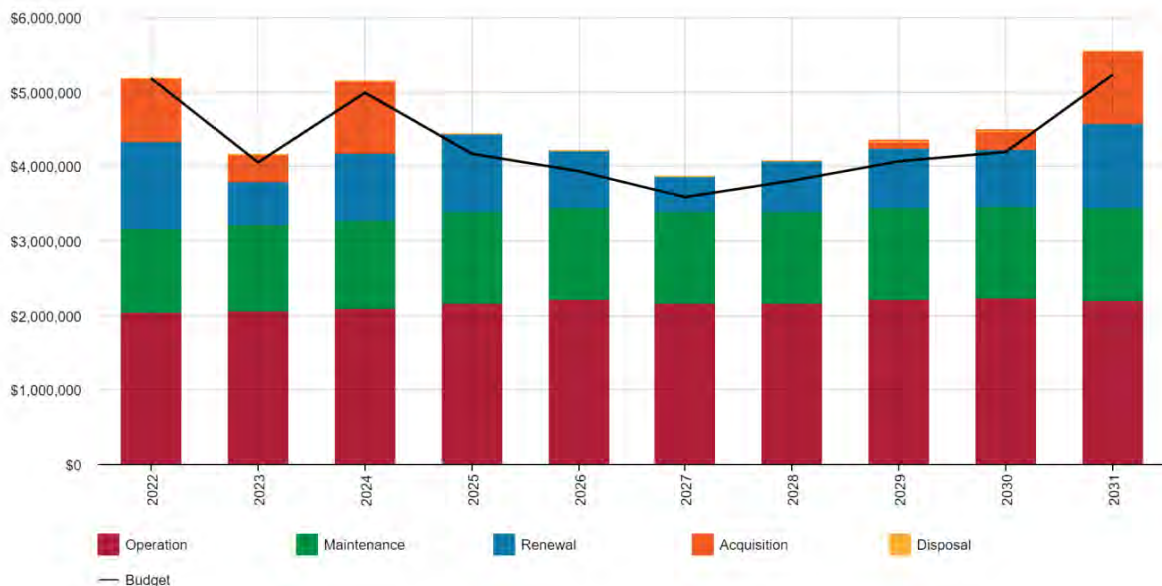
1.6 Financial Summary

1.6.1 What the Council will do

Estimated available funding for the ten (10) year period is \$43,244,106 (or \$4,324,411 on average per year) as set out in the LTFP. This is approximately 95% of the cost to sustain the current level of service at the lowest life-cycle cost.

The life-cycle summary shown in Figure 1.6.1 shows the minor shortfall in allocated funding across the planning period. The master-plan upgrade of various playgrounds will lead to a projected increase in operations and maintenance costs which have not been allowed for in the LTFP. The budget will need to be monitored and amended accordingly in future years to avoid deferred operation and maintenance works.

Figure 1.6.1: FORECAST LIFECYCLE COSTS AND PLANNED BUDGETS



All figure values are shown in current (2020) dollars.

The Council plans to undertake the following in respect to the existing Recreation and Open Space Infrastructure Network:

- operation, maintenance, renewal and upgrade of Recreation and Open Space Infrastructure assets to meet current service levels set by annual budgets; and
- continue master plan upgrades of playgrounds over the ten (10) year planning period.

1.6.2 What the Council cannot do

The Council currently allocates sufficient funding to sustain the Recreation and Open Space Infrastructure Network at the proposed standard. Any operations and maintenance budget requirements derived from new infrastructure have not been allowed for, as the potential operations and maintenance works which are required are unknown at this stage and will only be determined during the design of the projects. As this information becomes available the AMP will be updated to reflect the changes.

1.6.3 Managing the Risks

Our present budget levels are sufficient to continue to manage risks in the medium term, however, the additional costs associated with increasing maintenance and operations due to assets which are planned to be acquired have not been allowed for in the LTFP.

The main risk consequences are:

- increased risk of asset failure due to deferred operation and maintenance works;
- service provided by assets not to the standard of the users; and
- loss of the Council's reputation.

The Council will endeavour to manage these risks within available funding by:

- finding efficiencies within the current maintenance and operations program; and
- increasing proactive inspections and maintenance.

1.7 Asset Management Practices

The Council's systems to manage assets include:

- the Council's financial system; and
- the Council's asset management system.

Assets requiring renewal/replacement are identified from either the Asset Register Method or the Alternative Method. These methods are part of the Life-Cycle Model.

If Asset Register data is used to forecast the renewal costs, the acquisition year and the useful life are utilised.

Alternatively, an estimate of renewal life-cycle costs is projected from external condition modelling systems and may be supplemented with, or based on, expert knowledge.

The Alternative Method was used to forecast the renewal life-cycle costs for this AMP.

1.8 Monitoring and Improvement Program

The next steps resulting from this AMP to improve asset management practices are:

- review data capture and condition assessment process;
- prioritise renewal of assets;
- review the needs and expectations of the users;
- further develop risk assessment and management planning;
- review resilience of critical infrastructure;
- assess adequacy of operations and maintenance budget; and
- continue the development of integration between strategic plans, AMP and LTFP.

2.0 Introduction

2.1 Background

The City's Recreation and Open Space Infrastructure Network has been a major investment by the community over a long period of time and provides a wide range of essential services, such as promoting healthy living and increasing the liveability of the City. These assets have been donated, acquired and constructed over several generations and must be appropriately maintained, enhanced and renewed to continue to provide adequate services and benefits to the community for future generations.

This AMP communicates the requirements for the sustainable delivery of services through management of assets, compliance with regulatory requirements and required funding to provide the appropriate levels of service over the long term planning period.

This AMP is to be read in conjunction with the following key planning documents:

- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- Open Space Strategy (2004)
- Playgrounds Strategy (2006)
- Tennis Facilities Policy (2019)
- Irrigation Policy (2019)
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

The Council has a strong focus on asset management, with continuous improvements during the revision of the AMP.

The infrastructure assets covered by this AMP include furniture, sports and playgrounds, irrigation systems and fencing. For a detailed summary of the assets covered in this AMP refer to Table 5.1.1 in Section 5.

These infrastructure assets have a total replacement value of \$24,989,342.

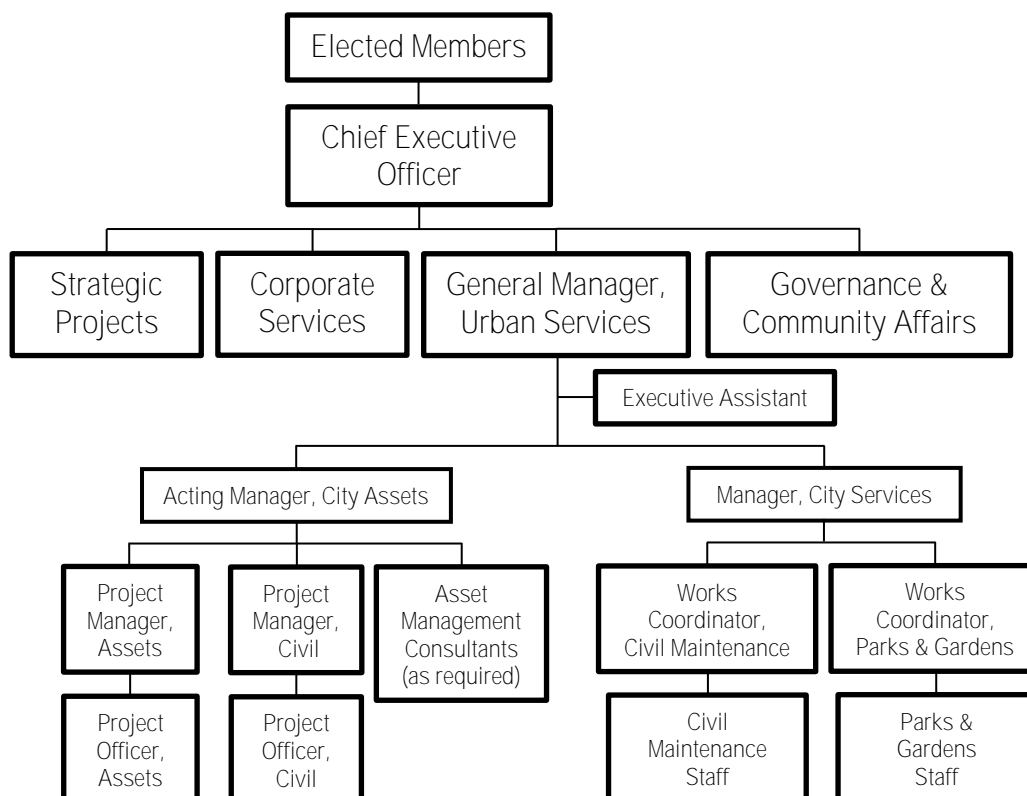
Key stakeholders in the preparation and implementation of this AMP are shown in Table 2.1.

Table 2.1: KEY STAKEHOLDERS IN THE AMP

Key Stakeholder	Role in AMP
Elected Members	Represent needs of community/shareholders, allocate resources to meet planning objectives in providing services while managing risks and ensure services are sustainable.
Chief Executive Officer	Endorse the development of the AMP and provide resources required to complete the task.
General Manager, Urban Services and Acting Manager, City Assets	Set high level priorities for asset management development and support the implementation of actions resulting from this AMP.
Corporate Services	Development of supporting policies such as capitalisations and depreciation. Provision of GIS applications and support.
Asset Management Consultants	Preparation of asset sustainability and financial reports incorporating asset depreciation in compliance with current accounting standards. Host and consolidate asset register including updating valuations, capitalisations and disposals. Provide support for development of the AMP and the implementation of effective asset management principles. Independently endorse asset revaluation methodology.
Project Manager, Assets and Project Officer, Assets	Responsible for the overall development of the AMP. Coordinate input of other stakeholders into the AMP. Manage the periodic collection of asset condition data.
City Assets and Strategic Projects	Assist the Project Manager – Assets and Project Officer – Assets in the development of the AMP.
Governance & Community Affairs	Manage the leasing and licensing of Council property assets.
City Services	Provide local knowledge level of detail on the Recreation and Open Space Infrastructure Network. Describe the maintenance standards deployed and the ability to meet the technical and Citizen Levels of Service.
External Parties	Local Residents; Local Businesses; Utilities; Developers; and Federal and State Governments.

The Council's organisational structure for service delivery of infrastructure assets is detailed in Figure 2.1 below.

Figure 2.1: ORGANISATIONAL STRUCTURE



2.2 Goals and Objectives of Asset Ownership

The Council's goal in the management of infrastructure assets is to meet the defined level of service (as amended from time to time) in the most cost-effective manner for present and future consumers. The key elements of infrastructure asset management are:

- providing a defined level of service and monitoring performance;
- managing the impact of growth through demand management and infrastructure investment;
- taking a life-cycle approach to developing cost-effective management strategies for the long-term that meet the defined level of service;
- identifying, assessing and appropriately controlling risks; and
- linking to the LTFP which identifies required, affordable forecast costs and how it will be allocated.

Key elements of the planning framework are:

- **levels of service** – specifies the services and levels of service to be provided;
- **future demand** – how this will impact on future service delivery and how this is to be met;
- **life-cycle management** – how to manage its existing and future assets to provide defined levels of service;
- **financial summary** – what funds are required to provide the defined services;
- **asset management practices** – how the Council manages provision of the services;
- **monitoring** – how the AMP will be monitored to ensure objectives are met; and

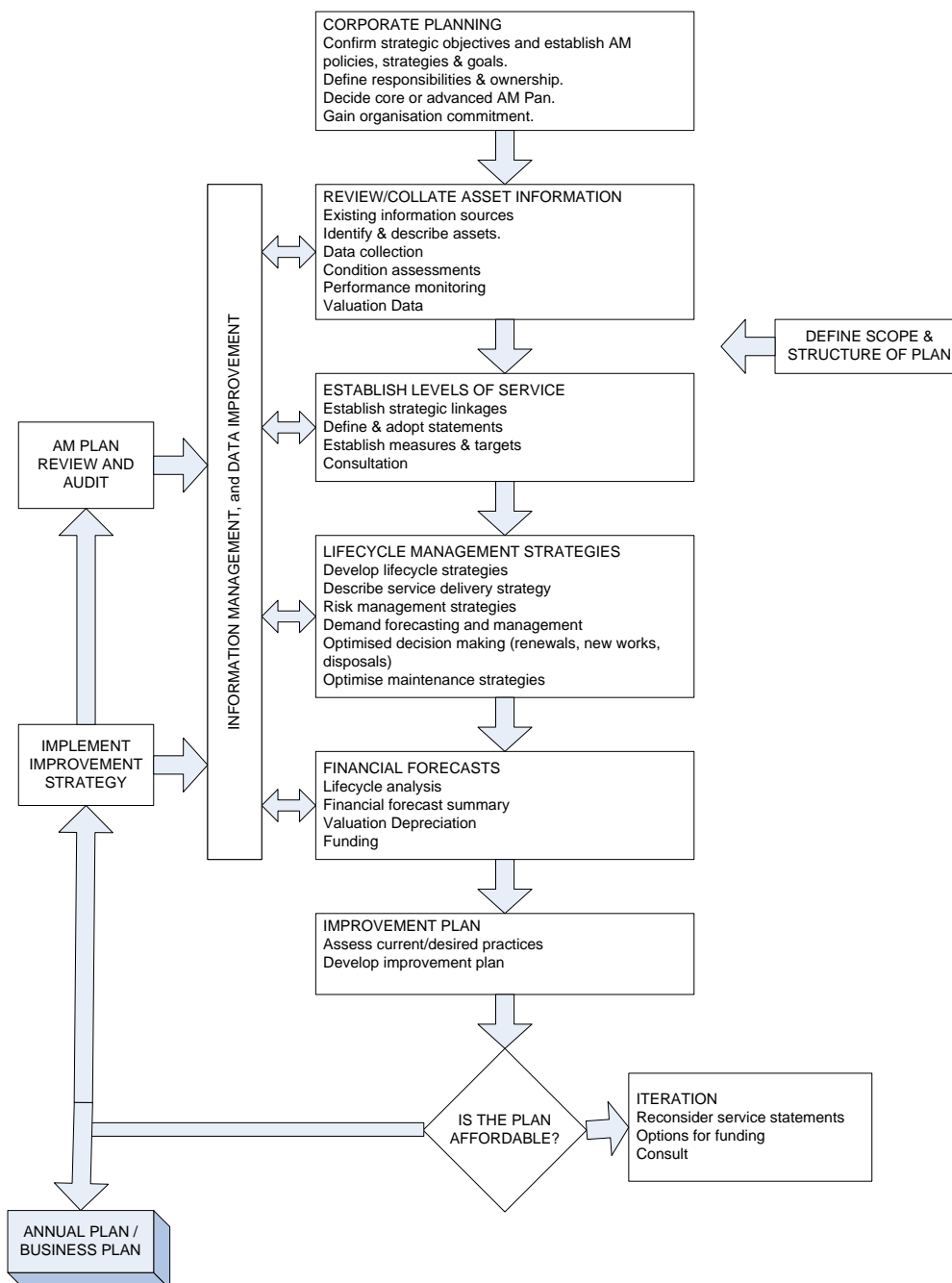
- **asset management improvement plan** – how the Council increases asset management maturity.

Other references to the benefits, fundamentals principles and objectives of asset management are:

- International Infrastructure Management Manual 2015 ¹; and
- International Organisation for Standardisation (ISO) 55000².

A road map for preparing an AMP is shown in Figure 2.2.

Figure 2.2: ROAD MAP FOR PREPARING AN AMP



Source: IPWEA, 2006, IIMM, Fig 1.5.1, p 1.11

¹ Based on IPWEA 2015 IIMM, Sec 2.1.3, p 2 | 13

² ISO 55000 Overview, principles and terminology

3.0 LEVELS OF SERVICE

3.1 Community Research and Expectations

The Council conducts Community Surveys at regular intervals to establish how the Council is performing in a number of key indicators. Community Surveys have been conducted in 2009, 2011, 2013 and 2017, with the most recent survey undertaken in 2019. The survey uses a 5-point scale to determine satisfaction, with 1 being very dissatisfied, 5 being very satisfied and a 'don't know' response. The mean score is derived from the five-point satisfaction scale. Table 3.1 summarises the results from the Council's Community Surveys.

Table 3.1: COMMUNITY SATISFACTION SURVEY LEVELS

Performance Measure	Satisfaction Level				
	2019	2017	2013	2011	2009
Overall Infrastructure Satisfaction	3.8	3.8	4.0	4.0	3.6
Provision and Maintenance of Parks and Recreational Areas	4.2	4.1	4.2	4.3	3.9
Recreation & Sporting Facilities Satisfaction	4.1	4.1	4.0	4.0	4.0

3.2 Strategic and Corporate Goals

This AMP has been prepared in accordance with the Council's Vision, Mission, Goals and Objectives as set out in *CityPlan 2030: Shaping our Future*.

The Council's Vision is:

'A City which values its heritage, cultural diversity, sense of place and natural environment.'

'A progressive City which is prosperous, sustainable and socially cohesive, with a strong community spirit.'

Strategic goals have been set by the Council and how these are addressed in this AMP is summarised in Table 3.2.

Table 3.2: GOALS AND HOW THESE ARE ADDRESSED IN THIS AMP

Goal	Objective	How Goal and Objectives are Addressed in the AMP
Social Equity - A connected, accessible and pedestrian friendly community	A people-friendly, integrated, sustainable and active transport and pedestrian network.	The Recreation and Open Space Infrastructure Network exist to support and provide services to the community. Planning the long term management of these assets is essential to the sustainability of these services.
Environmental Sustainability – A leader in environmental sustainability	Sustainable and attractive streetscapes and open spaces	Development of service levels provided by the infrastructure and the balancing of this with the available funding and acceptable risk.
Environmental Sustainability – A leader in environmental sustainability	Mitigating and adapting to the impacts of a changing climate	Planning of long term sustainable infrastructure is important and to enable appropriate resources to be identified and provided.

3.3 Legislative Requirements

There are many legislative requirements relating to the management of assets. Legislative requirements that impact the delivery of the Recreation and Open Space Infrastructure Network are set out in Table 3.3.

Table 3.3: LEGISLATIVE REQUIREMENTS

Legislation	Requirement
Aboriginal Heritage Act 1988	An Act to provide for the protection and preservation of the Aboriginal heritage, and for other purposes.
Australian Accounting Standards	Standards applied in preparing financial statements, relating to the valuation, revaluation and depreciation of transport assets.
Australian Standards	All of the Council's infrastructure projects are undertaken in accordance with Australian Standards, or in the absence of, best practice techniques.
Building Code of Australia 2007	Sets out minimum standards for construction of new assets. Also provides minimum standards for new properties.
Development Act 1993	An Act to provide for planning and regulate development in the State; to regulate the use and management of land and buildings, and the design and construction of buildings; to make provision for the maintenance and conservation of land and buildings where appropriate; and for other purposes.
Disability Discrimination Act 1992	Provides protection for everyone in Australia against discrimination based on disability. It encourages everyone to be involved in implementing the Act and to share in the overall benefits to the community and the economy that flow from participation by the widest range of people.
Environmental Protection Act 1993	Sets out requirements for any works to comply with, as well as water quality standards.
Local Government Act 1999	Sets out role, purpose, responsibilities and powers of local governments including the preparation of a long-term financial plan supported by infrastructure and asset management plans for sustainable service delivery.
Manual of Legal Responsibilities and Technical Requirements for Traffic Control Devices – Part 2 – Code of Technical Requirements	Defines legal requirements for the installation of traffic control devices.
Work Health and Safety Act 2012	Provides minimum standards for health and safety of individuals performing works.

3.4 Citizen Values

Service levels are defined in three (3) ways, Citizen Values, Citizen Levels of Service and Technical Levels of Service.

Citizen Values indicate:

- what aspects of a service is important to the citizen;
- whether they see value in what is currently being provided; and
- the likely trend over time based on the current budget provision.

A summary of the satisfaction measure being used, the current feedback and the expected performance based on the current funding level is set out in Table 3.4.

Table 3.4: CITIZEN VALUES

Citizen Values	Citizen Satisfaction Measure	Current Feedback	Expected Trend Based on Planned Budget
Playground equipment is in adequate condition	Community Survey & Complaints	Minimal number of complaints	Complaints expected to slightly increase due to aging infrastructure. Playground equipment to be replaced as required to ensure compliant condition.
Availability of seating within reserves and playgrounds	Community Survey & Complaints	Minimal number of complaints	Complaints expected to slightly increase due to increase use of reserves and playgrounds. Additional seating to be installed as required.
Reserves are clean and tidy and grass is mowed	Community Survey & Complaints	Minimal number of complaints	Complaints expected to slightly increase due to increase use of reserves and playgrounds. Maintenance and operation levels to be monitored and adjusted as required.

3.5 Citizen Levels of Service

The Citizen Levels of Service are considered in terms of:

- **quality:** How good is the service? What is the condition or quality of the service?
- **function:** Is it suitable for its intended purpose? Is it the right service?
- **capacity:** Is the service over or under used? Does the Council need more or less of these assets?

A summary of the performance measure being used, the current performance and the expected performance based on the current funding level is set out in Table 3.5.

These are measures of fact related to the service delivery outcome (e.g. number of occasions when service is not available, condition %'s of Very Poor, Poor/Average/Good, Very Good) and provide a balance in comparison to the citizen perception that may be more subjective.

Confidence levels of current performance and expected trend are set out in Table 3.5 and are categorised as follows:

- **high:** professional judgement supported by extensive data;
- **medium:** professional judgement supported by data sampling; or
- **low:** professional judgement with no data evidence.

Table 3.5: CITIZEN LEVELS OF SERVICE MEASURES

Type of Measure	Level of Service	Performance Measure	Current Performance	Expected Trend Based on Planned Budget
Quality	Condition of recreation and open space assets	Condition assessment by external auditor every four years	Large majority of assets are in good condition and fit-for-purpose	Assets to be replaced as required to ensure compliant condition
	Confidence levels		High	Medium
Function	Compliance of playground equipment	Annual playground equipment audit	Only minor-non-compliances were detected in the most recent audit undertaken early 2020	Playground equipment installed as part of master plan upgrades ensured to be compliant throughout design and construction stages
	Confidence levels		High	High
Capacity	Capacity of the reserves and playgrounds are sufficient	Community Survey	Usage levels of parks and playgrounds: 2019 – 88% 2017 – 75% 2015 – 80%	Expected upward trend in use of reserves and playgrounds will likely see current capacity placed under increased pressure
	Confidence levels		Medium	Medium

3.6 Technical Levels of Service

To deliver the Citizen Values, and impact the achieved Citizen Levels of Service, operational or technical measures of performance are used. These technical measures relate to the activities and allocation of resources to best achieve the desired community outcomes and demonstrate effective performance.

Technical service measures are linked to the activities and annual budgets covering:

- **acquisition:** the activities to provide a higher level of service (e.g. replacement of existing playground equipment with inclusive playground equipment) or a new service that did not exist previously (e.g. an increased number of tennis courts);
- **operation:** the regular activities to provide services (e.g. cleaning, mowing grass, inspections);
- **maintenance:** the activities necessary to retain an asset as near as practicable to an appropriate service condition. Maintenance activities enable an asset to provide service for its planned life (e.g. soft fall surface repairs);
- **renewal:** the activities that return the service capability of an asset up to that which it had originally provided (e.g. like-for-like replacement of playground equipment); and
- **disposal:** the activities associated with the disposal of a decommissioned asset including sale, demolition or relocation (e.g. closure and demolition of a playground).

Service and Asset Managers plan, implement and control technical service levels to influence the service outcomes.³

Table 3.6 shows the activities expected to be provided under the current Planned Budget allocation and the forecast activity requirements being recommended in this AMP.

³ IPWEA, 2015, IIMM, p 2|28.

Table 3.6: TECHNICAL LEVELS OF SERVICE

Life-Cycle Activity	Purpose of Activity	Activity Measure	Current Performance*	Recommended Performance **
Acquisition	Implement master plan upgrade of playgrounds and reserves	Quantity	Limited by the existing budget	As recommended by the Playground Strategy
	Implement inclusive playground equipment	Quantity	Occurs on an ad hoc basis	Targeted implementation within master plan upgrades
		Budget	\$3,504,850 over ten (10) years	\$3,504,850 over ten (10) years
Operation	Operation works (eg cleaning, mowing, inspections) conducted within playgrounds and reserves	Frequency	As required and based on previous years' budgets	Increased level and frequency of operation works due to increased usage as a result of assets being new / upgraded
		Budget	\$20,200,000 over ten (10) years	\$21,623,863 over ten (10) years
Maintenance	Maintenance works (eg repairs, softfall material patching) conducted within playgrounds and reserves	Frequency	As required and based on previous years' budgets	Increased level and frequency of maintenance works due to increased usage as a result of assets being new / upgraded
		Budget	\$11,250,000 over ten (10) years	\$12,050,923 over ten (10) years
Renewal	Renewal of existing assets	Frequency of renewal	As required based on standard useful life	As required based on standard useful life
		Budget	\$8,289,256 over ten (10) years	\$8,289,256 over ten (10) years
Disposal	Disposal of assets no longer in use	As identified in the AMP	No assets identified as no longer in use	No assets identified as no longer in use
	Sale of assets to developer	Strategic benefit of sale demonstrable	Opportunities to be identified on an ad hoc basis	Opportunities to be identified on an ad hoc basis
		Budget	\$0 over ten (10) years	\$0 over ten (10) years

Note: *Current activities related to Planned Budget.

**Forecast required performance related to forecast lifecycle costs.

It is important to regularly monitor the service levels provided by the Council as these will change. The current performance is influenced by work efficiencies and technology and community priorities will change over time.

4.0 FUTURE DEMAND

4.1 Demand Drivers

Drivers affecting demand include things such as population change, regulations, changes in demographics, seasonal factors, vehicle ownership rates, consumer preferences and expectations, technological changes, economic factors, agricultural practices and environmental awareness.

4.2 Demand Forecasts

The present position and projections for demand drivers that may impact future service delivery and use of assets have been identified and documented.

4.3 Demand Impact and Demand Management Plan

The impact of demand drivers that may affect future service delivery and use of assets are shown in Table 4.3.

Demand for new services will be managed through a combination of managing existing assets, upgrading of existing assets and providing new assets to meet demand and demand management. Demand management practices can include non-asset solutions, insuring against risks and managing failures.

Opportunities identified to date for demand management are shown in Table 4.3. Further opportunities will be developed in future revisions of this AMP.

Table 4.3: DEMAND MANAGEMENT PLAN

Demand Driver	Current Position	Projection	Impact on Services	Demand Management Plan
Change in frequency of use	Many of the current private properties within the Council have a backyard and / or outdoor play equipment area	More land subdivisions will lead to smaller properties with little to no outdoor play area	Increased use of reserves and playgrounds, increased rate of deterioration of recreation and open space assets	Increase condition assessment and inspections of assets, in particular playground equipment.
Change in user requirements	Low number of inclusive play equipment to cater for users of all ability	A significant push from the community to have more inclusive play equipment	A majority of playgrounds will not have inclusive play equipment	Highlight to the general public the inclusive play equipment which are currently available for use. Ensure that inclusive equipment is included in designs of future playground upgrades.
Change in population	Renewal and maintenance programs designed for current utilisation	Increase in population	Increased use of reserves and playgrounds, increased rate of deterioration of recreation and open space assets	Investigate increasing the capacity of existing playgrounds Investigate creating new playgrounds in existing reserves which currently do not have playgrounds.

4.4 Asset Programs to Meet Demand

The new assets required to meet demand may be acquired, donated or constructed. Additional assets are discussed in Section 5.4. Acquiring new assets will commit the Council to ongoing operations, maintenance and renewal costs for the period that the service provided from the assets is required. These future costs are identified and considered in developing forecasts of future operations, maintenance and renewal costs for inclusion in the LTFP (refer to Section 5).

4.5 Climate Change and Adaptation

The impacts of climate change can have a significant impact on the assets which the Council manages and the services which are provided. In the context of the asset management planning process, climate change can be considered as both a future demand and a risk.

How climate change will impact on assets can vary significantly depending on the location and the type of asset and services provided, as will the way in which the Council responds and manage these impacts.

As a minimum, the Council should consider both how to manage existing assets given the potential impacts of climate change and how to create resilience to climate change in any new works or acquisitions.

Opportunities which have been identified to date to manage the impacts of climate change on existing assets are shown in Table 4.5.1.

Table 4.5.1: MANAGING THE IMPACT OF CLIMATE CHANGE ON ASSETS

Climate Change Description	Projected Change	Potential Impact on Assets and Services	Management
Temperature	Higher maximum temperatures	Increased deterioration of recreation and open space assets, increased demand for structures providing shade	Investigate increasing shade from tree canopy and new shade structures
Storm intensity	Increase rainfall intensity during rainfall events	Increased likelihood of damage to grass and garden bed areas	Increase inspection of lawn and garden bed areas
Rainfall	Reduced annual rainfall	More demand of watering through the irrigation systems	Increase monitoring of condition of grass and change watering levels as required, increase use of recycled water where possible

The way in which the Council constructs new assets should recognise that there is opportunity to build in resilience to the impacts of climate change. Building resilience has a number of benefits including:

- assets will be able to withstand the impacts of climate change;
- services can be sustained; and
- assets that can endure the impacts of climate change may potentially lower the life-cycle cost and reduce their carbon footprint

Table 4.5.2 summarises some asset climate change resilience opportunities.

Table 4.5.2: BUILDING ASSET RESILIENCE TO CLIMATE CHANGE

New Asset Description	Climate Change Impact These Assets?	Build Resilience in New Works
Playground equipment	Higher maximum temperatures	Investigate equipment which are manufactured from materials that are suitable for higher temperatures, increase use of renewable materials where possible
Irrigation Systems	Reduced annual rainfall	Investigate renewing aging irrigation systems with smart systems to optimise water usage

The impact of climate change on assets is a new and complex discussion and further opportunities will be developed in future revisions of this AMP.

5.0 LIFE-CYCLE MANAGEMENT PLAN

The Life-Cycle Management Plan details how the Council plans to manage and operate the assets at the agreed levels of service (Refer to Section 3) while managing life-cycle costs.

5.1 Background Data

5.1.1 Physical parameters

The assets covered by this AMP are shown in Table 5.1.1 below.

This includes all the Recreation and Open Space Infrastructure assets across the City.

Table 5.1.1: ASSETS COVERED BY THIS AMP

Asset Category	Replacement Value
Fencing	\$2,463,513
Furniture	\$3,115,974
Irrigation	\$3,262,077
Lighting	\$1,435,298
Paths	\$2,532,624
Retaining Walls	\$4,140,936
Sports and Playgrounds	\$8,038,921
TOTAL	\$24,989,343

5.1.2 Asset capacity and performance

Assets are generally provided to meet design standards where these are available. However, there is insufficient resources to address all known deficiencies. Locations where deficiencies in service performance are known are detailed in Table 5.1.2.

Table 5.1.2: KNOWN SERVICE PERFORMANCE DEFICIENCIES

Location	Service Deficiency
Playground equipment compliance	The standards and guidelines for playground equipment may have changed after the installation of the equipment
Reserve furniture condition	Insufficient levels of internal condition assessment in previous years resulting in furniture not being renewed when required leading to poor condition and performance

The above service deficiencies were identified from asset condition assessments completed in the 2016 – 2017 financial year.

5.1.3 Asset condition

The condition of assets is currently monitored by undertaking a condition assessment of the Recreation and Open Space Infrastructure assets once every five (5) years, the last being in the 2016 – 2017 financial year. This will now be amended to once every four (4) years. Yearly inspections of the worst conditioned assets are completed to inform the following year's asset renewal program.

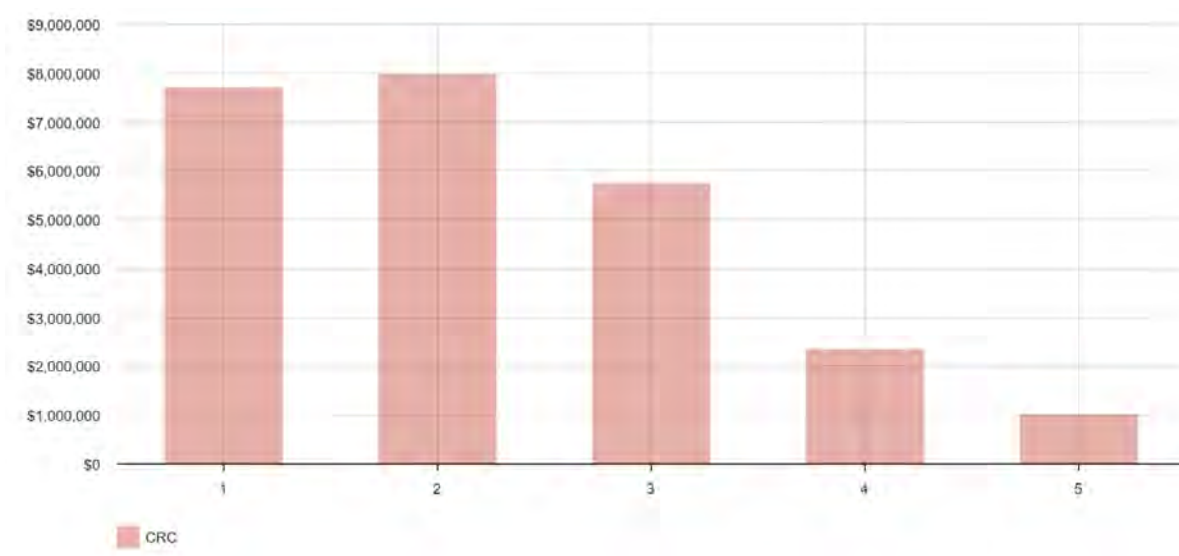
Condition is measured using a 1 – 5 grading system⁴ as detailed in Table 5.1.3. It is important that consistent condition grades be used in reporting various assets across an organisation. This supports effective communication. At the detailed level, assets may be measured utilising different condition scales, however, for reporting in the AMP they are all translated to the 1 – 5 grading scale.

Table 5.1.3: SIMPLE CONDITION GRADING MODEL

Condition Grading	Description of Condition
1	Very Good: only planned maintenance required
2	Good: minor maintenance required plus planned maintenance
3	Fair: significant maintenance required
4	Poor: significant renewal/rehabilitation required
5	Very Poor: physically unsound and/or beyond rehabilitation

The Current Replacement Cost (CRC), i.e. the renewal cost, for each condition grading is shown in Figure 5.1.3.

Figure 5.1.3: ASSET CONDITION PROFILE



All figure values are shown in current (2020) dollars.

The majority of assets components are in condition 2 (good) or better. Prior to the upcoming data capture and condition audit survey, programmed to be conducted during the 2021 – 2022 financial year, the detailed data capture and condition audit survey will be reviewed to explore the possible improvements, such as the addition of ratings regarding function, capacity and criticality.

5.2 Operations and Maintenance Plan

Operations include regular activities to provide services. Examples of typical operational activities include asset inspections, utility services and mowing.

Maintenance includes all actions necessary for retaining an asset as near as practicable to an appropriate service condition including regular ongoing day-to-day work necessary to keep assets operating. Examples of typical maintenance activities include equipment repairs and playground surface patching.

⁴ IPWEA, 2015, IIMM, Sec 2.5.4, p 2 | 80.

The trend in operation and maintenance budget are shown in Table 5.2.

Table 5.2: OPERATION AND MAINTENANCE BUDGET TRENDS

Year	Operation and Maintenance Budget
2019 – 2020	\$3,125,000
2020 – 2021	\$3,125,000
2021 – 2022	\$3,175,000

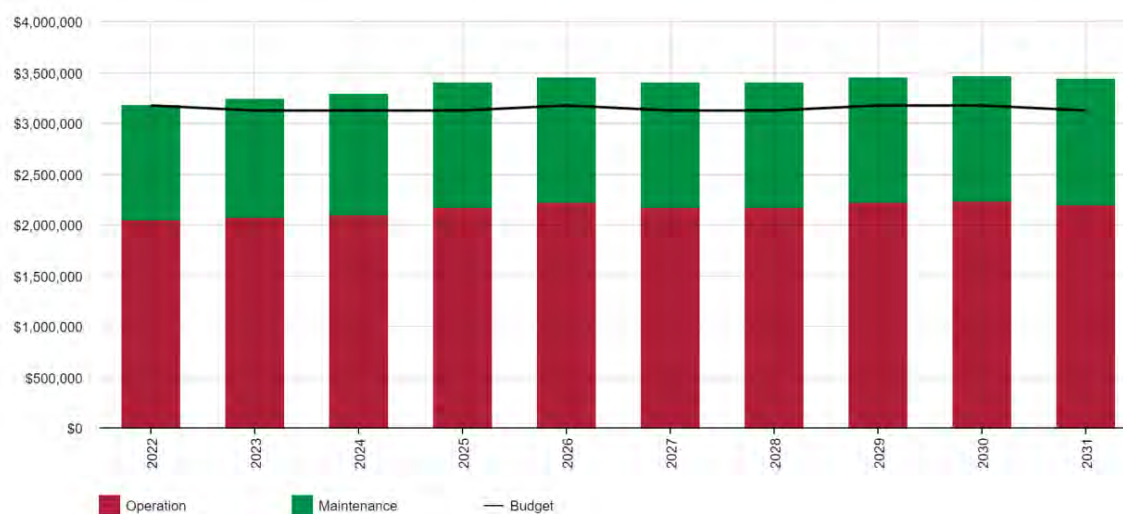
A combination of additional assets and increase usage of assets as a result of playground upgrades will lead to a projected increase in maintenance and operation costs. Where budget allocations are such that they will result in a lesser level of service, the service consequences and service risks have been identified and are highlighted in this AMP and service risks considered in the Infrastructure Risk Management Plan.

Assessment and priority of reactive maintenance is undertaken by staff using experience and judgement.

Summary of forecast operations and maintenance costs

Forecast operations and maintenance costs are expected to vary in relation to the total value of the asset stock. If additional assets are acquired, the future operations and maintenance costs are forecast to increase. If assets are disposed of the forecast, operation and maintenance costs are expected to decrease. Figure 5.2 shows the forecast operations and maintenance costs relative to the proposed operations and maintenance Planned Budget.

Figure 5.2: OPERATIONS AND MAINTENANCE SUMMARY



All figure values are shown in current (2020) dollars.

Due to significant acquisition of assets and expected increase of popularity and usage through playground upgrades, the forecast operations and maintenance expenditure is expected to rise. The budget will need to be monitored and amended accordingly in future years to avoid deferred operations and maintenance works.

5.3 Renewal Plan

Renewal is major capital work which does not significantly alter the original service provided by the asset, but restores, rehabilitates, replaces or renews an existing asset to its original service potential. Work over and above restoring an asset to original service potential is considered to be an acquisition resulting in additional future operations and maintenance costs.

Towards the end of an asset’s useful life, the asset is inspected more closely to determine whether renewal is required. On some occasions, expected life can be greater than its standard useful life mainly due to efficient and timely operational and maintenance works program. As a result, the condition of the asset, as well as the asset’s useful life, is closely considered when formulating the annual capital works program.

Assets requiring renewal are identified from either of the following approaches in the Life-Cycle Model:

- the first method uses Asset Register data to project the renewal costs (current replacement cost) and renewal timing (acquisition year plus updated useful life to determine the renewal year); or
- the second method uses an alternative approach to estimate the timing and cost of forecast renewal work (i.e. condition modelling system, staff judgement, average network renewals, or other).

The typical “useful lives” of assets used to develop projected asset renewal forecasts are shown in Table 5.3. Asset useful lives were last reviewed during the 2019 – 2020 financial year.

Table 5.3: USEFUL LIVES OF ASSETS

Asset Category	Useful life
Artwork, Monuments and Plaques	100 years
BBQs	20 years
Benches and Seats	15 – 25 years
Bike Racks	20 years
Bollards	20 – 40 years
Bus Stop Shelters	20 years
Drinking Fountains	20 years
Fences	20 - 50 years
Irrigation Systems	20 years
Lighting	25 years
Litter Bins	20 years
Pathways	30 – 50 years
Picnic Tables	20 – 25 years
Playground Equipment and Structures	10 – 60 years
Retaining Walls	25 – 75 years
Sports Court Equipment and Structures	7 – 70 years

The estimates for renewals in this AMP were based on the Alternative Method.

5.3.1 Renewal ranking criteria

Asset renewal is typically undertaken to either:

- ensure the reliability of the existing infrastructure to deliver the service it was constructed to facilitate; or
- to ensure the infrastructure is of sufficient quality to meet the service requirements.⁵

⁵ IPWEA, 2015, IIMM, Sec 3.4.4, p 3|91.

It is possible to prioritise renewals by identifying assets or asset groups that:

- have a high consequence of failure;
- have high use and subsequent impact on users would be significant;
- have higher than expected operational or maintenance costs; and
- have potential to reduce life cycle costs by replacement with a modern equivalent asset that would provide the equivalent service.⁶

The ranking criteria used to determine priority of identified renewal proposals is detailed in Table 5.3.1.

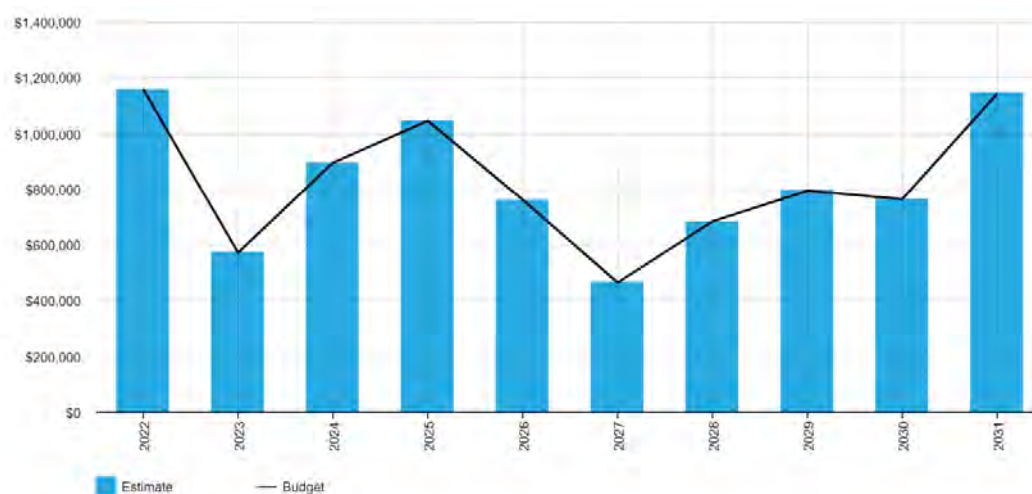
Table 5.3.1: RENEWAL PRIORITY RANKING CRITERIA

Criteria	Weighting
Injury / death as a result of asset failure or non-compliance	75%
Closure of reserve / playground due to condition deterioration leading to significant reputational risk	15%
Ongoing operations and maintenance financial costs due to condition deterioration	10%
TOTAL	100%

5.4 Summary of Future Renewal Costs

Forecast renewal costs are projected to increase over time if the asset stock increases. The forecast costs associated with renewals are shown relative to the proposed renewal budget in Figure 5.4. A detailed summary of the forecast renewal costs is shown in Appendix D.

Figure 5.4: FORECAST RENEWAL COSTS



All figure values are shown in current (2020) dollars.

There are various years where multiple high-value assets (namely irrigation systems, tennis courts and reserve retaining walls) are due for renewal at approximately the same time. Should there be resourcing issues, prioritisation of these renewals will need to be determined, with high-risk assets to be renewed when required and lower-risk assets being deferred.

⁶ Based on IPWEA, 2015, IIMM, Sec 3.4.5, p 3|97.

5.5 Acquisition Plan

Acquisition reflects new assets that did not previously exist or works which will upgrade or improve an existing asset beyond its existing capacity. They may result from growth, demand, social or environmental needs. Assets may also be donated to the Council.

5.5.1 Selection criteria

Proposed upgrading of existing assets and constructing new assets are identified from various sources such as community requests, proposals identified by strategic plans or partnerships with others. Potential upgrade and new works should be reviewed to verify that they are essential to the Council's needs. Proposed upgrade and new work analysis should also include the development of a preliminary renewal estimate to ensure that the services are sustainable over the longer term. Verified proposals can then be ranked by priority and available funds and scheduled in future works programmes. The priority ranking criteria is detailed in Table 5.5.1.

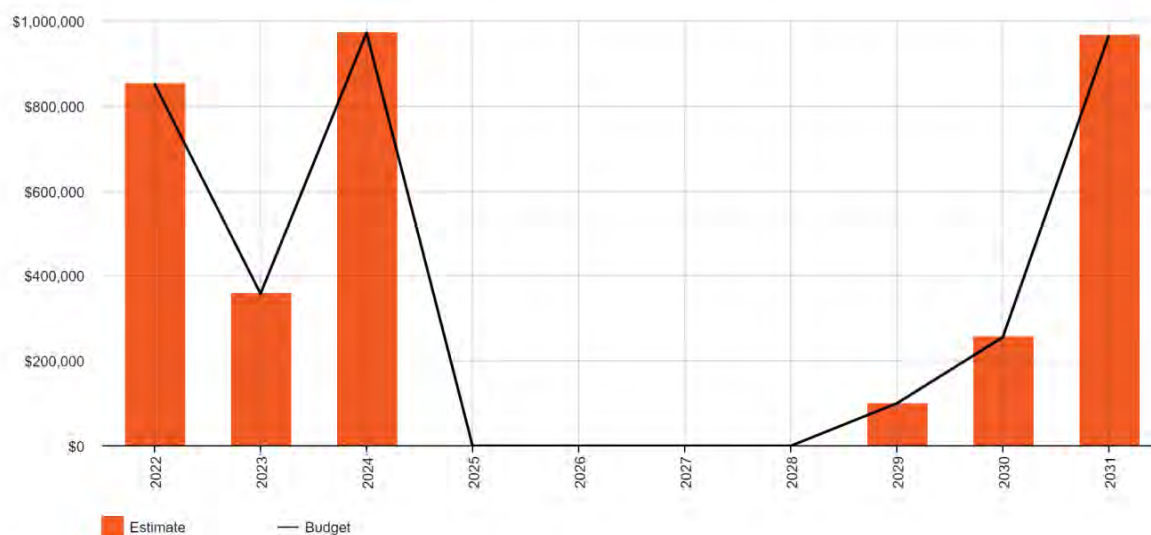
Table 5.5.1: ACQUIRED ASSETS PRIORITY RANKING CRITERIA

Criteria	Weighting
Master plan upgrade of playgrounds	75%
Inclusive play equipment	25%
TOTAL	100%

Summary of future asset acquisition costs

Forecast acquisition asset costs are summarised in Figure 5.5.1 and shown relative to the proposed acquisition budget. The forecast acquisition capital works program is shown in Appendix A.

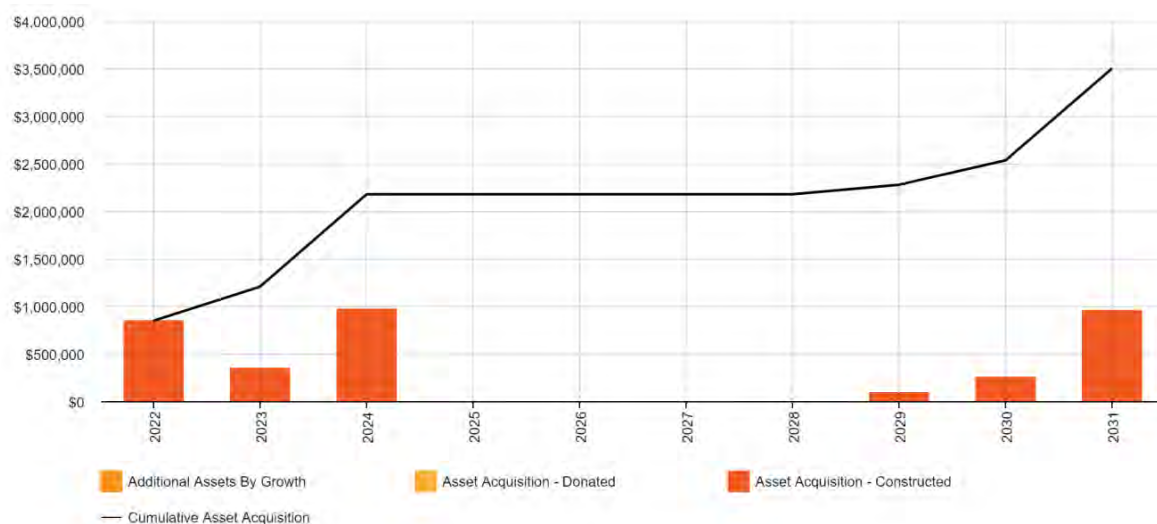
Figure 5.5.1: FORECAST ACQUISITION COSTS



All figure values are shown in current (2020) dollars.

When the Council commits to constructing new assets, the Council will be prepared to fund future operations, maintenance and renewal costs. The Council will account for future depreciation when reviewing long-term sustainability. When reviewing the long-term impacts of asset acquisition, it is useful to consider the cumulative value of the acquired assets being taken on by the Council. The cumulative value of all acquisition work, including assets that are constructed and contributed, are shown in Figure 5.5.2.

Figure 5.5.2: ACQUISITION SUMMARY



All figure values are shown in current (2020) dollars.

Expenditure on new assets and services in the Capital Works Program will be accommodated in the LTFP, but only to the extent that there is available funding.

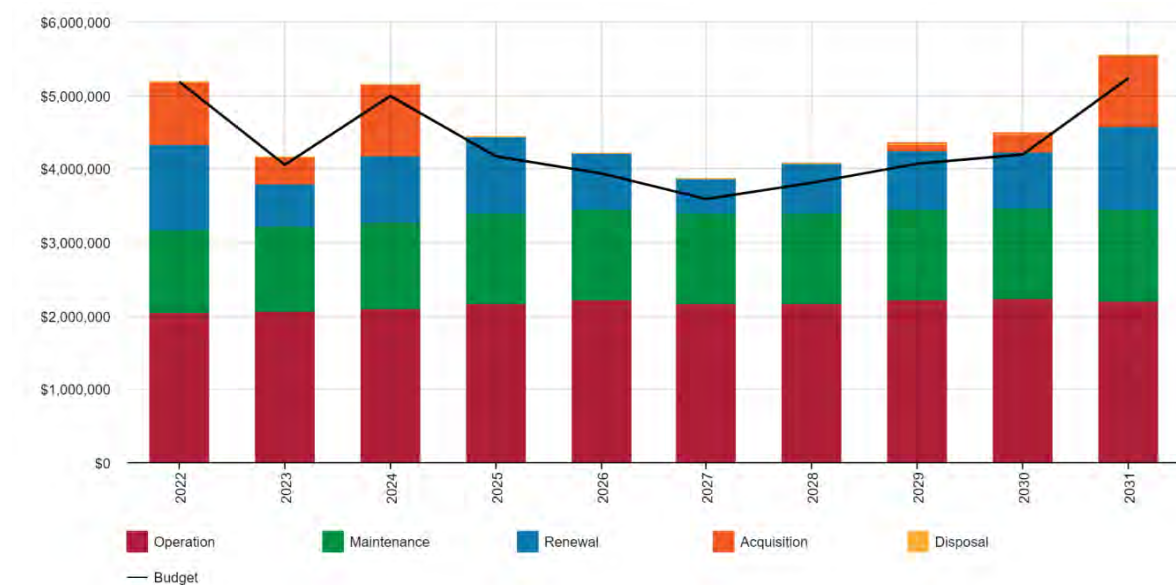
Acquisition of assets through master plan upgrades is in line with the Council's plans and policies. These acquisitions will increase the Council's asset base by adding new assets and will in the long term increase the operation, maintenance and renewal requirements of the Recreation and Open Space Infrastructure assets.

The absence of acquisition expenditure between the 2024 – 2025 and 2027 – 2028 financial years is due to the costs associated with the implementation of The Parade Masterplan.

Summary of asset forecast costs

The financial projections based upon this AMP are shown in Figure 5.5.3. These projections include forecast costs for acquisition, operation, maintenance, renewal, and disposal. These forecast costs are shown relative to the proposed budget.

The bars in the graphs represent the forecast costs needed to minimise the life-cycle costs associated with the service provision. The proposed budget line indicates the estimate of available funding. The gap between the forecast work and the proposed budget is the basis of the discussion on achieving balance between costs, levels of service and risk to achieve the best value outcome.

Figure 5.5.3: LIFE-CYCLE SUMMARY

All figure values are shown in current (2020) dollars.

The life-cycle summary shown in Figure 5.5.3 shows a minor shortfall in allocated funding across the ten (10) year planning period. Any operations and maintenance budget requirements derived from new infrastructure (namely as a result of master-plan upgrades of playgrounds) have not been allowed for, as the potential operations and maintenance works which are required are unknown at this stage and will only be determined during the design of the projects. The budget will need to be monitored and amended accordingly in future years to avoid deferred operation and maintenance works.

The main risk consequences are:

- increased risk of asset failure due to deferred operation and maintenance works;
- service provided by assets not to the standard of the users; and
- loss of the Council's reputation.

The Council will endeavour to manage these risks within available funding by:

- finding efficiencies within the current maintenance and operations program; and
- increasing proactive inspections and maintenance.

5.6 Disposal Plan

Disposal includes any activity associated with the disposal of a decommissioned asset including sale, demolition or relocation. Assets identified for possible decommissioning and disposal are shown in Table 5.6. A summary of the disposal costs and estimated reductions in annual operations and maintenance of disposing of the assets are also outlined in Table 5.6. Any costs or revenue gained from asset disposals is included in the LTFP.

Table 5.6: ASSETS IDENTIFIED FOR DISPOSAL

Asset	Reason for Disposal	Timing	Disposal Costs	Operations & Maintenance Annual Savings
No disposals identified in the plan	Nil	Nil	\$0	\$0

6.0 RISK MANAGEMENT PLANNING

The purpose of risk management associated with infrastructure assets is to document the findings and recommendations resulting from the periodic identification, assessment and treatment of risks associated with providing services from infrastructure, using the fundamentals of International Standard ISO 31000:2018 Risk management – Principles and guidelines.

Risk Management is defined in ISO 31000:2018 as: ‘coordinated activities to direct and control with regard to risk’⁷.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a ‘financial shock’, reputational impacts, or other consequences. The risk assessment process identifies credible risks, the likelihood of the risk event occurring, and the consequences should the event occur. The risk assessment should also include the development of a risk rating, evaluation of the risks and development of a risk treatment plan for those risks that are deemed to be non-acceptable.

6.1 Critical Assets

Critical assets are defined as those which have a high consequence of failure causing significant loss or reduction of service. Critical assets have been identified and along with their typical failure mode, and the impact on service delivery, are summarised in Table 6.1. Failure modes may include physical failure, collapse or essential service interruption.

Table 6.1: CRITICAL ASSETS

Critical Assets	Failure Mode	Impact
Playground equipment	Deterioration	Death / injury, closure and replacement of playground equipment
Irrigation system	Fault within the system	Manual watering in the interim, decreased quality of grass

By identifying critical assets and failure modes an organisation can ensure that investigative activities, condition inspection programs, maintenance and capital expenditure plans are targeted at critical assets.

6.2 Risk Assessment

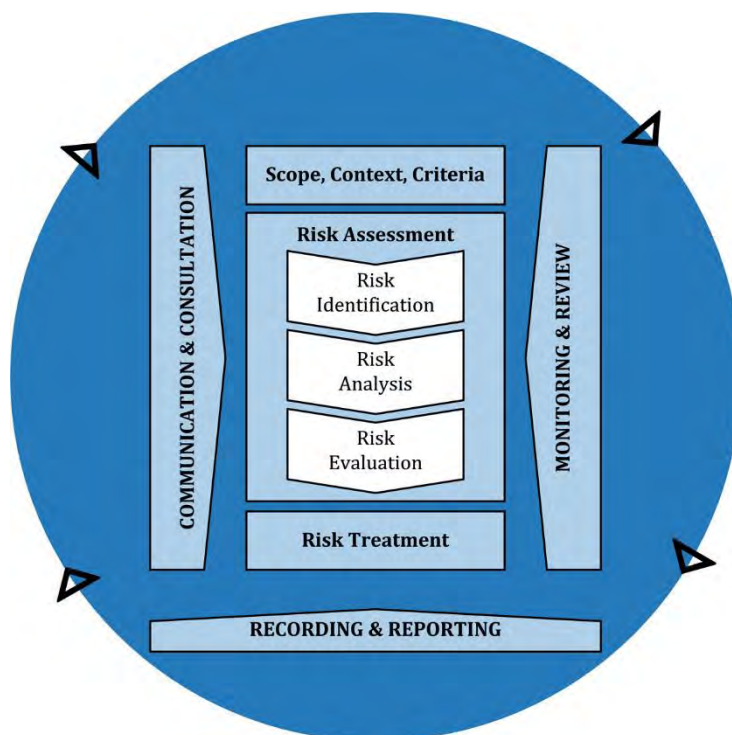
The risk management process used is shown in Figure 6.2.

It is an analysis and problem-solving technique designed to provide a logical process for the selection of treatment plans and management actions to protect the community against unacceptable risks.

The process is based on the fundamentals of International Standard ISO 31000:2018.

⁷ ISO 31000:2009, p 2

Figure 6.2: RISK MANAGEMENT PROCESS – ABRIDGED



Source: ISO 31000:2018, Figure 1, p9

The risk assessment process identifies credible risks, the likelihood of the risk event occurring, the consequences should the event occur, development of a risk rating, evaluation of the risk and development of a risk treatment plan for non-acceptable risks.

An assessment of risks associated with service delivery will identify risks that will result in loss or reduction in service, personal injury, environmental impacts, a 'financial shock', reputational impacts, or other consequences.

Critical risks are those assessed with 'Very High' (requiring immediate corrective action) and 'High' (requiring corrective action) risk ratings identified in the Infrastructure Risk Management Plan. The residual risk and treatment costs of implementing the selected treatment plan is shown in Table 6.2. It is essential that these critical risks and costs are reported to management and the Council.

Table 6.2: RISKS AND TREATMENT PLANS

Service or Asset at Risk	What Can Happen	Risk Rating (VH, H)	Risk Treatment Plan	Residual Risk *	Treatment Costs
Recreation and Open Space Assets	Asset life is less than expected	H	Increase frequency of database condition assessment updates	L	\$50,000 every four years (instead of \$50,000 every five years)
Recreation and Open Space Assets	Operation and maintenance is under-funded	H	Liaise with relevant project teams to understand and budget for future increase in maintenance requirements	L	Internal

Note *The residual risk is the risk remaining after the selected risk treatment plan is implemented.

6.3 Infrastructure Resilience Approach

The resilience of the Council's critical infrastructure is vital to the ongoing provision of services to the community. To adapt to changing conditions the Council needs to understand its capacity to 'withstand a given level of stress or demand' and to respond to possible disruptions to ensure continuity of service.

Resilience is built on aspects such as response and recovery planning, financial capacity, climate change and crisis leadership.

The Council does not currently measure our resilience in service delivery. This will be included in future iterations of the AMP.

6.4 Service and Risk Trade-Offs

The decisions made in adopting this AMP are based on the objective to achieve the optimum benefits from the available resources.

6.4.1 What the Council cannot do

There are some operations and maintenance activities and capital projects that are unable to be undertaken within the next ten (10) years, including the:

- new and upgrade projects identified that are unaffordable with the AMP timeframe.

6.4.2 Service trade-off

If there are forecast works (namely operations and maintenance) that cannot be undertaken due to available resources, then this will result in service consequences for users. These service consequences include:

- decreased levels of service;
- potential asset failures; and
- limited acquisition of assets through playground master plan upgrades.

6.4.3 Risk trade-off

The operations and maintenance activities and capital projects that cannot be undertaken may sustain or create risk consequences. These risk consequences include:

- unsafe condition of assets leading to user risk;
- service provided by assets not to the standard of the users; and
- loss of the Council's reputation.

These actions and expenditures are considered and included in the forecast costs, and where developed, the Risk Management Plan.

7.0 FINANCIAL SUMMARY

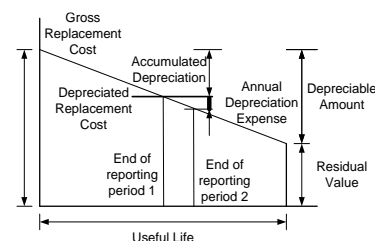
This section contains the financial requirements resulting from the information presented in the previous sections of this AMP. The financial projections will be improved as the discussion on desired levels of service and asset performance matures.

7.1 Financial Statements and Projections

7.1.1 Asset valuations

The best available estimate of the value of assets included in this AMP are shown below. The assets are valued at cost to replace existing service capacity:

Current (Gross) Replacement Cost	\$24,989,342
Depreciable Amount	\$24,989,342
Depreciated Replacement Cost ⁸	\$15,328,614
Depreciation during 2019 – 2020 Financial Year	\$928,834



7.1.2 Sustainability of service delivery

There are two key indicators of sustainable service delivery that are considered in the AMP for this service area, namely:

- asset renewal funding ratio (proposed renewal budget for the next ten (10) years / forecast renewal costs for next ten (10) years); and
- medium term forecast costs / proposed budget (over ten (10) years of the planning period).

Asset Renewal Funding Ratio

Asset Renewal Funding Ratio⁹ 100%

The Asset Renewal Funding Ratio is an important indicator and illustrates that over the next ten (10) years, the Council expects to have 100% of the funds required for the optimal renewal of assets.

The forecast renewal work along with the proposed renewal budget is illustrated in Appendix D.

Medium term – ten (10) year financial planning period

This AMP identifies the forecast operations, maintenance and renewal costs required to provide an agreed level of service to the community over a ten (10) year period. This provides input into ten (10) year financial and funding plans aimed at providing the required services in a sustainable manner.

This forecast work can be compared to the proposed budget over the ten (10) year period to identify any funding shortfall.

The forecast operations, maintenance and renewal costs over the ten (10) year planning period is \$4,196,404 on average per year.

The proposed (budget) operations, maintenance and renewal funding is \$3,973,926 on average per year giving a ten (10) year funding shortfall of \$222,479 per year. This indicates that 95% of the forecast costs needed to provide the services documented in this AMP are accommodated in the proposed budget. This excludes acquired assets.

⁸ Also reported as Written Down Value, Carrying or Net Book Value.

⁹ AIFMM, 2015, Version 1.0, Financial Sustainability Indicator 3, Sec 2.6, p 9.

Providing sustainable services from infrastructure requires the management of service levels, risks, forecast outlays and financing to achieve a financial indicator of approximately 1.0 for the first years of the AMP and ideally over the ten (10) year life of the LTFP.

7.1.3 Forecast Costs (outlays) for the LTFP

Table 7.1.3 shows the forecast costs (outlays) for the ten (10) year LTFP.

Table 7.1.3: FORECAST COSTS (OUTLAYS) FOR THE LTFP

Year	Forecast Acquisition	Forecast Operation	Forecast Maintenance	Forecast Renewal	Forecast Disposal
2022	\$852,475	\$2,050,000	\$1,125,000	\$1,159,464	\$0
2023	\$358,155	\$2,068,198	\$1,163,361	\$572,624	\$0
2024	\$972,135	\$2,096,850	\$1,179,478	\$895,608	\$0
2025	\$0	\$2,174,621	\$1,223,224	\$1,046,019	\$0
2026	\$0	\$2,224,621	\$1,223,224	\$762,333	\$0
2027	\$0	\$2,174,621	\$1,223,224	\$465,448	\$0
2028	\$0	\$2,174,621	\$1,223,224	\$684,578	\$0
2029	\$100,000	\$2,224,621	\$1,223,224	\$794,935	\$0
2030	\$255,825	\$2,232,621	\$1,227,724	\$764,925	\$0
2031	\$966,260	\$2,203,087	\$1,239,236	\$1,143,322	\$0

All figure values are shown in current (2020) dollars.

7.2 Funding Strategy

The proposed funding for assets is outlined in the Council's Annual Budget and LTFP.

The Council's financial strategy outlines how funding will be provided, whereas the Asset Management Plan communicates how and when this will be spent, along with the service and risk consequences of various service alternatives.

7.3 Valuation Forecasts

Asset values are forecast to increase as additional assets are added into the service.

Additional assets will generally add to the operations and maintenance needs in the longer term. Additional assets will also require additional costs due to future renewals. Any additional assets will also add to future depreciation forecasts.

7.4 Key Assumptions Made in Financial Forecasts

In compiling this AMP, it was necessary to make some assumptions. This section details the key assumptions made in the development of this AMP and should provide readers with an understanding of the level of confidence in the data behind the financial forecasts.

Key assumptions made in this AMP are:

- all figure values shown in current (2020) dollars;
- acquisition costs have been based on professional judgement and previous works; and
- current operation and maintenance budget have been used.

7.5 Forecast Reliability and Confidence

The forecast costs, proposed budgets, and valuation projections in this AMP are based on the best available data. For effective asset and financial management, it is critical that the information is current and accurate. Data confidence is classified on an A - E level scale¹⁰ in accordance with Table 7.5.1.

Table 7.5.1: DATA CONFIDENCE GRADING SYSTEM

Confidence Grade	Description
A. Highly reliable	Data based on sound records, procedures, investigations and analysis, documented properly and agreed as the best method of assessment. Dataset is complete and estimated to be accurate $\pm 2\%$
B. Reliable	Data based on sound records, procedures, investigations and analysis, documented properly but has minor shortcomings, for example some of the data is old, some documentation is missing and/or reliance is placed on unconfirmed reports or some extrapolation. Dataset is complete and estimated to be accurate $\pm 10\%$
C. Uncertain	Data based on sound records, procedures, investigations and analysis which is incomplete or unsupported, or extrapolated from a limited sample for which grade A or B data are available. Dataset is substantially complete but up to 50% is extrapolated data and accuracy estimated $\pm 25\%$
D. Very Uncertain	Data is based on unconfirmed verbal reports and/or cursory inspections and analysis. Dataset may not be fully complete, and most data is estimated or extrapolated. Accuracy $\pm 40\%$
E. Unknown	None or very little data held.

The estimated confidence level for and reliability of data used in this AMP is shown in Table 7.5.2.

Table 7.5.2: DATA CONFIDENCE ASSESSMENT FOR DATA USED IN AMP

Data	Confidence Assessment	Comment
Demand drivers	B	Based on Community Surveys
Growth projections	B	Based on Community Surveys
Acquisition forecast	C	Based on previous projects
Operation forecast	C	In line with previous years
Maintenance forecast	C	In line with previous years
Renewal forecast - Asset values	B	As per approved methodology
- Asset useful lives	B	Current estimates from asset register
- Condition modelling	B	Detailed data capture and condition audit survey undertaken once every five years (to be changed to one every four years) and a yearly condition assessment inspection of assets which are expired or nearing its expiration date as per the Council's asset management database
Disposal forecast	NA	NA

The estimated overall confidence level for and reliability of data used in this AMP is considered to be reliable.

¹⁰ IPWEA, 2015, IIMM, Table 2.4.6, p 2 | 71.

8.0 PLAN IMPROVEMENT AND MONITORING

8.1 Status of Asset Management Practices

8.1.1 Accounting and financial data sources

This AMP utilises accounting and financial data. The source of the data is the Council's accounting and financial system.

8.1.2 Asset management data sources

This AMP also utilises asset management data. The source of the data is the Conquest Asset Management system licenced to the Council.

8.2 Improvement Plan

It is important that the Council recognise areas of their AMP and planning process that require future improvements to ensure effective asset management and informed decision making. The improvement plan generated from this AMP is shown in Table 8.2.

Table 8.2: IMPROVEMENT PLAN

Task No.	Task	Responsibility	Resources Required	Timeline
1	Review data capture and condition assessment process	Project Officer, Assets	Project Manager, Assets and Acting Manager, City Assets	1 year
2	Prioritise renewal of assets	Project Officer, Assets	Project Manager, Assets	1 year
3	Review the needs and expectations of the users	Manager, Economic Development & Strategic Projects	Strategic Projects Section	1 year
4	Further develop risk assessment and management planning	Project Manager, Assets	Project Officer, Assets and Asset Consultants	1 year
5	Review resilience of critical infrastructure	Project Manager, Assets	Project Officer, Assets and Asset Consultants	2 years
6	Assess adequacy of operations and maintenance budget	Manager, City Services	City Assets Section	3 years
7	Continue the development of integration between strategic plans, AMP and LTFP	Chief Executive Officer and General Manager, Urban Services	City Assets Section and Finance Section	4 years

8.3 Monitoring and Review Procedures

The AMP will be reviewed and updated annually to ensure it represents the current service level, asset values, forecast operations, maintenance, renewals, upgrade/new and asset disposal costs and proposed budgets. These forecast costs and proposed budget are incorporated into the LTFP or will be incorporated into the LTFP once completed.

The AMP has a maximum life of four (4) years and is due for complete revision and updating within two (2) years of each Council election.

8.4 Performance Measures

The effectiveness of this AMP can be measured in the following ways:

- The degree to which the required forecast costs identified in this AMP are incorporated into the long-term financial plan;
- The degree to which the 1-5 year detailed works programs, budgets, business plans and corporate structures take into account the 'global' works program trends provided by the AMP;
- The degree to which the existing and projected service levels and service consequences, risks and residual risks are incorporated into the Strategic Plan and associated plans; and
- The Asset Renewal Funding Ratio achieving the Organisational target (this target is often 1.0).

9.0 REFERENCES

- IPWEA, 2006, 'International Infrastructure Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/IIMM
- IPWEA, 2008, 'NAMS.PLUS Asset Management', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/namsplus.
- IPWEA, 2015, 2nd edn., 'Australian Infrastructure Financial Management Manual', Institute of Public Works Engineering Australasia, Sydney, www.ipwea.org/AIFMM.
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- IPWEA, 2012 LTFP Practice Note 6 PN Long-Term Financial Plan, Institute of Public Works Engineering Australasia, Sydney
- ISO, 2018, ISO 31000:2018, Risk management – Guidelines
- *CityPlan 2030: Shaping Our Future*
- Long Term Financial Plan
- Annual Business Plan
- Open Space Strategy (2004)
- Playgrounds Strategy (2006)
- Tennis Facilities Policy (2019)
- Irrigation Policy (2019)
- Asset Management Policy (2019)
- Community Surveys
- Resilient East - Regional Climate Change Adaptation Plan
- Resilient East - Climate Projections Report

10.0 APPENDICES

Appendix A

Acquisition Forecast

A.1 – Acquisition Forecast Assumptions and Source

The Council has policies and procedures in place that outlines the master plan upgrades of various playgrounds throughout the City. The master plan concept design, detailed design and construction stages are planned to be staged over multiple financial years.

A.2 – Acquisition Project Summary

Table A2: ACQUISITION PROJECT SUMMARY

Year	Project	Cost
2022	Burchell Reserve (Construction)	\$767,475
2022	Borthwick Park	\$85,000
2023	Burchell Reserve (Construction)	\$255,825
2023	Dunstan Adventure Playground (Design)	\$102,330
2024	Dunstan Adventure Playground (Construction)	\$972,135
2029	Patterson Reserve (Design)	\$100,000
2030	Hannaford Reserve (Design)	\$255,825
2031	Hannaford Reserve (Construction)	\$966,260

A.3 – Acquisition Forecast Summary

Table A3: ACQUISITION FORECAST SUMMARY

Year	Constructed	Donated	Growth
2022	\$852,475	\$0	\$0
2023	\$358,155	\$0	\$0
2024	\$972,135	\$0	\$0
2025	\$0	\$0	\$0
2026	\$0	\$0	\$0
2027	\$0	\$0	\$0
2028	\$0	\$0	\$0
2029	\$100,000	\$0	\$0
2030	\$255,825	\$0	\$0
2031	\$966,260	\$0	\$0

Appendix B

Operation Forecast

B.1 – Operation Forecast Assumptions and Source

The Council has extensive watering and mowing programs. Audits of the recreation and open space assets are conducted by asset management consultants. An annual playground audit as well as a quadrennial Recreation and Open Space Infrastructure assets audit are forecast to be conducted. The forecast includes acquisitions that will add to the asset base and result in additional operations cost.

B.2 – Operation Forecast Summary

Table B2: OPERATION FORECAST SUMMARY

Year	Operation Forecast	Additional Operation Forecast	Total Operation Forecast
2022	\$2,050,000	\$68,198	\$2,050,000
2023	\$2,000,000	\$28,652	\$2,068,198
2024	\$2,000,000	\$77,770	\$2,096,850
2025	\$2,000,000	\$0	\$2,174,621
2026	\$2,050,000	\$0	\$2,224,621
2027	\$2,000,000	\$0	\$2,174,621
2028	\$2,000,000	\$0	\$2,174,621
2029	\$2,050,000	\$8,000	\$2,224,621
2030	\$2,050,000	\$20,466	\$2,232,621
2031	\$2,000,000	\$20,466	\$2,203,087

Appendix C

Maintenance Forecast

C.1 – Maintenance Forecast Assumptions and Source

The Council undertakes maintenance activities such as equipment repair and playground surface maintenance. The forecast includes acquisitions that will add to the asset base and result in additional maintenance cost.

C.2 – Maintenance Forecast Summary

Table C2: MAINTENANCE FORECAST SUMMARY

Year	Maintenance Forecast	Additional Maintenance Forecast	Total Maintenance Forecast
2022	\$1,125,000	\$38,361	\$1,125,000
2023	\$1,125,000	\$16,116	\$1,163,361
2024	\$1,125,000	\$43,746	\$1,179,478
2025	\$1,125,000	\$0	\$1,223,224
2026	\$1,125,000	\$0	\$1,223,224
2027	\$1,125,000	\$0	\$1,223,224
2028	\$1,125,000	\$0	\$1,223,224
2029	\$1,125,000	\$4,500	\$1,223,224
2030	\$1,125,000	\$11,512	\$1,227,724
2031	\$1,125,000	\$11,512	\$1,239,236

Appendix D

Renewal Forecast Summary

D.1 – Renewal Forecast Assumptions and Source

Through Recreation and Open Space Infrastructure asset audits and asset renewal modelling, the Council has developed a forecast of required renewals for the forecast period.

D.2 – Renewal Forecast Summary

Table D3: RENEWAL FORECAST SUMMARY

Year	Renewal Forecast	Renewal Budget
2022	\$1,159,464	\$1,159,464
2023	\$572,624	\$572,624
2024	\$895,608	\$895,608
2025	\$1,046,019	\$1,046,019
2026	\$762,333	\$762,333
2027	\$465,448	\$465,448
2028	\$684,578	\$684,578
2029	\$794,935	\$794,935
2030	\$764,925	\$764,925
2031	\$1,143,322	\$1,143,322

Appendix E

Disposal Summary

E.1 – Disposal Forecast Assumptions and Source

No disposals have been forecast over the AMP period.

E.2 – Disposal Project Summary

No disposals have been forecast over the AMP period.

E.3 – Disposal Forecast Summary

Table E3: DISPOSAL ACTIVITY SUMMARY

Year	Disposal Forecast	Disposal Budget
2022	\$0	\$0
2023	\$0	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0
2027	\$0	\$0
2028	\$0	\$0
2029	\$0	\$0
2030	\$0	\$0
2031	\$0	\$0

Appendix F

Budget Summary by Life-Cycle Activity

The Planned Budget matches the forecast budget for acquisition and renewal, while the Planned Budget for operation and maintenance has not incorporated increases due to new and upgrade projects which have been allowed in the forecasts. Any additional operations and maintenance requirement from new and upgraded works will be factored into revisions of this AMP.

Table F1: BUDGET SUMMARY BY LIFE-CYCLE ACTIVITY

Year	Acquisition	Operation	Maintenance	Renewal	Disposal	Total
2022	\$852,475	\$2,050,000	\$1,125,000	\$1,159,464	\$0	\$5,186,939
2023	\$358,155	\$2,000,000	\$1,125,000	\$572,624	\$0	\$4,055,779
2024	\$972,135	\$2,000,000	\$1,125,000	\$895,608	\$0	\$4,992,743
2025	\$0	\$2,000,000	\$1,125,000	\$1,046,019	\$0	\$4,171,019
2026	\$0	\$2,050,000	\$1,125,000	\$762,333	\$0	\$3,937,333
2027	\$0	\$2,000,000	\$1,125,000	\$465,448	\$0	\$3,590,448
2028	\$0	\$2,000,000	\$1,125,000	\$684,578	\$0	\$3,809,578
2029	\$100,000	\$2,050,000	\$1,125,000	\$794,935	\$0	\$4,069,935
2030	\$255,825	\$2,050,000	\$1,125,000	\$764,925	\$0	\$4,195,750
2031	\$966,260	\$2,000,000	\$1,125,000	\$1,143,322	\$0	\$5,234,582

Attachment F

Strategic Management Plans 2021-2031 Long-term Financial Plan

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City of
Norwood
Payneham
& St Peters



2021–2031 Long-term Financial Plan



City of
Norwood
Payneham
& St Peters

Contents

Introduction	3
City Snapshot	5
Strategic Planning Framework	7
Chief Executive Officers Statement on Financial Sustainability	8
Our Financial Goal	10
Our Performance	13
Our Achievements	18
Key Influences and Assumptions	23
Strategic Projects	26
Rates	31
Long-term Financial Plan Overview	32
Services	34
Financial Targets and Measures	37
Summary	42
Financial Projections	43

2021–2031

Long-term Financial Plan

The City of Norwood Payneham & St Peters 2021–2031 Long-term Financial Plan is a key document in the Council's Strategic Planning Framework. Covering a period of at least ten years, it provides an indication of the Council's direction and financial capacity.

The Long-term Financial Plan (the Plan) is designed to meet the legislative requirements under the *Local Government Act 1999*.



The City of Norwood Payneham & St Peters is driven by the need to deliver to our ratepayers and residents enhanced and improved services through the most efficient and effective means possible. The ability to deliver on this and our strategic directions outlined in *CityPlan 2030* is dependent on the Council having financial resources available.

The Local Government Act 1999, requires Councils to prepare a Long-term Financial Plan covering a period of at least ten years.

The Plan is a key document in the Council's Strategic Planning Framework. It is the primary financial management tool which links the Council's Strategic Plan, *CityPlan 2030*, 'Whole-of-Life' Asset Management Plans and the Annual Business Plan and Budget.

Adopted in 2008, *CityPlan 2030* is focused on the concept that as a community, we can shape, model and influence our future by the actions we take today. *CityPlan 2030* captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.

The foundation of *CityPlan 2030* is based on four strategic outcome areas which the Council refers to as the Quadruple Bottom Line. Quadruple Bottom Line (QBL) is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations and undertakings. The QBL is about achieving social, cultural, economic and environmental sustainability, without irreversibly damaging the ecological systems which support everything that we do.



Adding the fourth Pillar of Culture to the traditional Triple Bottom Line approach of environmental, social and economic sustainability, highlights the importance which the Council and the community has placed on protecting and enhancing the City's unique character and 'sense of place'.

In line with *CityPlan 2030*, the Long-term Financial Plan focuses on these four strategic outcomes.

The Long-term Financial Plan is an important planning tool for the Council as it:

- reflects the future financial position based on delivering the service, activities, programs and initiatives undertaken by the Council; with the service levels defined in the Delivery Program;
- allows the costs of long-term strategic decisions to be quantified and debated; and
- assesses the financial sustainability of service levels.

The City is challenged by growing community demands and expectations and recognises the importance of growth, prosperity, sustainability and lifestyle. It is committed to effective governance and providing infrastructure and services that satisfy all user groups.

The Plan has been prepared on the basis of a number of objectives and assumptions that are outlined in this document. Strategies, priorities, issues and risks are all dynamic influences in relation to any planning and as such, the Plan is reviewed and adjusted annually, following the adoption of the Annual Business Plan and Budget to reflect material changes.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council. The Plan should be viewed as a guide to future actions or opportunities which encourages the Council to think about the future impact of decisions made today on the Council's long-term financial sustainability.

Diagram 1. Quadruple Bottom Line Framework For Community Well-being

Our Vision

A City which values its heritage, cultural diversity, sense of place and natural environment.

A progressive City which is prosperous, with a strong community spirit.

37,056[#] residents

4,103 children (0-11) **16,828** adults (25-59)

5,552 young people (12-24) **8,879** older people (60+)

48% males **52%** females

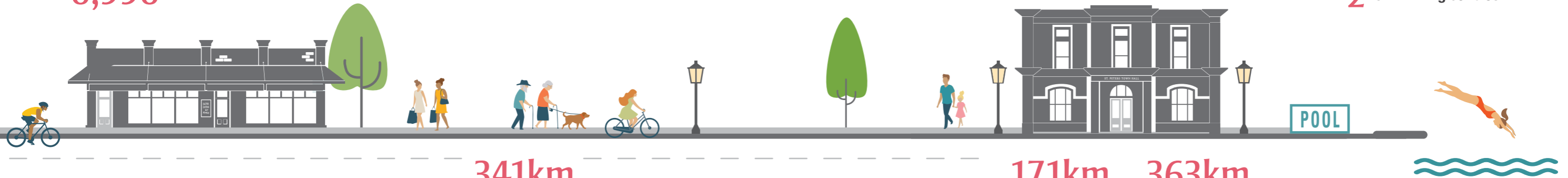
30.2% of the population born overseas

Top 5 birthplaces in the City	64.7% Australia	4.8% United Kingdom
	4.3% Italy	2.6% India
	4.0% China	

120 ethnicities

- 3** libraries
- 16** schools
- 2** swimming centres

6,996 local businesses



341km of footpaths

171km of roads **363km** of kerbing

More than **23,000** street trees

29 playgrounds

72 parks and reserves

180 ha open space

City Snapshot

The City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work and visit.

*Information collected in 2016 by Profile ID (<https://profile.id.com.au/npsp/language>).
Source: Australian Bureau of Statistics 2019 Estimated Resident Population



St Peters Library

Strategic Planning Framework

In working towards our vision, all of the programs, projects and services which the Council delivers are structured into four key outcome areas, referred to as the 'Four Pillars' of Community Well-being.



Chief Executive Officer's Statement on Financial Sustainability

This Plan not only provides the future financial projections, as shown on the following pages, it also demonstrates how the Council has performed against the financial outcomes it has developed to measure its financial sustainability.

As demonstrated by Our Performance, set out on page 13 through to page 17, the Council was in a strong financial position to respond to the financial and economic impacts of the COVID-19 pandemic. The Council responded with a \$1.159 million dollar Financial Support Package in the 2020–2021 Budget, with the main element of that package being a 0% rate revenue increase, which for the wider community resulted in a zero rate increase.

Other elements of the Financial Support Package included:

- a rate cap of 1% to eligible residential and commercial ratepayers;
- waiving of The Parade Separate Rate for businesses within the Norwood Parade Business Precinct;
- three month rent relief for commercial and community tenants of Council owned buildings (subject to demonstrating financial hardship resulting from the COVID-19 pandemic);
- waiving of permit fees for community sporting groups which utilise the Council's sporting grounds;
- rebates of Outdoor Dining Permit fees from 1 July 2020 until 31 December 2020; and
- additional promotion and marketing of the Council's business precincts.

The economic recovery from the pandemic, from both the State and Federal Governments and the Council perspective, is paramount to the ongoing sustainability.

The long-term financial impact of the zero rate increase, over the life of the Long-term Financial Plan is \$7.8 million. Despite this, the future financial forecasts demonstrate that, given the strong financial position prior to the pandemic, the Council can plan to increase its annual Capital Works program to an average expenditure of \$20 million per annum, which is a combination of renewal of its existing asset base plus expenditure on infrastructure upgrades, which will provide not only an increased service level to the community but will also provide on-going economic stimulus to the local economy.

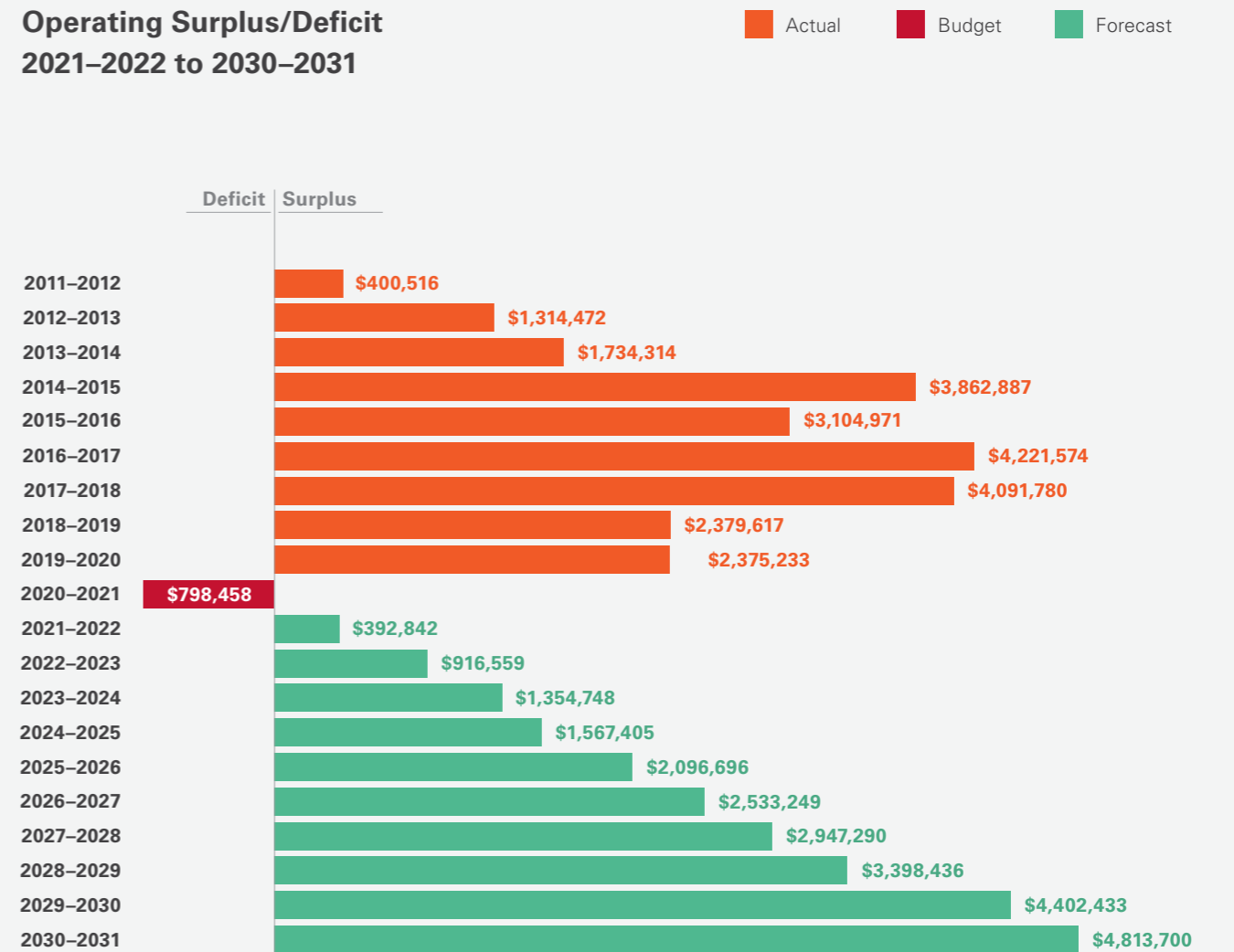
While this increased investment in infrastructure upgrades will come at a cost through increased borrowings, the Council will still be in position to meet its financial obligations.

Key financial indicators used to assess the Council's long-term financial sustainability, as set out in the Plan, are in line with the Council's established benchmarks to ensure the sustainability of the Council's long-term financial performance and position.

The Long-term Financial Plan, has been developed on the principle of financial sustainability, and sets out the Council's financial strategies and commitments over the long term. It explains how the organisation will meet its obligations now and in the future, taking into account our services, our workforce, our finances and our assets. The Plan is driven by the need to deliver enhanced and improved services to our citizens, by the most efficient and effective means possible.

Figure 1

Operating Surplus/Deficit 2021–2022 to 2030–2031



Continuously improving our Asset Management Plans to ensure we are appropriately maintaining our assets, using debt where appropriate and applying rate revenue increases reflective of the service levels provided to the community, will ensure that the Council has the financial capacity to meet the needs of our community in a financially sustainable way.

The Council's Operating Result, as shown in Figure 1, demonstrates how the Council has been able to achieve financial sustainability over the last six years and how it will continue to maintain this into the future.

The Financial Goal and Outcomes the Council will use to measure the Council's Financial Sustainability are set out on the following pages.

Mario Barone PSM
Chief Executive Officer

Financial sustainability means having a financial position capable of meeting long-term service and infrastructure levels and standards, acceptable to the community, without substantial increases in rates or cuts to services.

The Council's long-term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

Financial sustainability implies equity between generations, to ensure that today's ratepayers pay only for their share of the City's assets. Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources including rates. This means the cost of replacing assets which benefit existing ratepayers are being funded by those ratepayers.

To ensure that we deliver on our financial goal, the Council has committed to achieving the financial outcomes set out below.



St Peters Billabong

Outcome 1: A Balanced Budget

Council services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

The benchmark target is an Operating Ratio between 0% and 10%.

The Council will measure its performance in achieving this outcome through the Operating Ratio.

The Operating Ratio measures the Council's ability to cover its operational costs and have surplus revenue available for capital funding and other purposes.

A positive ratio indicates the percentage of total own source revenue (principally rates) is available to assist in funding proposed capital expenditure, to meet loan repayments or to reduce debt. A negative ratio indicates the percentage increase in total own source revenue that would have been required to achieve a break-even operating result.

The Council's objective is to have a Long-term Financial Plan based on consistently achieving an Operating Surplus, having regard to asset management and service level needs.

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

The benchmark target is rate revenue increases between 3% and 6%.

Rate revenue is a major component of the Council's revenue base. In determining future rate increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council's physical infrastructure and improve Community Well-being through its services, programs and facilities and an assessment of the community's capacity to pay rates.

The Council's objective is to have a Long-term Financial Plan based on consistent rate revenue increases which meet the increased cost of the base level services and programs but also reflect new assessment growth and increased service levels.

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's 'Whole-of-Life' Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The benchmark target is an Asset Sustainability Ratio between 90% and 110% on a three year rolling average.

The Council will measure its performance in achieving this outcome through the Asset Sustainability Ratio.

The Asset Sustainability Ratio measures how well the Council is performing with respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and Council plant. Ideally, physical assets should be renewed or replaced at the same rate the stock of assets is wearing out, however it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. It is for this reason, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council's Asset Management Plans.

Outcome 4: Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

The benchmark target is a Net Financial Liabilities ratio of less than 75% and a Debt Servicing Ratio of less than 15% of Rate Revenue.

Prudent debt management is the process of establishing and executing a strategy for managing a Council debt in order to raise the required amount of funding to achieve its capital investment objectives. It is important that the use of debt is balanced with other funding sources, such as grants and cash reserves, to ensure that the members of the community that receive the benefits from the investment, share the cost. In addition, the Council must ensure that it has the capacity to service its debt.

The Council will measure its performance in achieving this outcome through the Net Financial Liabilities Ratio and the Debt Servicing Ratio, with the Net Financial Liabilities measuring the extent of indebtedness of the Council as a percentage of operating revenue and the debt servicing ratio measuring the extent of rate revenue that is used to meet interest and principal loan repayments. If the ratio falls, over time, this indicates that the Council's capacity to meet its financial obligations from operating income is strengthening.

Our Performance

In 2010–2011, the Council undertook a major review of its Long-term Financial Plan. At that time, becoming a financial sustainable Council was the key priority.

Subsequent reviews of the Long-term Financial Plan has continued to be based on the central theme of financial sustainability so that the Council has the resources to undertake a number of strategic projects which enhance Community Well-being and also ensures that the Council can not only fund its continuing services, programs and activities but also meet its debt servicing requirements.

Our performance against the financial outcomes is the key indicator as to how successful the Council has been in achieving long term financial sustainability.

Outcome 1: A Balanced Budget

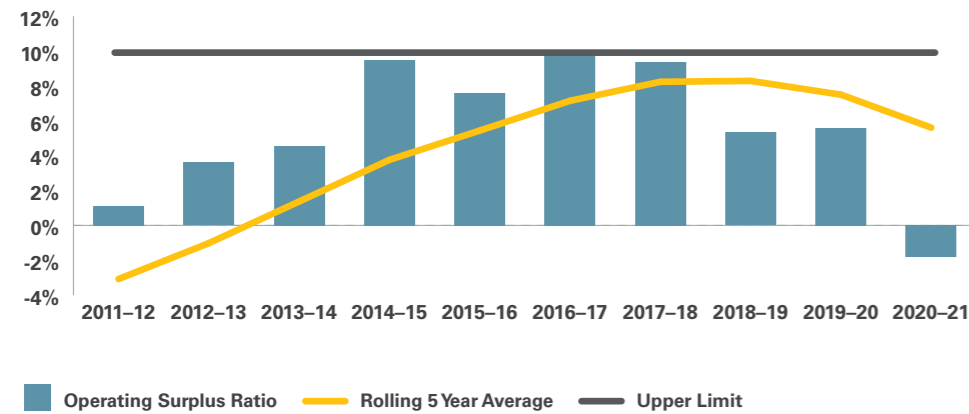
The Council’s services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

In response to the known impacts of the COVID-19 pandemic, the Council adopted a Financial Support Package, which included a number of measures to assist the community. Measures included a 0% increase in rate revenue and other initiatives to support the business sector. As a result of the financial measures implemented, the Council made a conscious decision to budget for an Operating Deficit in 2020–2021.

Despite the budgeted operating deficit in 2020–2021, the Council, on a rolling five year average has maintained its operating surplus between the target bandwidth.

Target: Operating Ratio between 0% and 10%

Target Achieved 



Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

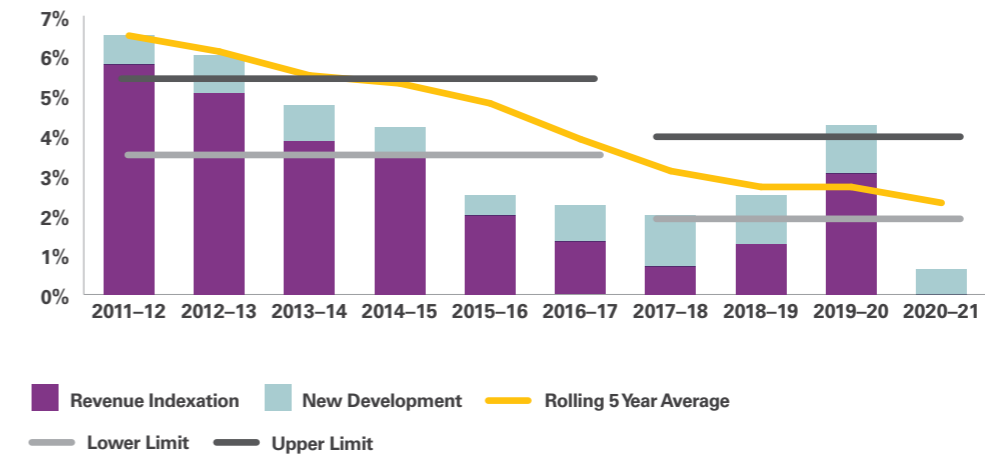
Rates are a form of property taxation and is the main source of income which the Council uses to fund the planned projects, services and programs. While rate revenue increases, and the associated rate increase has been decreasing, the rate revenue increases adopted by the Council over the last ten years have been outside the target range, as set out in the respective Long-term Financial Plans, for seven out of the last ten years. In response to the COVID-19 pandemic, the Council adopted a 0% rate revenue increase, except where the rate increase resulted from new development, property improvements, change in land use or zoning, or a result of a property sale.

When setting rates each year, the Council takes into account its strategic management plan *CityPlan 2030*, the economic environment, legislative changes, the need to maintain and improve the Council’s infrastructure and enhance Community Well-being through services, programs and facilities. The key is to ensure the community does not experience 'rate shock' from year to year.

The ten year average increase in the average residential rate has been 2.91%, with the ten year average rate increase for the commercial rate payer has been 2.66%.

Target: Rate Revenue Increases between 2.0% and 5.5%

Target Not Achieved 



* As part of the 2017–2018 review of the Long-term Financial Plan, the Council lowered the target bandwidth for rate revenue increases.

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

The Council takes a strategic approach to asset management and developed Asset Management Plans based on the total life cycle of assets. Asset management planning ensures delivery of services from infrastructure is provided in a financially sustainable manner.

The Asset Management Plans detail information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Asset Management Plan's define the services to be provided, how the services are provided and what funds are required to provide the services.

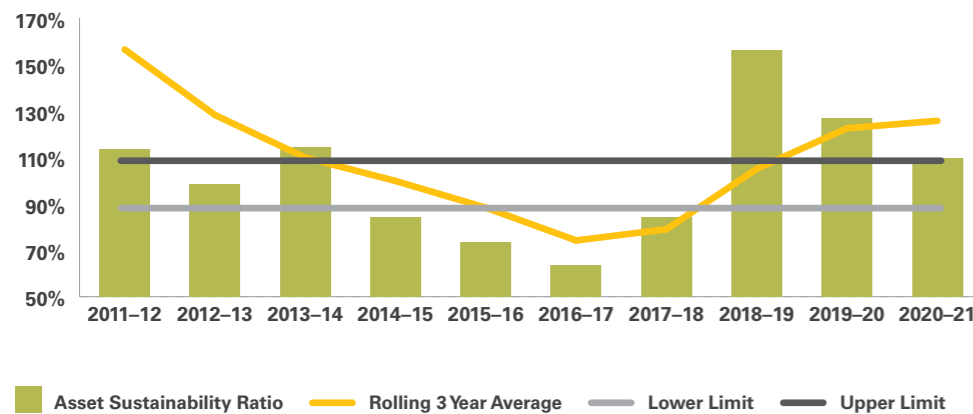
It is recognised that there may be some instances which require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base.

As a result, the target ratio is calculated based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being capital renewal spend being between 90% and 110% of the planned asset expenditure as outlined in the Asset and Infrastructure Management Plans.

During the term of the last Long-term Financial Plan, a number of renewal projects were deferred to align with new and upgrade projects to ensure there is an efficient use of resources, minimize the impact on the community and where possible, assets are not being replaced earlier than required.

Target: Asset Sustainability Ratio between 90% and 110% on a rolling three year average

Target Not Achieved

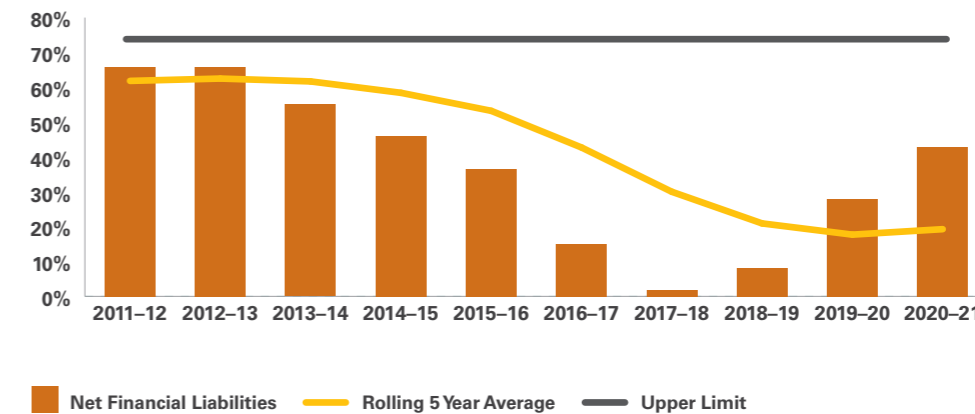


Outcome 4: Debt Management

Prudent use of debt to invest in new long-term assets to ensure intergenerational equity between current and future users.

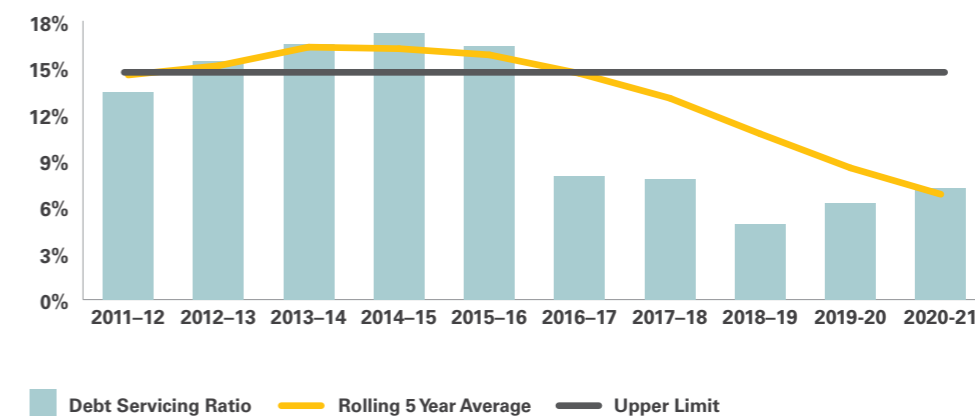
Where other funding sources, such as grant funding and cash reserves, are not available, the Council uses borrowings to fund the investment in new assets. In making investment decisions and associated borrowing decisions, consideration is given to the nature of the borrowings, the term in which the funds are borrowed and the capacity of the Council to meet the debt servicing commitments. Long-term borrowings will

only be used to fund new and/or the upgrade of existing assets. The Council's use of debt will be measured by the Net Financial Liabilities Ratio, which measures the net amount owed by the Council as a percentage of total operating revenue. The capacity to service its long-term borrowings, is measured by the Debt Servicing ratio, which is the extent of Rate Revenue required to meet principal loan repayments and interest expense.



Target: Net Financial Liabilities Ratio less than or equal to 75% of Operating Revenue

Target Achieved



Target: Debt Servicing Ratio does not exceed 15% of Rate Revenue

Target Achieved



Our Achievements

Since the last review of the Long-term Financial Plan, which was undertaken in 2017, the Council has delivered a number of strategic projects, programs and initiatives. The projects delivered have allowed the Council to continue to deliver on its vision of fostering a prosperous, vibrant and connected community.

The projects detailed below are considered the highlights since 2017–2018, in that the delivery of the project or initiative span across a number of the four key Outcome areas of *CityPlan 2030*, contributed to the delivery of the objectives of the Council’s Annual Business Plan or a strategic project identified in the Long-term Financial Plan and were successful in achieving multiple Objectives, making them significant achievements which have contributed to improving the well-being of our community.



Award-winning Felixstow Reserve Redevelopment



In 2015, the Council prepared a Masterplan for Felixstow Reserve which incorporated two stages for its redevelopment.

The first stage of the project was the establishment of wetlands within the Felixstow Reserve, which was completed in late 2017. This project was undertaken as part of the Eastern Region Alliance (ERA) Waterproofing Eastern Adelaide Stormwater Harvesting and Re-Use Project.

The second stage, which was undertaken by the Council, involved the redevelopment of the remainder of the reserve. Felixstow Reserve was transformed into large open grassed areas, an active play space, nature play, walking trails, shared paths, increased tree planting and improved public facilities such as toilets, barbecues and picnic areas.

Stage two was completed in December 2018 and officially opened in February 2019.



Payneham Oval Clubrooms Upgrade



Upgrading the Payneham Oval clubrooms formed Stage 2 of the redevelopment of the Payneham Oval Complex, with Stage 1 comprising the new playground which was completed in August 2015.

The upgrade of the clubrooms included the installation of an access lift, upgrading toilets to make them accessible, new air conditioning, improved lighting and solar panels. Additional works included the installation of netting behind the southern goals, as well as landscaping.

The Payneham Oval Clubrooms Upgrade was completed in February 2019.



The Parade Masterplan



The Parade Masterplan, forms the long-term strategic framework for the planning, redevelopment and activation of The Parade. More specifically, the Masterplan focuses on protecting the identity and appeal of The Parade, and how this significant economic, social and cultural asset can contribute to the experience of those people who choose to live, work and play on The Parade. The Parade Masterplan establishes a holistic vision to direct the progressive enhancement of the streetscape to support local businesses, encourage new investment and maximise community enjoyment and appeal. Improvements which have been incorporated in the Masterplan focus on the prioritisation of pedestrian access and movement.

The implementation of The Parade Masterplan is one of the key projects proposed to be undertaken over the first five years of this Long-term Financial Plan.



New Members Clubroom and Women's facilities at Norwood Oval



The Council partnered with the Norwood Football Club to redevelop the new Norwood Oval Clubrooms and Members' facilities at Norwood Oval.

The redevelopment included a 180-seat capacity Members Facility, new kitchen and Premier's Bar, refurbished player's change rooms, including new women's facilities located under the Western Stand, accessible public toilets and a new merchandise outlet.

The new facilities were completed in September 2020.



Syd Jones Reserve Redevelopment



The redevelopment of the Syd Jones Reserve has resulted in a new quality space for residents, visitors and families to enjoy. The upgrade included a central playground, replacement of the tennis courts with a new multi-purpose hard surface, new shelter and barbecue and public facilities, new pathways, seating and lighting throughout and additional landscaping.



Completed construction of the River Torrens Linear Park Shared Pathway project between Felixstow Reserve and Battams Road



The enhancement of the River Torrens Linear Park Shared Pathway included new lighting, line marking and a widened continuous shared pathway. The shared pathway is part of a popular commuter network, connecting Felixstow Reserve, Felixstow to Ninth Avenue and Battams Road, Marden, for cyclists and pedestrians.

The extension of the shared path enhancements from Battams Road to Hackney Road are included as a key project of this Long-term Financial Plan.



Commenced a 15-year program to upgrade the City's stormwater drainage network



The City's stormwater drainage network is one of many infrastructure assets which is provided and maintained by the Council for the community.

The program will benefit the community by:

- addressing and reducing the impacts of flooding;
- helping to protect residents, their homes and property; and
- protecting the City's assets such as footpaths, kerbing and street trees.

Work commenced on the Third Creek Drainage Upgrade Project, which forms part of a \$38.4 million Stormwater Drainage Strategy to upgrade the City's stormwater drainage network over the next 15 years. Stage 1 of the Third Creek Drainage Upgrade Project, has been completed and has increased the capacity of Third Creek from Bridge Road to Payneham Road, Payneham.

Annual Eastside Business Awards



The Eastside Business Awards is an annual awards program for businesses located in the City of Norwood Payneham & St Peters. The awards are run by the Council in partnership with The Messenger to recognise and celebrate the achievements of businesses in the City of Norwood Payneham & St Peters.



Perpetual Sun



Perpetual Sun, unveiled in August 2018, is the City's third Quadrennial Major Public Artwork. Located on the corner of Nelson Street and Magill Road, Perpetual Sun is designed to engage, stimulate and challenge the audience, while promoting the City as a visually interesting and vibrant cultural Centre which values creativity.

The Council, as part of its Public Art Policy, undertakes a major public art installation during each Council term.

Kent Town Urban Design Framework and Kent Town Public Realm Manual



The Kent Town Urban Design Framework and Kent Town Public Realm Manual was developed to inform future developments in the Kent Town Precinct which integrate into attractive, greener and safer public spaces. As part of the Kent Town Urban Design Framework, the Council partnered with the State Government to deliver two Public Realm Enhancement Projects in Kent Town adjacent the East Park and La Verde apartments to demonstrate a new standard for the streetscape character and the quality which the Council and the community will expect of future Kent Town developments.



Drage Reserve Upgrade



Completed in 2019, Drage Reserve in Felixstow was designed and redeveloped with children of all ages and abilities in mind. Accessible playground features include a rubber base, making it accessible and safe for all children and a wheelchair-friendly trampoline, and more accessible entry points to the playground area, seating, barbecue facilities and drinking fountain.



Concerts in the Park



Concerts in the Park series is the Council's commitment to live music events for its residents and visitors. Concerts in the Park is a trio of open air, family friendly concerts, held annually from February through to April.



Held the first Raising The Bar Adelaide and the inaugural Raising The Bar Entrepreneurship events



In August 2018, the global award-winning event series, Raising the Bar, was brought to Adelaide and exclusively hosted in a number of venues across the City. Raising the Bar aims to make education a part of popular culture by presenting expert-led talks in pubs and bars in cities across the world.

Raising the Bar Adelaide and Raising the Bar Entrepreneurship was also hosted in 2019 and 2020.

Implemented the Council’s unique Private Laneways Policy



The Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for private laneways within the City. The Council has finalised the conversion of Post Office Lane to a public road, with associated upgrade works completed in 2020.

The Council has committed over the life of this Plan, to continue the identification and conversion of private laneways to public roads, subject to meeting the defined criteria.



Beulah Road Bicycle Boulevard



As part of the Council's City-wide Cycling Plan, the Beulah Road Bicycle Boulevard involved the introduction of road and verge treatments, aimed to support safety, accessibility and appeal of cycle and pedestrian routes across the City. The Bicycle Boulevard covers 1.6km of Beulah Road from Portrush road to Fullarton Road, Norwood.

Implemented the LED Street Lighting Conversion Project which has resulted in a 65% reduction in CO2 emissions



In 2018–2019, the Council transitioned its residential (pedestrian category) street lighting to Light Emitting Diode (LED) technologies.

Launched the Eastside Wine & Ale Trail



The Eastside Wine & Ale Trail provides the opportunity to experience some of South Australia’s finest wine and to taste some of Adelaide’s best boutique beer, without leaving the City. The Council supports the Eastside Wine & Ale Trail, through the preparation of promotional material and feature advertising in premier and high end publications.

Key Influences and Assumptions

The City of Norwood Payneham & St Peters provides a variety of services, programs and activities. The provision of these services, programs and activities are in response to the responsibilities of Councils under the *Local Government Act 1999* and other relevant legislation in addition to community interest and expectations.

A number of significant factors have influenced the preparation of the Plan:

- Maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council properties and open spaces.
- Upgrade and new infrastructure projects informed by the Infrastructure and Asset Management Plans and Corporate Strategies which identify future infrastructure requirements.
- Commitment to major projects which span more than one year.
- Initiatives and major projects undertaken need to contribute to our vision, strategic direction and the wellbeing of our City.
- Prudent financial management to ensure financial sustainability.

The financial projections contained within the Plan are meant to provide an indication of the Council’s direction and financial capacity rather than predicting the future financial performance and position of the Council.

Long-term financial planning is an iterative process and the assumptions applied are reviewed annually using updated information. This ensures the Council continually reviews its financial performance and remains firmly focused on maintaining long-term financial sustainability.

The assumptions used in the preparation of the Plan can significantly influence the outcome. Some information regarding the major financial assumptions has been included to provide context around how the Plan has been developed.

While the Plan uses specific assumptions to calculate future estimated operating income and expenditure, it will not remove the need for the Council to continue to achieve operational efficiencies.

The Plan has been prepared on the assumption that annually, new rateable properties will account for 0.5% increase to the overall capital value of properties within City. Any increase in the community size, will require an increase in expenditure to ensure service levels are maintained across the Council.

The key assumptions underlying the Plan are as follows:

Maintaining existing services at current service standards

The Plan is based on a business as usual assumption, which means that the Council will continue to provide the existing services at the current service levels.

The business as usual assumption does not take into account any change in direction or service level in response to community expectations, legislative requirements or changing economic conditions.

It is recognised that the adoption of a business as usual assumption is somewhat unrealistic for a planning timeframe of ten (10) years, given changes in the economic climate and community expectations and needs which may result in investment in new assets and service initiatives. While these new initiatives are unknown, for the purpose of developing the forward projections the Plan assumes new initiative expenditure of \$850,000 (indexed) per annum split 90%:10% between capital and operating expenditure respectively.

Rate Revenue Increases

The Plan assumes an average Rate Revenue indexation of 2.6% which is equivalent to the ten year average of the Local Government Price Index (LGPI) to fund normal operations. Rate Revenue growth resulting from new assessments is assumed to be 0.5%. The Plan includes an additional 1.5% rate revenue increase to assist with the funding of an increase in the Capital Works program with respect to the Council's Stormwater Drainage Program, road reconstructions and re-seal program, and major infrastructure upgrades. The additional stormwater drainage works proposed in the Asset Management Plan, upgrade and expand the Council's existing stormwater network to address surface flooding along the Council's creek catchments, in particular the Trinity Valley. Road reconstructions are required due to pavement failures and increasing vehicle use.

Major infrastructure upgrades included within the Plan but not limited to, are streetscape upgrades for The Parade and St Peters Street, the redevelopment of the Council's two Swimming Centres and the redevelopment of the Norwood Library and Norwood Concert Hall.

Cost Escalation

The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum. Based on the ten year average, CPI increases have been set at 2.0% for the life of the Plan.

Increases in employment expenses have three main elements. These are:

- increases contained in the Enterprise Agreements;
- increases and movements of levels within the current workforce and;
- additional positions that are required to meet the strategic direction of the Council and the growth of the community.

The financial projections have assumed that wages and salary costs will increase by 2.0% per annum. The Council's Enterprise Agreements cover periods of up to three years. It should be noted however, as these agreements will be renegotiated twice during the planning timeframe of the Plan, the potential for unforeseen variations in the financial projections exist.

Asset Renewal and Replacement

The Council has in place 'Whole-of-Life' Asset Management Plans for each major class of assets. The financial projections included in the Plan are based on the asset renewal and replacement programs outlined in the 'Whole-of-Life' Asset Management Plans. The financial projections set out in this Plan reflect the proposed timing of asset renewals and upgrades as set out in the Council's suite of Infrastructure and Asset Management Plans and other relevant Corporate Strategies.

Due to the unique nature of the Council's asset base, the input costs to renew and replace the existing asset base can be subject to cost escalations greater than CPI. The financial projections have assumed that construction costs will increase by 2.3%.

Funding

The Plan assumes that the Council will borrow to fund new and upgraded assets. Loan repayments are calculated on loan schedules that are currently in existence and the estimation of any future loan borrowings.

Interest rates on new borrowings are forecast between 2.4% and 2.75% per annum. Interest rate on investment income is forecast at 1.0% per annum.

Cash and cash equivalents projections, when possible, are based on an ideal closing cash balance equivalent to one month's working capital requirements.

Grants and Subsidies

The Council receives grants and subsidies from both the State and Federal Governments to fund Council services and programs. It is assumed existing Operating Grants will continue to be provided in the future and have been indexed by 2% per annum.

The Council will endeavor to seek Capital Grant income to assist in funding specific new capital projects. However, as this revenue is dependent on the pool of Government funding available, it is difficult to predict how successful the Council will be in securing funds in the future. Therefore no Capital Grant Funding, other than funding already secured, has been included within the Plan. The Council may defer the timing of some projects set out in the Plan, with the view of the asset construction only going forward subject to grant funding being secured.

Other Fees and Charges

Revenue generated from fees and charges are separated between statutory charges, set by legislation, and user charges. As part of the South Australian Government Budget Fees and Charges for specific Acts are levied, which apply to Council services.

For user charges, the Council applies a principle of user pays and where possible, recovers the full cost of operating or providing a service or good. Where it can be demonstrated that it is unfeasible to recover the full cost, concessions may apply.

Statutory and user charges represent 10% to 15% of the Council's Total Revenue and have been indexed by 2.0% per annum.

Depreciation

Depreciation is an allowance that represents the consumption of an assets service potential, or put simply, its wear and tear. Depreciation is based on the written down replacement value of an asset. The Council undertakes an independent valuation of its major asset classes every five years. In the interim years, a review and update of the replacement cost is undertaken based on the annual average movement in value of like assets verified by the Council's valuer.

The escalation rates to reflect asset revaluations applied in the financial projections is between 1% and 3% across the life of the Plan, dependent upon the asset class.

COVID-19 Pandemic

As a result of the financial and economic impacts of the COVID-19 pandemic, the Council responded with a \$1.159 million Financial Support Package in the 2020–2021 Budget, with the main element of that package being a 0% rate revenue increase, which for the wider community resulted in a 0% rate increase.

The long-term financial impact of the 0% rate increase, over the life of the Plan is a loss of rate revenue in the order of \$7.8 million.

The Plan assumes that from 2021–2031, the Council has implemented changes to its operations and that the provision of existing services, programs and activities have resumed.

Strategic Projects 2021–2031

The Long-term Financial Plan has been developed to ensure that the Council has the financial resources to deliver on its strategic objectives outlined in *CityPlan 2030*.

CityPlan 2030 captures the community's vision and aspirations for our City over the next 20 years and establishes broad directions which will shape our City's future, with the overall aim of achieving Community Well-being.

The Plan includes a number of major projects and initiatives which are planned to be undertaken over the life of the Plan which will contribute to the achievement of *CityPlan 2030*.

While included, the Plan does not assume that all strategic projects will automatically be funded. The commitment of funds to specific projects is made through the Annual Business Plan and Budget process. Projects are only included in the Plan when the Council has provided

in-principle commitment to the project through the adoption of a Corporate Strategy, policy or Council resolution. The inclusion of strategic projects within the Plan establishes a picture of what the Council can afford and deliver with reasonable certainty over the forecast period. The proposed timing of the strategic projects set out in the Plan, have been prioritised with reference to the renewal requirements set out in the Council's Infrastructure and Asset Management Plans to ensure resource efficiency and maximisation of asset utilisation.



Swimming Centre's Upgrade
2021–2022 to 2023–2024
2026–2027 to 2027–2028
Cost: \$14.8 million
1.

Norwood Concert Hall Upgrade
2028–2029 to 2029–2030
Cost: \$2.1 million
2.

Norwood Library Upgrade
2028–2029 to 2030–2031
Cost: \$4.0 million
3.

Norwood Swimming Centre



Patterson Reserve
2028–2029
Cost: \$100,000
4.

Reserve Upgrade to District Standards
2021–2022 2029–2030
Cost: \$2.3 million
6.

Innovative Playground Redevelopment
2022–2023 to 2023–2024
Cost: \$1.1 million
7.

Quadrennial Art Installation
2022–2023 2026–2027
Cost: \$250,000 per installation
5.

Payneham Oval Playground

1. Swimming Centre's Upgrade



As part of the long-term strategy, the Council resolved to retain the two centre model. Both the Norwood Swimming Centre and the Payneham Memorial Swimming Centre will be redeveloped, in line with the endorsed Swimming Centre's Strategy.

2. Norwood Concert Hall Masterplan



Refurbishment of the Norwood Concert Hall, with the elements of the refurbishment being dependent on the Council's decision on the location of the Norwood Library.

3. Norwood Library Upgrade



Redevelopment of the Norwood Library in its present location or relocation from the Institute Building to the Norwood Townhall Complex. The concept plan, including the final location, to be developed as part of the 2021–2022 Annual Business Plan.

4. Patterson Reserve



Development of a masterplan, which builds on the initial concepts identified as part of the Payneham Memorial Swimming Centre Masterplan.

5. Quadrennial Art Installation



The Council, as part of its Public Art Policy, undertakes a major Art installation during each Council term. Over the life of this Plan, the Council will complete two art installations.

6. Reserve Upgrade to District Standards



Upgrade a number of reserves throughout the City from Neighbourhood Standard to District Standard. Reserves identified to be upgraded during the life of this Plan are Burchell Reserve (2021–2022) and Hannaford Reserve (2029–2030).

7. Innovative Playground Redevelopment



The Council identified three playgrounds to be redeveloped as Innovative Playgrounds. The playgrounds identified include Payneham Oval (completed in 2015), Adey Reserve and Dunstan Adventure Playground. The Plan includes funding for the redevelopment of Dunstan Adventure Playground.



St Peters Street Streetscape Upgrade

2022–2023 to 2023–2024
Cost: \$3 million

8.

Kent Town Design Framework

Across multiple years
Cost: \$1.4 million

9.

The Parade Streetscape Upgrade

2024–2025 to 2027–2028
Cost: \$30 million

10.

Complete Streets

Across multiple years
Cost: \$5.6 million

11.

Private Laneways Conversions

Across multiple years
Cost: \$1.9 million

12.

Magill Road Streetscape Upgrade

2030–2031 to 2032–2033
Cost: \$5 million

13.

Magill Road

8. St Peters Street Streetscape Upgrade



Implementation of the St Peters Street Concept Plan from Second Lane to River Torrens Linear Park to reinforce St Peters Street as a strategic route and provide greater identification, activation and connection to the River Torrens Linear Park, through the streetscape design, creating a well-defined “sense of place”.

9. Kent Town Design Framework



Streetscape upgrades, as part of implementing the Kent Town Design Framework, are proposed to be undertaken in-line with the infrastructure renewals set out in the Civil Infrastructure Asset Management Plan.

10. The Parade Streetscape Upgrade



The Parade Masterplan focuses on the prioritisation of pedestrian access and movement. To be staged over four years, the implementation of The Parade Masterplan will create safer street crossing conditions for all users through a new Scramble Crossing at The Parade and George Street intersection, wider footpaths along the full length of The Parade and continuous footpaths along the intersections of The Parade and side streets. Additional street trees, landscaping and new street furniture will be progressively installed along The Parade to create a more pleasant environment for the community to enjoy.

11. Complete Streets



The Complete Streets builds on the concepts developed as part of the Ninth Street Upgrade and takes into account all elements such as the road surface, kerbs, footpath, water sensitive urban design and landscaping. Based on the City-wide Cycling Plan, over the term of the Long-term Financial Plan, identified streets will be upgraded to support safety, accessibility and appeal of cycle and pedestrian routes. The timing of works are linked with the infrastructure renewals set out in the Civil Infrastructure Asset Management Plan.

12. Private Laneways Conversions



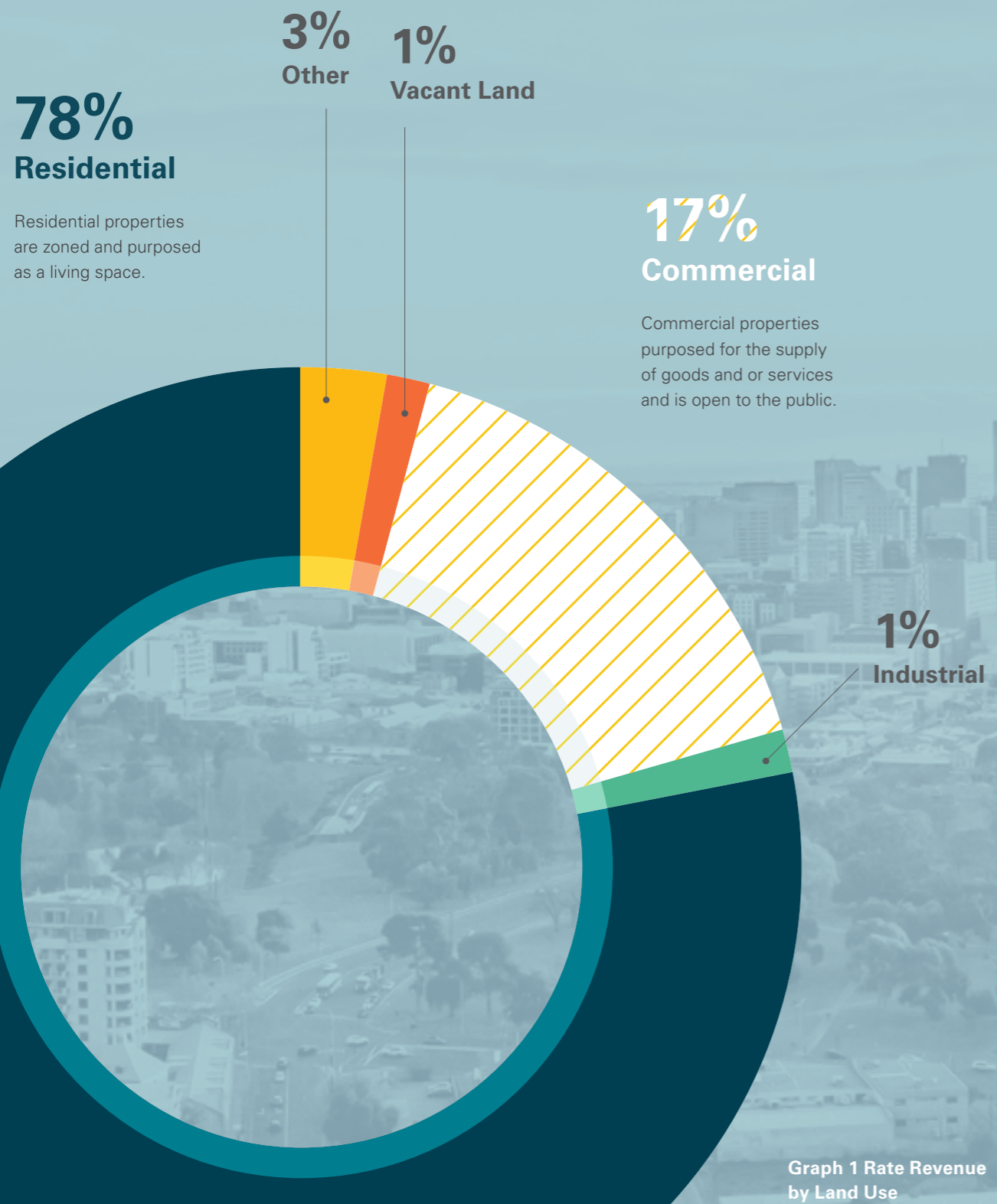
The Private Laneways Policy provides a framework for the Council to assume ownership of and responsibility for selected Private Laneways within the City. The Council has committed to continue the identification and conversion of private laneways to public roads, subject to the defined criteria.

13. Magill Road Streetscape Upgrade



Upgrade the Magill Road Streetscape, in line with the Magill Road Streetscape Masterplan, which is aimed at strengthening the branding of Magill Road as a destination shopping precinct for antiques, homewares and eclectic gifts.

Rates



Graph 1 Rate Revenue by Land Use

Council rates are a form of property taxation and are the main source of income which the Council uses to fund the planned projects, programs and services detailed in this Plan, on behalf of the City.

The Council uses Capital Value as the basis for valuing land within the City of Norwood Payneham & St Peters. It is considered that this method of valuing land provides the fairest method of distributing the rates to be collected across all ratepayers. The Capital Value of properties within the City has increased by an average of 3.51% per annum over the last ten years, with development growth being 0.9% per annum for the same period. Residential properties have increased in value on average by 3.63% per annum and commercial properties 3.17% per annum over the previous ten years.

The Long-term Financial Plan assumes that Capital Values across the City will increase at similar rates experienced over the last ten years.

The City of Norwood Payneham & St Peters applies differential rates on the basis of land use whereby non-residential properties have an increased rate-in-the-dollar of 20% in addition to the rate-in-the-dollar which is applied to residential properties.

Based on Capital values, the payment of rates will be distributed across the difference categories as detailed in Graph 1.

Long-term Financial Plan

Overview

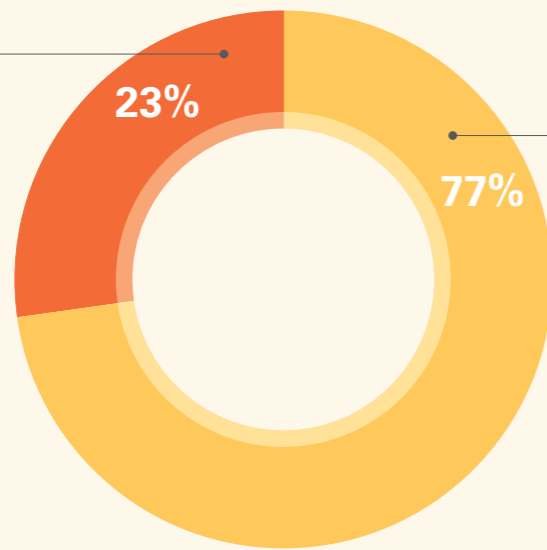
The services, programs and investment in infrastructure provided by the Council are funded by the Government, through grants, the community through user pay services and rates and financial institutions via the provision of financing facilities.

Income and Funding

Expenditure and Investment

Government and Financing

- 5%** Operating Grants
- 3%** Statutory Charges
- 6%** Other Income
- 0.5%** Capital Grants and Contributions
- 14%** Borrowings and Interest



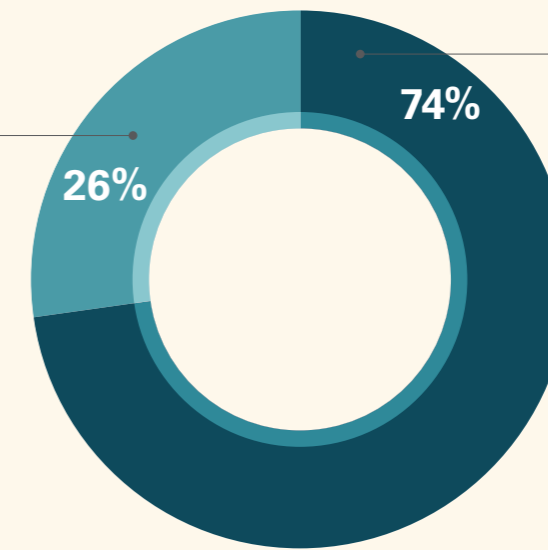
Community and Ratepayers

- 67%** General Rates
- 0.4%** Separate Rates
- 8%** State Government Charges (Regional Landscape Levy)
- 22%** User Fees and Charges

Materials, Services and Investment

Employee Expenses

- 146** Full-time Equivalents
- 100** Full-time
- 50** Part-time
- 50** Casual



- 31.5%** Materials and Services
- 2%** Service Initiatives
- 31%** Asset Investment
- 2%** State Government Charges (Regional Landscape Levy)
- 8%** Repayments and Interest

Income and Funding

	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Government and Financing	15,849	11,909	20,005	18,454	17,087	20,474	18,306	12,648	14,919	17,410
Statutory Charges and Other Income	2,448	2,498	2,549	2,602	2,656	2,712	2,769	2,827	2,886	2,946
Operating Grants	2,770	2,832	2,896	2,961	3,027	3,096	3,166	3,238	3,312	3,388
Borrowings and Interest	8,835	6,451	14,386	12,723	11,268	14,528	12,230	6,439	8,574	10,296
Capital Grants and Contributions	1,795	128	174	168	136	139	141	144	147	150
Community and Ratepayers	41,914	43,719	45,604	47,584	49,652	51,812	54,069	56,179	58,373	60,388
Rates	36,494	38,160	39,903	41,726	43,633	45,627	47,712	49,655	51,677	53,524
State Government Charges	1,421	1,478	1,539	1,601	1,666	1,734	1,805	1,869	1,936	1,995
User Fees and Charges	4,000	4,080	4,163	4,257	4,353	4,452	4,552	4,655	4,761	4,868
Total Income and Funding	57,763	55,628	65,609	66,038	66,740	72,287	72,375	68,827	73,292	77,798

Expenditure and Investment

	2021–22	2022–23	2023–24	2024–25	2025–26	2026–27	2027–28	2028–29	2029–30	2030–31
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Employee Expenses	15,961	16,345	16,738	17,140	17,637	18,149	18,675	19,138	19,613	20,099
Materials and Services	16,843	17,319	17,810	18,315	18,837	19,374	19,876	20,390	20,919	21,462
Service Initiatives	1,257	1,203	1,323	1,428	1,244	1,252	1,359	1,450	1,253	1,352
State Government Charges	1,393	1,421	1,450	1,480	1,510	1,540	1,572	1,604	1,636	1,670
Asset Investment	19,446	17,818	26,452	23,111	21,877	25,102	24,205	18,412	19,294	19,206
Repayment and Interest	2,478	3,162	3,976	4,885	5,694	6,740	7,114	7,907	8,828	9,604
Total Expenditure and Investment	57,378	57,267	67,749	66,309	66,798	72,158	72,800	68,969	71,544	73,213

Services

Under the *Local Government Act 1999* and other relevant legislation, all councils have basic responsibilities which they are required to discharge. To discharge these responsibilities and to meet the needs of its community, the Council provides a range of services, programs and infrastructure.

	 Infrastructure Management	 Waste and Recycling Services	 Trees, Parks, Sport and Recreation	 Economic Development, Regulatory Services, Environment and Planning	 Community, Health Aged and Youth Services	 Libraries and Community Facilities	 Community Events, Arts and Heritage	 Governance, Communication and Administration
	<p>This area provides strategic asset management services regarding the maintenance, construction, renewal and disposal of Council's facilities and assets, including the preparation of the Capital Works Program. This area of the Council administers external infrastructure grants such as the Roads to Recovery Program and project specific grants.</p>	<p>This area oversees external contracts responsible for kerbside garbage collection, illegally dumped rubbish, hard and green waste collection, street and parks bin collection.</p>	<p>The Council has more than 180 hectares of reserves, parks and gardens, and approximately 23,000 street trees are located adjacent to roadways with several thousand more trees located on reserves.</p> <p>In addition, the Council provides a number of recreational and sporting facilities which includes two swimming centres, tennis courts and sporting fields which are available for either casual hire or seasonal hire or leased to sporting clubs within the City.</p>	<p>This area predominately oversees the administration of services required to be delivered by the Council under the <i>Local Government Act 1999</i> and other legislation. Such services include the development of policy and planning across the City, animal management and parking management.</p> <p>In addition, this area leads the delivery of projects aimed at achieving a sustainable environment for the City and the organisation, and supports the economic growth of retail and commercial precincts within the City.</p>	<p>This area provides strategic advice and planning with regard to disability, access and inclusion across the City. Community support and development also provides operational and administrative support to the various community care, youth services and volunteer programs provided by the Council.</p> <p>The Council provides a community based child care centre and preschool. The centre is licensed to provide child care and preschool services for 105 children between the ages of six weeks and five years.</p>	<p>The Council operates three Libraries, located at Norwood, St Peters and Felixstow.</p> <p>In addition, the Council has a number of buildings and facilities available for casual hire or long-term lease, including Norwood Concert Hall which caters for events of all sizes, including Adelaide Festival productions, international acts, product launches, school concerts, cabaret acts, grand balls and weddings.</p>	<p>This area coordinates and delivers a number of events held by the Council which cater to the wide demographic of our community.</p> <p>In addition, as a culturally rich and socially diverse community, the City has a long tradition of valuing its cultural heritage, creativity and artistic expression. This area supports the Council's Cultural Heritage Program and its Public and Community Arts Programs.</p>	<p>Governance supports the Council's decision-making processes, compliance with legislation and minimisation of risk to enable the Council to meet community needs and legislative requirements transparently.</p> <p>This area provides administrative support and assistance to the Mayor and Elected Members, handles enquiries and complaints from the public and provides a number of administrative support services to ensure the efficient and effective operations of the Council.</p>
2021–2022	\$4,725,629	\$4,458,619	\$4,409,268	\$3,833,261	\$4,725,832	\$2,858,816	\$920,147	\$6,825,473
2022–2023	\$4,843,335	\$4,634,828	\$4,514,194	\$3,924,399	\$4,840,554	\$2,927,360	\$942,178	\$6,940,248
2023–2024	\$4,963,940	\$4,818,052	\$4,621,617	\$4,017,683	\$4,958,042	\$2,997,555	\$964,739	\$7,084,226
2024–2025	\$5,087,496	\$5,008,572	\$4,731,583	\$4,113,146	\$5,078,345	\$3,069,429	\$987,840	\$7,245,000
2025–2026	\$5,225,842	\$5,206,724	\$4,858,020	\$4,225,846	\$5,216,596	\$3,152,543	\$1,013,468	\$7,428,257
2026–2027	\$5,367,940	\$5,412,770	\$4,987,857	\$4,341,622	\$5,358,599	\$3,237,920	\$1,039,767	\$7,629,507
2027–2028	\$5,513,891	\$5,574,524	\$5,121,187	\$4,460,558	\$5,504,456	\$3,325,619	\$1,066,708	\$7,836,411
2028–2029	\$5,650,196	\$5,741,125	\$5,245,961	\$4,569,736	\$5,640,871	\$3,408,022	\$1,092,695	\$8,032,831
2029–2030	\$5,789,886	\$5,912,718	\$5,373,811	\$4,681,598	\$5,780,681	\$3,492,494	\$1,119,321	\$8,234,425
2030–2031	\$5,933,045	\$6,089,452	\$5,504,816	\$4,796,211	\$5,923,971	\$3,579,086	\$1,146,602	\$8,441,336

Financial Targets and Measures



OG Road intersection

The measure of the Council's success is driven by the achievement of the objectives outlined in *CityPlan 2030*. A series of performance indicators have been developed to monitor our progress against these objectives and are reported in our Annual Report.

The measure of the Council's success in achieving its financial goal of being a City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner, is measured against a series of targets and performance measures which reflect the financial outcomes of financial sustainability.

Financial targets adopted by the Council to measure performance against the Plan and financial sustainability are detailed in the Graphs on the following pages.

Outcome 1: A Balanced Budget

The Council’s services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

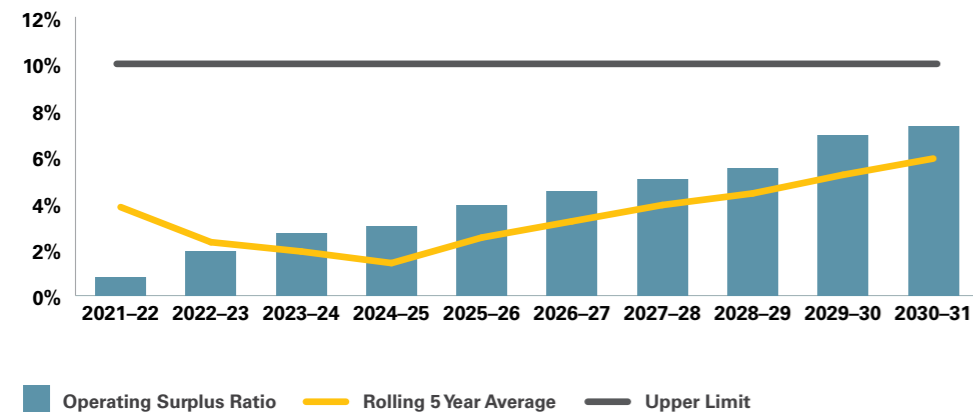
As detailed within this Plan, the Council’s main source of income is generated from the levying of rates, and user charges and fees applied to services and programs provided either in response to community desires and expectations or resulting from the provision of services required by legislation. The revenue which is collected is used to fund the cost of providing services, with surplus revenue being available to fund capital works and the repayment of debt.

The Council’s long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues, with the measure being the Operating Surplus ratio, which measures operating surplus/ (deficit) as a percentage of operating revenue. Ideally, at a minimum, the operating surplus should be at a minimum equal to the annual principal loan repayments.

Operating Surplus Ratio

Target between 0% and 10%

Target Achieved



Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

In determining future rate revenue increases, the Council considers its strategic management plan, *CityPlan 2030*, the economic climate, the need to maintain and improve the Council’s physical infrastructure and improve Community Well-being through its services, programs and facilities. The 2020–2021 Rating Strategy forms the basis for the future impact of rate revenue increases on sectors of the community where we collect rates.

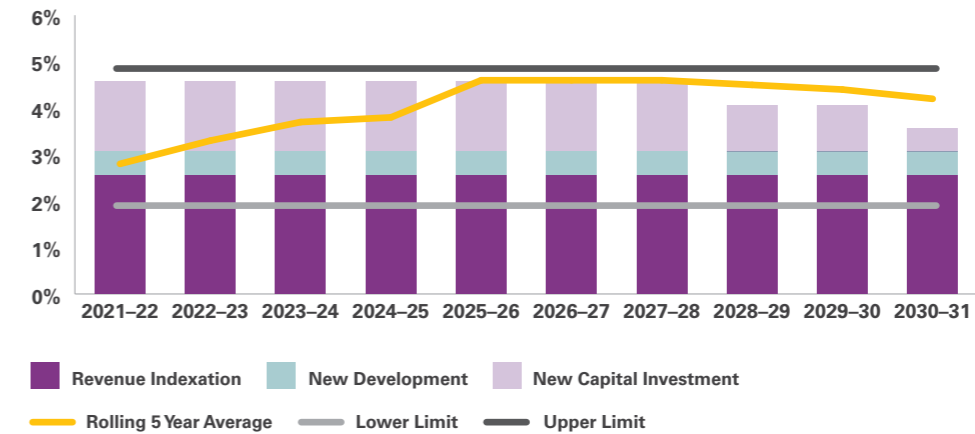
The Plan assumes an average rate revenue increase of 2.6% which is equivalent to the ten year average of the Local Government Price Index. Other elements of the proposed rate revenue increase includes growth in new assessments and a factor for the future financial impacts of new and upgraded infrastructure investment set out in the Plan.

In determining future rate revenue increases, the key is to ensure the community does not experience 'rate shock' from year to year, and as such, the target range for rate revenue increases is between 3% and 6%.

Rate Revenue Increase

Target between 3% and 6%

Target Achieved



Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council’s ‘Whole-of-Life’ Infrastructure framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

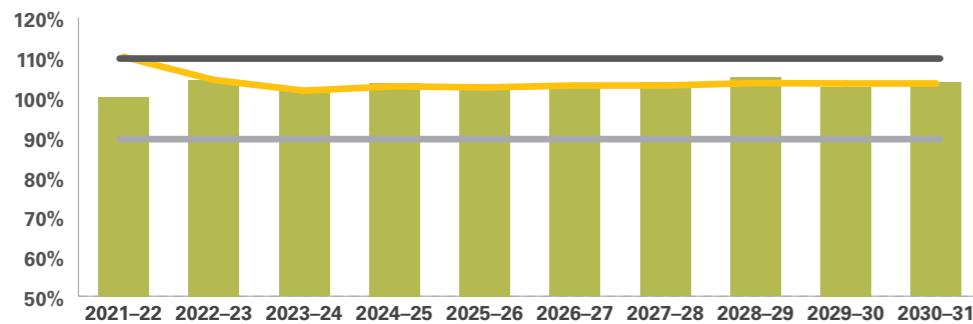
Infrastructure and asset management is the combination of management, financial, economic, engineering, and other practices applied to physical assets with the objective of providing the required level of service in the most cost-effective manner. As part of the Council’s planning framework, the Council has developed asset management plans for each of our major asset classes, including, but not limited to, roads, buildings, stormwater drainage and open space and recreation infrastructure.

The Infrastructure and Asset Management Plan details information about infrastructure assets including actions required to provide an agreed level of service in the most cost efficient manner. The Plan defines the service level to be provided and what funds are required to provide the set service level.

The Asset Sustainability Ratio measures how well the Council is performing in respect to the renewal or replacement of existing physical assets, such as roads, footpaths, kerbing, buildings and council plant. Ideally, physical assets should be renewed or replaced at the same rate of which the stock of assets is wearing out. However, it is recognised that there may be some instances that require the Council to either accelerate or decelerate the renewal or replacement of its existing asset base. As such, the target ratio is based on a three year rolling basis. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned spend outlined in the Council’s Asset Management Plans, with the target being an Asset Sustainability Ratio between 90% and 110% on a rolling three-year period.

Operating Surplus Ratio

Target Achieved



Asset Sustainability Ratio Rolling 3 Year Average Lower Limit Upper Limit

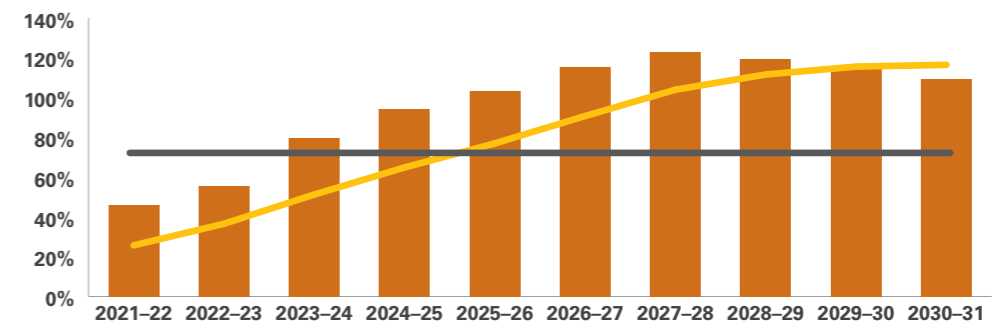
Outcome 4: Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users.

A Council’s indebtedness must be managed to ensure that its liabilities and associated costs are met without impinging on the financial sustainability of the Council. Net Financial Liabilities Ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables), are met by its operating revenue. Net financial liabilities is a broader and more appropriate measure of indebtedness than the level of borrowings, because it includes items such as employee leave entitlements and other amounts payable in future as well as taking account of a Council’s cash holdings and invested monies.

While it is ideal that the Net Financial Liabilities Ratio, doesn’t exceed 100% of operating income, subject to the Council’s ability to service its financial obligations, the indebtedness can exceed 100% in order to provide additional services to its community through acquisition of additional assets without detracting from its financial sustainability.

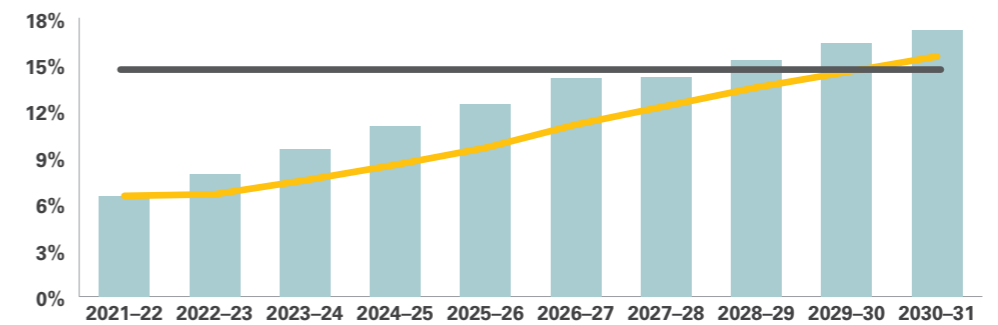
The Plan proposes that the Council undertake a number of asset upgrade projects to the value of \$66 million. Due to the nature of these projects and in line with the Council’s Treasury Management Policy, these projects will be funded through long-term borrowings.



Net Financial Liabilities Rolling 5 Year Average Upper Limit

Net Financial Liabilities

Target Not Achieved



Debt Servicing Ratio Rolling 5 Year Average Upper Limit

Debt Servicing Ratio

Target Achieved



Summary

Based on the underlying assumptions contained within the Plan, the financial projections indicate that the Council is in a position to achieve its financial goal of being a City which delivers on its Strategic Outcomes by managing financial resources in a sustainable and equitable manner.

The Council's Operating Surplus ratio over the period, is forecast to grow from 0.8% in 2021–2022 to 7.2% by 2030–2031 with the annual Operating Surplus for the life of the Plan ranging from \$400,000 to \$4.9 million. The Council plans to invest in the order of \$12.8 million each year to deliver renewal programs outlined in the Councils Infrastructure and Asset Management Plans plus a further \$2 million per annum on other assets not covered by the Infrastructure and Asset Management Plans. The renewal programs will be complemented with \$66 million planned to be spent on major asset upgrades and enhancements.

Rate revenue increases, while at the higher end of the target range, reflect the extent of investment the Council plans to undertake to increase the service level, to provide an improved level of Community Well-being to its community.

The financial projections contained within the Plan provide an indication of the Council's direction and financial capacity rather than predicting the future financial performance and position of the Council.

This Plan should be viewed as a guide to future actions or opportunities which encourages Council to think about the future impact of decisions made today on the Council's long-term financial sustainability. To this end, reference is made each year to the Plan when preparing the Annual Budget to ensure that the broad financial outcomes of the Council are continuing to be met.

As with all plans, there is sometimes a change circumstance over the life of the plan. Therefore, the underlying assumptions are regularly reviewed by Council to ensure the City's strategic directions and objectives can continue to be delivered on in the future.

In line with the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011, the projected financial statements, in the prescribed form are contained in the following pages.

Financial Projections

The financial projections contained in this Long-term Financial Plan have been developed in a format that conforms to the *Local Government Act 1999* and the Local Government (Financial Management) Regulations 2011. This format allows projections to feed into the statutory format of the Annual Budget and key performance measures in the Plan to be compared with annual budgets and annual financial reports.

The Statutory schedules include:

- Statement of Comprehensive Income;
- Statement of Financial Position;
- Statement of Changes in Equity;
- Statement of Cash Flows; and
- Uniform Presentation of Finances.

The Statement of Comprehensive Income shows what is expected to happen during the year in terms of revenue, expenses and other adjustments from all activities. Small surpluses are expected in the initial years due to the expectation that services will return to pre-COVID-19 level, however given the 0% rate increase provided in 2020–2021, in response to the COVID-19 pandemic, revenue growth will have a lag period. While operating surpluses are being forecast, the surplus is insufficient to meet the Council's loan repayments, therefore cash reserves and short term financing will be required to meet loan repayments.

The Statement of Financial Position is a snapshot of the expected financial position of the Council at the end of the financial year. It reports what is expected to be owned (assets) and what is expected to be owed (liabilities). The bottom line Net Assets represents the net worth of the Council.

The assets and liabilities are separated into current and non-current. Current means those assets or liabilities which will fall due in the next 12 months. Non-current refers to assets and liabilities that are recoverable or which fall due over a longer period than 12 months. The net assets of the Council are forecast to grow at rate between 1.5% per annum and 2.4% per annum, primarily due to the capital program, however, to fund the new asset investment, the long-term borrowings are forecast to grow to \$76 million by the end of the ten year period.

The Statement of Cash Flows shows what is expected to occur during the year in terms of cash. The net cash provided by operating activities shows how much cash is expected to remain after paying for the services provided to the community. Ideally, funds from operating activities should be sufficient to fund asset and infrastructure renewal works and the annual repayment of loan borrowings. The information in this statement assists in the assessment of the ability to generate cash flows and meet financial commitments as they fall due, including debt repayments. For the first half of the plan, cash provided by operating activities are insufficient to meet asset renewals and debt repayments, the shortfall is met through the utilisation of cash reserves and short term borrowings.

Statement of Comprehensive Income

2020-2021 Budget \$'000		2021-2022 Plan \$'000	2022-2023 Plan \$'000	2023-2024 Plan \$'000	2024-2025 Plan \$'000	2025-2026 Plan \$'000	2026-2027 Plan \$'000	2027-2028 Plan \$'000	2028-2029 Plan \$'000	2029-2030 Plan \$'000	2030-2031 Plan \$'000
Income											
36,278	Rates	37,914	39,639	41,442	43,327	45,299	47,361	49,516	51,524	53,613	55,520
1,509	Statutory charges	1,846	1,883	1,922	1,961	2,001	2,041	2,083	2,125	2,169	2,213
3,324	User charges	4,000	4,080	4,163	4,257	4,353	4,452	4,552	4,655	4,761	4,868
2,348	Grants, subsidies and contributions	2,408	2,470	2,533	2,598	2,665	2,734	2,804	2,876	2,950	3,026
65	Investment income	113	156	151	145	140	134	128	122	115	109
574	Other revenues	602	614	627	641	656	670	686	701	717	733
363	Operating projects	362	362	362	362	362	362	362	362	362	362
44,460	Total Revenues	47,244	49,205	51,199	53,292	55,476	57,754	60,131	62,365	64,686	66,831
Expenses											
15,714	Employee costs	15,961	16,345	16,738	17,140	17,637	18,149	18,675	19,138	19,613	20,099
17,505	Materials, contracts and other expenses	18,236	18,740	19,260	19,795	20,346	20,915	21,447	21,994	22,556	23,132
800	Finance costs	773	900	1,080	1,321	1,522	1,743	1,964	2,081	2,129	2,216
9,734	Depreciation, amortisation and impairment	10,525	11,051	11,418	12,027	12,629	13,162	13,739	14,303	14,733	15,218
1,313	Operating project expenditure	1,257	1,203	1,323	1,428	1,244	1,252	1,359	1,450	1,253	1,352
192	Joint venture losses	100	50	25	13	-	-	-	-	-	-
45,258	Total Expenses	46,852	48,289	49,845	51,725	53,379	55,221	57,184	58,967	60,284	62,017
(798)	Operating Surplus (Deficit)	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,814
27	Net gain/(loss) on disposal or revaluation of assets	27	34	35	36	36	35	35	35	35	35
1,845	Amounts received specifically for new or upgraded assets	1,795	128	174	168	136	139	141	144	147	150
	Physical resources received free of charge	4,000	-	-	-	-	-	-	-	-	-
1,074	Net Surplus (Deficit)	6,215	1,078	1,564	1,771	2,268	2,707	3,124	3,578	4,585	4,999
Other Comprehensive Income											
2,000	Changes in revaluation surplus - infrastructure, property, plant and equipment	7,574	7,832	8,063	8,421	8,775	9,096	9,456	9,804	10,146	9,969
2,000	Total Other Comprehensive Income	7,574	7,832	8,063	8,421	8,775	9,096	9,456	9,804	10,146	9,969
3,074	Total Comprehensive Income	13,789	8,911	9,627	10,192	11,044	11,803	12,580	13,382	14,731	14,968

Statement of Financial Position

2020-2021 Budget \$'000		2021-2022 Plan \$'000	2022-2023 Plan \$'000	2023-2024 Plan \$'000	2024-2025 Plan \$'000	2025-2026 Plan \$'000	2026-2027 Plan \$'000	2027-2028 Plan \$'000	2028-2029 Plan \$'000	2029-2030 Plan \$'000	2030-2031 Plan \$'000
Assets											
Current Assets											
5,069	Cash and cash equivalents	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	8,041
2,654	Trade and other receivables	2,842	2,798	2,743	2,796	2,767	2,789	2,779	2,775	2,781	2,778
7,723	Total Current Assets	7,107	5,778	4,069	3,755	3,935	4,282	4,006	4,078	6,032	10,819
Non-current Assets											
8	Financial assets	4,008	3,774	3,535	3,295	3,051	2,801	2,545	2,283	2,015	1,740
2,772	Equity accounted investments in Council businesses	2,772	2,822	2,897	2,985	3,085	3,185	3,285	3,385	3,485	3,585
504,790	Infrastructure, property, plant and equipment	546,679	560,315	582,307	600,977	618,057	638,061	656,947	669,831	683,488	696,753
507,570	Total Non-current Assets	553,459	566,911	588,739	607,257	624,193	644,046	662,777	675,498	688,987	702,077
515,292	Total Assets	560,567	572,688	592,807	611,011	628,128	648,328	666,783	679,576	695,019	712,896
Liabilities											
Current Liabilities											
5,416	Trade and other payables	4,420	4,526	4,788	4,578	4,631	4,665	4,625	4,640	4,643	4,636
1,547	Borrowings	1,705	2,262	2,896	3,513	4,172	4,997	5,151	5,894	6,699	7,388
2,757	Short-term provisions	2,705	2,744	2,735	2,728	2,736	2,733	2,732	2,734	2,733	2,733
9,721	Total Current Liabilities	8,830	9,532	10,419	10,819	11,538	12,395	12,508	13,268	14,075	14,757
Non-current Liabilities											
14,385	Long-term borrowings	21,245	24,721	35,425	43,873	50,171	58,743	65,540	65,220	66,175	68,916
1,167	Long-term provisions	1,164	1,160	1,164	1,163	1,162	1,163	1,162	1,162	1,163	1,163
1,541	Other non-current liabilities	1,641	1,691	1,716	1,728	1,728	1,728	1,728	1,728	1,728	1,728
17,093	Total Non-current Liabilities	24,050	27,571	38,305	46,764	53,061	61,633	68,431	68,111	69,066	71,807
26,813	Total Liabilities	32,880	37,103	48,724	57,583	64,599	74,029	80,938	81,378	83,141	86,563
488,479	Net Assets	527,687	535,585	544,084	553,429	563,529	574,299	585,844	598,198	611,878	626,333
Equity											
59,461	Accumulated surplus	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	91,349
429,018	Asset revaluation reserve	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	534,984
488,479	Total Equity	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,197	611,878	626,333

Statement of Cash Flows

2020–2021 Budget \$'000		2021–2022 Plan \$'000	2022–2023 Plan \$'000	2023–2024 Plan \$'000	2024–2025 Plan \$'000	2025–2026 Plan \$'000	2026–2027 Plan \$'000	2027–2028 Plan \$'000	2028–2029 Plan \$'000	2029–2030 Plan \$'000	2030–2031 Plan \$'000
Cash Flow from Operating Activities											
Receipts											
36,688	Rates - general and other	37,914	39,639	41,442	43,327	45,299	47,361	49,516	51,524	53,613	55,520
4,833	Fees and user charges	5,657	6,008	6,140	6,164	6,384	6,471	6,646	6,785	6,923	7,084
65	Investment receipts	113	156	151	145	140	134	128	122	115	109
2,348	Grants utilised for operating purposes	2,408	2,470	2,533	2,598	2,665	2,734	2,804	2,876	2,950	3,026
937	Reimbursements and other income	965	977	989	1,003	1,018	1,033	1,048	1,063	1,079	1,095
Payments											
(15,885)	Employee costs	(16,017)	(16,310)	(16,743)	(17,149)	(17,630)	(18,151)	(18,676)	(19,137)	(19,613)	(20,099)
(20,905)	Contractual services and materials	(20,488)	(19,836)	(20,322)	(21,433)	(21,538)	(22,132)	(22,847)	(23,429)	(23,806)	(24,491)
(800)	Finance payments	(773)	(900)	(1,080)	(1,321)	(1,522)	(1,743)	(1,964)	(2,081)	(2,129)	(2,216)
7,280	Net Cash provided by (or used in) Operating Activities	9,778	12,203	13,110	13,335	14,816	15,706	16,656	17,723	19,132	20,027
Cash Flows from Investing Activities											
Receipts											
1,845	Amounts specifically for new or upgraded assets	1,795	128	174	168	136	139	141	144	147	150
27	Sale of replaced assets	34	35	36	36	35	35	35	35	35	35
-	Repayments of loans by community groups	118	234	239	240	244	250	256	262	268	275
Payments											
(11,626)	Expenditure on renewal/replacement of assets	(10,723)	(11,523)	(12,716)	(12,533)	(11,748)	(11,208)	(12,102)	(12,095)	(10,836)	(8,209)
(5,599)	Expenditure on new/upgraded assets	(8,723)	(6,295)	(13,735)	(10,578)	(10,128)	(13,894)	(12,102)	(6,317)	(8,458)	(10,817)
(100)	Capital contributed to joint ventures	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)	(100)
(19,095)	Net Cash provided by (or used in) Investing Activities	(17,599)	(17,521)	(26,103)	(22,768)	(21,562)	(24,778)	(23,872)	(18,070)	(18,944)	(18,666)
Cash Flows from Financing Activities											
Receipts											
5,871	Proceeds from borrowings - capital/projects	8,723	6,295	13,735	10,578	10,128	13,894	12,102	6,317	8,458	10,817
	Proceeds from borrowings – cash deficits	-	-	500	2,000	1,000	500	-	-	-	-
Payments											
(1,806)	Repayments of borrowings	(1,705)	(2,262)	(2,896)	(3,513)	(4,172)	(4,997)	(5,151)	(5,894)	(6,699)	(7,388)
4,064	Net Cash provided by (or used in) financing Activities	7,018	4,033	11,339	9,065	6,956	9,397	6,951	423	1,760	3,430
(4,108)	Net Increase (Decrease) in cash held	(803)	(1,285)	(1,654)	(368)	210	324	(265)	76	1,948	4,791
9,177	Cash and cash equivalents at beginning of period	5,069	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251
5,069	Cash and cash equivalents at end of period	4,265	2,980	1,326	958	1,168	1,493	1,227	1,303	3,251	8,041

Statement of Changes in Equity

2020–2021 Budget \$'000		2021–2022 Plan \$'000	2022–2023 Plan \$'000	2023–2024 Plan \$'000	2024–2025 Plan \$'000	2025–2026 Plan \$'000	2026–2027 Plan \$'000	2027–2028 Plan \$'000	2028–2029 Plan \$'000	2029–2030 Plan \$'000	2030–2031 Plan \$'000
Accumulated Surplus											
58,387	Balance at end of previous reporting period	59,461	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350
1,074	Net surplus/(deficit) for year	6,215	1,078	1,564	1,771	2,268	2,707	3,124	3,578	4,585	4,999
59,461	Balance at end of period	65,676	66,754	68,318	70,089	72,357	75,064	78,188	81,766	86,350	91,349
Asset Revaluation Reserve											
427,018	Balance at end of previous reporting period	429,018	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528
2,000	Gain on revaluation of infrastructure, property, plant and equipment	32,993	6,820	6,935	7,574	7,832	8,063	8,421	8,775	9,096	9,456
429,018	Balance at end of period	462,011	468,831	475,766	483,340	491,172	499,235	507,656	516,432	525,528	534,984
488,479	Total Equity at the end of the Reporting Period	527,687	535,585	544,084	553,428	563,529	574,299	585,844	598,197	611,878	626,333

Uniform Presentation of Finances

2020–2021 Budget \$'000		2021–2022 Plan \$'000	2022–2023 Plan \$'000	2023–2024 Plan \$'000	2024–2025 Plan \$'000	2025–2026 Plan \$'000	2026–2027 Plan \$'000	2027–2028 Plan \$'000	2028–2029 Plan \$'000	2029–2030 Plan \$'000	2030–2031 Plan \$'000
44,460	Operating revenues	47,244	49,205	51,199	53,292	55,476	57,754	60,131	62,365	64,686	66,831
(45,258)	less Operating expenses	(46,852)	(48,289)	(49,845)	(51,725)	(53,379)	(55,221)	(57,184)	(58,967)	(60,284)	(62,017)
(798)	Operating Surplus (Deficit)	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,814
Less: Net Outlays on Existing Assets											
(11,626)	Capital expenditure on renewal/replacement of existing assets	(10,723)	(11,523)	(12,716)	(12,533)	(11,748)	(11,208)	(12,102)	(12,095)	(10,836)	(8,209)
27	less Proceeds from sale of replaced assets	34	35	36	36	35	35	35	35	35	35
9,734	less Depreciation, amortisation and impairment	10,525	11,051	11,418	12,027	12,629	13,162	13,739	14,303	14,733	15,218
(1,864)		(165)	(437)	(1,262)	(470)	916	1,989	1,672	2,244	3,932	7,044
Less: Net Outlays on New and Upgraded Assets											
(5,599)	Capital expenditure on new/upgraded assets	(8,723)	(6,295)	(13,735)	(10,578)	(10,128)	(13,894)	(12,102)	(6,317)	(8,458)	(10,817)
-	less Assets received free of charge	4,000	-	-	-	-	-	-	-	-	-
1,105	less Amounts received specifically for new or upgraded assets	1,845	128	174	168	136	139	141	144	147	150
(4,494)		(2,878)	(6,167)	(13,561)	(10,410)	(9,992)	(13,755)	(11,961)	(6,173)	(8,311)	(10,667)
(7,157)	Net Lending (Borrowing) for Financial Year	(2,649)	(5,687)	(13,468)	(9,313)	(6,980)	(9,233)	(7,341)	(531)	23	1,190

Key Performance Indicators

2020–2021 Budget		2021–2022 Plan	2022–2023 Plan	2023–2024 Plan	2024–2025 Plan	2025–2026 Plan	2026–2027 Plan	2027–2028 Plan	2028–2029 Plan	2029–2030 Plan	2030–2031 Plan
Outcome 1: A Balanced Budget											
(798)	Operating surplus / (deficit) - \$'000	393	917	1,355	1,567	2,097	2,533	2,947	3,398	4,402	4,818
(1.8%)	Operating Surplus Ratio - %	0.8%	1.9%	2.7%	3.0%	3.8%	4.4%	4.9%	5.5%	6.8%	7.2%
Outcome 2: Rate Stability											
0.65%	Rate Revenue Increase - %	4.51%	4.55%	4.55%	4.55%	4.55%	4.55%	4.55%	4.05%	4.05%	3.56%
Outcome 3: Infrastructure and Asset Management											
125.7%	Asset Sustainability Ratio - % (Rolling three year average)	110.1%	104.3%	101.6%	102.7%	102.4%	102.9%	102.9%	103.5%	103.4%	103.4%
110%	Asset Sustainability Ratio - % (Annual)	100%	104%	101%	104%	103%	103%	104%	105%	103%	104%
Outcome 4: Debt Management											
19,083	Net Financial Liabilities - \$'000	21,764	27,552	41,120	50,533	57,612	66,946	74,387	75,018	75,094	74,004
42.9%	Net Financial Liabilities Ratio - %	46.0%	56.0%	80.3%	94.0%	103.9%	115.9%	123.7%	120.3%	116.1%	110.7%
7.2%	Debt Servicing Ratio - %	6.5%	8.0%	9.5%	11.0%	12.6%	14.2%	14.4%	15.5%	16.5%	17.3%

Council Facilities

The Council's Principal Office is located at:

Norwood Town Hall
175 The Parade, Norwood

Additional sites of operation include:

Glynde Depot
30 Davis Street, Glynde

Norwood Library
110 The Parade, Norwood

St Peters Library
101 Payneham Road, St Peters

Payneham Library & Community
Facilities Complex (Tirkandji)
2 Turner Street, Felixstow

Payneham Community Centre
374 Payneham Road, Payneham

Cultural Heritage Centre
101 Payneham Road, St Peters

Norwood Swimming Centre
Phillips Street, Kensington

Payneham Memorial Swimming Centre
OG Road, Felixstow

The Council also owns and operates:

St Peters Child Care Centre and Preschool
42-44 Henry Street, Stepney

Norwood Concert Hall
175 The Parade, Norwood

Additional Copies



The 2021–2031 Long-term Financial Plan can be viewed online at www.nrsp.sa.gov.au

Further information

For more information on the Council's 2021–2031 Long-term Financial Plan, please visit www.nrsp.sa.gov.au or phone 8366 4555.

The Council's website at www.nrsp.sa.gov.au provides further details about the Council's activities, policies and plans for the future.

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

6.4 2021-2022 ANNUAL BUSINESS PLAN AND BUDGET

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320/A120219
ATTACHMENTS: Nil

PURPOSE OF REPORT

The purpose of this report is to update the Audit Committee on the 2021-2022 Annual Business Plan and Budget process.

BACKGROUND

Legislative Requirements

Pursuant to Section 123 of the *Local Government Act 1999* (the Act), each financial year the Council is required to prepare an Annual Business Plan and Annual Budget. The Annual Business Plan and Annual Budget are to be adopted by the Council after 31 May for the ensuing financial year and except in a case involving extraordinary administrative difficulty, before 31 August for the financial year.

Pursuant to Section 123(2) of the Act and in Regulation 6 of the *Local Government (Financial Management) Regulations 2011* (the Regulations), each Annual Business Plan of a Council must—

- (a) include a summary of the Council's long-term objectives (as set out in its strategic management plans); and
- (b) include an outline of—
 - (i) the Council's objectives for the financial year; and
 - (ii) the activities that the Council intends to undertake to achieve those objectives; and
 - (iii) the measures (financial and non-financial) that the Council intends to use to assess the performance of the Council against its objectives over the financial year; and
- (c) assess the financial requirements of the Council for the financial year and, taking those requirements into account, set out a summary of its proposed operating expenditure, capital expenditure and sources of revenue; and
- (d) set out the rates structure and policies for the financial year; and
- (e) assess the impact of the rates structure and policies on the community based on modelling that has been undertaken or obtained by the Council; and
- (f) take into account the Council's long-term financial plan and relevant issues relating to the management and development of infrastructure and major assets by the Council; and
- (g) address or include any other matter prescribed by the Regulations.

Pursuant to Section 123 (3) of the Act, prior to the adoption of the Annual Business Plan, the Council must undertake public consultation for a minimum period of twenty-one (21) days. At the conclusion of the public consultation period, a public meeting is to be held where members of the community can ask questions and make submissions regarding the draft Annual Business Plan. During the public consultation period, the Council must make available copies of the draft Annual Business Plan at its Principle place of business.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

The Council's Strategic Management Plan, *CityPlan 2030: Shaping Our Future*, the Long-term Financial Plan and Whole-of-Life Asset and Infrastructure Management Plans, provide the basis and framework upon which the Council's Annual Business Plan and Budget is based.

FINANCIAL AND BUDGET IMPLICATIONS

The Council's Long-Term Financial Plan (LTFP), sets out the Councils' financial goal as, "A City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner", in short to be financially sustainable.

The Local Government Association of South Australia defines financial sustainability as;

- "A Council's long-term financial performance and position is sustainable where planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services."
- The key elements to the definition are
 - ensuring the maintenance of a Council's high priority expenditure programs, both operating and capital;
 - ensuring a reasonable degree of stability and predictability in the overall rate burden; and,
 - promoting a fair sharing in the distribution of Council resources and the attendant taxation between current and future ratepayers.

In simple terms, financial sustainability means positioning the Council so that it can continue to provide quality services, programs and facilities and maintain the Council's infrastructure to a defined service standard, with stable rate increases (removal of sudden increases) and ensuring inter-generational equity.

To ensure that the Council achieves its financial objectives, as set out in the Council's LTFP, the Council will need to ensure that its Annual Business Plan and Budget, contains objectives and financial parameters which will deliver a responsible budget and meet the reasonable needs of the community on an equitable and "value for money" basis.

EXTERNAL ECONOMIC IMPLICATIONS

The Annual Business Plan and Budget will have an economic impact on property owners and suppliers of goods and services to the Council, the level of which will be dependent on the final decisions taken in respect to the level of income, and subsequently the Rate increase required to meet proposed expenditure.

SOCIAL ISSUES

Nil.

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil.

RESOURCE ISSUES

Nil.

RISK MANAGEMENT

Financial Management and Annual Business Plan preparation processes are governed by the *Local Government Act 1999* and Regulation 6 of the *Local Government (Financial Management) Regulations 2011*. All budget documentation will need to be prepared in accordance with the relevant statutory requirements.

CONSULTATION

- **Elected Members**

The Council endorsed the Annual Business Plan and Budget process at its meeting held on 18 January 2021.

- **Community**

Not Applicable.

- **Staff**

Not Applicable.

- **Other Agencies**

Not applicable.

DISCUSSION

The 2021-2022 Annual Budget

The draft 2020-2021 Annual Budget is proposed to be developed with reference to and within the framework of the Councils LTFP. To ensure that the Council delivers its financial objectives, the draft 2021-2022 Annual Budget should be developed with reference to the assumptions set out in the LTFP.

For the 2021-2022 Financial year, the LTFP projects an Operating Surplus of \$393,000, based on a Rate Revenue increase of 4.6%. The target Rate Revenue increase set in the draft LTFP is based on a:

- rate revenue indexation of 2.6% which is equivalent to the ten (10) year average of the Local Government Price Index (as a 30 June 2019);
- 0.5% revenue increase derived from new assessments; and
- factor (1.5%) for the financial impacts of new and upgraded infrastructure investment.

Since the development of the LTFP, the Local Government Price Index for the year ended 30 June 2020, has been published, with the ten (10) year average reducing to 2.35%. The ten (10) year average in growth from new assessments is 0.9%. Adopting the principle of rate revenue increases comprising of the elements set out above, the recommended base rate revenue increase for the 2021-2022 financial year would be between 4.4% and 4.75%, depending on the extent of the financial impact of revenue growth from new development is passed on to existing ratepayers. As such, the target Operating Surplus for the 2021-2022 Budget, is set between \$351,000 and \$470,000.

To ensure the Councils financial targets are achieved, the Annual Budget must be set with reference to similar key influences and assumptions. The influences and assumptions relating to external economic conditions and internal policy decisions are set out below.

Key Influences

- Maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces are consistent with the Whole-of Life Infrastructure and Asset Management Plans.
- Commitment to major projects which span more than one (1) financial year.
- Initiatives and major projects which are undertaken need to contribute to the Vision, strategic direction and the wellbeing of our City as set out in the *CityPlan 2030: Shaping Our Future*.
- Previously recognised ongoing operational savings are to be maintained.
- To continue to implement the principles and practices of the Business Excellence Framework (i.e. Continuous Improvement).
- Prudent Financial Management to ensure ongoing financial sustainability.

Key Assumptions

The Annual Budget incorporates three (3) components of the Council Operations, these being:

- Recurrent Income and Expenditure (Recurrent Budget)
- Operating Projects (Operating Projects Budget); and
- Capital Projects (Capital Budget).

As in previous years, the preparation of the Annual Budget will be broken down into two (2) stages. The first stage will be the preparation on the Recurrent Budget, which incorporates the revenues and expenditure required to provide the “Business as Usual” services. The second stage will focus on the Capital and Operating Project budget.

Rate Revenue Increases

As in previous years, for the initial review of the draft Recurrent Budget, no increase in rate revenue will be taken into account in the analysis. Notwithstanding this, the Long-Term Financial Plan has been based on a Rate Revenue, which is based on:

- rate revenue indexation equivalent to the ten (10) year average of the Local Government Price Index. As at 30 June 2020, the ten (10) year average is 2.35%;
- revenue increase derived from new assessments; and
- factor for the financial impacts of new and upgraded infrastructure investment.

New Operating and Capital Projects

New projects, both Operating and Capital, which are put forward for consideration, will be assessed based on the objectives contained in *CityPlan 2030: Shaping Our Future*, the Councils LTFP and the Infrastructure and Asset Management Plans.

New services and “one-off” operating projects are funded through Rate Revenue increases, grant funding or by expenditure savings. New Capital Projects will be funded via Grant Funding, borrowings or cash reserves, with an allowance being made in rate revenue increases to contribute to the ongoing lifecycle costs associated with the new asset.

At its meeting held on 18 January 2021, the Council adopted “in principle” the following budget parameters and assumptions for the purpose of preparing the draft 2021-2022 Annual Business Plan and Budget:

- the Recurrent Operating Budget be prepared on a “business as usual” basis;
- the continuation of previously recognised ongoing operational savings;
- maximum Material, Contracts and Other Expenses cost escalation be set at 1.5%;
- wages and salaries increases be set in line with the Council’s Enterprise Bargaining Agreements;
- maximum combined increase in overall budget be based on salary increase and 1.5% non-salary increase;
- fees and charges not set by Legislation be increased by 1.75% at a minimum;
- new Capital Projects to be considered and approved within the context of the Annual Business Plan objectives, *CityPlan 2030: Shaping Our Future*, I& and the LTFP;
- new services and one off projects to be considered and approved within the context of the Annual Business Plan objectives, *CityPlan 2030: Shaping Our Future*, I& and the LTFP and be funded through Rate Revenue increases or by expenditure savings; and
- new capital projects are funded via grant funding and or long term borrowings.

A timetable, as set out in Table 1 below for the preparation of the draft 2021-2022 Budget, has been developed to ensure that the Council is in a position to adopt the 2021-2022 Annual Business Plan and Annual Budget at the Council meeting to be held on 5 July 2021.

TABLE 1: KEY BUDGET PROCESS ACTIVITIES 2021-2022

Key Steps	Dates
Budget process, parameters and objectives adopted	Monday 18 January 2021 (Council Meeting)
Fees and charges adopted in principle by the Council	Monday 1 March 2021 (Council Meeting)
Budget Workshop with Elected Members	Wednesday 17 March 2021
Budget Workshop with Elected Members	Wednesday 31 March 2021
Budget Council Meeting <ul style="list-style-type: none"> • <i>Recurrent Budget considered</i> • <i>Operating and Capital Projects considered</i> 	Wednesday 14 April 2021 (Special Meeting)
Draft Annual Business Plan, rating model and projects carried forward and Infrastructure Whole of Life endorsed	Monday 3 May 2021 (Council Meeting)
Draft Annual Business Plan available for viewing by the public	Wednesday 12 May 2021
Meeting to receive Public submissions on the Annual Business Plan	Wednesday 2 June 2021
Consideration of public submissions	Wednesday 16 June 2021 (Special Council Meeting)
Adoption of Annual Business Plan and Budget	Monday 5 July 2021 (Council Meeting)

In respect to the community consultation on the Annual Business Plan, a Public Meeting is proposed to be held on Wednesday 2 June 2021 to allow members of the community to present their comments and feedback to the Council, on the content of the Annual Business Plan and Budget.

OPTIONS

Not Applicable.

CONCLUSION

The development of the 2021-2022 Annual Business Plan and Budget forms the platform to position the Council to achieve future and ongoing Financial Sustainability. Financial Sustainability is not a number on the Income Statement, it is a strategy. The 2021-2022 Annual Business Plan and Budget integrates the strategies set out in the Councils suite of Strategic Management Plans, which include CityPlan 2030, Infrastructure and Asset Management Plans and the Long Term Financial Plan, with any decisions made being consistent with and supporting the strategy.

COMMENTS

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585 or email sperkins@npsp.sa.gov.au prior to the meeting.

RECOMMENDATION

That the report be received and noted.

6.5 GOVERNANCE ARRANGEMENTS – REGIONAL SUBSIDIARIES

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320
ATTACHMENTS: A - E

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with a record of information which has been provided to the Council since the last meeting.

BACKGROUND

At the Audit Committee meeting held on 21 January 2010, it was resolved:

“That reports be prepared by the General Managers responsible for each Regional Subsidiary on any matters of concern within the Subsidiary, for consideration by the Audit Committee in lieu of the distribution of minutes etc.”

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

The purpose of this report is to provide the Audit Committee an overview of the Budget Reviews which have been undertaken by the Council’s Regional subsidiaries.

The Councils 2020-2021 Budget, includes the respective cost of services which are delivered on behalf of the Council by the respective Regional Subsidiary and the Council’s share of the respective Regional Subsidiary operating result.

The Budget implications for the Council are discussed in the Discussion section of this report

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

There are no resource issues arising from this report.

RISK MANAGEMENT

There are no risk management issues arising from this report.

CONSULTATION

- **Committee Members**

Cr Minney is a Board member of ERA Water and Highbury Landfill Authority.

Cr Stock is a Board Member of East Waste.

Ms Brigid O'Neill is a member of the ERA Water Audit Committee.

Ms Sandra DiBlasio is a member of the East Waste Audit Committee.

- **Community**

Not Applicable.

- **Staff**

Chief Executive Officer

General Manager, Urban Services.

General Manager, Urban Planning and Environment.

- **Other Agencies**

Not Applicable.

DISCUSSION

Eastern Health Authority (EHA)

At its meeting held on 20 December 2020, the EHA Board considered the First (September 2020) Budget Review. As advised at the Audit Committee meeting held on 24 February 2020, EHA will only be seeking approval for Budget revisions, from the Constituent Councils, where there has been a material change to its Adopted Budget.

The first Budget Review for the financial year is required to take into account any differences in the adopted 2019-2020 Balance Sheet and the 2019-2020 Audited Balance Sheet. The relevant figures from the 2019-2020 Audited Financial Statements have now been incorporated into the 2020-2021 Budgeted Financial Statements. It should be noted that the adjustments processed to the Balance Sheet have no impact of the adopted 2020-2021 Operating Result.

Following the first Budget Review, EHA is estimating an Operating Deficit of \$28,000 compared to an adopted breakeven budget.

The drivers behind the change in the forecast Operating Results, is primarily due to the accounting impact of the adoption of the accounting Standard AASB 16: Leases, which requires operating leases, (except short term or low value leases) to be treated like a financing lease, with the recognition of Right of Use assets and liabilities to be recorded on the Balance sheet, and lease payments, previously recorded on the Statement of Comprehensive Income, being replaced with a deemed depreciation and interest expense. The net impact of the change in accounting standard is an unfavourable variance of \$20,000.

As Committee Members may recall, as part of the 2020-2021 Annual Business Plan and Budget, EHA included a \$40,000 contribution from its Constituent Councils, to be shared equally, to undertake a Service review. This review was initiated at the request of the Town of Walkerville. The Town of Walkerville has subsequently withdrawn the Service review, and as such, contributions from Constituent Councils and the cost of the Service Review has been reduced by \$8,000 respectively.

This Councils share of the revised Operating Deficit of \$20,000, is \$6,458. The Councils Budget has been adjusted as per the Mid-year Budget Review.

A copy of the Budget Review is contained in **Attachment A**.

East Waste

At its Meeting held on 26 November 2020, the East Waste Board considered the First Budget review. The East Waste Board noted that there have been some variations against both budgeted income and expenditure, however at this stage, there have been no proposed variations made to the Budget. As such, East Waste is still forecasting an Operating Deficit of \$39,000. The Council's share of the draft Operating Deficit is \$5,577, which is based on an ownership share of the Authority of 14.3%.

The East Waste 2020-2021 First Budget Review is contained in **Attachment B**.

At its meeting held on 26 November 2020, the East Waste Board also considered the Long Term Financial Plan (LTFP). East Waste's LTFP was last adopted in June 2017. A review of the LTFP was due to occur prior to June 2019, however due to the significant issues in the recycling industry market which was occurring at the time, the review of the LTFP was delayed.

The LTFP (as contained in **Attachment C**) is based on the following principles and assumptions;

Principles

- consistency with East Waste's, ten-year Business Plan, Asset Management Plan, Annual Plans; and the East Waste Charter;
- alignment to East Waste's: Treasury Management Policy; and Cash-flow requirements;
- use of CPI and LGPI forecasts; and
- consistency with Member Council Service Level Agreements.

Assumptions

- The cost of replacing fleet vehicles to be funded via fixed term external borrowings with the Local Government Finance Authority.
- Lease of the Ottoway Depot to continue with an annual 4% lease cost increase.
- Salaries and wages to increase by current EB Agreement rates or in accordance with relevant legislative instruments for the life of the LTFP.
- Fuel based on annual usage levels and price increases aligned with recent historic data and RAA modelling.
- 2% growth allowed for in collected volumes of recycling, green organics, residual waste and hard waste.
- CPI rate to be used as the common annual inflator rate to all costs that do not have a specific/unique cost driver inflator rate applied.
- LGPI increase applied to the Administration Fee charged to Member Councils and for it to be charged equally.
- CPI assumed to be 2.0% per annum for the life of the LTFP.
- All fleet costs and replacement to be reflected in accordance with the Fleet Asset Management Plan.
- Annual operating surplus budgeted on return on revenue in accordance with targets set within the Budget Framework Policy.

ERA Water

Long Term Financial Plan

The 2020-2029 ERA Water Long Term Financial Plan was predicated on ERA Water being in a position to harvest and deliver water to both its Constituent Councils and third party customers, at a rate lower than the SA Water price by the 2021-2022 Financial Year. While the planned connections to reserves of the Constituent Councils and the first external customers have been connected to the ERA Water network, a number of the key assumptions adopted in developing the financial forecasts have weakened in the 2021-2030 ERA Water Long Term Financial Plan.

The key impact on the long term forecast has been the reduction in the SA Water price by 18.5% to \$2.78 per kL. It should be noted that ERA Water is not in a position to produce water at the price below the SA Water price over the life of the Plan.

As per previous Plans, water sales will be made to the Constituent Council based on the “take or pay” volume of 205 ML. However, it should be noted that the sale price, based on full operating cost recovery, is 2.0% higher than the SA Water Price. For this Council, the take or pay volume is set at 77 ML, which is based on the volumes that were provided to ERA Water (based on the average consumption over a five (5) year period), therefore the Council will incur additional water charges of \$4,900 per annum on average over the 10 year period for water purchased from ERA Water.

Third party sales have been estimated based on the predicted availability of water being available for sale. To date, ERA Water has secured water sales of 45 ML per annum.

The Council endorsed the Long Term Financial Plan at its meeting held on 18 January 2021. A copy of the 2021-2030 Long Term Financial Plan is contained in **Attachment D**.

2020-2021 First Budget Review

Due to the combined impact of the reduction of the SA Water price to \$2.78 per kL and reduced volume of water sales to date, due to uncertainty in the reliability of water supply and delays in external parties committing to contracts, ERA Water is forecasting sales revenue of \$686,500, a reduction of \$275,000.

Operating Expenditure is forecast to increase to \$1.634 million, an increase of \$85,000. The increase predominately due to the appointment of a Principal Operator, who will undertake the operations and maintenance activities previously undertaken by external contractors. However, it is anticipated that the reduced reliance on external contractors will reduce the operations and maintenance costs by \$250,000 per annum.

The net impact of the proposed budget adjustments is an increase in the forecast Operating loss to \$948,000 and increase of \$361,000 on the Adopted Budget. This Councils share of the increased loss is \$120,300.

The Council endorsed the 2020-2021 First Budget Review at its meeting held on 18 January 2021. A copy of the 2020-2021 First Budget Review is contained in **Attachment E**.

OPTIONS

Nil.

CONCLUSION

Nil.

COMMENTS

Nil.

RECOMMENDATION

That the report be received and noted.

Attachment A

Governance Arrangements - Regional Subsidiaries

Eastern Health Authority - Budget Review

City of Norwood Payneham & St Peters
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City of
**Norwood
Payneham
& St Peters**

5.1 FINANCE REPORT AND FIRST (SEPTEMBER 2020) BUDGET REVIEW FOR 2020/2021

Author: Michael Livori

Ref: AF19/143

Summary

So that members can ensure that Eastern Health Authority (EHA) is operating according to its adopted budget, financial performance is regularly monitored, and statutory budget reviews are considered.

In accordance with regulation 9 of the *Local Government (Financial Management) Regulations 2011*,

- (1) *A council, council subsidiary or regional subsidiary must prepare and consider the following reports:*
- (a) *at least twice, between 30 September and 31 May (both dates inclusive) in the relevant financial year (where at least 1 report must be considered before the consideration of the report under sub regulation (1)(b), and at least 1 report must be considered after consideration of the report under sub regulation (1)(b))—a report showing a revised forecast of its operating and capital investment activities for the relevant financial year compared with the estimates for those activities set out in the budget presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances;*
 - (b) *between 30 November and 15 March (both dates inclusive) in the relevant financial year—a report showing a revised forecast of each item shown in its budgeted financial statements for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.*

This report provides the first of the budget reviews required in accordance with regulation 9 (1) and relates to the financial performance of EHA between 1 July 2020 and 30 September 2020. It provides the opportunity to amend the adopted budget in line with revised projections of income and expenditure for the 2020/2021 financial year.

Report

The table below gives a simple analysis of year to date income, expenditure and operating result.

Eastern Health Authority - Financial Statement (Level 1)				
1 July 2020 to 30 September 2020				
	Actual	Budgeted	\$ Variation	% Variation
Total Income	\$970,708	\$1,005,586	(\$34,878)	-3%
Total Expenditure	\$618,708	\$653,685	\$ (34,977)	-5.4%
Operating Result	\$ 352,000	\$ 351,900	\$ 99	0%

The table shows that for the reporting period income was **(\$34,878) (-3%)** less than budgeted and expenditure was \$34,977 (-5.4%) less than budgeted. The net result is a variation of \$99 (0%) on the budgeted year to date comparative operating result.

More detailed information is provided in Attachment 1. The attachment provides detail on year to date performance of individual budget lines. Any variation greater than \$5,000 is detailed in the table below with explanatory comments.

Summary Table of Funding Statement Variations				
Income				
Favourable variances are shown in black and unfavourable variances are shown in green .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
Income				
Fines and Expiations	\$12,497	\$57	(\$12,440)	No expiations issued this period. No variation requested at this point in time.
Clinic Vaccines	\$20,000	\$25,056	(\$12,242)	YTD decrease in fee vaccines purchased at clinics No variation requested at this point in time.
Service Review	\$0	\$0	\$0	Reduction of ToW cost share. Variation of (\$8K) requested.
Total of Income Variations Requested				(\$8,000)
Expenditure				
Favourable variances are shown in black and unfavourable variances are shown in green .				
Description	YTD Budget	YTD Actual	YTD Variation	Comment
Expenditure				
Salaries and Wages	\$409,045	\$384,790	(\$24,255)	Staff on long term leave No variation requested at this point in time.
Vehicle Leases/Maintenance	\$17,000	\$4,008	(\$12,991)	Application of AASB Standard 16 Leases – impact on vehicle leases Variation of (\$55,000) requested

Rent	\$26,824	\$2,457	(\$24,367)	Application of AASB Standard 16 Leases – impact on rent. Variation of (\$108,000) requested
Service Review	\$0	\$0	\$0	Reduction of ToW cost share. Variation of (\$8K) requested.
Finance Charges	\$0	\$4,352	\$4,352	Application of AASB Standard 16 Leases – recognise amortisation of leases. Variation of \$40,000 requested.
Depreciation, amortisation, and impairment	\$0	\$42,102	\$42,102	Application of AASB Standard 16 Leases – recognise interest on leases. Variation of \$143,000 requested
Total of Expenditure Variations Requested				\$12,000
Net Result of Variations Requested				\$20,000

Adjustments required due to Impact of Australian Accounting Standards Board (AASB) Standard 16 Leases.

A significant number of variations detailed above are a result of the introduction of AAASB Standard 16 Leases (the new Standard).

The new Standard introduces a new model requiring lessees to recognise all leases on their balance sheet (rather than being presented as operating leases), except for short-term leases and leases of low value assets. The changes have had an impact on the Balance Sheet and Income Statement.

The net impact on the budget has seen a \$20,000 reduction in the Net Surplus/Deficit from \$0 to **(\$20,000)**.

The Funding Result has not changed and remains at **(\$19,090)**.

Adjustments relating to 2019/2020 Audit

The first budget review for the financial year is required to take into account any differences between the adopted financial statements for 2019/2020 and the audited financial statements for the previous year. The relevant figures from the 2019/2020 audited financial statements have now been incorporated into the financial statement for 2020/2021. The incorporation of these figures has no impact on the estimated operating result.

Included as Attachment 2 is a copy of the revised 2020/2021 Budgeted Statutory Financial Statements which include the:

- Revised Statement of Comprehensive Income
- Revised Statement of Cash flows
- Revised Statement of Financial Position
- Revised Statement of Changes in Equity

A Bank Reconciliation and Available Funds report for the period ending 30 September 2020 is provided as Attachment 3. It shows that at 30 September 2020 available funds were \$91,698.96 in comparison with \$167,920.71 on 30 June 2020.

RECOMMENDATION

That:

1. The Finance Report and First (September 2020) Budget Review for 2020/2021 report be received.
2. The revised financial forecast for 2020/2021 is noted.

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2020 to 30 September 2020				
Income	Actual	Budgeted	\$ Variation	% Variation
Constituent Council Income				
City of Burnside	\$219,066	\$219,066	\$0	0%
City of Campbelltown	\$226,274	\$226,274	\$0	0%
City of NPS	\$293,154	\$293,154	\$0	0%
City of Prospect	\$105,328	\$105,328	\$0	0%
Town of Walkerville	\$51,516	\$51,516	\$0	0%
Total Constituent Council Contributions	\$ 895,338	\$ 895,338	\$0	0%
Statutory Charges				
Food Inspection fees	\$22,536	\$27,497	(-\$4,962)	-18%
Legionella registration and Inspection	\$1,471	\$1,752	(-\$282)	-16%
Fines & Expiation Fees	\$57	\$12,497	(-\$12,440)	-100%
Total Statutory Charges	\$ 24,063	\$ 41,746	(-\$17,683)	-42%
User Charges				
Immunisation - PHN Project	\$25,000	\$25,000	\$0	0%
Immunisation - Clinic Vaccines	\$12,242	\$20,000	(-\$7,758)	-39%
Immunisation - Clinic Service F	\$240	\$0	\$240	0%
Food Auditing	\$9,706	\$10,997	(-\$1,291)	-12%
Total User Charges	\$ 47,188	\$ 55,997	(-\$8,809)	-16%
Grants, Subsidies, Contributions				
Child Immunisation register	\$2,712	\$7,006	(-\$4,294)	-61%
Total Grants, Subsidies, Contributions	\$ 2,712	\$ 7,006	\$ (4,294)	-61%
Investment Income				
Interest on investments	\$728	\$3,750	\$ (3,022)	-81%
Total Investment Income	\$ 728	\$ 3,750	\$ (3,022)	-81%
Other Income				
Motor Vehicle re-imburements	\$573	\$0	\$ 573	0%
Sundry Income	\$107	\$1,750	\$ (1,643)	-94%
Total Other Income	\$ 680	\$ 1,750	\$ (1,070)	-61%
Total of non Constituent Council Income	\$ 75,370	\$ 110,249	\$ (34,879)	-32%
Total Income	\$ 970,708	\$ 1,005,586	\$ (34,879)	-3%

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2020 to 30 September 2020				
Expenditure	Actual	Budgeted	\$ Variation	% Variation
Employee Costs				
Salaries & Wages	\$384,790	\$409,044	\$ (24,255)	-6%
Superannuation	\$31,746	\$34,997	\$ (3,251)	-9%
Workers Compensation	\$4,263	\$4,500	\$ (237)	-5%
Medical Officer Retainer	\$1,364	\$1,500	\$ (136)	-9%
Total Employee Costs	\$ 422,162	\$ 450,041	\$ (27,879)	-6%
Prescribed Expenses				
Auditing and Accounting	\$16,848	\$17,000	\$ (153)	-1%
Insurance	\$8,941	\$6,759	\$ 2,182	32%
Maintenance	\$9,489	\$11,250	\$ (1,761)	-16%
Vehicle Leasing/maintenance	\$4,008	\$16,999	\$ (12,991)	-76%
Total Prescribed Expenses	\$ 39,285	\$ 52,008	\$ (12,723)	-61%
Rent and Plant Leasing				
Electricity	\$2,623	\$2,503	\$ 120	5%
Plant Leasing Photocopier	\$871	\$874	\$ (3)	0%
Rent	\$2,457	\$26,824	\$ (24,367)	-91%
Water	\$126	\$75	\$ 51	0%
Gas	\$0	\$750	\$ (750)	0%
Total Rent and Plant Leasing	\$ 6,077	\$ 31,026	\$ (24,949)	-80%
IT Licensing and Support				
IT Licences	\$25,419	\$26,561	\$ (1,142)	-4%
IT Support	\$9,409	\$9,912	\$ (503)	-5%
Internet	\$1,696	\$2,503	\$ (807)	-32%
IT Other	\$114	\$501	\$ (387)	-77%
Total IT Licensing and Support	\$ 36,638	\$ 39,477	\$ (2,839)	-7%
Administration				
Administration Sundry	\$1,712	\$1,500	\$ 212	14%
Accreditation Fees	\$1,187	\$750	\$ 437	58%
Board of Management	\$1,272	\$3,000	\$ (1,728)	-58%
Bank Charges	\$630	\$1,000	\$ (370)	-37%
Public Health Sundry	\$641	\$1,250	\$ (609)	-49%
Fringe Benefits Tax	\$4,379	\$4,000	\$ 379	0%
Legal	\$6,882	\$4,999	\$ 1,883	38%
Printing & Stationery & Postage	\$4,000	\$6,251	\$ (2,251)	-36%
Telephone	\$5,355	\$4,753	\$ 602	13%
Occupational Health & Safety	\$1,820	\$2,500	\$ (680)	-27%
Rodenticide	\$612	\$499	\$ 113	23%
Staff Amenities	\$364	\$1,751	\$ (1,388)	-79%
Staff Training	\$1,439	\$5,501	\$ (4,062)	-74%
Human Resource Sundry	\$1,158	\$4,001	\$ (2,843)	0%
Total Administration	\$ 31,450	\$ 41,755	\$ (7,461)	-18%

Eastern Health Authority - Financial Statement (Level 3)				
1 July 2020 to 30 September 2020				
Expenditure	Actual	Budgeted	\$ Variation	% Variation
Immunisation				
Immunisation SBP Consumables	\$1,292	\$2,250	\$ (958)	-43%
Immunisation clinic vaccines	\$8,587	\$13,500	\$ (4,913)	-36%
Total Immunisation	\$ 9,879	\$ 15,750	\$ (5,871)	-37%
Uniforms/Income protection				
Income Protection	\$20,691	\$23,000	\$ (2,309)	100%
Total Uniforms/Income protection	\$ 20,691	\$ 23,000	\$ (2,309)	100%
Sampling				
Legionella Testing	\$423	\$375	\$48	0%
Food Sampling	\$0	\$253	\$ (253)	-100%
Total Sampling	\$ 423	\$ 628	\$ (205)	-100%
Finance Costs				
Interest - Building Lease	\$10,000	\$0	\$10,000	0%
Total Finance Costs	\$10,000	\$0	\$10,000	0%
Total Materials, contracts and other expenses	\$ 154,444	\$ 203,644	\$ (46,357)	-23%
Depreciation	\$ 37,750	\$ -	\$ 37,750	\$ -
Finance Costs	\$ 4,352	\$ -	\$ 4,352	\$ -
Total Operating Expenditure	\$ 618,708	\$ 653,685	\$ (34,977)	-5.4%
Total Operating Income	\$ 970,708	\$ 1,005,586	\$ (34,879)	-3%
Operating Result	\$ 352,000	\$ 351,901	\$ 99	0%

EASTERN HEALTH AUTHORITY STATEMENT OF COMPREHENSIVE INCOME				
FOR THE YEAR ENDING 30 JUNE 2021				
AUDITED RESULTS 2019/2020		ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	REVISED BUDGET 2020/2021
	INCOME			
1,757,120	Council Contributions	1,790,674	(8,000)	1,782,674
46,451	Public Health Plan / Service Review Contributions	40,000	-	32,000
72,447	Statutory Charges	180,500	-	180,500
330,134	User Charges	272,000	-	272,000
245,618	Grants, subsidies and contributions	252,000	-	252,000
8,183	Investment Income	15,000	-	15,000
4,031	Other Income	7,000	-	7,000
2,463,984	TOTAL INCOME	2,557,174	(8,000)	2,541,174
	EXPENSES			
1,636,215	Employee Costs	1,762,000	-	1,762,000
594,507	Materials, contracts and other expenses	737,300	(171,000)	566,300
56,305	Finance Charges	7,874	40,000	47,874
190,358	Depreciation	50,000	143,000	193,000
2,477,385	TOTAL EXPENSES	2,557,174	12,000	2,569,174
(13,401)	Operating Surplus/(Deficit)	-	(20,000)	(28,000)
	Net gain (loss) on disposal of assets	-	-	-
(13,401)	Net Surplus/(Deficit)	-	(20,000)	(28,000)
(13,401)	Total Comprehensive Income	-	(20,000)	(28,000)

EASTERN HEALTH AUTHORITY STATEMENT OF CASH FLOWS FOR THE YEAR ENDING 30 JUNE 2021				
AUDITED RESULTS 2019/2020		ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	REVISED BUDGET 2020/2021
	CASHFLOWS FROM OPERATING ACTIVITIES			
	Receipts			
1,983,928	Council Contributions	1,830,674	(8,000)	1,822,674
72,447	Fees & other charges	180,500	-	180,500
373,345	User Charges	272,000	-	272,000
7,234	Investment Receipts	15,000	-	15,000
245,618	Grants utilised for operating purposes	252,000	-	252,000
4,031	Other	7,000	-	7,000
	Payments			
(1,645,676)	Employee costs	(1,762,000)	-	(1,762,000)
(802,416)	Materials, contracts & other expenses	(737,300)	-	(737,300)
(57,773)	Finance Payments	(7,874)	-	(47,874)
180,738	Net Cash Provided/(Used) by Operating Activities	50,000	(8,000)	2,000
	CASH FLOWS FROM FINANCING ACTIVITIES			
-	Loans Received	-	-	-
(67,488)	Repayment of Borrowings	(69,090)	-	(69,090)
(110,535)	Repayment of Finance Lease Liabilities	-	-	-
(178,023)	Net Cash Provided/(Used) by Financing Activities	(69,090)	-	(69,090)
	CASH FLOWS FROM INVESTING ACTIVITIES			
	Receipts			
	Sale of Replaced Assets	-	-	-
	Payments			
(24,677)	Expenditure on renewal / replacements of assets	-	-	-
-	Expenditure on new / upgraded assets	-	-	-
-	Distributions paid to constituent Councils	-	-	-
(24,677)	Net Cash Provided/(Used) by Investing Activities	-	-	-
(21,962)	NET INCREASE (DECREASE) IN CASH HELD	(19,090)	(8,000)	(27,090)
743,272	CASH AND CASH EQUIVALENTS AT BEGINNING OF REPORTING PERIOD	667,784	53,526	721,310
721,310	CASH AND CASH EQUIVALENTS AT END OF REPORTING PERIOD	648,694	45,526	694,220

EASTERN HEALTH AUTHORITY STATEMENT OF FINANCIAL POSITION				
FOR THE YEAR ENDING 30 JUNE 2021				
AUDITED RESULTS 2019/2020		ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	REVISED BUDGET 2020/2021
	CURRENT ASSETS			
721,310	Cash and Cash Equivalents	648,694	45,526	694,220
155,650	Trade & Other Receivables	122,329	33,321	155,650
876,960	TOTAL CURRENT ASSETS	771,023	78,847	849,870
	NON-CURRENT ASSETS			
1,491,511	Infrastructure, property, plant and equipment	254,192	1,044,319	1,298,511
1,491,511	TOTAL NON-CURRENT ASSETS	254,192	1,044,319	1,298,511
2,368,471	TOTAL ASSETS	1,025,215	1,123,166	2,148,381
	CURRENT LIABILITIES			
157,719	Trade & Other Payables	197,380	(39,661)	157,719
307,885	Provisions	325,421	(17,536)	307,885
192,012	Borrowings	67,488	55,434	122,922
657,616	TOTAL CURRENT LIABILITIES	590,289	(1,763)	588,526
	NON-CURRENT LIABILITIES			
22,268	Provisions	38,690	(16,422)	22,268
1,213,708	Borrowings	46,677	1,167,031	1,213,708
1,235,976	TOTAL NON-CURRENT LIABILITIES	85,367	1,150,609	1,235,976
1,893,592	TOTAL LIABILITIES	675,656	1,148,846	1,824,502
219,344	NET CURRENT ASSETS/(CURRENT LIABILITIES)	180,734	80,610	261,344
474,879	NET ASSETS	349,559	(25,680)	323,879
	EQUITY			
474,879	Accumulated Surplus/(Deficit)	349,559	105,320	454,879
474,879	TOTAL EQUITY	349,559	105,320	454,879

EASTERN HEALTH AUTHORITY STATEMENT OF CHANGES IN EQUITY				
FOR THE YEAR ENDING 30 JUNE 2021				
AUDITED RESULTS 2019/2020		ADOPTED BUDGET 2020/2021	SEPTEMBER REVIEW	REVISED BUDGET 2020/2021
	ACCUMULATED SURPLUS			
488,280	Balance at beginning of period	349,559	125,320	474,879
(13,401)	Net Surplus/(Deficit)	-	(20,000)	(20,000)
-	Distribution to Constituent Councils	-	-	-
474,879	BALANCE AT END OF PERIOD	349,559	105,320	454,879

Eastern Health Authority

Bank Reconciliation as at 30 September 2020

Bank SA Account No. 141/0532306840

Balance as per Bank Statement 30 September 2020		\$91,698.96
Plus Outstanding cheques	\$ -	
Add Outstanding deposits	\$ -	
BALANCE PER General Ledger		\$91,698.96

GST July to September 2020

GST Collected	\$464.70
GST Paid	\$3,022.93
Net GST Claimable (Payable)	(\$2,558.23)

Funds Available September 2020

Account	30-Sep-20	30-Jun-20	Variance
Bank SA Cheque Account	\$ 91,699	\$ 167,921	-\$ 76,222
Local Government Finance Authority	\$ 1,103,081	\$ 552,363	\$ 550,719
Net GST Claimable (Payable)	(\$2,558.23)	(\$3,406)	\$ 847
Long Service Leave Provision	(\$189,467)	(\$215,166)	\$0.00
Annual Leave Provision	(\$140,686)	(\$134,438)	(\$6,248.00)
TOTAL FUNDS AVAILABLE	\$ 862,069	\$ 367,274	\$ 494,795

Attachment B

Governance Arrangements - Regional Subsidiaries

East Waste - 2020-2021 First Budget Review

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
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Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

7.1: FINANCIAL REPORT – BUDGET REVIEW ONE

REPORT AUTHOR:	General Manager
ATTACHMENTS:	A: Budgeted Statement of Comprehensive Income FY2021
	B: Budgeted Balance Sheet as at 30 June 2021
	C: Budgeted Statement of Cash Flow FY2021
	D: Budgeted Statement of Changes in Equity FY2021
	E: Budgeted Uniform Presentation of Finances Statement FY2021

Purpose of the Report

To provide the Committee with an opportunity to review the first review of the budgeted statutory Financial Statements (Budget Review One) for the financial year ending 30 June 2021 as prescribed by the Regulations.

Background

At the meeting held 25 June 2020, the East Waste Board resolved (in part):

2020/21 ANNUAL BUSINESS PLAN & BUDGET

Moved Mr Bradley that the Board endorses the 2020/21 Annual Business Plan and revised Budget as presented in Attachment A, noting that an increase to the Education budget is to be considered through the quarterly budget review process.

Seconded Cr Carbone

Carried

Report

Budget Review One shows as at 30 September an operating surplus of \$307,000 which is principally the result of several projects yet to commence and favourable fuel pricing. The budget forecasts a revised FY2021 Operating Surplus of \$37,000, which is a \$26,000 increase on the Original Adopted Budget. Table 1 summarises the year to date performance as at 30 September 2020 against full year budget for key material budget items being monitored by the Administration along with commentary regarding the proposed budget variations.

Table 1: Key Budget Item Year to Date and End of Year Forecast

Item	YTD Actuals (as at 30/09/2020)	Proposed Budget Variation	Notes
Bin Supply/Maintenance	\$0.198M	\$-	Increased YTD costs principally due to the procurement of Kitchen Caddies and compostable bags for two key Member Council projects. Cost balanced through increased income.
Additional Bins	\$0.204	\$-	Second bin permits rolled out in first quarter of financial year. Increased costs balanced by income.
Recycling Processing Fee	\$0.623M	\$-	Favourable rise and fall (comparative to budget) and contamination rates results in a reduced cost. Reduction in costs balanced by reduced income. Importantly overall favourable result for Member Councils.
Fuel, Gas & Oil	\$0.282M	\$-	Depressed world oil markets as a result of COVID-19 have resulted in lower than budgeted fuel pricing. Expected to continue for at least the coming quarter.

Subject to the endorsement of the Long-Term Financial Plan (refer Report 7.2) and revised depreciation calculations of operational fleet, this favourable figure will be updated and reflected in the statements at Budget Review Two.

Of further note, the non-operating budget includes a \$60,000 increase associated with the Operations Office Upgrade. The bulk of the additional costs are associated with increased manufacturing costs resulting from COVID. This will not increase the overall capital budget as the total truck replacement costs are less than budgeted (not shown in the associated statement).

East Waste's operating cash balance is favourable, with an October closing cash balance of \$3.89M. This high balance is consistent with previous years and will be drawn down significantly over the coming months through loan repayments, wages and salaries, operational expenditure and ATO obligations.

RECOMMENDATION

The Committee notes and accepts the forecasted end of year FY2021 Operating Surplus increase of \$26,000 associated with the 2020/21 Budget Review One and recommends to the Board for endorsement.

EAST WASTE**PROJECTED STATEMENT OF COMPREHENSIVE INCOME (BUDGET)**

for the Financial Year Ending 30 June 2021

FY2020		FY 2021	FY2021
Audited Actuals		Adopted Budget	Proposed Budget
\$'000		\$'000	\$'000
	INCOME		
16,756	User Charges	17,635	17,635
21	Investment income	9	9
-	Grants, subsidies and contributions	30	30
677	Other	794	794
17,454	TOTAL INCOME	18,467	18,467
	EXPENSES		
5,851	Employee Costs	5,890	5,980
9,120	Materials, contracts & other expenses	9,935	9,845
2,069	Depreciation, amortisation & impairment	2,347	2,347
281	Finance costs	335	335
17,321	TOTAL EXPENSES	18,506	18,506
133	OPERATING SURPLUS / (DEFICIT)	(39)	(39)
60	Asset disposals & fair value adjustments	50	76
193	NET SURPLUS / (DEFICIT)	11	37
-	Other Comprehensive Income	-	-
193	TOTAL COMPREHENSIVE INCOME	11	37

EAST WASTE**PROJECTED BALANCE SHEET (BUDGET)**

for the Financial Year Ending 30 June 2021

FY2020		FY 2021	FY2021
Audited Actuals		Adopted Budget	Proposed Budget
\$'000		\$'000	\$'000
	ASSETS		
	CURRENT ASSETS		
2,322	Cash & Cash Equivalents	2,156	2,314
1,019	Trade & Other Receivables	717	1,019
-	Other Financial Assets	-	
3,341	TOTAL CURRENT ASSETS	2,873	3,333
	NON-CURRENT ASSETS		
7,652	Infrastructure, Property, Plant & Equipment	8,093	8,096
7,652	TOTAL NON-CURRENT ASSETS	8,093	8,096
10,993	TOTAL ASSETS	10,966	11,429
	LIABILITIES		
	CURRENT LIABILITIES		
1,205	Trade & Other Payables	771	1,224
1,929	Borrowings	2,176	2,287
597	Provisions	633	642
3,731	TOTAL CURRENT LIABILITIES	3,580	4,153
	NON-CURRENT LIABILITIES		
6,221	Borrowings	6,192	6,153
77	Provisions	156	122
6,298	TOTAL NON-CURRENT LIABILITIES	6,348	6,275
10,029	TOTAL LIABILITIES	9,928	10,428
964	NET ASSETS	1,038	1,001
	EQUITY		
964	Accumulated Surplus	1,038	1,001
964	TOTAL EQUITY	1,038	1,001

EAST WASTE

PROJECTED STATEMENT OF CASH FLOWS (BUDGET)

for the Financial Year Ending 30 June 2021

FY2020		FY 2021	FY2021
Audited Actuals		Adopted Budget	Proposed Budget
\$'000		\$'000	\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
RECEIPTS			
17,136	Operating Receipts	18,408	18,458
16	Investment Receipts	9	9
PAYMENTS			
(5,795)	Employee costs	(5,890)	(5,890)
(8,677)	Materials, contracts & other expenses	(9,845)	(9,845)
(291)	Interest Payments	(300)	(335)
2,389	NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,382	2,398
CASH FLOWS FROM INVESTING ACTIVITIES			
RECEIPTS			
81	Sale of Replaced Assets	50	95
PAYMENTS			
(2,297)	Expenditure on Renewal/Replaced Assets	(2,730)	(2,790)
-	Expenditure of New/Upgraded Assets	-	-
(2,216)	NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(2,680)	(2,696)
CASH FLOWS FROM FINANCING ACTIVITIES			
RECEIPTS			
65	Capital Contributed by Member Councils	-	-
2,171	Proceeds from Borrowings	2,400	2,400
PAYMENTS			
(220)	Repayment of Lease Liabilities	(265)	(265)
(1,834)	Repayment of Borrowings	(1,845)	(1,845)
182	NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	290	290
355	NET INCREASE (DECREASE) IN CASH HELD	(8)	(8)
1,967	CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,163	2,322
2,322	CASH & CASH EQUIVALENTS AT END OF PERIOD	2,155	2,314

EAST WASTE**PROJECTED STATEMENT OF CHANGES IN EQUITY (BUDGET)**

for the Financial Year Ending 30 June 2021

FY2020		FY 2021	FY2021
Audited Actuals		Adopted Budget	Proposed Budget
\$		\$'000	\$'000
706	BALANCE AT END OF PREVIOUS REPORTING PERIOD	1,026	964
193	Net Surplus / (Deficit) for Year	11	37
65	Contributed Equity	-	-
-	Distribution to Councils	-	-
964	BALANCE AT END OF REPORTING PERIOD	1,037	1,001

EAST WASTE**PROJECTED UNIFORM PRESENTATION OF FINANCES STATEMENT (BUDGET)**

for the Financial Year Ending 30 June 2021

FY2020		FY 2021	FY 2020
Audited Actuals		Adopted Budget	Proposed Budget
\$'000		\$'000	\$'000
17,454	Income	18,467	18,467
(17,321)	Expenses	(18,506)	(18,506)
133	Operating Surplus / (Deficit)	(39)	(39)
Net Outlays on Existing Assets			
(2,297)	Capital Expenditure on Renewal and Replacement of Existing Assets	(2,730)	(2,790)
2,069	Depreciation, Amortisation and Impairment	2,347	2,347
81	Proceeds from Sale of Replaced Assets	50	95
(147)		(333)	(349)
Net Outlays on New and Upgraded Assets			
-	Capital Expenditure on New and Upgraded Assets	-	-
-	Amounts Specifically for New and Upgraded Assets	-	-
-	Proceeds from Sale of Surplus Assets	-	-
-		-	-
(14)	Net Lending / (Borrowing) for Financial Year	(372)	(388)

Attachment C

Governance Arrangements - Regional Subsidiaries

East Waste - Long Term Financial Plan

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

7.2: LONG TERM FINANCIAL PLAN

REPORT AUTHOR: Manager, Corporate Services
ATTACHMENTS: A: East Waste Long Term Financial Plan

Purpose of the Report

To provide the Audit and Risk Management Committee (the Committee) with an opportunity to review and provide input into East Waste's Long Term Financial Plan.

Background

Clause 43 of the *East Waste Charter* sets out the requirements for East Waste to prepare and adopt a ten-year business plan (East Waste Strategic Plan 2020-30). In support of the Business Plan, East Waste must develop a Long Term Financial Plan (LTFP).

East Waste's LTFP was last adopted in June 2017. A review of the LTFP was due to occur prior to June 2019, however due to the significant shift in the recycling industry market which was occurring at the time, the review of the LTFP was delayed until the completion of the tender process for the Receipt and Processing of Recyclables. In addition, commencing in and around May 2019, East Waste commenced the review and development of its 10-year Strategic Plan. The timing of the LTFP review therefore needed to coincide with the endorsement of the Strategic Plan.

As a result, in November 2019 the following DRAFT principles and assumptions in support of the LTFP were tabled before the Committee and East Waste Board:

Principles

- Consistency with East Waste's:
 - ten-year business plan
 - asset management plan
 - annual plans; and
 - Charter.
- Alignment to East Waste's:
 - Treasury Management Policy; and
 - Cash-flow requirements.
- Use of CPI and LGPI forecasts
- Consistency with Member Council Service Level Agreements

Assumptions

1. The cost of replacing fleet vehicles to be funded via fixed term external borrowings with the LGFA.
2. Lease of Ottoway depot to continue with an annual 4% lease cost increase.
3. Salaries and wages to increase by current EB Agreement rates or in accordance with relevant legislative instruments for the life of the LTFP.

4. Fuel based on annual usage levels and price increases aligned with recent historic data and RAA modelling.
5. 2% growth allowed for in collected volumes of recycling, green organics, residual waste and hard waste.
6. CPI rate to be used as the common annual inflator rate to all costs that do not have a specific/unique cost driver inflator rate applied.
7. LGPI increase applied to the Administration Fee charged to Member Councils and for it to be charged equally.
8. CPI assumed to be 2.5%. p.a. for the life of the LTFP.
9. All fleet costs and replacement to be reflected in accordance with the Fleet Asset Management Plan.
10. Annual operating surplus budgeted on return on revenue in accordance with targets set within the Budget Framework Policy.

At their meeting held 19 November 2019, the Committee resolved:

7.5 LONG TERM FINANCIAL PLAN – PRINCIPLES & ASSUMPTIONS

Moved Mr Muhlhausler that the Committee recommends the presented draft principles and assumptions, as reviewed, be presented to the East Waste Board for their consideration and input.

Seconded Cr Piggott

Carried

At their meeting held The Board resolved:

7.4 LONG TERM FINANCIAL PLAN – PRINCIPLES & ASSUMPTIONS

Moved Cr Fisher that the Board endorses the draft principles and assumptions presented to support the development of East Waste's Long Term Financial Plan.

Seconded Cr Green

Carried

Report

At their meeting held 24 September 2020, the Board endorsed East Waste's Strategic Plan 2020-30. In support of the newly endorsed Strategic Plan, East Waste's Asset Management Plan and the principles and assumptions, East Waste's LTFP is presented at Attachment A for review and consideration of the Committee.

Whilst the assumptions applied to the LTFP are consistent with what was presented to the Committee on 19 November 2019, there has been a slight variation made to the CPI of 2.5% being applied. In consideration of the impacts to the economy that have been experienced throughout 2020, the CPI rate has been reduced to 2%.

Following endorsement of the assumptions and financials by the Committee, a public facing document will be developed prior to presentation to the Board.

RECOMMENDATION

The Committee recommend that the Long Term Financial Plan assumptions and financial statements, as presented in Attachment A, is endorsed for inclusion in a public facing document and presentation to the East Waste Board.

EASTERN WASTE MANAGEMENT AUTHORITY INC
PROJECTED STATEMENT OF COMPREHENSIVE INCOME
LONG TERM FINANCIAL PLAN (LTFP): FY2021 - FY2030

	FINANCIAL YEAR									
	1	2	3	4	5	6	7	8	9	10
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
INCOME										
User Charges	17,634,900	18,593,748	19,659,337	20,397,923	21,179,288	21,881,670	22,578,718	23,152,617	23,603,183	24,330,103
Investment income	9,000	-	-	-	-	-	-	-	-	-
Grants, subsidies & contributions	30,000	-	-	-	-	-	-	-	-	-
Other	793,500	428,360	436,887	445,585	454,457	463,506	472,736	482,151	491,754	501,549
TOTAL INCOME	18,467,400	19,022,108	20,096,224	20,843,508	21,633,745	22,345,176	23,051,453	23,634,768	24,094,937	24,831,652
EXPENSES										
Employee Costs	5,979,500	6,186,810	6,336,608	6,489,924	6,646,837	6,807,431	6,943,580	7,082,451	7,224,100	7,368,582
Materials, contracts & other expenses	9,845,300	10,502,661	11,239,604	11,664,764	12,107,456	12,568,456	13,048,579	13,548,675	14,069,635	14,612,393
Depreciation, amortisation & impairment	2,346,500	2,075,455	2,289,570	2,460,914	2,582,225	2,665,606	2,748,976	2,754,528	2,554,434	2,602,737
Finance costs	335,000	277,182	250,441	247,906	317,227	323,682	330,319	269,114	266,767	267,940
TOTAL EXPENSES	18,506,300	19,042,108	20,116,224	20,863,508	21,653,745	22,365,176	23,071,453	23,654,768	24,114,937	24,851,652
OPERATING SURPLUS / (DEFICIT)	- 38,900 -	20,000 -	20,000 -	20,000 -	20,000 -	20,000 -	20,000 -	20,000 -	20,000 -	20,000
Asset disposals & fair value adjustments	76,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
NET SURPLUS / (DEFICIT)	37,100 -	0	0	-	- -	0	0 -	0	0	0
Other Comprehensive Income	-	-	-	-	-	-	-	-	-	-
TOTAL COMPREHENSIVE INCOME	37,100 -	0	0	-	- -	0	0 -	0	0	0

EASTERN WASTE MANAGEMENT AUTHORITY INC
PROJECTED STATEMENT OF CASH FLOWS
LONG TERM FINANCIAL PLAN (LTFP): FY2021 - FY2030

	FINANCIAL YEAR									
	1	2	3	4	5	6	7	8	9	10
	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
CASH FLOWS FROM OPERATING ACTIVITIES										
RECEIPTS										
Operating Receipts	18,458,400	19,022,108	20,096,224	20,843,508	21,633,745	22,345,176	23,051,453	23,634,768	24,094,937	24,831,652
Investment Receipts	9,000	-	-	-	-	-	-	-	-	-
PAYMENTS										
Operating Payments	(15,824,800)	(16,689,471)	(17,576,212)	(18,154,688)	(18,754,293)	(19,375,887)	(19,992,158)	(20,631,126)	(21,293,735)	(21,980,975)
Interest Payments	(335,000)	(277,182)	(250,441)	(247,906)	(317,227)	(323,682)	(330,319)	(269,114)	(266,767)	(267,940)
NET CASH PROVIDED BY (OR USED IN) OPERATING ACTIVITIES	2,307,600	2,055,455	2,269,570	2,440,914	2,562,225	2,645,606	2,728,976	2,734,528	2,534,434	2,582,737
CASH FLOWS FROM INVESTING ACTIVITIES										
RECEIPTS										
Sale of Replaced Assets	76,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000	20,000
Capital Contributed by Members	-	-	-	-	-	-	-	-	-	-
PAYMENTS										
Expenditure on Renewal/Replaced Assets	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Expenditure of New/Upgraded Assets	(1,972,525)	(2,065,194)	(1,674,607)	(2,492,327)	(2,797,752)	(2,671,280)	(2,515,633)	-	(2,369,277)	(2,404,497)
Distribution to Councils	-	-	-	-	-	-	-	-	-	-
NET CASH PROVIDED BY (OR USED IN) INVESTING ACTIVITIES	(1,946,525)	(2,095,194)	(1,704,607)	(2,522,327)	(2,827,752)	(2,701,280)	(2,545,633)	(30,000)	(2,399,277)	(2,434,497)
CASH FLOWS FROM FINANCING ACTIVITIES										
RECEIPTS										
Proceeds from Borrowings	2,284,000	2,000,000	1,600,000	2,490,000	2,800,000	2,670,000	2,500,000	-	2,370,000	2,400,000
PAYMENTS										
Repayment of Borrowings	(1,826,189)	(1,907,334)	(1,859,425)	(2,020,533)	(2,053,961)	(2,100,371)	(2,286,625)	(2,342,770)	(2,214,048)	(2,109,331)
Repayment of Lease Liability	(236,514)	(253,153)	(270,640)	(289,015)	(245,927)	(183,997)	(198,423)	(213,607)	(229,583)	(246,387)
NET CASH PROVIDED BY (OR USED IN) FINANCING ACTIVITIES	221,297	(160,487)	(530,065)	180,452	500,112	385,632	14,952	(2,556,377)	(73,631)	44,282
NET INCREASE (DECREASE) IN CASH HELD	582,372	(200,227)	34,898	99,039	234,585	329,958	198,295	148,151	61,526	192,523
CASH & CASH EQUIVALENTS AT BEGINNING OF PERIOD	2,321,883	2,904,255	2,704,028	2,738,926	2,837,966	3,072,551	3,402,509	3,600,804	3,748,955	3,810,480
CASH & CASH EQUIVALENTS AT END OF PERIOD	2,904,255	2,704,028	2,738,926	2,837,966	3,072,551	3,402,509	3,600,804	3,748,955	3,810,480	4,003,003

Interest Rate	1.5%									
Interest Income										
Opening Balance	2,321,883	2,904,255	2,704,028	2,738,926	2,837,966	3,072,551	3,402,509	3,600,804	3,748,955	3,810,480
Interest Earned	34,828	43,564	40,560	41,084	42,569	46,088	51,038	54,012	56,234	57,157

EASTERN WASTE MANAGEMENT AUTHORITY INC
PROJECTED BALANCE SHEET
LONG TERM FINANCIAL PLAN (LTFP): FY2021 - FY2030

FY2020 CLOSING BALANCE		FINANCIAL YEAR									
		1 2021	2 2022	3 2023	4 2024	5 2025	6 2026	7 2027	8 2028	9 2029	10 2030
	ASSETS										
	CURRENT ASSETS										
2,321,883	Cash & Cash Equivalents	2,904,255	2,704,028	2,738,926	2,837,966	3,072,551	3,402,509	3,600,804	3,748,955	3,810,480	4,003,003
1,020,056	Trade & Other Receivables	1,020,056	1,020,056	1,020,056	1,020,056	1,020,056	1,020,056	1,020,056	1,020,056	1,020,056	1,020,056
-	Other Financial Assets	-	-	-	-	-	-	-	-	-	-
-	Inventory	-	-	-	-	-	-	-	-	-	-
3,341,938	TOTAL CURRENT ASSETS	3,924,310	3,724,084	3,758,982	3,858,021	4,092,606	4,422,564	4,620,859	4,769,010	4,830,536	5,023,059
	NON-CURRENT ASSETS										
7,652,406	Infrastructure, Property, Plant & Equipment	7,328,431	7,368,171	6,803,208	6,884,621	9,648,404	9,704,077	9,520,735	6,816,206	6,681,049	6,532,809
7,652,406	TOTAL NON-CURRENT ASSETS	7,328,431	7,368,171	6,803,208	6,884,621	9,648,404	9,704,077	9,520,735	6,816,206	6,681,049	6,532,809
10,994,345	TOTAL ASSETS	11,252,742	11,092,255	10,562,190	10,742,642	13,741,010	14,126,641	14,141,594	11,585,216	11,511,585	11,555,867
	LIABILITIES										
	CURRENT LIABILITIES										
1,205,942	Trade & Other Payables	1,205,942	1,205,942	1,205,942	1,205,942	1,205,942	1,205,942	1,205,942	1,205,942	1,205,942	1,205,942
1,929,000	Borrowings	2,160,487	2,130,065	2,309,548	2,299,888	2,284,368	2,485,048	2,556,377	2,443,631	2,355,718	1,937,504
596,596	Provisions	596,596	596,596	596,596	596,596	596,596	596,596	596,596	596,596	596,596	596,596
3,731,538	TOTAL CURRENT LIABILITIES	3,963,025	3,932,602	4,112,085	4,102,426	4,086,906	4,287,585	4,358,915	4,246,169	4,158,255	3,740,042
	NON-CURRENT LIABILITIES										
6,221,000	Borrowings	6,210,810	6,080,745	5,371,198	5,561,309	8,575,197	8,760,149	8,703,772	6,260,140	6,274,423	6,736,918
76,841	Provisions	76,841	76,841	76,841	76,841	76,841	76,841	76,841	76,841	76,841	76,841
6,297,841	TOTAL NON-CURRENT LIABILITIES	6,287,651	6,157,586	5,448,039	5,638,150	8,652,038	8,836,990	8,780,613	6,336,981	6,351,264	6,813,759
10,029,379	TOTAL LIABILITIES	10,250,676	10,090,189	9,560,124	9,740,576	12,738,944	13,124,575	13,139,528	10,583,150	10,509,519	10,553,801
964,966	NET ASSETS	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066
	EQUITY										
964,966	Accumulated Surplus	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066
964,966	TOTAL EQUITY	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066

EASTERN WASTE MANAGEMENT AUTHORITY INC
 PROJECTED STATEMENT OF CHANGES IN EQUITY
 LONG TERM FINANCIAL PLAN (LTFP): FY2021 - FY2030

FY	FINANCIAL YEAR									
	1	2	3	4	5	6	7	8	9	10
2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Audited										
707,151	964,966	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066
193,236	37,100	-	0	0	-	-	0	0	-	0
64,579	-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-	-
964,966	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066	1,002,066

Attachment D

Governance Arrangements - Regional Subsidiaries

ERA Water - 2021-2030 Long Term Financial Plan

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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City of
**Norwood
Payneham
& St Peters**

ERA WATER

DRAFT

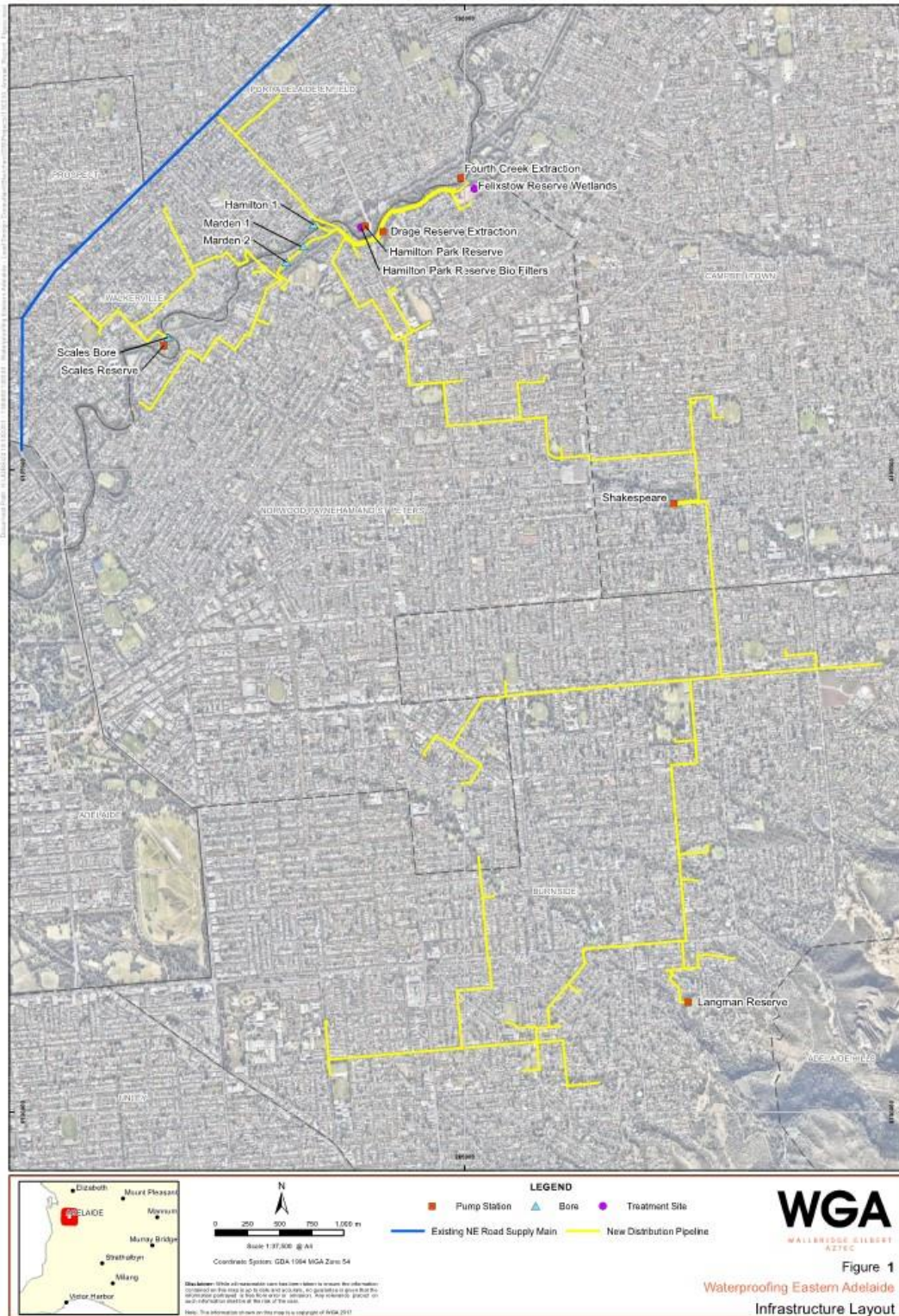
Long Term Financial Plan 2021 – 2030



Felixstow Reserve Treatment Facility



ERA Water Pipe Network:



Produced by: BRM Advisory
Date Produced: 6 November 2020
Date Endorsed:

TABLE OF CONTENTS

EXECUTIVE SUMMARY	2
1. INTRODUCTION	3
2. STRATEGIC PLANNING FRAMEWORK.....	4
3. STRATEGIC FOCUS.....	4
4. GOVERNANCE	5
5. REGULATION AND COMPETITION.....	5
6. FINANCIAL OBJECTIVES	5
7. KEY ASSUMPTIONS AND RISKS	7
7.1 Key influences and risks	7
7.2 Key Financial Assumptions	8
8. FINANCIAL STATEMENTS.....	14
9. SCENARIO ANALYSIS.....	17

EXECUTIVE SUMMARY

The ERA Water Scheme (Scheme) was commissioned in December 2018, since that time optimisation of the Scheme has occurred and water is now being supplied to Constituent Council reserves.

As of November 2020, all planned Constituent Council reserves and the first external customer reserves have been connected to the ERA Water network.

Since 2018, the Scheme has been hampered by dry climatic conditions, operating and capital cost overruns and lower than expected water injection and sales. The combination of these factors has meant that the financial performance of ERA Water since commissioning has been significantly below original expectations.

In addition to the above, on 30 June 2020, SA Water announced a 18.5% reduction in its commercial water price. As ERA Water sought to sell water at or below the SA Water price this price reduction has had a catastrophic impact on the financial viability of ERA Water and has resulted in the significant value loss for the Constituent Councils.

As we continue to learn more about performance of the ERA Water network and aquifer the reliability of the information and assumptions that support ERA Water's financial forecasts improves. We now have a more realistic and reliable forecast model which is based on what we consider reasonable assumptions as opposed to design or best-case outcomes.

Unfortunately, the recent performance of the Scheme has been poor and it is now highly unlikely that ERA Water will be able to trade within its existing debt cap nor be in a position to meet its financial objective of providing Constituent Councils with water below the SA Water Price over the LTFP period.

Despite these significant issues, ERA Water has made progress in recent months to restructure operations and improve financial and operational performance.

The major initiative undertaken is to transfer most operations and maintenance work to an internal resource who has recently been employed to replace the external contractor model which was financially unsustainable. ERA Water expects that this new structure will result in a reduction in long term annual operations and maintenance costs to a level below \$250,000 per annum as well as having internal access to skills to cost-effectively optimise the system as injection and extraction processes continue to be refined.

Steps are also being taken to increase the long-term reliability of supply through additional extraction licenses, although the financial impact of this has not been included in this LTFP.

The financial projections contained within the Plan are designed to provide an indication of the direction and financial capacity of ERA Water rather than predicting the future financial performance and position of the Subsidiary. As with all plans, it is likely that circumstances will change, risks will come to fruition and results will vary over the life of the Plan, therefore, the underlying assumptions are regularly reviewed by the Board to ensure the Subsidiary can deliver on its objectives in the future.

In line with the Local Government Act, 1999 and the Local Government (Financial Management) Regulations 2011, the projected Financial Statements, in the prescribed form are contained in Section 7.

1. INTRODUCTION

ERA Water was formed as a subsidiary under section 43 of the Local Government Act (1999) by the City of Burnside, the City of Norwood Payneham and St Peters and the Corporation of the Town of Walkerville on 21 July 2015.

ERA Water came into existence as a result of the Waterproofing Eastern Adelaide project which was supported through funding from the Australian Government's National Urban Water and Desalination Plan, and the Adelaide and Mount Lofty Ranges Natural Resources Management Board, which assisted the current Constituent Councils as well as the Campbelltown City Council and the City of Tea Tree Gully in the initial stages of the project.

The Waterproofing Eastern Adelaide project involved the establishment of wetlands, aquifer recharge and recovery, pipeline installations and water storage facilities. The primary purpose of ERA Water is for Aquifer Storage and Recovery (ASR) - a system of harvesting, cleaning and injecting cleaned water into aquifers for irrigation. The infrastructure was designed to allow the system to capture, treat, store and deliver stormwater for irrigation purposes at a lower cost than purchasing water from SA Water.

The scheme comprises two treatment sites (which are designed to harvest 600 ML of stormwater per annum and yielding for use 540 ML of water per annum) as well as 46km of distribution pipe network across the three Constituent Council areas. The distribution network is designed to deliver recycled water to Constituent Council reserves as well as to other potential customers in these areas and beyond.

In forming the Subsidiary, the Constituent Councils recognised the need to deliver for their ratepayers and residents enhanced and improved services by the most efficient and effective means possible. Thus, in addition to the intended financial benefit of reducing operational spending on local reserve irrigation for the Constituent Councils, ERA Water will assist to green suburbs, particularly during times of drought, and enhance the quality of water discharged into the Spencer Gulf. It will also reduce the demand placed on the Murray River by using recycled water for greening and irrigation.

The Local Government Act 1999 requires Councils and Subsidiaries to prepare a Long Term Financial Plan (LTFP) covering a period of at least 10 years. The Plan is a key document in the Strategic Planning Framework. It is the primary financial management tool which links the Strategic Plan, Asset Management Plans and the Annual Business Plan and Budget.

The financial projections contained within the LTFP are meant to provide an indication of the direction and financial capacity rather than predicting the future financial performance and position of the Subsidiary. The LTFP should be viewed as a guide to future actions or opportunities which encourages ERA Water to think about the future impact of decisions made today on long-term financial sustainability.

2. STRATEGIC PLANNING FRAMEWORK

The LTFP is integral to the suite of Strategic Management Plans providing the critical link between the:

- Strategic Plan;
- Asset Management Plans and;
- Annual Business Plan and Budget.

Plan	Status
Strategic Plan	ERA Water does not have a documented Strategic Plan. The Board of ERA Water is awaiting the outcome of current strategic initiatives before committing to a formal plan.
Long Term Financial Plan	Updated based on most recent and reliable performance information of the Scheme.
Asset Management Plan	As the scheme has recently been built, there are no material assets due for renewal over the next ten years. As assets age, ERA Water will need to develop Asset Management Plans to drive future asset renewal decisions.
Annual Business Plan and Budget	Financial statements and strategies over a one year horizon.

3. STRATEGIC FOCUS

Despite not having an endorsed Strategic Plan, ERA Water is currently progressing three key strategic initiatives.

1. Reduce operating costs

Steps have been taken to reduce operations and maintenance costs by implementing an in-house resourcing model from December 2020 onwards. Other controllable costs are constantly being reviewed to identify further savings. There are unavoidable governance and operational costs associated with operating a Regional Subsidiary that must be factored into the cost base of ERA Water.

2. Increase the reliability of supply of water

The level of reliance on rainfall and the Third and Fourth Creek catchments makes ERA Water's water supply highly susceptible to drought conditions. In drier than average years, or if key Scheme infrastructure is offline for a period of time, the impact on the financial performance of the Scheme can be significant.

ERA Water is currently in discussions with the relevant State Government departments about seeking additional extraction licenses relating to other water sources to improve the reliability of supply.

3. Potential divestment

The ERA Water Board has resolved to undertake investigations around the potential value that could be realised by Constituent Councils if ERA Water was to be sold. These discussions are ongoing.

4. GOVERNANCE

As a Subsidiary, ERA Water is governed by a Board of Management under a Charter in accordance with the Local Government Act (1999). The Board has responsibility for the administration of the affairs of the Subsidiary and ensuring that the Subsidiary acts in accordance with the Charter and all relevant legislation, including the Local Government Act (1999).

The Board consists of four members, made up of a representative from each of the three constituent Councils plus an Independent Chairperson. The current Board members are:

Independent Chairperson:	Position currently vacant.
City of Burnside:	Cr Sarah Hughes
Town of Walkerville:	Kiki Cristol, CEO
City of Norwood, Payneham & St Peters	Cr John Minney (Acting Chair)

ERA Water also employs staff, a part-time (3 days per week) General Manager and a full time Principal Operator (to commence in December 2020).

5. REGULATION AND COMPETITION

ERA Water is a small-scale water utility which has financed, designed, constructed, and will operate and manage, assets and infrastructure to deliver recycled water to customers, including the Constituent Councils, under commercial agreements with these customers.

As a water utility, ERA Water's activities are subject to external regulation and licencing by State Government agencies, including the Essential Services Commission of SA (ESCOSA), who is the economic / water pricing regulator, and the Department for Environment & Water (DEWNR) and Environment Protection Authority (EPA), who are the environmental regulators.

ERA Water's only current competitor for supply of water to its intended customer base is the South Australian Water Corporation (SA Water).

6. FINANCIAL OBJECTIVES

The ERA Water Board is committed to prudent Financial Management to support long term financial sustainability.

For ERA Water, financial sustainability means having a financial position capable of delivering, on average over time a water price that is lower than that charged by SA Water. ERA Water's financial objectives are as follows.

Objective 1: Reduce debt

ERA Water has existing borrowings of approximately \$14 million. This debt has been used to fund construction of the Scheme and recent operational losses. Given the long-term life of the assets of ERA Water, the prudent use of debt helps to provide intergenerational equity between current and future users.

Reducing this debt exposure over the life of the Scheme is a core financial objective of ERA Water.

Objective 2: Lower Water Prices

Delivering water at a price below SA Water requires the cost of operations, financing, risk and depreciation of infrastructure and assets, to be fully funded by the sale of water to third parties and to the Constituent Councils.

ERA Water is forecast to be unable to produce water at a price below SA Water during the LTFP period.

Objective 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the best practice asset management principles.

Objective 4: Debt Management

Prudent use of debt to invest in long term assets to ensure intergenerational equity between current and future users.

Objective 5: Equitable Distribution of Financial Surplus

Any surplus generated by the Subsidiary will be distributed in accordance with the contribution made by each Constituent Council to generating that surplus.¹

¹ Although each of the Constituent Councils has a one third interest in ERA Water, the current Pricing Policy states that any surplus generated by ERA Water is to be used to lower the cost of water to each of the Constituent Councils. Thus, those Councils who committed to taking larger volumes of water could receive a proportionately higher benefit than those who use lower volumes of water

7. KEY ASSUMPTIONS AND RISKS

7.1 Key influences and risks

This LTFP generates information which is used to guide decisions about ERA Water operations into the future. However, as with any long-term plan, the accuracy of this LTFP is subject to many inherent influences. These variables and risks can be divided into three main groups:

7.1.1 External Influences – items outside of ERA Water’s control:

Unforeseen economic changes or circumstances such as:

- Interest rates fluctuations;
- Consumer Price Index;
- SA Water’s future pricing strategy; and
- Competition from other providers.

Unforeseen political changes or circumstances such as:

- Changes to licence conditions and charges;
- A change in the level of and cost of legislative compliance; and
- A change in the level of support and commitment from the Constituent Councils.

Variable Climatic Conditions such as:

- Storm or Force Majeure Events;
- Flooding; and
- Drought.

7.1.2 Internal Influences – items that ERA Water can control:

- Agreed service levels;
- Asset Management;
- Water Pricing Policy;
- Generating efficiencies in service delivery and administrative support; and
- Salaries and wages.

7.1.3 Key Business Drivers:

- Reliability of supply of water;

- Identification and contracting of external customers;
- Cost of operations and maintenance;
- Identification of additional sources of revenue (i.e. grants); and
- Levels of Constituent Council support.

7.2 Key Financial Assumptions

General:

7.2.1 Cost Escalation

The Consumer Price Index (CPI) measures quarterly changes in the price of a 'basket' of goods and services which account for a high proportion of expenditure by the CPI population group (i.e. metropolitan households). The Reserve Bank of Australia has an inflationary target of between 2% and 3% per annum.

Inflation increases have been set at 2.2% for the life of the LTFP.

Revenue:

7.2.2 Water Pricing

The current SA Water price is \$2.78 k/l (down from \$3.41 in FY2020). Based on potential average annual water sales of around 400ML, the reduction in SA Water price will have a \$0.25 million impact on ERA Water per annum in perpetuity.

The LTFP models this price to increase by CPI over the plan period.

All external customers are assumed to pay 85% of the SA Water price. Some may pay a higher charge to recover all or part of the cost of their connection to the Scheme. The LTFP does not include additional revenue that may be generated from recovering connection costs.

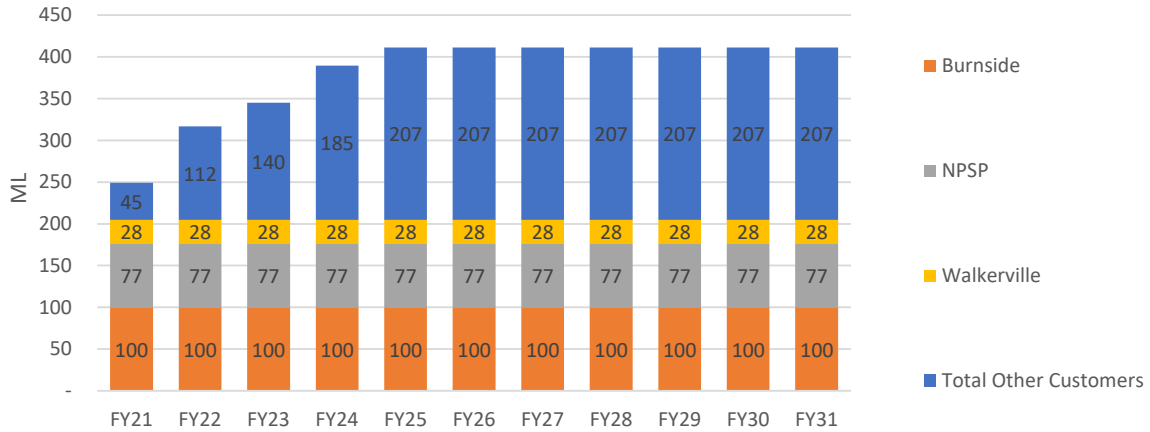
7.2.3 Water Volumes

The Constituent Councils are forecast to 'take or pay' for the following volumes of water.

Council	Volume (ML)
Burnside	100.00
NPSP	76.67
Walkerville	28.00
ERA Councils	204.67

Forecast external customer demand is shown in the following chart. As at November 2020, ERA Water has secured approximately 45ML of sales to external customers.

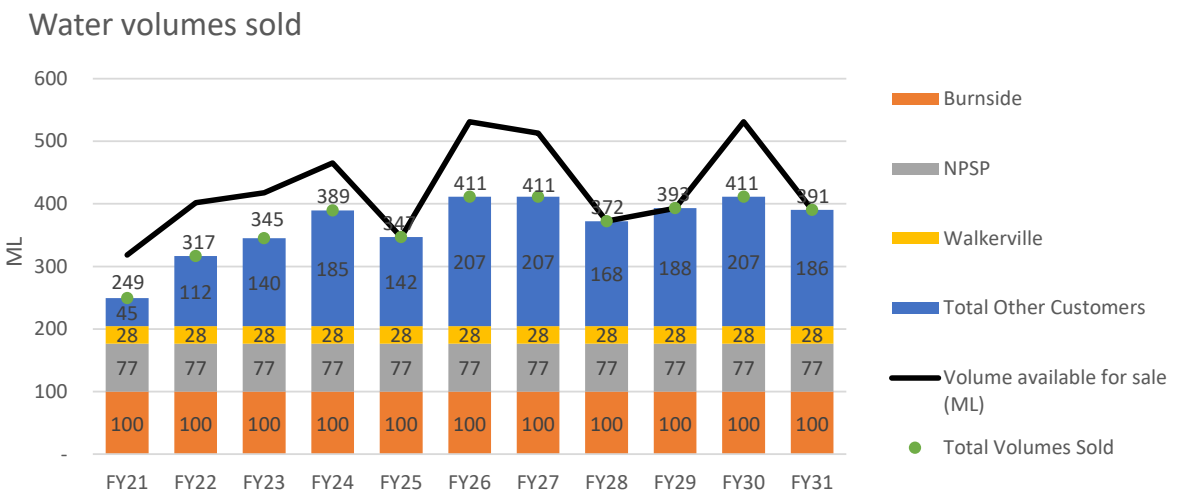
Water Demand



Water sales will also be constrained by the availability of supply. Supply is driven by factors including:

- Timing and amount of water sold;
- Climatic conditions (i.e. the amount of rainfall and the number of rainfall days);
- Performance of the aquifer (i.e. recovery efficiency which is currently assumed at 70%);
- Performance of the Scheme equipment (i.e. performance of the UV unit, bio filters and pumps); and
- Injection capacity (i.e. performance of the bores and whether or not a Scales 2 bore is connected).

Sales is a function of both demand and supply; when water is not available, it cannot be sold. The chart below shows the volumes of water forecast to be sold in the LTFP. The green dots represent sales volumes and the black line represents forecast water availability.



While the Scheme has the potential to supply up to 454 ML per annum, the maximum assumed supply volume in any given year is 411 ML, which reflects the inherent level of risk relating to both water supply and demand. In addition, we have also modelled a level of unpredictability in climatic conditions and have assumed that each third year of the LTFP is a 'dry year'. This reduces the amount of water available for supply and hence sales volumes in the year following a 'dry year'.

This iteration of the LTFP represents a more realistic assessment of future sales volumes and provides for a level of uncertainty reflective of the significant operational risks in relation to the Scheme.

Expenses:

7.2.4 Employee Costs

Employee costs include provisions for the following.

- Executive Officer
- Principal Operator
- Customer & Admin Support

Employee Costs have been increased by CPI over the life of the LTFP.

7.2.5 Materials, Contracts and Other Expenses

Materials, Contracts and Other Expenses include provisions for administrative and operational expenditures on the following costs.

- Audit & Accounting
- Governance
- Bank charges
- Electricity
- Information technology
- Insurances
- Licencing and Testing
- Maintenance and operations
- Office Expenses
- Premises
- Professional Services
- Staff Amenities & Development

- Telecommunications and SCADA
- General expenses

Materials, contracts and other expenditure have been escalated at 2.3% over the life of the Plan, other than Operations and Maintenance expenditure which is forecast to reduce following the full year impact of the operations restructure.

Operations and maintenance costs are forecast to be \$250k in FY2022, \$235k in FY2023 and then inflated by CPI for each year after that.

Electricity costs are forecast to increase to \$125k per annum in FY2022 (from \$100k in FY2021) as a result of larger volumes of water being pumped around the Scheme and then inflated by CPI for each year after that.

7.2.6 Finance

Based on the principle of intergenerational equity, the LTFP assumes that ERA Water will continue to be funded through a Cash Advance Debenture (CAD) Loan sourced from the LGFA.

A current ten year fixed interest rate facility with the LGFA has an interest rate of 2.0%.

ERA Water currently has \$5 million of debt fixed at an interest rate of 2.9% expiring in FY2024 with the remaining debt assumed to be CAD with an assumed interest rate over the ten year plan of 2.45% (which is a conservative estimate when compared with the current CAD rate and ten year borrowing rate).

7.2.7 Capital Expenditure

ERA Water has a recurring \$50k general provision for new capital expenditure in each year of the LTFP.

\$400k is included in FY2023 to connect the Scales 2 bore which will increase injection capacity up to 80 l/s which is what the original scheme designs were based on. This capital will only be expended at the time if there is a financial business case to do so.

There are provisions of \$150k in FY2022 and \$100k in FY2023 to cover some of the cost of external customer connections to the Scheme. ERA Water has a policy position that it will seek to recover the cost of external connections from customers by reducing the standard discount on water pricing until the cost of the connection is recovered over time. If this can be achieved, the capital expenditure provision in the LTFP may be overstated.

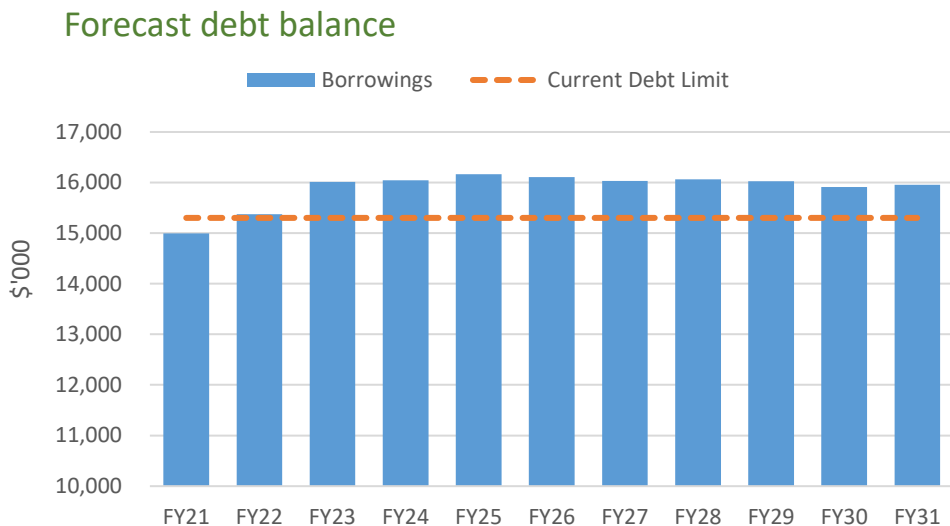
The financial projections included in the Plan are based on asset renewal and replacement in line with the estimated useful life of each asset class as shown in the Table below.

Depreciation	LIFE (YRS)
Pipes/Conduits/Cables/ Earthworks	70
Pump/fitting	20
Bores	70
Mechanical Components	20
Sunk costs	70
Stormwater Structures	50
Network Connections	70

No assets require renewal or replacement over the life of the Plan.

7.2.8 Debt Levels

Given the expected levels of operating performance, ERA Water does not expect to be in a position to materially decrease its debt balance over the LTFP period. The chart below shows the forecast level of borrowings over the LTFP:



The current debt limit of \$15.3 million is forecast to be breached either in late FY2022 or in FY2023.

There are limited mitigation strategies that ERA Water can undertake to prevent this forecast breach. Some potential mitigation strategies are to:

- sell additional water to external customers faster than predicted in the LTFP;
- further reduce the cost base;
- Defer the Scales 2 bore connection, however but this could result in less injection and less revenue;

These mitigation strategies are unlikely to be successful in preventing a breach of the existing debt cap over the LTFP period.

7.2.9 Depreciation

Depreciation is an allowance that represents the consumption of an asset's service potential, or put simply its wear and tear. Depreciation is based on the written down replacement value of an asset.

Under accounting standards, ERA Water will be required to undertake an independent valuation of its major asset classes every five years. For modelling purposes, the escalation rates to reflect asset revaluations which are applied in the financial projections is consistent with CPI across the life of the Plan.




















Depreciation is calculated on a straight-line basis.

8. FINANCIAL STATEMENTS

Statement of Comprehensive Income

\$	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30	FY31
	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Income											
User Charges											
Water Sales ERA Councils	581,529	594,336	607,426	620,803	634,476	648,449	662,730	677,326	692,243	707,488	723,070
Water Sales Other Customers	105,023	269,950	346,060	465,046	365,996	543,544	555,502	460,183	528,839	592,978	544,887
Grants, Subsidies and Contributions	-	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-	-
Total Income	686,553	864,286	953,486	1,085,849	1,000,472	1,191,993	1,218,232	1,137,509	1,221,082	1,300,466	1,267,957
Expenses											
Employee Costs	189,500	253,680	256,064	268,854	275,037	281,363	287,835	294,455	301,227	308,155	315,243
Materials, Contracts & Other Expenses	594,461	391,698	383,282	391,970	400,855	409,941	419,233	428,736	438,455	448,394	458,558
Depreciation & Amortisation	461,830	468,081	473,438	477,724	524,759	525,474	526,188	526,902	527,617	579,651	580,365
Finance Costs	388,407	389,843	399,153	404,689	393,068	396,008	394,538	393,900	393,558	392,578	477,408
Total Expenses	1,634,198	1,503,302	1,511,938	1,543,237	1,593,720	1,612,786	1,627,794	1,643,993	1,660,857	1,728,778	1,831,574
Operating Surplus / (Deficit)	(947,646)	(639,016)	(558,452)	(457,388)	(593,248)	(420,793)	(409,562)	(506,484)	(439,775)	(428,312)	(563,617)
Amounts Received Specifically for New or Upgraded Assets	-	-	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(947,646)	(639,016)	(558,452)	(457,388)	(593,248)	(420,793)	(409,562)	(506,484)	(439,775)	(428,312)	(563,617)
Other Comprehensive Income											
Amounts which will not be reclassified to operating result	-	-	-	-	-	-	-	-	-	-	-
Impairment expense	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive Income	(947,646)	(639,016)	(558,452)	(457,388)	(593,248)	(420,793)	(409,562)	(506,484)	(439,775)	(428,312)	(563,617)

Balance Sheet

\$	FY21 Fcst	FY22 Fcst	FY23 Fcst	FY24 Fcst	FY25 Fcst	FY26 Fcst	FY27 Fcst	FY28 Fcst	FY29 Fcst	FY30 Fcst	
Assets											
Current Assets											
Cash & cash equivalents	198,353	207,419	212,405	212,741	214,253	208,934	205,560	205,978	203,820	195,158	
Trade & Other Receivables	-	-	-	-	-	-	-	-	-	-	
Total Current Assets	198,353	207,419	212,405	212,741	214,253	208,934	205,560	205,978	203,820	195,158	
Non-current Assets											
Financial assets	-	-	-	-	-	-	-	-	-	-	
Infrastructure, property, plant & equipment	20,622,821	20,354,739	20,431,301	22,412,269	21,937,509	21,462,036	20,985,848	20,508,945	22,443,363	21,913,712	
Total Non-current Assets	20,622,821	20,354,739	20,431,301	22,412,269	21,937,509	21,462,036	20,985,848	20,508,945	22,443,363	21,913,712	
Total Assets	20,821,174	20,562,158	20,643,706	22,625,010	22,151,762	21,670,969	21,191,407	20,714,923	22,647,182	22,108,870	
Liabilities											
Current Liabilities											
Trade & Other Payables	240,479	240,479	240,479	240,479	240,479	240,479	240,479	240,479	240,479	240,479	
Provisions	755	755	755	755	755	755	755	755	755	755	
Borrowings	-	-	-	-	-	-	-	-	-	-	
Total Current Liabilities	241,234	241,234	241,234	241,234	241,234	241,234	241,234	241,234	241,234	241,234	
Non-current Liabilities											
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-	
Borrowings	14,993,603	15,373,603	16,013,603	16,043,603	16,163,603	16,103,603	16,033,603	16,063,603	16,023,603	15,913,603	
Total Non-current Liabilities	14,993,603	15,373,603	16,013,603	16,043,603	16,163,603	16,103,603	16,033,603	16,063,603	16,023,603	15,913,603	
Total Liabilities	15,234,837	15,614,837	16,254,837	16,284,837	16,404,837	16,344,837	16,274,837	16,304,837	16,264,837	16,154,837	
NET ASSETS	5,586,337	4,947,321	4,388,869	6,340,173	5,746,925	5,326,132	4,916,570	4,410,086	6,382,345	5,954,033	
Equity											
Accumulated Surplus	6,533,983	5,586,337	4,947,321	4,388,869	3,931,481	3,338,233	2,917,440	2,507,878	2,001,394	1,561,619	
Net Surplus (Deficit)	(947,646)	(639,016)	(558,452)	(457,388)	(593,248)	(420,793)	(409,562)	(506,484)	(439,775)	(428,312)	
Asset Revaluation Reserves	-	-	-	2,408,692	2,408,692	2,408,692	2,408,692	2,408,692	4,820,726	4,820,726	
TOTAL EQUITY	5,586,337	4,947,321	4,388,869	6,340,173	5,746,925	5,326,132	4,916,570	4,410,086	6,382,345	5,954,033	

Statement of Cash Flows

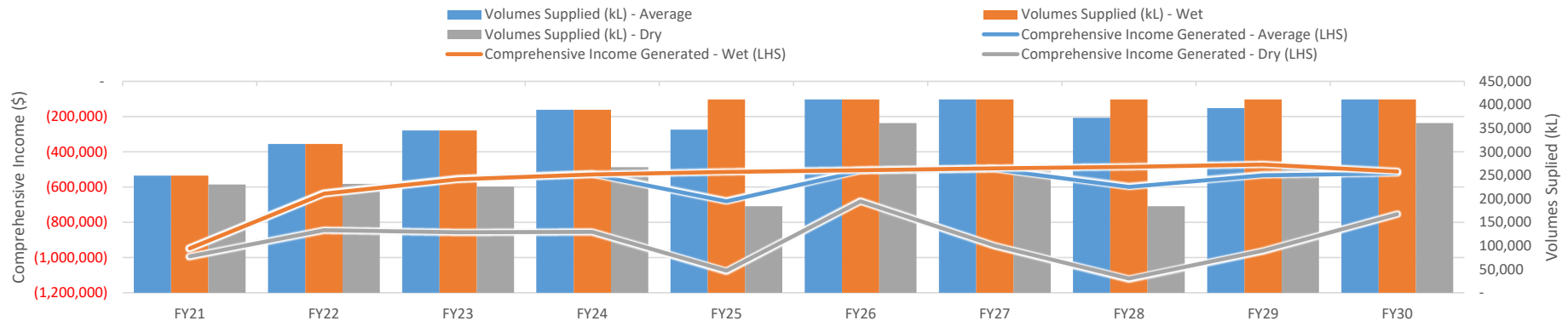
\$	FY21 Fcst	FY22 Fcst	FY23 Fcst	FY24 Fcst	FY25 Fcst	FY26 Fcst	FY27 Fcst	FY28 Fcst	FY29 Fcst	FY30 Fcst	FY31 Fcst
Cash Flows from Operating Activities											
Receipts											
Water Sales ERA Councils	581,529	594,336	607,426	620,803	634,476	648,449	662,730	677,326	692,243	707,488	723,070
Water Sales Other Customers	105,023	269,950	346,060	465,046	365,996	543,544	555,502	460,183	528,839	592,978	544,887
Other receipts	47,301	-	-	-	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-	-	-	-	-
Payments											
Employee costs	(189,500)	(253,680)	(256,064)	(268,854)	(275,037)	(281,363)	(287,835)	(294,455)	(301,227)	(308,155)	(315,243)
Materials, contracts & other expenses											
Fixed Operating Costs	(137,000)	(131,862)	(134,895)	(137,997)	(141,171)	(144,418)	(147,740)	(151,138)	(154,614)	(158,170)	(161,808)
Operational Costs	(457,461)	(259,836)	(248,387)	(253,973)	(259,683)	(265,523)	(271,493)	(277,598)	(283,841)	(290,223)	(296,750)
Finance Payments	(388,407)	(389,843)	(399,153)	(404,689)	(393,068)	(396,008)	(394,538)	(393,900)	(393,558)	(392,578)	(477,408)
Net cash provided by (or used in) Operating Activities	(438,515)	(170,935)	(85,014)	20,336	(68,488)	104,681	116,626	20,418	87,842	151,339	16,748
Cash Flows from Investing Activities											
Receipts											
Amounts Received Specifically for New Assets	-	-	-	-	-	-	-	-	-	-	-
Payments											
Expenditure on new/upgraded Assets	(440,000)	(200,000)	(550,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Net cash provided by (or used in) Investing Activities	(440,000)	(200,000)	(550,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)
Cash Flows from Financing Activities											
Receipts											
Proceeds from Borrowings	930,000	380,000	640,000	30,000	120,000	-	-	30,000	-	-	40,000
Payments											
Repayment of borrowings	-	-	-	-	-	(60,000)	(70,000)	-	(40,000)	(110,000)	-
Net cash provided by (or used in) Financing Activities	930,000	380,000	640,000	30,000	120,000	(60,000)	(70,000)	30,000	(40,000)	(110,000)	40,000
Net Increase (Decrease) in cash held	51,485	9,065	4,986	336	1,512	(5,319)	(3,374)	418	(2,158)	(8,661)	6,748
Cash and cash equivalents at beginning of period	146,868	198,353	207,419	212,405	212,741	214,253	208,934	205,560	205,978	203,820	195,158
Cash and cash equivalents at end of period	198,353	207,419	212,405	212,741	214,253	208,934	205,560	205,978	203,820	195,158	201,906
Cash Movement before movement in borrowings (rounded)	(880,000)	(380,000)	(640,000)	(30,000)	(120,000)	60,000	70,000	(30,000)	40,000	110,000	(40,000)
<i>Borrowings</i>	<i>14,993,603</i>	<i>15,373,603</i>	<i>16,013,603</i>	<i>16,043,603</i>	<i>16,163,603</i>	<i>16,103,603</i>	<i>16,033,603</i>	<i>16,063,603</i>	<i>16,023,603</i>	<i>15,913,603</i>	<i>15,953,603</i>

9. SCENARIO ANALYSIS

We have also provided some analysis which shows the impact of a series of ‘dry’ or ‘wet’ rainfall years on annual water volume supplied and profitability (Comprehensive Income Generated). Dry years being defined as water capture being down 32% on average and wet years defined as 20% greater water captured.

Scenario Analysis		FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29	FY30
Design Scenario											
Volumes Supplied (kL) - Average	1	249,195	316,653	345,135	389,368	346,900	411,350	411,350	372,200	393,050	411,350
Closing Inventory (kL) - Average	1	69,105	84,953	72,318	76,000	-	119,600	101,300	-	-	119,600
Comprehensive Income Generated - Average (LHS)	1	(947,646)	(638,184)	(556,738)	(529,024)	(680,417)	(509,559)	(499,837)	(599,174)	(533,761)	(523,360)
Upper Limit Scenario											
Volumes Supplied (kL) - Wet	2	249,195	316,653	345,135	389,368	411,350	411,350	411,350	411,350	411,350	411,350
Closing Inventory (kL) - Wet	2	120,765	203,113	256,978	339,270	253,000	478,790	539,100	452,830	513,140	738,930
Comprehensive Income Generated - Wet (LHS)	2	(947,646)	(638,184)	(556,738)	(529,024)	(513,919)	(504,459)	(494,437)	(485,180)	(472,684)	(511,960)
Lower Limit Scenario											
Volumes Supplied (kL) - Dry	3	230,178	231,566	226,100	267,274	184,212	361,046	267,274	184,212	267,274	361,046
Closing Inventory (kL) - Dry	3	5,466	-	-	-	-	-	-	-	-	-
Comprehensive Income Generated - Dry (LHS)	3	(992,868)	(844,724)	(856,701)	(853,889)	(1,073,947)	(680,301)	(932,255)	(1,118,472)	(961,026)	(753,262)

Water Volume Scenarios - Comprehensive Income Generated



If a series of ‘dry years’ occur, based on current assumptions, Comprehensive Income could fall to a number in the order of (\$1,000,000) in a given year.

Attachment E

Governance Arrangements - Regional Subsidiaries

ERA Water - 2020-2021 First Budget Review

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

Date of Report:

5 November 2020

Recommendation:

The Board approves Budget Review 1 for distribution to the Constituent Councils subject to the following suggested amendments:

-
-

Report:

ERA Water adopted the FY2021 budget in March 2020.

Since adoption of the budget some significant events have taken place, most notably:

- SA Water announced a 20% reduction in their commercial water price;
- The injection bore that was assumed to be ready for part of the 2020 injection season was deferred;
- Dry rainfall conditions in July and August limited injection and the expected volume of water which was predicted to be available for the FY2021 distribution season; and
- ERA Water has undertaken a significant restructure of its operations and maintenance tasks by bringing this service inhouse from 23 November 2020.

Each budget review amendment is discussed in more detail below.

Revenue – net impact \$275k reduction

The SA Water price decrease has impacted the level of revenue that ERA Water is forecast to generate in FY2021 from both Constituent Councils and other customers.

The original budget assumed an SA water price of \$3.35 k/l (which was approximately a 2% decrease from the FY2020 water price). The actual SA water price announced in June 2020 was \$2.78. Based on assumed sales volumes, the price decrease has had a \$169k impact on the revised budget.

The remaining revenue shortfall is based on an expected decrease in sales volumes to external customers. The original budget assumed 91.5ML of sales to external customers. BR1 reduces this expected sales level to 44.5ML which represents the current external sales commitments in place.

The reduction is due to both delays in potential customers progressing with decisions to connect to the ERA Water scheme and also a lack of certainty in relation to the reliability of supply of water, preventing aggressive sales efforts.

Expenses - net impact \$85k increase

Scheme Maintenance Costs

In Q1 FY2020, ERA Water scoped and executed a significant restructure of operations culminating with a contract to employ an internal Principal Operator. Under the restructure, the long term expected operations and maintenance costs are expected to be less than \$250k per annum. The Principal Operator will commence on 23 November 2020.

Under the current external contractor model, annual maintenance costs have been escalating substantially to a point where this model was no longer sustainable nor providing value for money.

Q1FY2021 external operations and maintenance costs were \$161k against a budget of \$75k for the period, being a quarter of the \$300k annual budget amount which was allocated on an even monthly basis across the year. While this is a significant variance it should be noted that more work occurs during the injection rather than the distribution season, hence an even monthly budget allocation is likely to be an inaccurate budget assumption.

This budget variance is also partly due to a failure to control costs and activity as these maintenance contracts approach end of life and due to unexpected additional commissioning and optimisation activity including:

- Iron contamination of the UV unit including diagnosis and testing, dismantling and cleaning for GO and professional time for WGA;
- Extra pump servicing arising from the bypass for the last pond leak; and
- WGA time for the Marart report, and new customer connections and tendering.

The restructure, and the resulting additional control and specialist resourcing that will be available to ERA Water, has been implemented to address this current failure to control external contractor costs.

Governance costs

There will be a modest \$6k saving because of delays in the appointment of a new Chair of ERA Water (now assumed not to occur until 1 January 2020).

Professional Services

Additional professional services costs have been incurred and are expected to be incurred in relation to two projects:

- The appointment of the Principal Operator utilised an external recruitment firm (CTC Consulting) and independent interview panel members (WGA and BRM Advisory);
- Divestment considerations will include additional financial analysis and modelling to assess the merits of any future offers. This work is outside the scope of current retainer arrangements.

Some of these costs will be incorporated into the existing professional services budget however an additional \$10k provision is expected to be required to fund BAU as well as these additional projects.

Depreciation and Interest

Minor changes to depreciation and interest costs have been proposed to take into account changes in assumptions in relation to revenue generation and capital expenditure.

Capital – net impact \$180k reduction

Delays in securing external sales have resulted in a capital saving on connections in relation to external reserves.

There is also expected to be a \$75k saving on the amount previously provisioned for the connection of the Hamilton 2 bore based on tender prices received.

Attachments:

1. Detailed Budget Review 1 P&L with commentary
2. Current monthly budgeted financial statements

BR1 ERA Water Regional Subsidiary October 2020				ERA WATER
	Endorsed Budget (released April 2020)	Recommended BR1 Adjustment	Proposed Revised Full Year FY2020 Budget	Comments
Income				
Revenue - ERA Councils	\$701,392	(\$119,863)	\$581,529	The adopted budget was based on a forecast SA Water price of \$3.35 (assumed a 3% reduction from FY2019. The actual SA Water price announced on 30 June 2020 was \$2.78. This adjustment reflects the adjustment required to take into account the change in water price.
Revenue - other customers	\$260,668	(\$155,645)	\$105,023	Budget adjustment takes into account the decrease in water price as well as a decrease in the assumed amount of sales to 3rd parties from 91.5ML to 44.5ML.
Other Revenue	\$0	\$0	\$0	
Total Income	\$962,060	(\$275,508)	\$686,552	
Operating Costs				
Scheme Costs				
Maintenance	\$300,000	\$21,961	\$321,961	Maintenance and operations costs significantly ahead of budget for Q1 as we approach the end of the contract.
Electricity	\$100,000	\$0	\$100,000	
Licencing & Testing	\$15,000	\$0	\$15,000	
Telecommunications & Scada	\$20,500	\$0	\$20,500	
Interest Expense	\$408,606	(\$20,199)	\$388,407	Reflects reduced cash rate and reduced capital expenditure relative to budget assumptions.
Depreciation and Amortisation	\$469,833	(\$8,003)	\$461,830	Reflects reduced capital expenditure.
Fixed Operating Costs				
Staff costs	\$102,000	\$87,500	\$189,500	Principal Operator commencing on 23 November.
Audit & Accounting	\$18,000	\$0	\$18,000	
Governance	\$16,000	(\$6,000)	\$10,000	Absence of chairperson, assumed for first six months of FY2021.
Bank charges	\$500	\$0	\$500	
ICT	\$2,500	\$0	\$2,500	
Insurances	\$40,000	\$0	\$40,000	
Office Expenses	\$1,000	\$0	\$1,000	
Premises	\$0	\$0	\$0	
Professional Services	\$50,000	\$10,000	\$60,000	Additional provision for professional services fees in relation to operations restructure (recruitment) and due diligence process being undertaken.
Staff Amenities & Development	\$2,500	\$0	\$2,500	
Contingency	\$2,500	\$0	\$2,500	
Total Operating Costs	\$1,548,939	\$85,259	\$1,634,198	
Budgeted Profit / (loss)	(\$586,879)	(\$360,767)	(\$947,646)	
Capital additions				
New reserve connections (external customers)	(\$150,000)	\$110,000	(\$40,000)	External connections have been deferred for 12 months to match timing of sales to external customers.
Replacement Bore*	(\$400,000)	\$75,000	(\$325,000)	
SCADA upgrade	(\$25,000)	\$0	(\$25,000)	
General capex	(\$50,000)	\$0	(\$50,000)	An additional general capital provision is proposed to account for minor projects as they arise.
Budgeted capex	(\$625,000)	\$185,000	(\$440,000)	

*Replacement bore was originally approved to be spent in FY2020 however expenditure has been carried forward to FY2021.

Balance Sheet - First 12 Months

ERA Water LTFP | Alert in Borrowings

[Error and Alert Checks](#)

\$	Jul-20 Fcst Mnth 1	Aug-20 Fcst Mnth 2	Sep-20 Fcst Mnth 3	Oct-20 Fcst Mnth 4	Nov-20 Fcst Mnth 5	Dec-20 Fcst Mnth 6	Jan-21 Fcst Mnth 7	Feb-21 Fcst Mnth 8	Mar-21 Fcst Mnth 9	Apr-21 Fcst Mnth 10	May-21 Fcst Mnth 11	Jun-21 Fcst Mnth 12
Assets												
Current Assets												
Cash & cash equivalents	153,814	147,658	154,055	159,976	168,964	176,943	180,445	181,947	187,043	190,690	196,481	198,353
Trade & Other Receivables	1,131	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	154,945	147,658	154,055	159,976	168,964	176,943	180,445	181,947	187,043	190,690	196,481	198,353
Non-current Assets												
Financial assets	-	-	-	-	-	-	-	-	-	-	-	-
Infrastructure, property, pla	20,610,560	20,576,465	20,542,364	20,508,259	20,514,125	20,479,962	20,545,734	20,611,382	20,701,892	20,692,253	20,657,539	20,622,821
Total Non-current Assets	20,610,560	20,576,465	20,542,364	20,508,259	20,514,125	20,479,962	20,545,734	20,611,382	20,701,892	20,692,253	20,657,539	20,622,821
Total Assets	20,765,505	20,724,122	20,696,419	20,668,235	20,683,089	20,656,905	20,726,179	20,793,330	20,888,935	20,882,942	20,854,021	20,821,174
Liabilities												
Current Liabilities												
Trade & Other Payables	240,479	819,747	818,616	789,087	731,160	616,438	501,715	386,992	300,667	242,741	241,610	240,479
Provisions	755	755	755	755	755	755	755	755	755	755	755	755
Borrowings	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	241,234	820,502	819,371	789,842	731,915	617,193	502,470	387,747	301,422	243,496	242,365	241,234
Non-current Liabilities												
Trade & Other Payables	-	-	-	-	-	-	-	-	-	-	-	-
Borrowings	14,113,603	13,613,603	13,803,603	13,883,603	14,003,603	14,163,603	14,293,603	14,423,603	14,693,603	14,763,603	14,823,603	14,993,603
Total Non-current Liabilities	14,113,603	13,613,603	13,803,603	13,883,603	14,003,603	14,163,603	14,293,603	14,423,603	14,693,603	14,763,603	14,823,603	14,993,603
Total Liabilities	14,354,837	14,434,105	14,622,974	14,673,445	14,735,518	14,780,796	14,796,073	14,811,350	14,995,025	15,007,099	15,065,968	15,234,837
NET ASSETS	6,410,668	6,290,018	6,073,445	5,994,790	5,947,570	5,876,109	5,930,107	5,981,980	5,893,909	5,875,844	5,788,053	5,586,337
Equity												
Accumulated Surplus	6,533,983	6,410,668	6,290,018	6,073,445	5,994,790	5,947,570	5,876,109	5,930,107	5,981,980	5,893,909	5,875,844	5,788,053
Net Surplus (Deficit)	(123,315)	(120,650)	(216,572)	(78,655)	(47,220)	(71,461)	53,997	51,873	(88,070)	(18,066)	(87,791)	(201,716)
Asset Revaluation Reserves	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL EQUITY	6,410,668	6,290,018	6,073,445	5,994,790	5,947,570	5,876,109	5,930,107	5,981,980	5,893,909	5,875,844	5,788,053	5,586,337

Statement of Cash Flows - First 12 Months

ERA Water LTFP | Alert in Borrowings

\$	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	May-21	Jun-21	FY2021
	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	
	Mnth 1	Mnth 2	Mnth 3	Mnth 4	Mnth 5	Mnth 6	Mnth 7	Mnth 8	Mnth 9	Mnth 10	Mnth 11	Mnth 12	
Cash Flows from Operating Activities													
Receipts													
Water Sales ERA Councils	-	581,529	-	-	-	-	-	-	-	-	-	-	581,529
Water Sales Other Customers	-	-	-	3,066	6,133	12,266	25,710	25,710	19,283	12,855	-	-	105,023
Other receipts	47,301	-	-	-	-	-	-	-	-	-	-	-	47,301
Investment Income	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments													
Employee costs	(8,500)	(8,500)	(8,500)	(8,500)	(8,500)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(21,000)	(189,500)
Materials, contracts & other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-
Fixed Operating Costs	(7,250)	(7,250)	(18,440)	(8,187)	(8,187)	(18,187)	(8,250)	(8,250)	(18,250)	(8,250)	(8,250)	(18,250)	(137,000)
Operational Costs	(70,439)	(67,769)	(57,629)	(56,292)	(56,292)	(26,292)	(18,792)	(20,792)	(20,792)	(20,792)	(20,792)	(20,792)	(457,461)
Finance Payments	-	-	(94,867)	-	-	(94,641)	-	-	(94,979)	-	-	(103,919)	(388,407)
Net cash provided by (or used in) Operating Activities	(38,888)	498,011	(179,436)	(69,912)	(66,846)	(147,854)	(22,331)	(24,331)	(135,738)	(37,186)	(50,042)	(163,961)	(438,515)
Cash Flows from Investing Activities													
Receipts													
Amounts Received Specifically for New Assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Payments													
Expenditure on new/upgraded Assets	(4,167)	(4,167)	(4,167)	(4,167)	(44,167)	(4,167)	(104,167)	(104,167)	(129,167)	(29,167)	(4,167)	(4,167)	(440,000)
Net cash provided by (or used in) Investing Activities	(4,167)	(4,167)	(4,167)	(4,167)	(44,167)	(4,167)	(104,167)	(104,167)	(129,167)	(29,167)	(4,167)	(4,167)	(440,000)
Cash Flows from Financing Activities													
Receipts													
Proceeds from Borrowings	50,000	-	190,000	80,000	120,000	160,000	130,000	130,000	270,000	70,000	60,000	170,000	930,000
Payments													
Repayment of borrowings	-	(500,000)	-	-	-	-	-	-	-	-	-	-	-
Net cash provided by (or used in) Financing Activities	50,000	(500,000)	190,000	80,000	120,000	160,000	130,000	130,000	270,000	70,000	60,000	170,000	930,000
Net Increase (Decrease) in cash held	6,946	(6,156)	6,397	5,921	8,988	7,979	3,502	1,502	5,095	3,647	5,792	1,872	51,485
Cash and cash equivalents at beginning of period	146,868	153,814	147,658	154,055	159,976	168,964	176,943	180,445	181,947	187,043	190,690	196,481	146,868
Cash and cash equivalents at end of period	153,814	147,658	154,055	159,976	168,964	176,943	180,445	181,947	187,043	190,690	196,481	198,353	198,353
Cash Movement before movement in borrowings (rounded)	(50,000)	500,000	(190,000)	(80,000)	(120,000)	(160,000)	(130,000)	(130,000)	(270,000)	(70,000)	(60,000)	(170,000)	(930,000)
Borrowings	14,113,603	13,613,603	13,803,603	13,883,603	14,003,603	14,163,603	14,293,603	14,423,603	14,693,603	14,763,603	14,823,603	14,993,603	

6.6 FINANCE POLICIES

REPORT AUTHOR: Accountant
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320/A121304
ATTACHMENTS: A - E

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with finance related policies which have been reviewed, for consideration and endorsement prior to being presented to the Council for adoption.

BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets, and to secure (as far as possible) the accuracy and reliability of the Council's records.

The 2020-2021 Audit Committee Work Program requires the Audit Committee to review the appropriateness of the range and content of the Council's financial policies and practices.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Documentation of policies relating to the Council's financial transactions improves transparency and ensures consistent treatment over subsequent reporting periods unless Accounting Standards or legislation changes.

CONSULTATION

- **Committee Members**
Nil
- **Community**
Not Applicable.
- **Staff**
Nil
- **Other Agencies**
Not Applicable.

DISCUSSION

In accordance with the Finance Policy Timetable, a review a number of policies, as contained in **Attachments A to E**, has been undertaken. Following the review, the amendments to the policies, as detailed in Table 1 below, are presented to the Committee for consideration and recommendation to the Council for adoption, subject to any amendment which may be considered appropriate by the Audit Committee.

TABLE 1: PROPOSED POLICY AMMENDMENTS

Policy	Details of Proposed Amendment
Budget Policy and Guidelines (Attachment A)	No changes recommended.
COVID-19 Financial Hardship Policy (Attachment B)	It is recommended that this Policy be suspended. This Policy was adopted by the Council on 1 June 2020 to assisting customers and ratepayers experiencing financial hardship due to the impacts of the COVID-19 Pandemic. Since December 2020, the physical distancing restrictions have been relaxed, and business returning to “normal” operations. Subject to any future outbreaks, future request will be assessed against the Councils Financial Hardship Policy.
Funding Policy (Attachment C)	No changes recommended.
Goods and Services Tax (Attachment D)	No changes recommended.
Public Liability Insurance for Community Groups when hiring Council Owned Facilities (Attachment E)	It is recommended that the minimum public liability insurance cover provided by hirers of Council Facilities and reserves be increased to \$20 million up from \$10 million, to be consistent with the public liability insurance cover provided by the Council for ad hoc/occasional hirers.

OPTIONS

The Policies can be recommended to the Council for adoption with or without amendment.

CONCLUSION

To ensure compliance with Section 125 of the Act, the Council must have in place appropriate policies, practices and procedures which assist the Council to carry out its activities in an efficient and orderly manner. It is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

COMMENTS

Nil

RECOMMENDATION

1. That the Audit Committee notes that the following policies have been reviewed and notes that no amendments are recommended.
 - Budget Policy;
 - Budget Policy Guidelines;
 - Funding Policy;
 - Goods & Service Tax

2. That the Audit Committee notes that the Public Liability Insurance for Community Groups when Hiring Council Owned Facilities Policy has been reviewed and notes that minor amendments are recommended.

3. That the Audit Committee recommends to the Council that the following policies be adopted.
 - Budget Policy and Guidelines (Attachment A);
 - Funding Policy (Attachment C);
 - Goods and Service Tax Policy (Attachment D) and
 - Public Liability Insurance for Community Groups when hiring Council Owned Facilities (Attachment E).

4. That the Audit Committee recommends to the Council that the COVID-19 Financial Hardship Policy as contained in Attachment B, be suspended.

Attachment A

Finance Policies

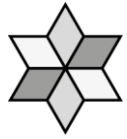
Budget Policy & Guidelines

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**



City of
Norwood
Payneham
& St Peters

NAME OF POLICY: Budget Policy

POLICY MANUAL: Finance

BACKGROUND

The purpose of this Policy is to document the agreed process to be used for the preparation of the Council's Annual Budget and to provide guidance to Elected Members and staff on their respective roles in the process.

A budget expresses the Council's Annual Business Plan in financial terms, by providing a one year forecast of revenues and expenses. The budget is also used as part of the process to determine the level of income required to fund the services and projects outlined in the Annual Business Plan.

DISCUSSION

Pursuant to Section 123 (1) of the *Local Government Act 1999* ("the Act"), the following is required:

"A council must have for each financial year-
(a) an annual business plan; and
(b) a budget."

Regulation 5B of the *Local Government (Financial Management) Regulations 1999*, states that each budget of a Council must:

- "(a) include a budgeted income statement, balance sheet, statement of changes in equity and statement of cash flows, presented in a manner consistent with the Model Financial Statements; and*
- (b) state whether projected operating income is sufficient to meet projected operating expenses for the relevant financial year; and*
- (c) include a summary of operating and capital investment activities presented in a manner consistent with the note in the Model Financial Statements entitled Uniform Presentation of Finances; and*
- (d) include estimates with respect to the council's operating surplus ratio, asset sustainability ratio and net financial liabilities ratio presented in a manner consistent with the note in the Model Financial Statements entitled Financial Indicators."*

Pursuant to the Act, the Annual Business Plan and Budget must be adopted by the Council after 31 May, for the ensuing financial year and before 31 August for the financial year.

Regulation 7 of the *Local Government (Financial Management) Regulations 1999*, states that each budget of Council must:

- (1) A council, council subsidiary or regional subsidiary must reconsider its budget at least three times, at intervals of not less than three months, between 30 September and 31 May (both dates inclusive) in the relevant financial year.*

KEY PRINCIPLES

A number of factors are to be taken into consideration when undertaking the annual budget process, including:

- commitment to financial sustainability by taking into consideration the adopted financial indicator targets;
- consistency with Council's strategic direction, Annual Business Plan and Long Term Financial Plan (LTFP);
- accountability and transparency in the decision making process; and
- providing value for money for the services provided.

POLICY

1. The Council's Annual Budget will be prepared to ensure compliance to the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011*.
2. In preparing the Annual Budget, reference must be given to the Council's Strategic Plan, *CityPlan 2030: Shaping Our Future*, the Council's Long Term Financial Plan and the various Infrastructure and Asset Management Plans which have been adopted by the Council.
3. In January each year, the Council will set the budget parameters and assumptions which will form the basis for the Annual Budget which have been adopted by the Council.
4. The Annual Budget will encompass a Recurrent Operating Budget and Projects Budget.
5. The Annual Budget, will be presented to the Council for consideration and adoption at the July Ordinary Council Meeting or as scheduled by the Council
6. The Annual Budget will be reviewed and considered by the Council at least three (3) times during the Financial Year between September and May of the relevant budget year.

REVIEW PROCESS

The Policy will be reviewed within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager on telephone 8366 4548.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 25 October 2010.
 This Policy was adopted by the Council on 1 November 2010.
 This Policy was endorsed by the Audit Committee on 25 February 2013.
 This Policy was adopted by the Council on 4 March 2013.
 This Policy was endorsed by the Audit Committee on 26 October 2015.
 This Policy was adopted by the Council on 2 November 2015.
 This Policy was endorsed by the Audit Committee on 27 February 2017.
 This Policy was adopted by the Council on 6 March 2017.
 This Policy was endorsed by the Audit Committee on 25 February 2019.
 This Policy was adopted by the Council on 4 March 2019.
 This Policy was endorsed by the Audit Committee on 22 February 2021.
 This Policy was adopted by the Council on 1 March 2021.



NAME OF POLICY: Budget Policy Guidelines

POLICY MANUAL: Finance

To be read and applied in conjunction with the Council Budget Policy

BACKGROUND

The purpose of this Policy Guideline is to provide assistance to staff who have responsibility for determining the revenue and expenditure components of the Council's Annual Budget.

A budget expresses the Council's Annual Business Plan in financial terms, by providing a one year forecast of revenues and expenses. The budget is also used as part of the process which is used to determine the level of revenue which is required to fund the services programs and projects which are outlined in the Annual Business Plan.

POLICY GUIDELINES

1. In preparing the Annual Budget, reference must be given to the Council's Long Term Financial Plan and the various Infrastructure and Asset Management Plans which have been adopted by the Council.
2. In January each year, the Council will approve the budget parameters and assumptions which will form the basis for the Annual Budget. Budget Parameters and Assumption comprise of;
 - Business Objectives;
 - Fees and Charges;
 - Rates revenue;
 - Salary and Wages; and
 - Project Carry Forwards.

When determining Fees and Charges, reference shall be given to the Council's Fees and Charges Policy.

3. The Annual Budget encompasses a Recurrent Operating Budget and Projects Budget. These are defined below.

Recurrent Budget

The Recurrent Budget includes income and expenses which are required to fund and deliver the "business as usual" service levels which are set by the Council.

Examples include but are not limited to, the ongoing operation of Council's Swimming Centres, Child Care Centre, Libraries, Community Centres, as well as regular reserve maintenance and waste collections.

Projects Budget

Project Budgets are classified into the following categories;

- Operating Projects - New Initiatives; and
- Capital Projects - New asset purchases, asset renewal & replacement.

Operating Projects

New initiatives are services which are provided for the first time that may have consequences on future recurrent budgets, or are one-off or short term in nature. This income and expenditure affects the Council's income statement, as these components comprise recurrent operating expenses and income.

Where new initiatives are of an ongoing nature, the budget will be included in the Operating Projects budget for a period of three (3) years, subject to review, before being transferred permanently to the Recurrent Budget.

New initiatives will only be considered for inclusion in the Annual Budget upon;

- a) Completion of the Funding Submission; and
- b) New initiatives being consistent with the four outcomes outlined in the *CityPlan 2030 Shaping Our Future* and or the Council's Organisational Strategy.

The Executive Leadership Team which comprises Chief Executive officer and General Managers will determine the new initiatives to be presented to the Council for consideration.

Elected Members will be provided with a listing and an explanation of new initiatives/projects for consideration. New initiatives and projects will be grouped and linked to the relevant sections of *CityPlan 2030: Shaping Our Future*.

Elected Members will be provided the opportunity to put forward funding submissions for new initiatives for consideration by the Council.

Capital Projects

New Asset Purchases

New capital expenditure occurs where assets are added to the Council's existing complement or where an existing asset is replaced with an asset that provides additional capabilities or services.

Capital Renewal & Replacement

Renewal and replacement expenditure occurs where an asset's service life is extended, but its service capability is not improved.

It is unlikely that the level of depreciation and therefore rates raised in a budget year, will match the required renewal and replacement expenditure. The timing and level of renewal and replacement expenditure, will be governed by the Council's Infrastructure and Asset Management Plans, while rate revenue will be raised in a consistent manner to avoid large fluctuations in the annual rate increase, and will be based on the annual depreciation expense.

Capital Projects will only be considered for inclusion in the Annual Budget upon;

- a) Completion of Funding Submission; and
- b) Capital Projects being consistent with the Four Outcomes outlined in the *CityPlan 2030: Shaping Our Future* and the Whole-of-Life Infrastructure and Asset Management Strategy.

The Executive Leadership Team will determine which new capital projects will be recommended to the Council for approval.

Elected Members will be provided with Funding Submissions for those Projects/New initiatives which are recommended for approval of new Capital Projects/Initiatives for consideration. Capital Projects will be grouped on the basis of the Four Pillars contained in *CityPlan 2030: Shaping Our Future*.

Elected Members will be provided the opportunity to put forward proposals for Capital Projects for consideration by the Council.

Project Carry Forwards

The Annual Budget will include an estimate (based on Third Quarter Budget Review) of project expenditure;

- previously approved and carried forward from the prior budget years less
- current year approved projects carried forward to subsequent budget years.

Carry forward estimates (from prior budget years) will be revised, updated and approved at the First Budget Review.

4. In conjunction with the Annual Business Plan, the Annual Budget will be made available for public consultation for at least 21 days prior to the meeting set for the Council adoption of the Annual Business Plan and Annual Budget.
5. A Public Meeting will be held following the 21 day consultation Period to allow verbal representation on the Annual Business Plan and Budget.
6. Upon adoption by the Council, the Annual Budget, together with the Annual Business Plan and Schedule of Fees and Charges, will be posted on the Council's Website and copies will be made available at the Councils' Principal Office and Libraries.
7. The Annual Budget will be reviewed at least three (3) times during the Financial Year between September and May of the relevant budget year.

REVIEW PROCESS

The Policy will be reviewed within 24 months of the adoption date.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's, Financial Services Manager on telephone 8366 4548.

ADOPTION OF THE POLICY

This Guideline was endorsed by the Audit Committee on 26 October 2015.

This Guideline was adopted by the Council on 2 November 2015.

This Guideline was endorsed by the Audit Committee on 27 February 2017.

This Guideline was adopted by the Council on 6 March 2017

This Guideline was endorsed by the Audit Committee on 25 February 2019.

This Guideline was adopted by the Council on 4 March 2019.

This Guideline was endorsed by the Audit Committee on 22 February 2021.

This Guideline was adopted by the Council on 1 March 2021.

Attachment B

Finance Policies

COVID-19 Financial Hardship Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
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& St Peters**



City of
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& St Peters

NAME OF POLICY: Financial Hardship Policy – COVID-19

POLICY MANUAL: Finance

BACKGROUND

The Council is committed to assisting customers and ratepayers experiencing financial hardship due to the impacts of the COVID-19 Pandemic. This Policy sets out how the Council assists customers and ratepayers, who are experiencing temporary financial hardship as a direct result of the COVID-19 Pandemic, and are finding it difficult to manage the payment of rates and/or sundry charges which are currently outstanding. This policy extends the financial relief that is offered under the Council Financial Hardship Policy.

KEY PRINCIPLES

When responding to requests for financial hardship, the Council will always show respect, empathy and sensitivity towards the situation.

The principles that underpin the assessment of financial hardship are;

Accountability and Transparency

The Council's practices and decisions are underpinned by accountability and transparency and must accord with the requirements and intent of relevant legislation and accepted conventions.

Fairness and Equity

The Council will ensure that outstanding debts are managed fairly and equitably and the application of this policy is consistent. In applying this Policy, the Council maintains that parties who incur debts, do so in full expectation of meeting the prescribed repayment terms.

The Council also acknowledges that organisational and individual financial circumstances can change. If difficulties are anticipated, individuals and organisations must promptly initiate discussions seeking alternative payment arrangements.

Responsibilities

The Council will ensure that customers and ratepayers fully understand the commitments that they and the Council agree to and the requirements that both parties need to do to fulfil those commitments.

Hardship, though, is a partnership that also relies on customers and ratepayers being committed to the principles and requirements of the arrangements put in place, including remaining in contact with the Council and providing information to help the Council understand your circumstances so we can provide the most appropriate assistance to you.

Responsibility for managing the review of financial hardship requests rests with the Council's Finance Unit.

POLICY

Financial hardship for ratepayers and landlords due to the impacts of COVID-19 will be broadly classified into four categories;

- A ratepayer who has become unemployed or underemployed and is receiving a JobSeeker payment from the Government.
- A ratepayer whose business is experiencing financial hardship and is receiving a JobKeeper payment from the Government.
- A landlord whose tenant is experiencing financial hardship and is receiving a JobKeeper payment from the Government as a result of COVID-19 and giving rent relief.
- A ratepayer whose business has been forced to close due to the COVID-19 restrictions that have been put in place but are not in receipt of Job Keeper payments.

Financial Assistance provided to successful applicants claiming financial hardship due to the impacts of COVID-19 will only receive relief for outstanding rates payments may include;

Postponement (Section 182)

Pursuant to Section 182 (1)(a) of the *Local Government Act 1999*, the Council may, upon application, postpone the payment of rates, in whole or in part, for a period that the Council deems appropriate.

In the case of postponement, if approved, the balance of rates will be deferred for a period of between six (6) to eighteen (18) months, depending on the nature of the financial hardship. A review of the circumstances will be carried out at the end of the postponement time period.

Payment Arrangements

Payment plans may be offered subject to a fair and reasonable minimum payment amount. A condition of a payment plan is paying a minimum amount to ensure the payment of future rate instalment to avoid the outstanding debt increasing further.

Interest – Penalty Interest (Section 181)

Pursuant to Section 181 of the *Local Government Act 1999*, the Council may require a person to pay interest on any amounts of rates and charges which a person is liable to pay. The interest rate is fixed under S181(8)(c) of the Act

Section 181(9) of the *Local Government Act 1999* allows for a reduction in the penalty interest rates for the ratepayer. The Council recognises that setting a penalty interest rate which is consistent with S181(8)(c) of the Act could have a negative effect on the finances of ratepayers, which prolongs their hardship.

As such, where hardship is established and subject to any agreed payment arrangements being adhered to, interest and fines for non-payment of quarterly rates may be suspended for the term of the postponement.

Interest on outstanding rates will be levied at the penalty interest rate unless a postponement is granted and a reduced interest rate approved.

Rebate of Council Rates (Section 166)

Pursuant to Section 166(1)(b) of the *Local Government Act 1999*, the Council may grant a discretionary rebate to for the purposes of supporting businesses within the City.

Upon application and demonstration of Financial Hardship, the Council may provide a discretionary rebate of up to the 20% differential between residential and commercial rate-in-the-dollar.

Remission of Council Rates (Section 182)

Pursuant to Section 182 (1)(b) of the *Local Government Act 1999*, the Council may, upon application, may remint the payment of rates, in whole or in part, if the payment of rates will cause hardship.

Upon application and demonstration of Financial Hardship, the Council may remit rates up to the 20% differential between the residential and non-residential rate-in-the-dollar.

REVIEW PROCESS

The Council will review this Policy within 6 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 25 May 2020.

This Policy was adopted by Council on 1 June 2020.

This Policy was endorsed by the Audit Committee 26 October 2020

This Policy was adopted by Council on 2 November 2020

This Policy Suspension was endorsed by the Audit Committee 22 February 2021

This Policy Suspension was adopted by Council on 1 March 2021

TO BE REVIEWED

Attachment C

Finance Policies

Funding Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
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Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
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NAME OF POLICY: Funding

POLICY MANUAL: Finance

BACKGROUND

Pursuant to Chapter 9 of *Local Government Act 1999 (the Act)*, the Council may obtain funds;

- (a) *as permitted by or under this or another Act; and*
 (b) *as may otherwise be appropriate in order to carry out its functions under this or another Act.*

The following are examples of ways in which a council may raise funds:

- by imposing rates and charges in accordance with the Act;
- by obtaining grants and other allocations of money;
- by carrying out commercial activities;
- by recovering fees, charges, penalties or other;
- by leasing or hiring out property;
- by borrowing money and obtaining other forms of financial accommodation; or
- by selling property.

DISCUSSION

Financial sustainability implies equity between generations (intergenerational equity), to ensure that today's ratepayers pay only for their share of the City's assets. Intergenerational equity is primarily achieved by funding the cost of renewing and replacing assets through revenue sources, including rates.

The Council's Long Term Financial Plan (LTFP) sets out four (4) financial outcomes to ensure that financial sustainability is achieved. These outcomes are set out below:

Outcome 1: A balanced budget

Council's services and programs, including depreciation of infrastructure and assets, is fully funded and the costs are shared equitably between current and future ratepayers

Outcome 2: Rate Stability

Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term

Outcome 3: Infrastructure and Asset Management

Maintain Infrastructure and Assets in line with the Council's Whole-of-Life Infrastructure Framework to achieve the outcomes and objectives, as set out in CityPlan 2030 – Shaping our Future

Outcome 4: Debt Management

Prudent use of debt to invest in new long term assets to ensure intergenerational equity between current and future users

This Policy sets out the Council's approach to the funding of services, programs and facilities. The Policy is based on an assessment of the beneficiaries of all of the services, programs and facilities which are provided by the Council and how these should be funded. It provides the framework within

which the Council will raise the revenue necessary to fund expenses of programs set out in its long-term financial plan.

KEY PRINCIPLES

The Funding Policy reflects the Council's determined balance between the principles of:

- user or beneficiary pays and capacity to pay of different sections of the community;
- costs of provision of services, programs and facilities and, where relevant, prices charged by others for provision of similar services;
- maximising sourcing of external funding;
- accommodating individual circumstances of financial hardship; and
- achieving and preserving reasonable "inter-generational equity".

POLICY

Long-term Financial Plan

The Council will adopt a 10 year Long-term Financial Plan (LTFP) that sets out the funding (revenue raising) and financing (paying for outlays) requirements for services, programs and facilities to be provided to equitably meet the outputs and outcomes set out in its Strategic Management Plan *City Plan 2030: Shaping our Future* and the Council's Infrastructure and Asset Management Plans.

The LTFP is to be based on the achievement of the targets set by the Council for each of its Financial Sustainability Indicators and in particular those relating to its Operating Result. Unless special circumstances exist, the recommended target for the Council's Operating Result is a Surplus (in dollar terms) equivalent to between 0% and 10% of general and other rate revenue over any five (5) year period.

In line with the requirements of the Act, the LTFP will be reviewed, within two years after Local Government Election.

Budget Management and Review

The Council will manage its Long-term Financial Plan through its Budget process to ensure that its planned long-term service and infrastructure levels and standards are met without unplanned increases in rates or disruptive cuts to services.

General and Other Rates

The Council will raise general and other rates from its community in accordance with its Rating Policy and Rebate Policy.

The Council's Rating Policy and Rebate Policy sets out its application of the following rating provisions contained in the Act:

- minimum rates or fixed charges;
- separate rates;
- service rates and charges;
- differential rates;
- rate rebates; and
- postponement of rates.

The Council will review both its Rating Policy and its Rebate Policy annually to ensure that it has appropriate regard for the Council's Funding Policy Key Principles and in particular, any material changes in:

- the capacity within sections of the community to pay; and
- the extent of opportunity of access to, use of, and benefit from, services, programs and facilities provided by the Council by various groupings of service users and ratepayers.

Financial Assistance and Other Discretionary Grants

The Council values the ongoing Commonwealth Financial Assistance Grants that it receives through the SA Local Government Grants Commission (LGGC). Similarly, Roads-to-Recovery Grants from the Federal Government are an important source of funding.

The Council will continue to provide timely and accurate information which is requested by the LGGC to ensure that it receives its appropriate funding allocation as determined by the LGGC's methodology for allocating Financial Assistance Grants. Timely and accurate information also will be provided to the Federal Government in respect of Roads-to-Recovery Grants.

Special Purpose Grants

The Council recognises that opportunities arise from time to time to secure grants or funding for specific projects or purposes.

The Council will pursue such opportunities where the funding objectives support the directions of its Strategic Management Plan and its financial sustainability objectives.

The Council will assess the whole-of-life costs of a project considered for a special purpose grant or funding application (including maintenance and other operating costs over the life of the project) and will consider the impact of these costs on the Council's financial sustainability indicators over the life of the project when considering a special purpose grant or funding opportunity.

User Charges

To reduce dependence on rate revenue, the Council will apply user charges to meet the cost of providing its services, programs and facilities where this is equitable, efficient and practical. Charges which are set will have regard to the Council's Fees and Charges Policy.

Statutory Charges

All Councils have responsibilities under the *Local Government Act 1999*, and other relevant legislation. Where applicable, the Council will charge fees and fines levied in accordance with the relevant legislation and the Council's Fees and Charges Policy.

Borrowings

The Council recognises that borrowings are not a recurrent funding source but are nevertheless likely to be required at times, particularly as a result of decisions to add to or enhance the Council's stock of assets. If the Council sets revenue raising targets at levels that not only meet the full cost of existing services, programs and facilities but also enable it to accumulate funds to finance net asset acquisition it could create significant "inter-generational" inequity between beneficiaries of the Council's services, programs and facilities. Therefore, the Council will only use Long Term Borrowing to fund new asset investment.

The Council will manage decisions about when to borrow and what type of borrowings to take out in accordance with its Treasury Management policy.

Private Sector Contributions/Partnerships

The Council will seek private sector funding for projects (e.g. through joint ventures, grants or provision of infrastructure, etc.) where this is considered beneficial to the community. In assessing the community benefit of such arrangements, the Council will take account of its financial exposure through an analysis of the whole-of-life costs of the project.

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 21 July 2011.

This Policy was adopted by the Council on 4 August 2011.

This Policy was endorsed by the Audit Committee on 25 February 2013.

This Policy was adopted by the Council on 4 March 2013.

This Policy was endorsed by the Audit Committee on 24 February 2014.

This Policy was adopted by the Council on 3 March 2014.

This Policy was endorsed by the Audit Committee on 25 May 2015.

This Policy was adopted by the Council on 1 June 2015.

This Policy was endorsed by the Audit Committee on 29 February 2016.

This Policy was adopted by the Council on 7 March 2016.

This Policy was endorsed by the Audit Committee on 27 February 2017.

This Policy was adopted by the Council on 6 March 2017.

This Policy was endorsed by the Audit Committee on 25 February 2019.

This Policy was adopted by the Council on 4 March 2019.

This Policy was endorsed by the Audit Committee on 22 February 2021.

This Policy was adopted by the Council on 1 March 2021.

Attachment D

Goods & Services Tax Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au



City of
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NAME OF POLICY: Goods & Services Tax

POLICY MANUAL: Finance

BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are in place, implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives and to ensure adherence to management policies, to safeguard the Council's assets and to secure (as far as possible) the accuracy and reliability of the Council's records.

DISCUSSION

The City of Norwood Payneham & St Peters is registered with the Australian Taxation Office (ATO) for GST purposes under the Australian Business Number (ABN) 11 390 194 824. The GST will be included in the price of and payable on, taxable supplies. The Council is required to remit to the ATO, all GST collected from taxable supplies and is entitled to claim input tax credits on all taxable acquisitions.

KEY PRINCIPLES

The Council will comply with the provisions of the *A New Tax System (Goods & Services Tax) Act 1999*.

The objective of this Policy is to provide guidance to Council employees to ensure compliance with respect to the key principles of the Goods and Services Tax (GST) Legislation.

POLICY

GST will be charged on all taxable supplies provided by the Council. A taxable supply is provided if there is a sale of goods or services or deemed sale of goods or services (i.e. sponsorship) in the ordinary course of business, however a supply is not a taxable supply to the extent that it is GST-free or input taxed.

GST charged on all taxable supplies is 10%.

A register of Fees and Charges and their relevant GST applicability will be maintained by the Council and reviewed annually.

All purchases greater the \$82.50 must be supported by a valid tax invoice to enable GST which is paid to be claimed from the ATO.

For purchases less than \$82.50, supporting documentation, such as a receipt is sufficient to enable GST paid to be claimed from the ATO.

The Council will only transact with suppliers that have an ABN or suppliers that are prepared to sign a "Statement by Supplier" tax declaration. A register will be kept of all suppliers who have signed this declaration.

GST will be reported to the ATO via the Council's Business Activity Statement (BAS) by the 21st day of each month.

GST is recognised when the taxable supply is provided or received, (ie on an accruals basis).

Adequate records will be maintained to support Council's BAS for a period of not less than 7 years.

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 March 2012.

This Policy was adopted by the Council on 2 April 2012.

This Policy was endorsed by the Audit Committee on 25 February 2013.

This Policy was adopted by the Council on 4 March 2013.

This Policy was endorsed by the Audit Committee on 25 May 2015.

This Policy was adopted by the Council on 1 June 2015.

This Policy was endorsed by the Audit Committee on 24 October 2016.

This Policy was adopted by the Council on 7 November 2016.

This Policy was endorsed by the Audit Committee on 22 October 2018.

This Policy was adopted by the Council on 5 November 2018.

This Policy was endorsed by the Audit Committee on 22 February 2021.

This Policy was adopted by the Council on 1 March 2021.

Attachment E

Finance Policies

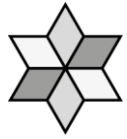
Public Liability Insurance for Community Groups When Hiring Council Owned Facilities Policy

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

Telephone 8366 4555
Facsimile 8332 6338
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Website www.npsp.sa.gov.au



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NAME OF POLICY: Public Liability Insurance for Community Groups when Hiring Council Owned Facilities

POLICY MANUAL: Governance

BACKGROUND

Councils have a duty of care to its citizens and community generally to ensure that Council owned facilities are protected from damage and or the financial impact of personal injury. Public Liability insurance is an essential component of the Risk Management Framework and is put in place to protect all parties, including the Council and the community from legal and financial damages.

This Policy relates to Public Liability Insurance requirements for community groups and private hirers when hiring Council owned facilities.

Facilities covered by this Policy include:

- the Don Pyatt Hall located at George Street Norwood;
- the St Peters Banquet Hall located at 101 Payneham Road, St Peters;
- the St Peters Payneham Library & Community Complex located at 2 Turner Street, Felixstow;
- the Payneham Community Centre located at 374 Payneham Road, Payneham;
- the St Peters Youth Centre located at 2 Cornish Street, Stepney; and
- Council reserves which are available for hire

POLICY

- Commercial hirers are required to have a valid and current Public Liability Insurance Policy at the time of the hire.
- Community groups, organisations or clubs are required to hold a current public liability insurance cover whilst hiring Council facilities and reserves however, subject to certain conditions, the Council may take out public liability cover for community groups, organisations or clubs where it is impractical or financially prohibitive for the community groups, organisations or clubs.
- The Council will provide Public Liability cover for private and family functions.
- Where required, Public Liability Insurance to the minimum cover of \$~~10~~20 million, is required for all hirers of Council facilities and reserves detailed in this Policy

REVIEW PROCESS

The Council will review this Policy within 36 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is the Council's Financial Services Manager telephone 8366 4548.

ADOPTION OF THE POLICY

This Policy was adopted by Council on 4 May 2009.

This Policy was reviewed by the Audit Committee on 26 February 2018.

This Policy was adopted by the Council on 5 March 2018.

This Policy was reviewed by the Audit Committee on 22 February 2021.

This Policy was adopted by the Council on 1 March 2021.

TO BE REVIEWED

February 2024

6.7 INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT

REPORT AUTHOR: Management Accountant
GENERAL MANAGER: General Manager, Corporate Service
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA63320/A
ATTACHMENTS: A - B

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with an update on the status of the Council's major risks and the assessment of the Council's Internal Controls.

BACKGROUND

The 2020-2021 Audit Committee Work Program requires the Committee to:

- a. *Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed:*
 - consider the range of documented internal control policies and procedures; and
 - whether they are being followed.
- b. *Develop and monitor the delivery of the Council's Strategic Internal Audit Plan by:*
 - *meeting with the Council's Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan;*
 - *assessing the appropriateness of the Council's response to matters raised in the Internal Audit Reports; and*
 - *annually review the appropriateness of the Council's three (3) year Strategic Internal Audit Plan.*
- c. *Review Management's assessment of Council's major risks.*
- d. *Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:*
 - *whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect*
 - *whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets);*
 - *whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and*
 - *adequacy of insurance coverage.*

At its meeting held on 15 October 2010, the Audit Committee requested that Risk Management be a standard item on its agenda and that a brief report be prepared for each meeting confirming that the risks remain current and that the identified existing controls remain in place.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Additional funding may be required to complete the work which has been requested by the Audit Committee, depending on the nature and timeframes which are set for any further work required to be undertaken.

EXTERNAL ECONOMIC IMPLICATIONS

Nil.

SOCIAL ISSUES

Nil.

CULTURAL ISSUES

Nil.

ENVIRONMENTAL ISSUES

Nil.

RESOURCE ISSUES

Refer to Financial Implications above.

RISK MANAGEMENT

The risks identified to be managed are contained in **Attachment A**.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Where Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

Risk Management Assessment

Following the risk review and risk workshop held on 11 September 2019, eight (8) strategic risks and thirteen (13) operational risks were identified. Upon review of the nature of the risks and the existing controls which are in place, five (5) strategic risks and three (3) operational risks were identified with a target risk greater than the residual risk. To reduce the risk to the target risk rating, a number of treatment plans have been identified to mitigate against the risks. The status of the risks requiring additional mitigation strategies and controls, is contained in **Attachment A**.

Internal Audit

To address a previously identified control weakness, in which an external audit identified that there was a lack of controls for monitoring of patrons entering the Council's Swimming Centres, a Point of Sale system was introduced at both the Payneham Memorial Swimming Centre and the Norwood Swimming Centre as part of the 2018-2019 Annual Budget. In addition, as a result of the COVID-19 pandemic and the physical distancing restrictions that were put in place to reduce the spread of COVID-19, an online booking system was also introduced, which required patrons which and not purchased season passes or multi visit passes to pay on line. Both the Point of Sale System and the On-line booking system, are independent of the Councils main business system, Authority.

The Council also owns and operates the St Peters Childcare Centre & Preschool which, due to the payment of the Childcare subsidy to assist families with the cost of childcare, is required to utilise a Government Mandated system to record attendances and revenue. The system is independent to the Council's main business system, Authority.

Revenue collected from the Swimming Centre and the Child Care Centres represents 76% of total User Charges collected by the Council. Given the high percentage of User Charges income which is collected and recorded via business systems external to the Council's main business systems, an internal review was undertaken of the sales and revenue process in place at the Councils' Swimming Centres and the St Peters Childcare Centre & Preschool, to ensure that appropriate controls are in place to ensure that all sales are recorded.

The objective of the review was to assess the internal controls in place to manage key risks associated with sales, services and revenue processing for the three (3) facilities. Specifically, the controls put in place by management to mitigate the following risks:

- compliance with legislation (where applicable i.e. Child Care Subsidy);
- payments are not accurate or valid;
- refunds are not accurate or valid;
- duplicates payments/refunds are processed;
- adjustments are made to payment transactions after they have been processed;
- unauthorised individuals are able to process or approve payments;
- payments are not posted to the general ledger accurately;
- reconciliations between the point of sales system and the general ledger are not performed, complete, accurately and on a timely basis; and
- ensure fees entered into the external systems reflect the adopted fees and charges.

Based on the internal audit work which has been undertaken, including inspection of documents and interviews with key staff, Bentleys has concluded that the control environment of sales, services and revenue processing for the three (3) facilities is **Majority Effective**.

Five (5) audit findings were identified, with all findings being assessed as presenting a low risk. Detailed findings and agreed action plans are set out in Appendix 1 of the Internal Audit report, contained in **Attachment B**.

OPTIONS

Nil.

CONCLUSION

Nil.

COMMENTS

Nil.

RECOMMENDATION

That the report be received and noted.

Attachment A

Internal Control and Risk Management Assessment

City of Norwood Payneham & St Peters
175 The Parade, Norwood SA 5067

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IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
<p>1. Community Expectations</p> <p>The Council is not delivering what the community expects or delivering what has been promised. This can be over or under servicing. The Council is (or should not) delivering certain services and/or projects as the community are (or not) wanting, needing or expecting.</p>	<p>High 9</p> <p>Intolerable without treatment</p>	<p>Substantial 14</p> <p>Tolerable with continual review</p>	<p>Medium 19</p> <p>Tolerable with periodic review</p>	<ul style="list-style-type: none"> Development of Service Standards for key services 	<p>Street and Footpath Sweeping review undertaken during 2019-2020, and a new Street & Footpath Sweeping Program introduced in April 2020.</p> <p>Footpath Defect Identification Program undertaken in 2018-2019. Footpath Defect Rectification Program developed and is being undertaken over a period of two years, commencing in 2019-2020.</p> <p>Since the commencement of the program, the Council has rectified 1,797 of the 2547 identified footpath defects. This represents 9,747 sqm of footpath paving.</p> <p>The Council has developed a Service Excellence Framework, designed to identify a single agreed service philosophy and expected standards of service, which is aligned to the Organisational Values. Individual departments are developing Service Excellence Plans.</p> <p>Street and Footpath Sweeping Program available on the Councils' Website.</p> <p>Letter box affected residents when undertaking programmed street tree pruning and civil infrastructure renewal programs.</p>
				<ul style="list-style-type: none"> Develop a multi-channel approach to communicate service standards 	



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
				<ul style="list-style-type: none"> Development of standard responses or FAQ for sensitive issues and significant projects and changes Policies supporting business practice are regularly reviewed and up dated where appropriate and widely communicated to ensure such policies are administered on a balanced and consistent basis. 	<p>Frequently Asked Questions developed for COVID-19 Rate deferral.</p> <p>Policy review program and associated framework has been developed. All Council policies have been reviewed and considered by the Council with the exception of the Tree Policy, which has been put on hold pending the development of the Tree Strategy and the Building Inspections Policy, which will be revoked under the PDI Act.</p>
2. Non-delivery of a project or not delivery the right project.	High 9 Intolerable without treatment	Substantial 14 Tolerable with continual review	Medium 19 Tolerable with periodic review	<ul style="list-style-type: none"> Develop a Corporate Plan, which focusses on the priority in the medium term (i.e. 3 years) that links to the Strategic Plans (I.e. City Plan 2030, Long Term Financial Plan, Asset Management Plans) Implement a common project management system across the organisation Develop a Project reporting framework, with the focus on what needs to go back to Council (i.e. Strategy & Direction) and what is dealt with at Administration Level (Operational). 	<p>At its meeting held on 7 September 2020, the Council resolved to establish a Regional Capital Projects Committee.</p> <p>The purpose of the Committee is to assist the Council in the development of Regional Capital Projects which are referred to the Committee by the Council.</p> <p>The Committee is charged with making recommendations to the Council regarding actions, including studies associated with the development of masterplans and concepts as required for Regional Projects.</p>



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
3. Elected Member conduct	Substantial 13	Medium 19	Low 23	<ul style="list-style-type: none"> Undertake Culture and Values development programs, similar/consistent to the Staff program (Top down, one organisation) 	
4. Elected Members (EMs) micro-manage business or communicate inappropriate message.	Tolerable with continual review	Tolerable with periodic review	Acceptable with Periodic review	<ul style="list-style-type: none"> Establish Elected Member "group norms". Develop and implement ongoing/regular training & awareness programs 	
5. Lack of innovation and forward planning	High 9	Medium 19	Low 24	<ul style="list-style-type: none"> Infrastructure & Asset Management Plans prepared as a forward planning tool rather than a legislative compliance activity 	<i>Infrastructure & Asset Management Plans</i> have been reviewed and adopted by the Council.
6. Lack of forward planning in project priorities and consideration of innovative outcomes in asset management.	Intolerable without treatment	Tolerable with periodic review	Acceptable with Periodic review	<ul style="list-style-type: none"> Development of a Corporate Plan which provides medium term plan for service priorities and projects Reinforce the inclusion of future impacts, when preparing Funding submissions Encourage consideration of innovation and use of emerging technologies when considering proposals and designs Include, value add and innovation in design solutions and consider in procurement activities. 	
7. Lack of Organisational and Departmental Strategy	Extreme 5 Intolerable	Substantial 13 Tolerable with	Low 24 Acceptable with	<ul style="list-style-type: none"> Development of a Corporate Plan which provides medium term plan for service priorities and project priorities which link to the Council's suite of Strategic 	The mid-term review of the <i>CityPlan 2030</i> and update of the Councils <i>Long Term Financial Plan</i> and <i>Infrastructure & Asset Management Plans</i> has been



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
8. Organisation wide or departmental decisions made without reference to an agreed organisational direction and strategy.		Continual review	Periodic review	documents (City Plan 2030, LTFP, ABP, IAMP) <ul style="list-style-type: none"> Grant Funding Applications, to be supported with business case and funding submissions prior to applying for the funds 	completed and adopted by the Council. The development of a Corporate Plan has been deferred until the finalisation of the existing strategic plan documents.
9. Contract management Insufficient management of contracts	Extreme 4 Intolerable	High 9 Intolerable without treatment	Low 24 Acceptable with Periodic review	<ul style="list-style-type: none"> Finalisation of the Contract Management Framework and associated measurement and monitoring tools Annual Refresher training for staff who manage contracts Induction program be enhanced for staff with contract management responsibilities 	
10. Contractor management Incorrect contractor management in service/project delivery.	Extreme 4 Intolerable	High 9 Intolerable without treatment	Low 24 Acceptable with Periodic review	<ul style="list-style-type: none"> Increase awareness of WHS Contractor Chapter in WHS Manual or develop/enhance a Contractor Management Framework Development of associated Contractor management and Performance measurement and monitoring tools / templates to ensure consistent application across the organisation 	
11. Business and commercial awareness	Extreme 5 Intolerable	Substantial 14 Tolerable with Continual review	Low 21 Acceptable with Periodic review	<ul style="list-style-type: none"> Refresher Training to be incorporated in the Corporate Training Calendar 	

Attachment B

Internal Control and Risk Management Assessment

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City of
**Norwood
Payneham
& St Peters**

Where you want to be.



February 2021

City of Norwood Payneham & St Peters

Sales, Services and Revenue Process Internal Audit Report

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➤ **Advisors** ➤ **Accountants** ➤ **Auditors**



10 February 2021

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Dear Sharon

Internal Audit Report – Sales, Services and Revenue Process

Please find attached our report on the Sales, Services and Revenue Process for the City of Norwood Payneham & St Peters.

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

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

Yours sincerely

David Papa
Partner

Enclosure

Version history	Date
Draft report issued	22/12/2020
Final report issued	10/2/2021
Final report Executive Management approval	<xx/xx/2021>
Final report Audit Committee presentation	<xx/xx/2021>

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Inherent Limitations

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

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

Third Party Reliance

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

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

Executive summary

The City of Norwood Payneham & St Peters (Council) is operating two swimming centres and the St Peters Child Care Centre & Preschool (SPCCC) to serve the community instead of pursuing profit.

“For the 2019-2020 Swimming Season, the Swimming Centres are reporting a combined Operating Deficit of \$0.509 million, against an Adopted Operating Deficit of \$0.534 million, a favourable variance of \$0.025 million”¹. This is mainly due to the limitation of the current outdoor environment of the swimming centres. The swimming season is from October to March, i.e., six months, which is half the time of an indoor swimming centre.

The SPCCC is licensed for 105 long day care places per day and budgeted for 90 children per day. They achieved an operating surplus of \$38K in 2018-19, an unfavourable variance of \$4K compared to the budget². The result is due to the actual number of children accessing the service being less than the budgeted figure.

In recent years, the swimming centres and the SPCCC use the external systems (i.e., Links and QikKids) to record revenue and reconcile with the general ledger in Authority. The swimming centres also use the Nabooki online booking system to arrange booking and payment collection for casual patrons.

The SPCCC QikKids system links to the Centrelink system. Every Monday the Administration Officer submits the children’s attendance information to Centrelink via the CCMS/CCSS – CCSS Operation module in QikKids to receive the accurate Child Care Subsidy (CCS). This ensures that the correct gap payments are charged correctly from the families. This audit found no duplication of payments or refunds in Links and QikKids.

The audit reviewed the sales, services and revenue process and the relevant system controls and found that the control environment is **Majority Effective**.

The key elements and findings of the process are summarised in the table below:

Booking*			Payment	Attendance	Refund	Balancing	Reconciled to GL
<i>Swimming Centres</i>							
Nabooki system	NPSP website links to Nabooki	Casual patrons	Credit card (via E-Way)	Links	Patrons via E-Way	Links Tender (income) Report received to Authority Suspense Account daily	Every Monday morning both the E-Way Payments Settlement and the Links Tender Report received to Authority GL
Links system	Call, walk-in	Member patrons	Credit card (via Links) / cash (recorded in Links)	Links	Manager or Assistant Manager via Links		
Links system	Call, walk-in	Schools (centre hire)	Invoiced to schools – aged balance within 30 days	Links	Manager or Assistant Manager via Links		
<i>SPCCC</i>							
QikKids system	Waiting List Application; Enrolment Form; Finance Agreement; Parent Orientation Information Pack; Birth Certificate; Immunisation records – complaint with the CCS legislative requirements		Direct debit (90%) (via Debit Success) and credit card / cash (10%) (cash recorded in Authority) – aged balance within 30 days	QikKids	Bond refunded when child left	QikKids Credit Card/Cash Report and Debit Success Summary balanced to Authority Suspense Account every 2-3 days	QikKids Monthly Transactions Listing (income) Report journaled to Authority GL

¹ Source: Swimming Centres End of Season Report 2019-20.

² Source: Council Annual Report 2018-19.

Booking*	Payment	Attendance	Refund	Balancing	Reconciled to GL
Finding 1. Policies and procedures documentation					
Finding 3. Decision recorded of booking changes, cancellations, and occasional care	Finding 4. Out-of-date pricing in system Finding 5. Monthly cash collection	No issues found	Finding 2. Segregation of duties in refund	No issues found	No issues found

*Booking is secured after the payment is received for the Swimming Centres; and after a security deposit is received for SPCCC.

Contents

Background7

Audit objectives7

Audit scope.....7

Audit approach.....7

Risk assessment and cause analysis8

Acknowledgement8

Appendix 1 – Detailed findings and agreed action plan9

Appendix 2 – Improvement opportunities15

Appendix 3 – Documents accessed and consultation.....17

Appendix 4 – Audit types18

Appendix 5 – Controls assessment19

Appendix 6 – Risk assessment21

Background

The Council has engaged Bentleys (SA) Pty Ltd (Bentleys) to conduct an internal audit project – Sales, Services and Revenue Process in December 2020 for the facilities below:

- Payneham Memorial Swimming Centre
- Norwood Swimming Centre
- St Peters Child Care Centre & Preschool.

Audit objectives

The objective of this review was to assess the internal controls in place to manage key risks associated with sales, services and revenue processing for the three facilities. Specifically, we reviewed the controls put in place by management to mitigate the following risks:

- Compliance with legislation (where applicable i.e., Child Care Subsidy)
- Payments are not accurate or valid
- Refunds are not accurate or valid
- Duplicates payments/refunds are processed
- Adjustments are made to payment transactions after they have been processed
- Unauthorised individuals are able to process or approve payments
- Payments are not posted to the general ledger accurately
- Reconciliations between the point of sales system and the general ledger are not performed completely, accurately and on a timely basis
- Ensure fees entered into the external systems reflect the adopted fees and charges.

Governance objectives, where relevant, were considered. This included an assessment of whether governance processes were in place, including:

- Defined roles and responsibilities
- Segregation of duties
- Appropriate levels of delegated authority
- Monitoring and reporting of abnormal activity; and
- Records management and documented audit trails.

Audit Type(s) (refer to Appendix 4 for details)



Audit scope

The audit included consideration of the Council's sales, services and revenue processing internal controls, segregation of duties and delegations for the three facilities above.

Audit approach

We conducted this audit in accordance with the International Standards for the Professional Practice of Internal Auditing of the Institute of Internal Auditors. Our approach involved

- Review and understand the Council's current policies and procedures
- Consider the effectiveness and efficiency of the Council's sales, services and revenue processing for the three facilities

- Select samples to assess the level of compliance with the sales, services and revenue requirements as specified in the Council's policy and guidelines.

For the documents accessed and consultation, refer to Appendix 3 for detailed information.

Risk assessment and cause analysis

Key risks identified during the audit include:

Risks	Finding No.
Transparency of the process.	1
Knowledge handover efficiency.	1
Misinformed decision making.	1
Financial impact on budget.	1
Reputational risk.	1, 2, 4
Fraudulent activities.	2
Lack of evidence of business activities and decision making.	3
Lack of institutional accountability.	3
Inaccurate payment collection.	4
Non-compliance with the policy.	5
Safeguarding handling of cash.	5

Provided below is Bentleys' view as to the main causes giving rise to the reported items:

- Low priority to document the policies, procedures and forms as there are limited responsible officers use them daily; and
- Low turnover/change of the responsible officers.

Acknowledgement

We appreciate the assistance and cooperation received from management and staff of City of Norwood Payneham & St Peters in completing this audit.

Appendix 1 – Detailed findings and agreed action plan

Finding 1. Policies and procedures documentation	Risk Category	C,E,F
	Impact:	Minor
	Likelihood:	Possible
	Risk Rating:	Low
Finding(s)		
<p>The review found that two (2) swimming centres have no policies and procedures for the sales, services and revenue process. While the St Peters Child Care Centre & Preschool (SPCCC) has relevant documentation in place; policy review and version controls can be strengthened.</p> <p>Swimming Centres</p> <p>Swimming Centres have the swimming centres and lesson brochures. However, there are no policies and procedures for swimming centres sales, services and revenue process, especially to address the following key areas:</p> <ul style="list-style-type: none"> • Daily cash handling, including all cash needs to be receipted in the point of sales system Links • Payment and refund process • Changing booking/cancellation process. <p>The potential causes are</p> <ul style="list-style-type: none"> • Only three fulltime officers have full access to the point of sales system and handle all administrative and business-related matters, i.e., Manager Swimming Centres and two Assistant Managers. • These three fulltime officers have been working in the swimming centres for quite a long time and they are familiar with the process. <p>It was noted that they are currently recruiting an Assistant Manager to backfill the vacancy available since 6 November 2020. There are risks in efficient knowledge handover and/or transparency of the process.</p> <p>SPCCC</p> <p>SPCCC has relevant procedures, instructions and forms which reflect the current practice. However, there is no version control in place for these documents. Documentation names are listed below:</p> <ul style="list-style-type: none"> • SPCCC Cash Handling Procedure (refer to Finding 5) • SPCCC Clerical Duties • SPCCC Friday Clerical Duties QikKids • SPCCC Parent Orientation (Information Pack) • SPCCC Information Sheet. <p>Also, SPCCC has the following policies and forms in use, which are over the defined review date, including:</p> <ul style="list-style-type: none"> • SPCCC Enrolment Form (updated 22nd May 2019) – due for review 22nd May 2020 • SPCCC Fees & Accounts Policy – due for review February 2020. <p>As a result, some requirements are not consistently stated in different policies, procedures and forms. For example, booking changes, cancellations, and occasional care request/notice can be emailed to the generic spccc@npsp.sa.gov.au or by using the Notification of Change of Circumstances form according to the Parent Orientation (no version control); however, the request/notice can only be given by filling out the form according to the SPCCC Fees and Accounts Policy.</p>		
Risk		
<ul style="list-style-type: none"> • Transparency of the process • Knowledge handover efficiency • Misinformed decision making • Financial impact on budget; and • Reputational risk. 		

Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Document the swimming centres sales, services and revenue process into policies and procedures • Strengthen the review and version controls of the SPCCC policies, procedures and forms to ensure consistency and relevancy of requirements. 	<p>Manager Swimming Centre will review and create supporting documentation for procedures during the end of season in preparation for new season.</p> <p>SPCCC manager and Administration Officer will review as required during the budget process.</p>	
	Responsible Officer	Target Date
	Manager Swimming Centre	Sept 2021
	Director – Child Care Centre	July 2021

Finding 2. Segregation of duties in refund	Risk Category	E,F
	Impact:	Minor
	Likelihood:	Possible
	Risk Rating:	Low
Finding(s)		
<p>There is no segregation of duties in the refund process at the swimming centres.</p> <p>At the swimming centres, refund is processed in the point of sales Links system. Only Manager Swimming Centres and two Assistant Managers have access to the refund function. However, in the current refund process, only one officer processes the refund. There is a risk to commit fraudulent activity, i.e., taking cash out of the drawer.</p> <p>Further, the refund reasons were not recorded in the relevant sections within the Links system and therefore not reflected in the Links Refunded Transactions Details Report.</p> <p>It was noted that the total refund is \$460 for this season up to now, i.e., October to November 2020.</p>		
Risk		
<ul style="list-style-type: none"> • Fraudulent activities; and • Reputational risk. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management amend the process to:</p> <ul style="list-style-type: none"> • Require a customer signoff on refund if human resources are tight; or • Require an officer to raise the refund based on the customer's application and a second officer to approve the refund. 	<p>It is acknowledged that refund processes need review at the Swimming Centres.</p> <p>Manager Swimming Centre will incorporate this into the review procedures.</p>	
	Responsible Officer	Target Date
	Manager Swimming Centre	Sept 2021

Finding 3.	Decision recorded of booking changes, cancellations, and occasional care	Risk Category	E
		Impact:	Minor
		Likelihood:	Possible
		Risk Rating:	Low
Finding(s)			
<p>Decision of booking changes, cancellations, and occasional care is not documented in the current SPCCC practice. When families are requesting occasional care days, want to change permanent days or are cancelling an enrolment, they follow the requirements to email to spccc@npsp.sa.gov.au (majority) or by using the Notification of Change of Circumstances located on the wall in front of the main door entrance. These requests are managed by the Director. Normally, once a request is received, the Director informs the Administration Officer to update the QikKids booking information per request. The relevant emails or forms are saved in the Objective ECM record management system. However, the decision of Approval is not documented or retained.</p> <p>This minor weakness in record management may cause the risks of lack of evidence if any dispute. For an improvement opportunity, please refer to page 17.</p>			
Risk			
<ul style="list-style-type: none"> • Lack of evidence of business activities and decision making; and • Lack of institutional accountability. 			
Recommendation		Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Document and provide the decision of booking changes, cancellations, and occasional care, via replying emails (or signing off on the forms); and • Retain the emails (forms) with decisions into Objective ECM. 		<p>Relevant staff at the Child Care Centre acknowledge the failure to record all decisions into Objective. This process will be reviewed and corrected.</p>	
		Responsible Officer	Target Date
		Director – Child Care Centre	Feb 2021

Finding 4. Out-of-date pricing in system		Risk Category	E,F
		Impact:	Minor
		Likelihood:	Unlikely
		Risk Rating:	Low
Finding(s)			
<p>Review of the pricing list in the SPCCC QikKids system found an out-of-date fee \$95, which is lower than the current fee \$101. Although it is not used, there is a risk that it can be chosen by mistake.</p> <p>The out-of-date fee \$95 is defined as “Fee: Primary” in QikKids with an effective date recorded as 11/7/2016. The current fee \$101 is defined as “Fee: Daily”, “Fee: Daily Casual Fee” and “Fee: Casual” in QikKids (consistent with the fee structure) with an effective date recorded as 1/7/2019. Discussion with the Administration Officer found that the \$95 might be the fee when the system was introduced in 2016.</p> <p>Further, the out-of-date fee \$95 is on the SPCCC Information Sheet published on the Council’s website. This could mislead the families who are interested in pursuing the services from SPCCC.</p>			
Risk			
<ul style="list-style-type: none"> • Inaccurate payment collection; and • Reputational risk. 			
Recommendation	Management Response and Agreed Action Plan		
<p>We recommend management:</p> <ul style="list-style-type: none"> • Remove the out-of-date fee from the SPCCC QikKids system; and • Update the SPCCC Information Sheet published on the Council’s website to reflect the current and accurate fee. 	Acknowledged and has been rectified.		
	Responsible Officer	Target Date	
	Director – Child Care Centre	Done	

Finding 5. Monthly cash collection	Risk Category	E
	Impact:	Minor
	Likelihood:	Unlikely
	Risk Rating:	Low
Finding(s)		
<p>One exception of the monthly cash collection by Cash Services Security was found in 2020 (up to the time of the audit visit on 15 December 2020). Except for this occasion in November 2020, the cash payment is handled according to the SPCCC Cash Handling Procedure (the procedure).</p> <p>Families pay the fees to SPCCC via direct debit (90%) and credit card/cash (10%). The monthly cash payment received is between \$300 and \$800 from January to November 2020. All cash is kept in the safe and is collected by Cash Services Security on the last Friday of the month except for November 2020.</p> <p>The reason for this occurrence is that the procedure is not clear about the primary and backup responsibilities for monthly cash collection.</p> <p>The deemed backup responsible officer, i.e., Assistant Director, was not informed about the cash collection when the deemed primary responsible Administration Officer was on leave on the last Friday of the month, i.e., 27 November 2020. She prepared the monthly cash deposits of \$262 on Thursday 26 November 2020 and informed the Director about the monthly cash collection in the following day. However, the Director was also on leave and forgot to inform the Assistant Director.</p> <p>The SPCCC has decided to wait to the last Friday of December 2020 to collect all cash. Between 26 November 2020 and 15 December 2020, there is \$250 cash received. In total, there is \$512 cash left in the safe on 15 December 2020. Although the SPCCC receives cash weekly and the sum is not material, deposits should be made in a timely manner, with as little cash as possible being kept in after business hours.</p>		
Risk		
<ul style="list-style-type: none"> • Non-compliance with the policy; and • Safeguarding handling of cash. 		
Recommendation	Management Response and Agreed Action Plan	
<p>We recommend management:</p> <ul style="list-style-type: none"> • Update the SPCCC Cash Handling Procedure to clearly define the primary and backup responsibilities for monthly cash collection • Communicate the updated procedure requirements to the relevant stakeholders; and • Ensure the updated procedure is implemented. 	Staff discussed the oversight and have discussed the hand over procedure to improve the communication around cash in the safe.	
	Responsible Officer	Target Date
	Director – Child Care Centre	Done

Appendix 2 – Improvement opportunities

1. Record keeping of individual credit card payment receipts

Observation(s)

It was observed that individual credit card payment receipts (and rarely EFTPOS receipts) were retained and attached to the daily summarised Till Balance. And then they were provided to Finance for processing.

The reason for current practice was

- There are two EFTPOS machines in use
- It helps identify individual transactions related to which EFTPOS machine.

Discussion with both the Financial Services Manager and the Manager Swimming Centres found out that

- It is not necessary to retain the individual credit card payment receipts to serve the purpose of journal entry
- EFTPOS machines can produce a daily summary to include individual payment receipts if variation between sales records and credit card payment received.

Opportunity(ies)

We recommend management remove the record keeping of individual credit card payment receipts.

Management Response

Noted. This will be considered and adapted across all council facilities where possible.

Responsible Officer

N/A

Target Date

N/A

2. Trend analysis of booking cancellations

Observation(s)

We understand that the purpose of the SPCCC is to serve the community instead of pursuing profit. However, according to the Council Annual Report 2018-19, the SPCCC had less children accessing the services than the budgeted figure.

It was observed that relevant booking changes and cancellations records (i.e., emails or forms) are saved in the Objective ECM record management system.

An improvement opportunity would be the ability to analyse trends in cancellations (and changes where relevant) to identify where to improve/change the SPCCC value proposition.

Opportunity(ies)

We recommend management consider analysing trends in booking cancellations and changes where relevant.

Management Response

Noted. With the running of a small one off centre the key management staff are aware of the reasons behind cancellations and other booking adjustments.

Responsible Officer

N/A

Target Date

N/A

Appendix 3 – Documents accessed and consultation

Documents provided by the City of Norwood Payneham & St Peters and accessed include:








- NPSP Cash Handling Policy
- NPSP Expenditure Policy
- SPCCC Cash Handling Procedure
- SPCCC Clerical Duties
- SPCCC Friday Clerical Duties QikKids
- SPCCC Parent Orientation (Information Pack)
- SPCCC Information Sheet
- SPCCC Enrolment Form (updated 22 May 2019)
- SPCCC Fees & Accounts Policy and Finance Agreement Form
- SPCCC Monthly Journal Procedure
- Swimming Centres and Lessons brochures
- Swimming Centres weekly receipting process walkthrough settlement date 4 December 2020
- SPCCC Waiting List Application form
- SPCCC Aged Balances Debtor Listing
- SPCCC Account overdue steps 1 & 2
- SPCCC Cash payment for December 2020
- SPCCC Balancing Summary dated 14 December 2020
- SPCCC Journal process for November 2020
- SPCCC exit process sampling test documents, including the following
 - Exit Checklist
 - Enrolment Form
 - Birth Certificate
 - Immunisation Record
 - Bond Refund

We would like to extend our appreciation to the following individuals who participated in, and provided information during this internal audit review.

- Andrew Alderson, Financial Services Manager, Corporate Services
- Jake Boerema, Manager Swimming Centres
- Karen Oleinikoff, Administration Officer at St Peters Child Care Centre & Preschool (SPCCC)
- Alice Parsons, Director SPCCC

Appendix 4 – Audit types

The following are main internal audit services provided by Bentleys:

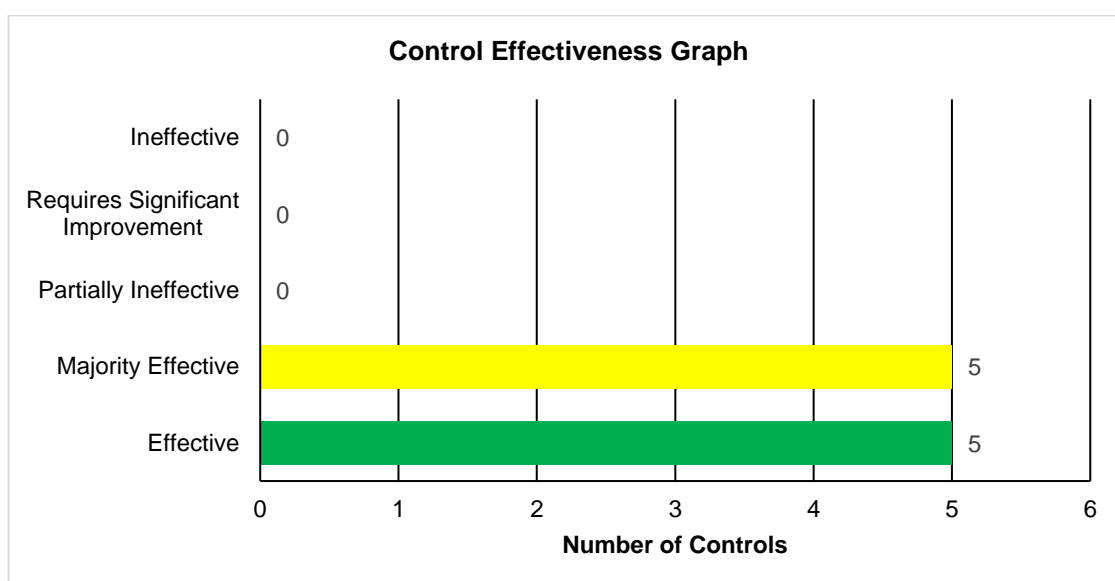
Audit Types						
Compliance	Governance	Strategic	Performance / Operational	Transactional	Financial	Investigation
						

Appendix 5 – Controls assessment

The control effectiveness assessment below is an indicator of the current state of the control environment within business operations and its ability to mitigate against the risk exposures.

Overall Controls Assessment ⁽¹⁾				
Effective	Majority Effective	Partially Ineffective	Requires Significant Improvement	Ineffective

(1) Limited to audit scope and based on test results.



Key controls identified during the audit include:

No.	Control name	Control effectiveness
1	Policy compliance	Majority Effective
2	Child Care Subsidy legislation compliance	Effective
3	Delegation and authorisation	Effective
4	Segregation of duties	Majority Effective
5	Staff training and awareness	Effective
6	Booking and enrolment management	Majority Effective
7	Payment management	Majority Effective
8	Refund management	Majority Effective
9	Bond management	Effective
10	Revenue recognition and reporting	Effective

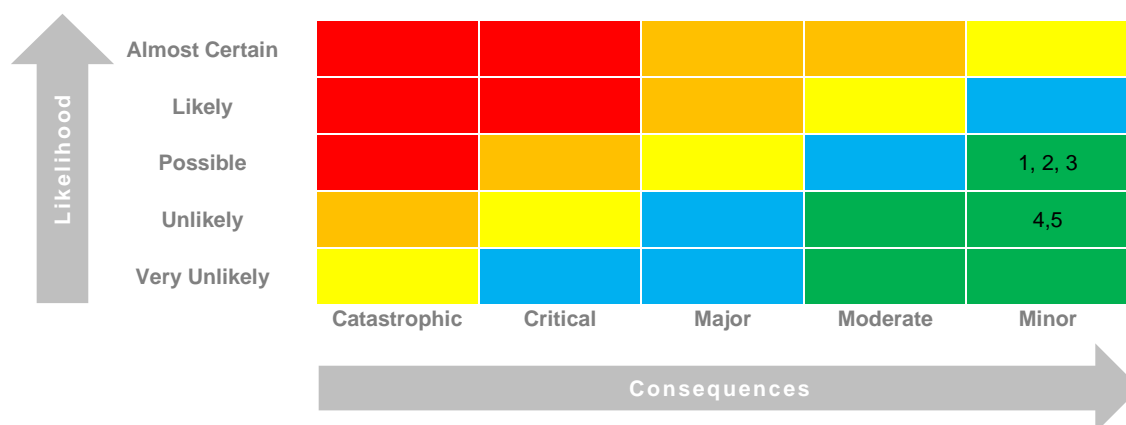
Control assessment table

Given the Council does not have its control effective ratings in the risk management policy, we will adopt the definitions of control effectiveness ratings from the Better Practice Model – Internal Financial Control developed by the South Australian Local Government Financial Management Group Inc (SALGFMG). Details are as follows:

Control / Mitigating Factor	Description
Effective	Nothing more to be done except review and monitor existing control. Control is well designed for the risk, addresses the root causes and management believes that they are effective and reliable at all times (no audit findings for the control).
Majority Effective	The control design is correct and is in place and effective. Some more work is to be done to improve operating effectiveness or management has doubts about operational effectiveness and reliability (minor audit findings relating to the control).
Partially Ineffective	While the design of the control may be largely correct in that it will treat most of the root causes of the risk, it is not currently very effective. Or part of the control does not seem correctly designed in that it does not treat root causes and/or the part that is correctly designed is not operating effectively.
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.
Ineffective	Virtually no credible control or significant control gaps where either control does not treat the root causes or it does not operate effectively at all. Management has no confidence that any degree of control is being achieved due to poor control design and/or very limited operational effectiveness.

Appendix 6 – Risk assessment

Provided below is an audit assessment of the residual risk based on the Council's risk framework in respect of the process reviewed, having regard to the issues identified by the audit.



The following framework for risk ratings was developed by Council to prioritise findings according to their relative significance depending on their impact to the process.

LIKELIHOOD	CONSEQUENCES				
	Catastrophic	Critical	Major	Moderate	Minor
Almost Certain	Extreme 1	Extreme 4	High 8	High 10	Substantial 15
Likely	Extreme 2	Extreme 5	High 9	Substantial 14	Medium 20
Possible	Extreme 3	High 7	Substantial 13	Medium 19	Low 23
Unlikely	High 6	Substantial 12	Medium 17	Low 21	Low 24
Very Unlikely	Substantial 11	Medium 16	Medium 18	Low 22	Low 25

Measures of corporate risk likelihood

The likelihood of a risk eventuating must be identified in the context of existing controls using the following as a reference:

LIKELIHOOD RATING	INDICATIVE FREQUENCY VALUES	DESCRIPTION
Almost Certain	< 1 in 10	This risk is expected to occur during this task / activity / project as there is a history of regular occurrence.
Likely	1 in 10 - 100	There is a strong possibility the event will occur as there is a history of frequent occurrence during similar Council tasks / activities / projects.
Possible	1 in 100 - 1000	The risk might occur at some time as there is a history of casual occurrence during similar Council tasks / activities / projects.
Unlikely	1 in 1000 - 10000	Hasn't happened yet, but there's a slight possibility it may occur at some time during the task / activity / project.
Very Unlikely	> 1 in 10000	Highly unlikely, but it may occur in exceptional circumstances. It is conceivable, but probably never will occur.

Measures of corporate risk consequence or impact

Where a risk has implications across a number of areas of impact, the highest rating should be used to determine the overall level of risk. However, each identified risk should be assessed from a mitigation/action.

Risk Category/ Consequence	Work Health & Safety	Organisational / Human Factors	Service Interruption	Legal / Regulatory	Financial	Reputational / Social / Environmental
	(A)	(B)	(C)	(D)	(E)	(F)
Catastrophic	Death, permanent disability or multiple serious personal injuries (FATALITY).	Unexpected loss of a number of key senior management.	Total loss of service provision capability for extended period – greater than 2 days.	Significant Legal exposure or major regulatory or internal policy failure.	>35% of budget.	Major environment, conservation, reputation or community impact. long term rehabilitation required – greater than 12 months.
Critical	Serious personal injuries (SPI) requiring immediate medical aid / hospitalisation. Long term rehabilitation required.	Unexpected/unplanned loss of a significant number of staff.	Significant impairment of service provision – between 1 and 2 days.	Significant Legal exposure or regulatory or internal policy failure.	25%-35% of budget.	Long-term issue with major environment, conservation, reputation or community impact – greater than 6 months but less 12 months.
Major	Minor Personal injury (MPI) resulting in loss of shift / requiring immediate medical review (i.e. Ambulance called or taken to see GP).	Unexpected/unplanned loss of several key staff from a single area.	Significant impairment of service provision – up to 24 hours.	Major Legal, regulatory or internal policy failure.	15%-24% of budget.	Medium-term issue with major environment, conservation, reputation or community impact – greater than three months but less than 6 months.
Moderate	Injury or ailments requiring Follow-up medical assistance (i.e. attend medical appointment(s) - Medical Treatment Injury (MTI).	Unexpected/unplanned loss of a key staff member.	Limited disruption to service provision capability requiring altered operational arrangements for a short period – between 4 and 8 hours.	Minor Legal, regulatory or internal policy failure. Findings or penalty.	5%-14% of budget.	Environment, conservation, reputation or community incident requiring City intervention – greater than one month but less than three months.
Minor	Minor injury or ailment requiring onsite first aid (First Aid Injury (FAI) - No loss of time).	Unexpected/unplanned loss of a staff member.	Minor Interruption to service provision capability – less than 4 hours.	Legal, regulatory or internal policy failure with minimal consequence on operations or licencing.	<5% of budget.	Minor Short-term environment, conservation, reputation or community issue – less than one month.

7. CONFIDENTIAL REPORTS
Nil

8. OTHER BUSINESS
(Of an urgent nature only)

9. NEXT MEETING
Monday 24 May 2021

10. CLOSURE