



CITY OF

WHYALLA

'Whyalla, Where the Outback Meets the Sea'

MEMBERSHIP

Mayor C McLaughlin
Cr S Stuppos
Mr P Klobucar

Cr D Knox
Mr A Rushbrook

NOTICE OF AUDIT COMMITTEE MEETING

TO HER WORSHIP THE MAYOR & MEMBERS OF COUNCIL

NOTICE is hereby given pursuant to Section 126 of the Local Government Act that the Audit Committee Meeting will be held in the Council Chamber, Darling Terrace, Whyalla on Monday 1 February 2021 at 11.00 am.

The business of the meeting is:

- 2021-22 Annual Business Plan & Budget Process and Parameters
- Budget Review 2020-21 Quarter 2
- Corporate Reporting
- Quarterly Procurement Report
- Prudential Management Policy
- Audit Committee Work Plan

A copy of the Agenda for the above meeting is supplied as required.

JUSTIN COMMONS
CHIEF EXECUTIVE OFFICER

Dated: 28 January 2021

AGENDA

AUDIT COMMITTEE MEETING – MONDAY 1 FEBRUARY 2021

1. ATTENDANCE RECORD

Apologies – Nil

Leave of Absence – Nil

2. DECLARATION OF MEMBERS' CONFLICT OF INTERESTS

3. MINUTES OF PREVIOUS MEETING

3.1 *Confirmation of the Minutes of the Audit Committee Meeting held on Wednesday 30 September 2020*

Recommendation

That the Minutes of the Audit Committee Meeting held on Wednesday 30 September 2020, as per copies supplied to Members, be adopted as a true and correct record to that meeting.

4. DEPUTATIONS / PRESENTATIONS – Nil

5. REPORTS – COUNCIL OFFICERS

5.1 Corporate – Ordinary Reports

5.1.1	<i>2021-22 Annual Business Plan & Budget Process and Parameters</i>	<i>Page 3</i>
5.1.2	<i>Budget Review 2020-21 – Quarter 2</i>	<i>Page 18</i>
5.1.3	<i>Corporate Reporting</i>	<i>Page 31</i>
5.1.4	<i>Quarterly Procurement Report</i>	<i>Page 67</i>
5.1.5	<i>Prudential Management Policy</i>	<i>Page 72</i>
5.1.6	<i>Audit Committee Work Plan</i>	<i>Page 88</i>

6. CONSIDERATION OF CONFIDENTIAL ITEMS – Nil

7. CLOSURE

8. DATE OF NEXT MEETING – Wednesday 7 April 2021 at 11:00am.

5.1 CORPORATE

5.1.1 2021-22 Annual Business Plan & Budget Process and Parameters

Audit Committee Meeting: 1 February 2021
Author's Title: Business Performance Manager **File No.:** 0-216
Director: Corporate

Annexures

Annexure A – City of Whyalla – 2021/22 Annual Business Plan and Budget Process and Timeline
 Annexure B – Environmental Scan

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
 Section 120*

Status:

*Information classified confidential under
 Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

Reason – Nil

PURPOSE

To inform the Audit Committee of the process and parameters that Council have endorsed for the development of the the 2021-22 Annual Business Plan & Budget.

SUMMARY

The Annual Business Plan and Budget is a key document that outlines how Council will deliver on its strategic direction and operational requirements for the coming year. The budget is not developed in isolation, but instead should bring together information from a number of relevant sources to ensure that Council allocates its limited resources in the most effective and efficient manner.

RECOMMENDATION

That the Audit Committee:

1. notes the process and parameters for the development of the 2021-22 Annual Business Plan and Budget, as endorsed by Council; and
2. resolves to hold an additional meeting of the Audit Committee on 7 April 2021 to review the Draft 2021-22 Annual Business Plan and Budget.

5.1.1 2021-22 Annual Business Plan & Budget Process and Parameters

REPORT

BACKGROUND

The process and timeline for the development of the 2021-22 Annual Business Plan and Budget (ABP&B) was presented to Council at the meeting held 14 December 2020.

To ensure that the budget is developed in a manner consistent with Council's priorities and needs, the first step involved agreeing on a set of underlying parameters. A workshop was held with Council on 11 January 2021 to provide information on how these parameters were developed. Council then endorsed the parameters at the meeting held 18 January 2021.

DISCUSSION

Timeline

Adopting an approach and timeline for the development of Council's 2021/22 ABP&B is an important step in ensuring adequate deliberation by both Council and the community in setting priorities and associated budgets for the 2021/22 year.

The timeline attached at **Annexure "A"**, provides an approach for the development of the 2021/22 ABP&B that integrates strategic and financial considerations, facilitates community engagement, and meets legislative requirements.

In summary, the approach includes:

1. Council setting a framework for the development of the 2021/22 ABP&B to ensure a balance is achieved between the provision of services to the community and the long term financial sustainability of the Council. The framework includes a series of parameters as identified later in this report.
2. Consideration of various assumptions to be made in the preparation of the draft 2021/22 ABP&B as well as other external and internal influences / trends (also identified later in this report).
3. The annual business planning and budget process being informed by the 2021-2030 suite of Strategic Management Plans and as part of this process, testing and providing for any amendments to the Plans to reflect any key external trends.
4. Adequate time / opportunity for internal input by staff, Council's Audit Committee and Elected Members.
5. Adequate time to inform and consult with the community.
6. Concurrent review of Council's LTFP with adoption of the reviewed LTFP immediately after adoption of the 2021/22 ABP&B.
7. The necessary steps to ensure compliance with legislative requirements.

To meet the above approach, the timeline outlined at **Annexure "A"** shows four key steps in the 2021/22 ABP&B process:

- 1) **PREPARATION** – reviewing strategic directions, consideration of any new initiatives.
- 2) **PLANNING AND BUDGETING** – preparing the Draft Annual Business Plan and Budget.

- 3) **CONSULT** – the timeline proposes holding a community information session as well as opportunity for both written and verbal submissions.
- 4) **ADOPT** – Council endorsing the final 2021/22 ABP&B at the June 2021 Council meeting and immediately thereafter, adopting the revised LTFP.

The recommended timeline aims to ensure adequate time for Council to prepare, discuss and consult on the 2021/22 ABP&B through a combination of forums: Audit Committee, Informal Gatherings and Ordinary Council meetings.

Parameters

The ABP&B is a key document that outlines how Council will deliver on its strategic direction and operational requirements for the coming year. The budget is not developed in isolation, but instead should bring together information from a number of relevant sources to ensure that Council allocates its resources in the most effective and efficient manner.

Some of the key areas that were considered in the development of the ABP&B parameters are discussed further below.

Strategic Management Plans

The ABP&B should be viewed as a one year “slice” of Council’s overall delivery of its strategic direction. For this reason, the ABP&B is developed to be consistent with Council’s Strategic Plan, Asset Management Strategy and Long Term Financial Plan (LTFP). In line with the review of the ABP&B, all LTFP projections will also be updated and presented to Council, to ensure that this consistency remains in place.

Annual Community Survey

Council undertook a Community Survey for the first time in 2020 that sought high level feedback on how Council is performing against the delivery of its strategic objectives. This information will become more informative in the future, once multiple years of data have been collected allowing trends to be identified. However, even this base data is useful in identifying areas that need attention, or perhaps need to be investigated in more detail with the community. This data will be used in the development of the ABP&B over the ensuing months.

External Environment

A detailed scan of the external environment was undertaken, to identify threats and opportunities that Council need to be aware of. The areas of focus were:

- Political
- Economic
- Social
- Technology
- Legal
- Environment
- Relationships

Internal Environment

A detailed scan of the internal environment was undertaken, to identify strengths and weaknesses that Council need to be aware of. The areas of focus were:

- Financial sustainability
- Asset reliability & sustainability
- Service provision
- Workforce
- Organisational effectiveness
- Legacy issues
- Organisational performance

The results of the external and internal environmental scans are included as **Annexure B**. It is envisioned that this will be a live document that assists with the development of the current and future ABP&Bs.

Assumptions

Council's LTFP is built on a number of assumptions, which then flow into the development of the ABP&B. These assumptions need to be tested on an annual basis to ensure they are still appropriate and to update based on the most recent information available. The key assumptions include:

- Service Levels
- Rate Increase
- Wage Increase
- Consumer Price Index
- Interest Rates
- Capital Costs
- Ongoing Savings
- Other Income

After taking all of these considerations into account, the following parameters were adopted by Council to form the basis for the development of the 2021-22 ABP&B:

- Support the achievement of the City of Whyalla's Strategic Direction.
- Address issues arising, and opportunities identified, from organisational effectiveness assessments/reviews.
- Maintain, on average, a break-even or better operating and cash position over the Long-Term Financial Plan (LTFP).
- Continue to improve the maintenance of assets in accordance with Council's Asset Management Strategy, with a priority on maintenance to ensure assets reach end of life, and 100% funding of renewal at end of life unless a service level change has been specified.
- Review existing services and assets to ensure they meet prioritised community needs.
- Council only approve New/Upgrade Capital Projects where it has the identified funding capacity to do so.
- Maintain predictability and stability in rating increases, in line with the LTFP.

Administration will use these parameters to undertake work on developing the draft budget in preparation for workshops to be undertaken with Council during March and April.

Financial Implications

The financial implications of the draft budget on Council's long term financial sustainability will be discussed in depth throughout the budget process and presented to Council at the time of commencing public consultation and again at adoption.

The draft budget will initially be developed based on a rate increase of 3.6%, made up of projected CPI of 1.5% and an additional increase of 2.1%, as required by Council's Long Term Financial Plan. This figure may change during the budget process as actual CPI becomes known and other assumptions are updated.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

Council will prepare and consult on the draft 2021-22 ABP&B in accordance with the following:

- Local Government Act 1999;
- Local Government (Financial Management) Regulations 2011; and
- Council's Public Consultation Policy.

Officer Direct or Indirect Interest - Nil

Risk Assessment

Ensuring that the ABP&B is developed within a mutually agreed framework from the very beginning reduces the risk to Council, as it allows more time within the process to have detailed discussion around strategic priorities.

Social Considerations – Not applicable

Community Engagement

Council will conduct consultation on its draft 2021-22 ABP&B in accordance with Section 123 of the Local Government Act.

The public consultation period is proposed to start on Thursday 22 April 2021 and end on Friday 14 May 2021. This will be communicated via Council's website, Facebook and a public notice in the local newspaper.

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

To ensure that the ABP&B is developed in a manner consistent with Council's priorities and needs, the first step involved agreeing on a set of underlying parameters.

The key areas considered in developing these parameters include Council's Strategic Management Plans, the results of the recent Annual Community Survey, a comprehensive scan of Council's external & internal environments and the underlying assumptions.

ANNEXURE “A”**CITY OF WHYALLA – 2021/22 ANNUAL BUSINESS PLAN and BUDGET PROCESS**

	Timeline	Element	Date if set
Preparation	December / January	Management to commence 2021-22 ABPandB preparation	
	January / February	Preparation workshops: <ul style="list-style-type: none"> • set ABPandB parameters • reviewing internal / external influences • reviewing Strategic Plan and asset / infrastructure information • set assumptions on which to prepare ABPandB • consideration of service / project initiatives • consideration of annual priorities 	11 January 2021 8 February 2021
Planning and Budgeting	March / April	Budget workshops: <ul style="list-style-type: none"> • capital program • operating budget • rating policy 	1 March 2021 22 March 2021 6 April 2021
		Special Audit Committee Meeting to review draft 2021-22 ABPandB	7 April 2021
Consult	April/May	Community consultation <ul style="list-style-type: none"> • Council endorses draft 2021-22 ABPandB for consultation • Consultation commences • Public information evening • Consultation closes • Council Meeting to consider written and verbal submissions 	19 April 2021 22 April 2021 5 May 2021 14 May 2021 17 May 2021
		Final ABPandB workshop, including consideration of community feedback	24 May 2021
Adopt	June	Council adoption of 2021/22 Annual Business Plan and Budget Council adoption of reviewed Long Term Financial Plan	21 June 2021

- Wage Increase

ANNEXURE “B”

WHYALLA CITY COUNCIL ENVIRONMENTAL SCAN – 2021/22 ANNUAL BUSINESS PLAN AND BUDGET

EXTERNAL ENVIRONMENT

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
Political (led by Government/ Policy or Council)	Federal level Economic Stimulus funding	Federal funding received to date has been contingent on Council bringing forward proposed capital works into the current financial period and outsourcing to external contractors. Under the Local Roads and Community Infrastructure Program the City of Whyalla will receive an additional funding allocation of \$881,000. This funding will be available from 1 January 2021, with the program being extended until the end of 2021.	✓			A report to be presented to Council on 18 January seeking endorsement of recommendations to put forward for Federal Funding applications.
	State Level Economic Stimulus funding	On 1/11, the State Government announced the Local Government Infrastructure Partnership Program. This funding, on a 50:50 model, by the State is intended to fund community infrastructure and upgrade of existing facilities. New roads, stormwater infrastructure, investment in energy projects, park infrastructure and walking and cycling trails will also attract funding from the Partnership program.	✓			A report going to General Council on 18 January seeking endorsement of recommendations to put forward for State Funding. This relates to funding for the Northern Coastline Masterplan projects.
	Other funding opportunities	Cost of transporting recyclables Stormwater Management Authority	✓	✓	✓	Funding made available by State Government to assist regional Council's with increasing costs. Now that Council have met the requirements related to our Stormwater Management Plan, funding can be sought for future Stormwater projects.
	Draft Planning and design code	Discussions with the new Minister for Planning will progress regarding the impacts to Council and its practical suggestions for improvements to the Planning and Design Code prior to its implementation.	✓	✓	✓	
	Federal election	To be held in or before May 2022. Some conjecture already of an early election which could be in August 2021	✓			Council to consider lobbying objectives.
	Productivity Commission Report	Report delivered to State Government and included a number of recommendations for changes in the sector	✓			
	Keeping rates low & long term financial sustainability	Council adopted a 2.4% rate increase position in 2020/21. Balancing the expectations of keeping rates low against increasing service delivery and infrastructure and unavoidable cost increases. In addition consideration of the compounding impact on Council's LTFP and long term financial sustainability. Across the industry, rate increases are at historic lows compared to the last 15 years and yet pressure for even lower increases seems greater than ever.	✓			Council will be presented with modelling options as part of the annual planning and budgeting process. Need to frame rate increases against the historic view point.
	Statutes Amendment (Local Government Review) Bill 2020	In September 2020 the State Government made over 120 changes to the bill. Further progress will be known once this bill reaches Parliament. There are likely to be an increase in the number of audits carried out and the costs of these will be passed on to councils.	✓			If the bill passes as is, Council will need to move to using capital values for rating purposes.

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
	Federal Funding	Supplementary Local Roads funding for South Australia is only funded for 1 or 2 years at a time Financial Assistance Grants for Whyalla have been dropping in real terms for over 10 years.	✓	✓	✓	Need to advocate for a fairer share of Federal Funding.
	Libraries	Funding agreement for the state's public library network between the LGA and State Government expires in June 2021. Negotiations will commence in 2021.	✓			
Economic	National / State Economy including COVID 19 impacts	Building stimulus measures introduced by the State Government have seen significant building activity. Following the largest contract in decades, the global economy is in the early stages of recovery, as is Australia. However, the level of GDP in several major economies is expected to remain below pre-pandemic forecasts for the next couple of years, and a high degree of uncertainty continues to surround the outlook. The main source of uncertainty relates to the evolution of the pandemic, and the policy and behavioural responses to it.	✓	✓		
	Regional Economy including COVID 19 impacts	Eyre Peninsula and Upper Spencer Gulf Population forecasts Regional capacity – collectively and of individual councils Tourism/visitation at higher levels as people seek to undertake more local travel	✓	✓	✓	Business attraction and broader economic development of the Region Potential for Shared Services model – with City of Whyalla (City of the North) central to the delivery of those services. Seek to attract a higher portion of the tourist dollar for the region. The Northern Coastline projects will assist with this
	City Economy including COVID 19 impacts	Population forecast / population growth Economic Outlook – employment, business, retail	✓	✓	✓	A request for proposal will be issued late January for the development of an Economic Development Strategy and Plan. The Strategy and Plan will / may include: <ul style="list-style-type: none"> - Strategies to support and then leverage from major developments in the City associated with the steelworks and talks of the hydrogen plant at Pt Bonython - Small business mentoring - Funding to support peer to peer support Council is continuing to look at and consider achievable urban activation opportunities for the City
	Hydrogen Plan / Pt Bonython		✓	✓		

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
	Foreshore Master Planning Process	Consultation to begin in early 2021. Opportunity to fit in with other development opportunities.	✓	✓		
	Foreshore Hotel	Concept plan developed. Development scope outside Council's approval area.	✓			
	University, schools, education	New High School opening 2022 Is there scope to build improved connection between this new facility and Uni/TAFE?	✓			
	Infrastructure	Does the City's infrastructure support economic development? How can Council take maximum advantage of Gig City?	✓			
Social	Public health Demographics Ageing population	Chronic disease & mental health & [insert summary of health considerations including mental and behavioral indicators. A third of the State's population will be aged 65+ by 2031 As at 2016, 17% of Council's population was 65+ and a further 20% was 50 to 64 Indigenous population and specific considerations Physical activity, obesity etc etc Socio economic considerations; youth; ageing	✓	✓		Maximise connectivity in and around the City (to address physical activity; isolation and disadvantage; poor health outcomes; access to education, training and employment; access to open space with walking distance of homes and businesses; access to arts and culture and public safety factoring in shade and seating for future population demographics that encourage walkability of our City.
	COVID-19 recovery and changes in social interaction frameworks Social isolation Active citizenship	Continued vigilance around adhering to SA Health protocol, ensuring that our systems and processes can continue to function should there be any further restrictions. Risks of further outbreaks and lock down measures. Until a vaccine is developed there are continued community outbreak risks. According to current advice, rollout of the vaccine will commence in February. Is / has social isolation been on the rise due to Covid increasing feelings of vulnerability and residents not leaving their homes. Will this continue. Less face to face (regardless of social media) is causing stress and anxiety More social media doesn't necessarily mean less social isolation. Research is showing more social media is creating a demand for more diversity	✓	✓		An internal 'Incident Management Team' has been formed to monitor any advice from SA Health and respond accordingly Council's strategies need to be focused on reconnecting, recharging and rebooting social frameworks as well as economic frameworks. Active citizenship. This is on the rise. How do we engage across our differences? What strategies will support the community regaining confidence, to reset and thrive What tangible and sensory experiences will be highly demanded, and how do we blend virtual and physical experiences Are we looking seriously at diversity
	Changing community demographics, needs and expectations	As needs in our community change there will be a need to continue to balance asset priorities with what the community is prepared to pay for.	✓	✓		Continued monitoring.

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
	Post COVID-19 workforce	Corporate leaders globally are setting new expectations for how and where work gets done, remote work could become a way to lower real estate costs and compete for talent. (McKinsey & Co 2020). For Whyalla, it could become a way to attract talent.	✓			What hard earned lessons from Covid over the last 12 months do we want to endure into the future
	Volunteering landscape trends	The nature of volunteering and volunteer roles is changing, whilst there is still the need and desire for traditional volunteer roles primarily filled by retirees, there is a growing demand for roles which are flexible, short term, project based and can provide pathways to employment.	✓	✓		
	Mortgage Stress	1 in 10 Australians experiencing difficulties paying off mortgages. (ABS October 2020)	✓			Proactive use of the Financial Hardship Policy
	Mental Health	The Federal Government released the Productivity Commission report into mental health on 16 November 2020. The data used for this report is from 2017, therefore does not include potential COVID-19 related implications. Federal Government, recognising COVID-19 impacts on mental health have announced further investment in mental health including a Covid19 mental health campaign - 'How's Your Head Today?'	✓			
Technological	Digital Literacy	During COVID-19 there was a greater need to help and support community members to upskill. To remain socially connected there was an uptake of people building their digital skill set to become more and engaged with family, friends and service providers.	✓	✓		Leveraging library resources to deliver improvements
	Cyber security	The Australian Government will strengthen the protection of Australians, businesses and critical infrastructure from the most sophisticated threats. State and territory and local governments have a role in protecting their systems from cyber-attacks. (Australian Cybersecurity Strategy 2020).	✓	✓		Council to keep abreast of obligations and any regulatory reforms around cyber security. Continue regular testing on a regular basis.
	Smart technologies	Further opportunities to continue to utilise smart technologies- devices and sensors to manage and monitor all critical business systems including environmental, safety, lights and assets. Smart technologies also have application to community and business initiatives, contributing to community wellbeing.	✓	✓		Further research is required into automated technology and solutions for assets and streetscapes. Smart technology can help with asset management into the future. Smart technology relates to both community / economic development as well as internal organisational developments. Investigate return on investment for new technology, potential than some may be low cost with short pay back period.
Legal	Royal Commission of the Ageing	Outcomes from this are likely to have an impact and the criteria to receive grant funding moving forward is expected to be more rigorous.	✓	✓		
	Local Government Reform	In September 2020 the State Government made over 120 changes to the bill. Further progress will be known once this bill reaches Parliament. There are likely to be an increase in the number of audits carried out and the costs of these will be passed on to councils.	✓			
	Royal Life Saving Australia	New national guidelines for all public pools to improve safety and reduce drownings. New required adult supervision ratios are in place.	✓	✓		Monitor for possible impacts to YMCA contract

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
	Home Affairs / CASA	New airport screening requirements currently being implemented	✓	✓		Federal funding received for the implementation of new Whyalla airport screening requirements
Environmental	Veolia Materials Recovery Facility	The MRF will be important in building a foundation for the circular economy so that recyclables can be re-processed and manufactured locally.	✓	✓	✓	
	Mount Laura Landfill Site	Continued management of the site in line with EPA requirements is a key focus for Council over the coming years	✓	✓	✓	Ensuring appropriate lease and license arrangements are in place with Peats and Veolia to ensure the continued management of risk in line with EPA requirements
	Cuttlefish Sanctuary	Pt Lowly Cuttlefish. Protection.	✓	✓	✓	Continue to lobby the protection of cuttlefish in the Pt Lowly area Develop sustainable tourism
	Climate risk	Councils that fail to mitigate, measure, manage and disclose climate risks in their governance and decision-making will expose themselves to legal liabilities, including potentially breaching fiduciary duties. With climate risks now occupying the minds of mainstream investors, those not addressing climate risks will increasingly struggle to access affordable finance and insurance. A current gap is understanding Council's Asset risk exposure to climate hazards. Every asset is designed to withstand a climate threshold as climate risk increases those thresholds will be exceeded. Risks could be nonlinear as damage changes from minimal to critical (McKinsey & Co 2020). Of ASX Top 100 companies, 78% are acknowledging climate change as a financial risk (KPMG Towards Net Zero: International and Australian Climate Risk Report 2020).	✓	✓	✓	Better understanding climate risk and the impact on asset management needs to inform asset management decisions in relation to maintenance, renewal and upgrade.
	US Election outcomes	Democrats proposing to re-sign the Paris agreement within 77 days of being elected which has a flow on influence to Australia and Governments.	✓			
	Electric car user charge	The State Government is proposing new legislation to impose a user charges for electric car users. Labor intends to vote it down.	✓			
	Climate outlook	Observations, reconstructions and climate modelling paint a consistent picture of ongoing, long- term climate change interacting with underlying natural variability. Associated changes in weather and climate extremes—such as extreme heat, heavy rainfall and coastal inundation, fire weather and drought—have a large impact on the health and wellbeing of our communities and ecosystems. (A State of the Climate report, 2020). Australia is currently experiencing the La Nina weather phenomenon which has seen variant weather patterns particularly across the eastern seaboard.	✓	✓	✓	Climate change is identified has a high risk in Council's risk profile. Further work needs to be done in this area to develop an appropriate response.
	Trees and greening Increasing investment by the State towards greening	Increasing levels of community engagement from residents. Funding bodies are prioritising greening and climate change response. Greening grants have been given in areas where data heat maps indicate high levels of urban heat. Key issues include the habitat, amenity, cooling impacted by climate change, and the heat island effect Access to nature is a known benefit to community wellbeing	✓	✓	✓	Should Council consider the development of a Carbon Neutral Plan. Potential for community gardens Greening grants - seek grant funding for delivery of key greening projects. Access to nature – should Council consider a KPI/target in this space e.g. all residents to be within x km's walking distance to

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
						a park Consider streetscaping projects and tree planting initiatives
	Federal Government focus	A move away from investing in Solar technologies which are now considered mature and a shift towards investment into emerging technologies including hydrogen.	✓	✓		Be at the table for discussion regarding prospective development of a hydrogen plant at Pt Bonython
	State Government focus	Zero net emissions for electricity by 2030. Electric Vehicle Action Plan - the State Government will convert its fleet of vehicles to electric. It will also invest \$13.4 million towards state-wide fast charging network.	✓	✓	✓	
	Sustainable living	Increasing community interest, engagement and activism.	✓	✓	✓	Develop community programs to support environmentally sustainable community behaviours
Relationships	State and Federal bodies / parliamentarians	Council and staff proactively meet with members of both State and Federal electorates, Ministers and key influencers at the State level to inform on areas that will impact the City of Whyalla.	✓			
	Private industry	The City of Whyalla has active relationships with: <ul style="list-style-type: none"> - The education sector including SA University; TAFE; schools - GFG - Veolia - Eyre Peninsular Landscapes Board - Whyalla Chamber of Commerce and Industry 	✓			
	Regional and cross council collaboration; industry collaboration	City of Whyalla is a member of both the Eyre Peninsula and Upper Spencer Gulf Regional LGA's. Mayor is regional representative of LGA's SA Region of Council's as well as a member of the LGA Board Eyre Peninsular Landscapes Board	✓	✓		Share services opportunities to be explored
	Media	Local News Local Newspaper				Work on continuing positive relationships

INTERNAL ENVIRONMENT

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
Financial sustainability	Most revenue comes from rates in a compromised financial and economic climate	Increase in State Government fees and levies impact on the cost of delivery services.	✓	✓		
	Local Government Reform	There are a number of proposed amendments that, if passed in Parliament, may result in increased costs to City of Whyalla, relating to; <ul style="list-style-type: none"> - Increased functions of Audit & Risk Committee - Funding ESCOSA to review LTFP and rating every 3 to 4 years 	✓			
	Change in rating methodology	This is a likely outcome if the Local Government reform bill is passed				
Asset reliability & sustainability	Budget pressures reduce the ability to operate and maintain assets at expected service levels	Increase in economic stimulus attracting 50/50 funding from State and Federal Government and Local Government will have an impact on medium to longer term asset maintenance and operational costs. Conversely, a reduction in maintenance budgets allocated to maintain existing assets will have a negative impact on the useful life of assets.	✓			Renewal to be funded at 100% of Asset Management Strategy, in line with the assumptions in LTFP
	Improved Asset Data					Invest in systems
Service provision	Capacity to deliver on projects in the Annual Business Plan and other projects	Current staff resources are insufficient for business as usual and will not support an increase in further projects/initiatives. New grant rounds require works to be brought forward thereby increasing the project delivery workload of the organisation.	✓			Proposed funding bids include provision to fund ongoing costs
	Animal Management	Council has extended its contract with the RSPCA for animal services (Impounding) for a period of 12 months. A review of the long-term management model in this regard will be undertaken as the Animal Management Plan is reviewed over the next 12 months.	✓			Review ongoing fee structure
	Delivery risks	Demand and supply potential risks as the construction and trade industry experiences unprecedented demand for its services across a variety of customer types: residential, private & public sector. Further potential risks due to the uncertainty of COVID-19 and any potential lock down measures. The demand on the industry may also impact cost structures.	✓			
	Shared Services Opportunities	Council to investigate opportunities to provide shared services to neighbouring councils	✓			
	Leisure Centre	Proposal to extend current service agreement by two years	✓			
	Child Care	Focus on service area being cost neutral to Council	✓	✓		Review ongoing fee structure
	Airport	Focus on service area being cost neutral to Council	✓	✓		Review ongoing fee structure
Workforce	Culture and change management	The commitment and willingness of staff time, effort and resources to be embracing and preparing for new ways of working.	✓	✓		Council's Manager People and Culture is leading organisational change with a particular emphasis on leadership development to support the management of change in their respective work areas.

	Emerging issues and opportunities	Detail	Timeframe for action			Actions / comments (if applicable)
			Short term: 12-24 months	Medium term: 2-4 years	Long term: 5-10 years	
						Roll out of the Performance Engagement Framework has commenced, as has the development of organisational culture survey response plans.
	Talent acquisition / recruitment	Recruitment of qualified people to a number of key positions				
	Enterprise agreement	Council's enterprise agreement is due for re-negotiation in 2021	✓			
	Superannuation Guarantee	Current legislation includes provision for 5 annual increases of 0.5%, with the first occurring in July 2021. The Federal Government has indicated that they may be considering a delay to this.	✓	✓		The EB negotiation should take this increase into account.
	Project Delivery	Significant project and capital works agenda will be increased to capitalise on Federal and State economic stimulus funding.	✓			Staff resources to be sought where State and Federal grant funding applications support employment of staff. Need to review and settle organisational structure with sufficient resources to capitalize on grant funding. It is unlikely that such levels of funding will be available for some time into the future and the long term benefits to the community of securing the funding is evident.
	COVID-19	Ongoing vigilance and responsiveness to any imposed variation to normal business hours, social distancing measures, work from home measures and operations of facilities.	✓			An internal Incident Management Team will continue to assess any impacts to the business. Business Recovery Plans are in place and the organisation is prepared to respond. Investment required to increase ability to work from home?
	Lost time injury monitoring	City of Whyalla's approach to work health and safety is well developed and achieving good outcomes. A key indicator of this is through monitoring Lost Time Injuries (LTIs). LTIs are those injuries where a whole work day or more has been lost due to a workplace injury.	✓			Focus in this area will continue to ensure safety of staff and the community – considering also an approach of zero harm.
Organisational Effectiveness	Assessment of organisational effectiveness demonstrates significant improvements required in multiple areas	Improvements / investment needed to modernise the organisation's practices and set Council up for success: <ul style="list-style-type: none"> - governance framework, policies, data for decision making - asset management (data, systems, plans) - customer experience / community engagement - leases and licenses - systems modernisation (strategy, development, resilience) - procurement & contract management 	✓			Delegations reviewed and implemented Governance health check 90% complete Draft Governance Framework 80% complete
Legacy issues	Close out legacy issues	<ul style="list-style-type: none"> - Foreshore café - Landfill site - RDA 	✓			
Organisational performance 2020-21	Half yearly report outcomes	Report will be presented to Council in February	✓			

5.1 Corporate

5.1.2 Budget Review 2020-21 - Quarter 2

Audit Committee: 1 February 2021

Author's Title: Business Performance Manager

File No.: 0-159

Director Corporate: Kathy Jarrett

Annexures:

Annexure A – Budget Review 2020-21 Quarter 2

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

Reason – Not applicable

PURPOSE

To provide a projection of Councils' operating and capital budgets for the 2020-21 financial year as at 31 January 2020, identifying any variations sought to Councils' original budget and the cumulative financial implications.

SUMMARY

The Quarter 2 Budget Review sees a large reduction in projected loan borrowings, due to Council being successful in sourcing increased grant funding for the Airport Screening and Terminal Upgrade.

RECOMMENDATION

That the Audit Committee:

1. recommend to Council the adoption of the Quarter 2 Budget Review, identifying an adjusted operating deficit of \$3,093,000 and an estimated cash position at the end of reporting period of \$224,000;
2. recommend to Council that the 2020-21 Annual Business Plan and Budget and Long Term Financial Plan be amended to reflect the variances; and
3. recommend that Council reduce the provision for Covid rate remissions by 50%, equivalent to \$320,000, based on the current rate of applications.

5.1.2 Budget Review 2020-21 Quarter 2

REPORT

BACKGROUND

Regulation 9(1)(a) of the *Local Government (Financial Management) Regulations 2011*, requires a budget update report to include a revised forecast of the Councils' operating and capital investment activities compared with estimates set out in the budget.

DISCUSSION

Refer **Annexure "A"** – Budget Review 2020-21 Quarter 2.

The Budget Update comprises the following statements:

1. key financial indicators;
2. explanation of material variances;
3. uniform presentation of finances; and
4. financial statements.

The main change to the budget and Long Term Financial Plan is the reduction in loan projections. This is primarily caused by additional grant funding received, with the majority of the reduction in borrowings being experienced by the airport. This brings the peak loan projections back in line with the original Long Term Financial Plan adopted in April 2020.

The budget review also includes a reduction of the allocation to cover Covid Rate Remission applications. This allocation was originally calculated based on the number of commercial properties in industries that were expected to be negatively impacted by Covid restrictions. There has been a much lower rate of applications received than was expected. This could be considered a sign that the local economy may be more resilient than was originally thought. Based on the current rate of uptake, the provision is recommended to be reduced by 50%, to \$320,000.

Financial Implications

Budget 2020-21 Impact

If approved by Council, these amendments will:

- increase Council's adjusted operating deficit by \$31,000 to a projected \$3.09 million;
- leave Council's Adjusted Operating Deficit Ratio unchanged at (10%);
- decrease Council's Net Financial Liabilities Ratio from 87% to 63%; and
- decrease Council's Asset Renewal Funding Ratio from 103% to 98%.

Council is outside the target range for the Adjusted Operating Ratio. This was already the case for the original budget, as this allowed for targeted rates relief to be delivered as well as an organisational realignment to be undertaken.

The Net Financial Liabilities Ratio has come back into target range. This is due to funding received for the Airport Security and Terminal Upgrade.

The Asset Renewal Funding Ratio is within target range.

Long Term Financial Plan (LTFP) Impact

Council's operating results in future years are fairly consistent with previous projections, other than changes relating to Airport projections, which are explained below. The Net Financial Liabilities Ratio is estimated to peak at 76% in 2021-22, previously projected to peak at 88% in the same year. Borrowings are now estimated to peak at \$25.9 million in 2021-22, previously projected to peak at \$30.5 million in the same year. The loan balance is estimated to return to \$18.5 million by the year 2030-31, in line with previous projections.

Airport

The projected result for the airport in 2020-21 has been adjusted down significantly, due to the slow recovery from Covid being experienced, resulting in very low passenger numbers. It is now predicted that a maximum of around 30,000 passengers will use the airport this year, half of the reduced projections adopted at the start of the year. Passenger numbers are increasing slowly month on month and a watching brief will be maintained to understand if this trend continues.

The Airport's Long Term Financial Plan projections have been updated to reflect the much lower loan borrowings now required to fund the Terminal upgrade. This means passenger charges can increase by a much lower amount, a great outcome for airport users. Also, as less community investment is required, the need to generate a return on investment is diminished. The plan now projects a break-even position on average across the term of the plan. Loan borrowings are projected to peak at \$4.0 million in 2021-22, previously projected to peak at \$8.4 million in 2020-21.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Regularly inform the community of Council activities, decisions and actions by promoting positive stories and positive image

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

The Budget Review has been prepared in accordance with S 9(1)(a) of *the Local Government (Financial Management) Regulations 2011*.

Officer Direct or Indirect Interest – Nil

Risk Assessment

The financial implications presented in this report are considered to be of a low risk to Council, as they result in a large reduction in projected loan borrowings.

Legislative risk is minimised as Council will have reviewed its budget in line with the Local Government Act 1999 and Local Government (Financial Management) Regulations.

Social Considerations – Not applicable

Community Engagement – Nil

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

The main change to the budget and Long Term Financial Plan is the reduction in loan projections. This is primarily caused by additional grant funding received, with the majority of the reduction in borrowings being experienced by the airport. This brings the peak loan projections back in line with the original Long Term Financial Plan adopted in April 2020.

BUDGET REVIEW 2020-21 2nd Quarter

KEY FINANCIAL INDICATORS	Target	Note	Original Budget 2020-21	Approved Amendments 2020-21	Current Budget 2020-21	Proposed Amendments 2020-21	Projected Total 2020-21	Note	Estimated Budget 2021-22	Estimated Budget 2022-23	Estimated Budget 2023-24
Council (including Airport)		1						2			
Operating Surplus/(Deficit) - \$'000			(2,530)	(722)	(3,252)	(31)	(3,283)		(1,401)	(955)	(718)
Adjusted Operating Surplus/(Deficit)* - \$'000			(2,340) ●	(722)	(3,062) ●	(31)	(3,093) ●		(1,401) ●	(955) ●	(718) ●
Adjusted Operating Surplus/(Deficit) Ratio	(2)% - 1%		(8%) ●	(2%)	(10%) ●	-	(10%) ●		(4%) ●	(3%) ●	(2%) ●
Net Financial Liabilities Ratio	< 80%		94% ●	(7%)	87% ●	(24%)	63% ●		76% ●	67% ●	64% ●
Asset Renewal Funding Ratio	90 - 110%		79% ●	24%	103% ●	(5%)	98% ●		112% ●	63% ●	101% ●
Whyalla Airport											
Operating Surplus/(Deficit) - \$'000		9	(418) ●	4	(414) ●	(184)	(598) ●		(72) ●	(98) ●	(92) ●
Operating Surplus/(Deficit) Ratio - %	1% - 6%		(42%) ●	-	(42%) ●	(57%)	(99%) ●		(3%) ●	(3%) ●	(3%) ●
Net Financial Liabilities Ratio - %	< 250%		852% ●	(14%)	838% ●	(475%)	363% ●		152% ●	106% ●	83% ●

KEY

In target range ●

Above target ●

Below target ●

* The Adjusted Operating Surplus/(Deficit) removes the impact of timing differences in the receipt of Financial Assistance Grant income and is considered to provide a more meaningful measurement of Council's underlying financial position.

Note Explanations – 2020-21 Quarter 2:

1. The adjusted operating deficit is expected to increase by \$31,000 to \$3.09 million. The Adjusted Operating Deficit Ratio is unchanged at (10%). The Net Financial Liabilities Ratio decreases by 24% from 87% to 63%. This is due to some capital expenditure being retimed to 2021-22, as well as an increase in capital grant funding. The Asset Renewal Funding Ratio decreases by 5% from 103% to 98%, due to some capital renewal expenditure being retimed to 2021-22.
2. Council's operating results in future years are in line with previous projections, other than changes relating to Airport projections, which are explained below. The Net Financial Liabilities Ratio is estimated to peak at 76% in 2021-22, previously projected to peak at 88% in the same year. Borrowings are now estimated to peak at \$25.9 million in 2021-22, previously projected to peak at \$30.5 million in the same year. The loan balance is estimated to return to \$18.5 million by the year 2030-31, in line with previous projections.
3. Operating income is expected to increase by \$91,000, this can be attributed to:
 - a reduction of \$320,000 in the allowance made for the remission of rates relating to COVID-19. The number of applications received is much lower than was expected, suggesting that the local economy has been more resilient than was first thought given the promotion of the initiative was wide;
 - \$111,000 of unbudgeted income related to operating the waste transfer station past the original closing date of 30 June 2020, offset by expenditure;
 - an increase in childcare income of \$70,000 generated from an increase in occupancy rate at the centre, offset by increased staffing costs;
 - grant funding of \$32,000 received for youth programs, offset by expenditure; offset by
 - a reduction in airport income of \$389,000 due to the COVID-19 recovery progressing at a slower rate than projected, partially offset by reduced expenditure;
 - a reduction in lease income of \$24,000, due to the start date of leases relating to the industrial estate being delayed;
 - a reduction of \$18,000 in special distributions received from Local Government Risk; and
 - Financial Assistance grant funding from the Federal Government being \$13,000 lower than projected.
4. Operating expenditure is expected to increase by \$122,000, this can be attributed to:
 - A decrease in labour costs of \$495,000 due to:
 - savings from vacant positions of \$425,000, a portion of which was used to fund labour hire; offset by
 - a \$70,000 increase in labour costs for the childcare centre due to increased occupancy, offset by income.
 - An increase in contract, material and other costs of \$592,000 due to:
 - an increase in labour hire and consulting costs of \$275,000 to backfill vacant positions, offset by labour savings;
 - \$173,000 of costs related to operating the waste transfer station past the original closing date of 30 June 2020, partially offset by income. Note that discussions are currently being held with Veolia regarding joint accountability for these costs;
 - \$54,000 of costs relating to a project to digitally archive essential files stored in the old cinema, due to the WHS risk currently posed;
 - expenses of \$93,000 incurred to purchase devices to allow more of the workforce to operate remotely, to assist with handling the impacts of COVID-19;
 - an increase of \$50,000 in water and maintenance costs due to the upgrade of Council's two main ovals;

- an increase in insurance expense of \$23,000 primarily related to the Jetty and Bennett Oval;
 - youth program costs of \$32,000, offset by grant funding;
 - \$15,000 to undertake the delegations review;
 - an increase of \$13,000 in the contract to remove rubbish, due to an increase in illegal dumping, particularly in laneways and at Pt Lowly;
 - a cost of \$8,000 to clean up the oil spill relating to the HMAS Whyalla; offset by
 - reduced fuel costs of \$30,000 for Council's fleet due to lower price; and
 - a reduction in fuel cost of \$120,000 for the airport, due to lower demand for aviation and domestic fuel resulting from low passenger numbers.
- An increase in depreciation, amortisation & impairments of \$165,000 due to:
 - an increase in depreciation of \$45,000 due to updated forecasts for the Transport asset class; and
 - a one-off increase in plant depreciation of \$120,000 related to a temporary increase in the fleet size to meet COVID-19 requirements and also due to Waste vehicles still being in the process of disposal.
 - A reduction in interest expenses of \$140,000 in line with updated cashflow projections.
5. A decrease of \$442,000 in the outlay on existing assets due to:
- \$869,000 of project expenditure carried forward to 2021-22 relating to the Airport Taxiway and Runway Safety Upgrade (this project has both renewal and new/upgrade portions); offset by
 - \$382,000 for the renewal of kerbing on 4 roads brought forward from 2021-22, as they are now being funded under the second round of the Local Roads and Community Infrastructure program and work needs to commence to ensure the final acquittal deadline is met; and
 - \$20,000 of expenditure transferred from New/Upgrade to Renewal relating to the Jetty and Marina Lighting projects.
6. A decrease of \$4.1 million in the outlay on new and upgraded assets due to:
- \$4.2 million of project expenditure carried forward to 2021-22 in line with updated project schedules, including \$2.8 million for the Airport Taxiway and Runway Safety Upgrade; \$1.2 million for Valley One Stormwater Stage 1 and \$82,000 for the Boat Ramp Upgrade;
 - \$20,000 of expenditure transferred from New/Upgrade to Renewal relating to the Jetty and Marina Lighting projects; offset by
 - an increase in budget of \$50,000 for the Shared Path program, offset by income; and
 - an increase of \$35,000 in the costs to improve the direct Wi-Fi connection between the Civic Building and Depot.
7. An increase of \$2.5 million in amounts received specifically for new and upgraded assets due to:
- \$4.2 million of grant funding received for the Airport Screening and Terminal Upgrade;
 - \$50,000 of funding received for shared paths;
 - \$440,000 of funds from the Local Roads and Community Infrastructure program, equal to 50% of Council's round 2 funding, with the rest to be received in 2021-22; offset by
 - \$2.2 million of grant funding to be re-budgeted in 2021-22 in line with updated project schedules, including \$1.6 million for the Airport Taxiway and Runway Safety Upgrade and \$630,000 for Valley One Stormwater Stage 1.
8. It is expected decreased borrowings of \$7.1 million will be required in 2020-21 to meet cash flow requirements, when compared to previous projections. This relates to the retiming of capital expenditure to 2021-22, as well as the additional capital grant funding that Council has been successful in receiving.

9. Whyalla Airport

- The operating deficit is expected to increase by \$184,000 to \$598,000. The Operating Deficit Ratio is expected to increase from (42%) to (99%). The Net Financial Liabilities Ratio decreases from 838% to 363%, due to additional capital grant funding.
- The Airport's Long Term Financial Plan projections have been updated to reflect the much lower loan borrowings now required to fund the Terminal. This means the passenger charge can increase by a much lower amount, a great outcome for airport users. Also, as less community investment is required, the need to generate a return on investment is diminished. The plan now projects a break even position on average across the term of the plan. Loan borrowings are projected to peak at \$4.0 million in 2021-22, previously projected to peak at \$8.4 million in 2020-21.
- The change to the operating result of \$184,000 is due to:
 - a reduction in airport income of \$389,000 due to the COVID-19 recovery progressing at a slower rate than projected; offset by
 - a reduction in fuel cost of \$120,000, due to lower demand for aviation and domestic fuel resulting from low passenger numbers; and
 - a reduction in interest expenses of \$85,000 in line with updated cashflow projections.

WHYALLA CITY COUNCIL

BUDGET REVIEW 2020-21 2nd Quarter

UNIFORM PRESENTATION OF FINANCES	Note	Original Budget 2020-21 \$000	Approved Amendments 2020-21 \$000	Current Budget 2020-21 \$000	Proposed Amendments 2020-21 \$000	Projected Total 2020-21 \$000	Note	Estimated Budget* 2021-222 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000
OPERATING ACTIVITIES										
Operating Revenues	3	30,481	(131)	30,350	91	30,441		33,495	34,902	35,956
less Operating Expenses	4	(33,011)	(591)	(33,602)	(122)	(33,724)		(34,896)	(35,857)	(36,674)
Operating Surplus/ (Deficit)		(2,530)	(722)	(3,252)	(31)	(3,283)		(1,401)	(955)	(718)
CAPITAL ACTIVITIES										
Net Outlays on Existing Assets										
Capital Expense on renewal and replacement of Existing Assets	5	(6,004)	(1,945)	(7,949)	442	(7,507)		(8,735)	(3,637)	(5,662)
add back Depreciation, Amortisation and Impairment		6,766	270	7,036	165	7,201		7,605	8,002	8,155
add back Proceeds from Sale of Replaced Assets		202	60	262	-	262		195	156	143
Net Outlays on Existing Assets		964	(1,615)	(651)	607	(44)		(935)	4,521	2,636
Net Outlay on New and Upgraded Assets										
Capital Expenditure on New and Upgraded Assets	6	(15,773)	(1,748)	(17,521)	4,100	(13,421)		(7,069)	(1,796)	(1,836)
add back Amounts received specifically for New and Upgraded Assets	7	5,183	506	5,689	2,537	8,226		2,922	204	205
Net Outlays on New and Upgraded Assets		(10,590)	(1,242)	(11,832)	6,637	(5,195)		(4,147)	(1,592)	(1,631)
Net Lending/ (Borrowing) for Financial Year		(12,156)	(3,579)	(15,735)	7,213	(8,522)		(6,483)	1,974	287
Financing transactions associated with the above net overall deficit, or applying the overall net funding surplus are as follows:										
New Borrowings		12,500	7,100	19,600	(7,100)	12,500		6,400	-	300
Repayment of Principal		-	-	-	-	-		-	(2,100)	(600)
(Increase)/Decrease in Cash and Investments		51	112	163	(113)	50		8	51	(62)
Net Balance Sheet funding (debtors & creditors etc)		(395)	(3,633)	(4,028)	-	(4,028)		75	75	75
Financing Transactions	8	12,156	3,579	15,735	(7,213)	8,522		6,483	(1,974)	(287)

WHYALLA CITY COUNCIL

BUDGET REVIEW 2020-21 2nd Quarter

STATEMENT OF COMPREHENSIVE INCOME

	Original Budget 2020-21 \$000	Approved Amendments 2020-21 \$000	Current Budget 2020-21 \$000	Proposed Amendments 2020-21 \$000	Projected Total 2020-21 \$000	Estimated Budget* 2021-222 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000
INCOME								
Rates	20,929	-	20,929	320	21,249	22,264	22,967	23,810
Statutory Charges	367	-	367	-	367	372	377	384
User Charges	2,881	(114)	2,767	(157)	2,610	4,620	5,250	5,365
Grants, subsidies and contributions	5,214	-	5,214	19	5,233	5,239	5,277	5,329
Investment Income	34	-	34	-	34	34	34	34
Reimbursements	13	-	13	-	13	13	13	13
Other Income	1,043	(17)	1,026	(91)	935	953	984	1,021
TOTAL INCOME	30,481	(131)	30,350	91	30,441	33,495	34,902	35,956
EXPENSES								
Employee Costs	12,895	(152)	12,743	(495)	12,248	12,723	12,539	12,827
Materials, contracts & other expenses	12,848	560	13,408	592	14,000	14,024	14,720	15,006
Depreciation, amortisation & impairments	6,766	270	7,036	165	7,201	7,605	8,002	8,155
Finance Costs	502	(87)	415	(140)	275	544	596	686
TOTAL EXPENSES	33,011	591	33,602	122	33,724	34,896	35,857	36,674
OPERATING SURPLUS/(DEFICIT)	(2,530)	(722)	(3,252)	(31)	(3,283)	(1,401)	(955)	(718)
Amounts specifically for new or upgraded assets	5,183	506	5,689	2,537	8,226	2,922	204	205
Net gain (loss)	-	-	-	-	-	-	-	-
NET SURPLUS/(DEFICIT)	2,653	(216)	2,437	2,506	4,943	1,521	(751)	(513)
Other Comprehensive Income	-	12,769	12,769	-	12,769	5,336	5,570	7,186
TOTAL COMPREHENSIVE INCOME	2,653	12,553	15,206	2,506	17,712	6,857	4,819	6,673

WHYALLA CITY COUNCIL

BUDGET REVIEW 2020-21 2nd Quarter

STATEMENT OF FINANCIAL POSITION

	Original Budget	Approved	Current Budget	Proposed	Projected Total	Estimated	Estimated	Estimated
	2020-21	Amendments	2020-21	Amendments	2020-21	Budget*	Budget*	Budget*
	\$000	\$000	\$000	\$000	\$000	2021-222	2022-23	2023-24
						\$000	\$000	\$000
ASSETS								
Current Assets								
Cash & Cash Equivalents	223	(112)	111	113	224	216	165	227
Trade & Other Receivables	4,188	2,200	6,388	-	6,388	6,388	6,388	6,388
Inventories	114	-	114	-	114	114	114	114
TOTAL CURRENT ASSETS	4,525	2,088	6,613	113	6,726	6,718	6,667	6,729
Non-current Assets								
Infrastructure, Property, Plant & Equipment	294,622	16,132	310,754	(4,707)	306,047	319,387	322,232	328,618
Other Non-Current Assets	3,935	45	3,980	-	3,980	3,880	3,780	3,680
TOTAL NON-CURRENT ASSETS	298,557	16,177	314,734	(4,707)	310,027	323,267	326,012	332,298
Total Assets	303,082	18,265	321,347	(4,594)	316,753	329,985	332,679	339,027
LIABILITIES								
Current Liabilities								
Trade and Other Payables	4,539	(1,200)	3,339	-	3,339	3,339	3,339	3,339
Short Term Borrowings	500	-	500	(500)	-	2,100	600	2,200
Short Term Provisions	2,276	-	2,276	-	2,276	2,276	2,276	2,276
TOTAL CURRENT LIABILITIES	7,315	(1,200)	6,115	(500)	5,615	7,715	6,215	7,815
Non-Current Liabilities								
Long Term Borrowings	19,000	7,100	26,100	(6,600)	19,500	23,800	23,200	21,300
Long Term Provisions	853	(188)	665	-	665	640	615	590
TOTAL NON-CURRENT LIABILITIES	19,853	6,912	26,765	(6,600)	20,165	24,440	23,815	21,890
Total Liabilities	27,168	5,712	32,880	(7,100)	25,780	32,155	30,030	29,705
NET ASSETS	275,914	12,553	288,467	2,506	290,973	297,830	302,649	309,322
EQUITY								
Accumulated Surplus	44,458	(366)	44,092	2,506	46,598	48,119	47,368	46,855
Asset Revaluation Reserve	229,654	12,769	242,423	-	242,423	247,759	253,329	260,515
Reserves	1,802	150	1,952	-	1,952	1,952	1,952	1,952
TOTAL EQUITY	275,914	12,553	288,467	2,506	290,973	297,830	302,649	309,322

WHYALLA CITY COUNCIL

BUDGET REVIEW 2020-21 2nd Quarter

STATEMENT OF CHANGES IN EQUITY

	Original Budget	Approved Amendments	Current Budget	Proposed Amendments	Projected Total
	2020-21 \$000	2020-21 \$000	2020-21 \$000	2020-21 \$000	2020-21 \$000
Accumulated Surplus					
Balance at Beginning of Period	41,655	-	41,655	-	41,655
Change in financial position resulting from operations	2,653	(216)	2,437	2,506	4,943
Transfers from Other Reserves	550	(550)	-	-	-
Transfers to Other Reserves	(400)	400	-	-	-
Balance at End of Period	44,458	(366)	44,092	2,506	46,598
Asset Revaluation Reserve					
Balance at Beginning of Period	229,654	-	229,654	-	229,654
Revaluation Increment	-	12,769	12,769	-	12,769
Balance at End of Period	229,654	12,769	242,423	-	242,423
Other Reserves					
Balance at Beginning of Period	1,952	-	1,952	-	1,952
Transfers to Accumulated Surplus	(550)	550	-	-	-
Transfers from Accumulated Surplus	400	(400)	-	-	-
Balance at End of Period	1,802	150	1,952	-	1,952
TOTAL EQUITY AT END OF REPORTING PERIOD	275,914	12,553	288,467	2,506	290,973

Estimated Budget*	Estimated Budget*	Estimated Budget*
2021-22 \$000	2022-23 \$000	2023-24 \$000
46,598	48,119	47,368
1,521	(751)	(513)
-	-	-
-	-	-
48,119	47,368	46,855
242,423	247,759	253,329
5,336	5,570	7,186
247,759	253,329	260,515
1,952	1,952	1,952
-	-	-
-	-	-
1,952	1,952	1,952
297,830	302,649	309,322

WHYALLA CITY COUNCIL

BUDGET REVIEW 2020-21 2nd Quarter

STATEMENT OF CASH FLOWS

	Original Budget 2020-21 \$000	Approved Amendments 2020-21 \$000	Current Budget 2020-21 \$000	Proposed Amendments 2020-21 \$000	Projected Total 2020-21 \$000	Estimated Budget* 2021-222 \$000	Estimated Budget* 2022-23 \$000	Estimated Budget* 2023-24 \$000
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts								
Operating Receipts	30,447	(3,531)	26,916	91	27,007	33,461	34,868	35,922
Investment Income	34	-	34	-	34	34	34	34
Payments								
Operating Payments	(26,138)	(641)	(26,779)	(97)	(26,876)	(26,672)	(27,184)	(27,758)
Finance Costs	(502)	87	(415)	140	(275)	(544)	(596)	(686)
Net Cash provided by (or used in) Operating Activities	3,841	(4,085)	(244)	134	(110)	6,279	7,122	7,512
CASH FLOWS FROM INVESTMENT ACTIVITIES								
Receipts								
Amounts specifically for new or upgraded assets	5,183	506	5,689	2,537	8,226	2,922	204	205
Sale of replaced assets	202	60	262	-	262	195	156	143
Sale of surplus assets	-	-	-	-	-	-	-	-
Payments								
Purchase of Renewal/Replacement Assets	(6,004)	(1,945)	(7,949)	442	(7,507)	(8,735)	(3,637)	(5,662)
Purchase of New/Expansion Assets	(15,773)	(1,748)	(17,521)	4,100	(13,421)	(7,069)	(1,796)	(1,836)
Net Cash provided by (or used in) Investing Activities	(16,392)	(3,127)	(19,519)	7,079	(12,440)	(12,687)	(5,073)	(7,150)
CASH FLOWS FROM FINANCING ACTIVITIES								
Receipts								
Proceeds from Borrowings - Council	12,500	7,100	19,600	(7,100)	12,500	6,400	-	300
Payments								
Repayment of Borrowings	-	-	-	-	-	-	(2,100)	(600)
Net Cash provided by (or used in) Financing Activities	12,500	7,100	19,600	(7,100)	12,500	6,400	(2,100)	(300)
Net Increase (Decrease) in Cash Held	(51)	(112)	(163)	113	(50)	(8)	(51)	62
Cash & cash equivalents at beginning of period	274	-	274	-	274	224	216	165
Cash & cash equivalents at end of period	223	(112)	111	113	224	216	165	227

5.1 CORPORATE

5.1.3 Corporate Reporting

Audit Committee Meeting: 1 February 2021
Author's Title: Business Performance Manager **File No.:** 0-216
Director: Corporate

Annexures

Annexure A – Draft Corporate Report December 2020

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

☐ Yes

☒ No

☐ Yes

☒ No

Reason – Nil

PURPOSE

To inform the Audit Committee of work being undertaken to develop a framework for regular corporate reporting and to seek early feedback on the draft proposal.

SUMMARY

Council's current corporate reporting process consists primarily of two key documents, the Annual Business Plan & Budget and the Annual Report, alongside ad hoc reports on departmental activity. This means that there is often a lack of timeliness and consistency in activities being reported to Council. Improvements in the timeliness and consistency of reporting will assist Council to measure organisational effectiveness and lead to improvement in the decision-making process.

RECOMMENDATION

That the Audit Committee notes the work being undertaken to develop a framework for regular corporate reporting and provides feedback as follows...

5.1.3 Corporate Reporting

REPORT

BACKGROUND

In 2019-20 a Mid-Year Report was presented to Council, as a first step towards improving the timeliness and consistency of reporting to Council. The report combined information on Service Delivery, the Second Quarter Project Report and the Second Quarter Budget Review.

DISCUSSION

Council's current corporate reporting process consists primarily of two key documents, the Annual Business Plan & Budget and the Annual Report. Alongside these, Council receives ad hoc reports on key activities, such as Project Reporting and other reports on departmental activity. This means that there is often a lack of timeliness and consistency in activities being reported to Council.

To ensure that Whyalla City Council can continue to grow as a modern organisation, it is considered timely to implement a framework for regular corporate reporting. The delivery of timely, relevant information on organisational performance to Council increases transparency and accountability and leads to improved decision making. Performance against strategic direction can be tracked and the organisation can react more quickly to threats and opportunities.

This framework is based around increased reporting to Council, with different timeframes proposed as follows:

- A monthly report on Council's high level financial position. This report would also include information on the progress of high value "Major Projects" as well as high value ongoing contracts, e.g. Waste Management.
- A quarterly report, providing information on the City Profile, Organisational Performance and Project Delivery.

The section of the report titled Organisational Performance is proposed to cover a number of areas, including;

- Community Satisfaction
- Key accountability areas: Customer Service; Governance; Workforce; Environment; and Corporate Citizenship
- Performance of service areas and other Business Units (e.g. Airport, Child Care Centre)
- Performance Against Strategic Plan
- Delivery against other adopted plans

One key outcome of this additional information is that it will allow Council to develop meaningful KPIs against which service delivery can be measured.

Section 123(2)(b)(iii) of the Local Government Act 1999 required Council to outline the measures, both financial and non-financial, that Council intends to use to assess performance

against the annual objectives outlined in the Annual Business Plan. The non-financial measures are always much more difficult to quantify than the financial ones, but these KPIs will greatly improve Council's ability to articulate to the community how they are performing against their plans.

An initial draft of the quarterly report for December 2020 is currently being prepared, with the current iteration included as **Annexure "A"**. The last section included is the draft of the finance report that will be presented on a monthly basis.

Financial Implications

The regular corporate reports will be developed in-house, so there are no direct financial implications of this increased level of reporting. The reports will be in addition to the existing budget review process, that present the financial implications of Council's operations during each financial year.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.2 – Take a proactive, collaborative approach to the revitalisation of council services to ensure that they adapt to the changing needs and expectations of the community

Legislation

Section 123(2)(b)(iii) of the Local Government Act 1999 required Council to outline the measures, both financial and non-financial, that Council intends to use to assess performance against the annual objectives outlined in the Annual Business Plan. Improvements in Council's corporate reporting will assist with the development of meaningful KPI's for the delivery of services, which in turn will assist with articulating the non-financial measures of used to measure annual performance.

Officer Direct or Indirect Interest - Nil

Risk Assessment

Improved reporting should improve Council's transparency, accountability and decision making, key principles in good governance. This in turn should reduce Council's overall risk, as Council will be able to identify and deal with issues in a timely manner.

Social Considerations – Not applicable

Community Engagement

Consultation on Council's Annual Business Plan & Budget each year will set the key measurements and outcomes that will then be reported against on a regular basis using the new proposed framework.

Environmental Implications – Not applicable

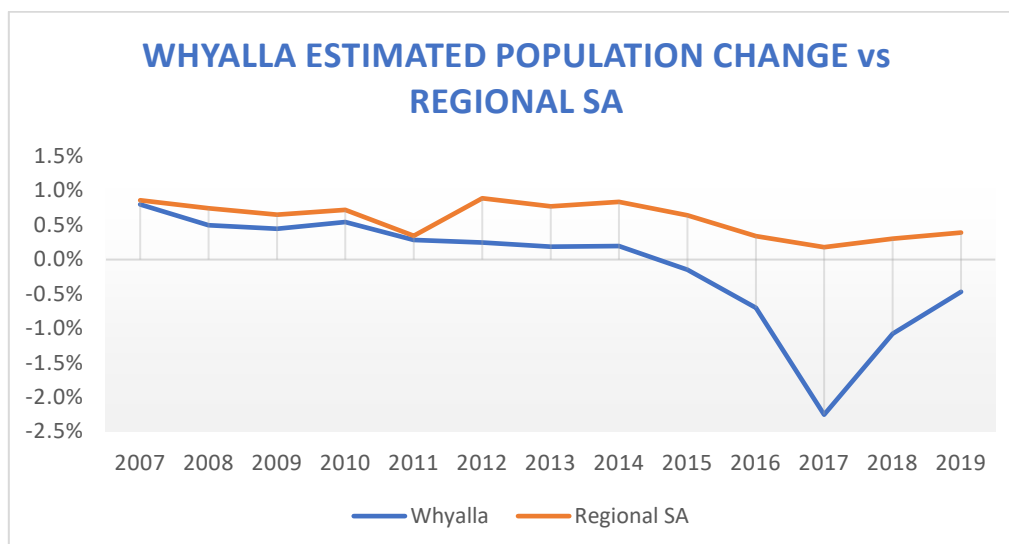
Communication – Not applicable

Conclusion

Improved reporting will increase Council's ability to react quickly to opportunities and threats, while also allowing Council to be more accountable to the community on how it is delivering on its plans. This will assist the image of Whyalla City Council as a modern organisation.

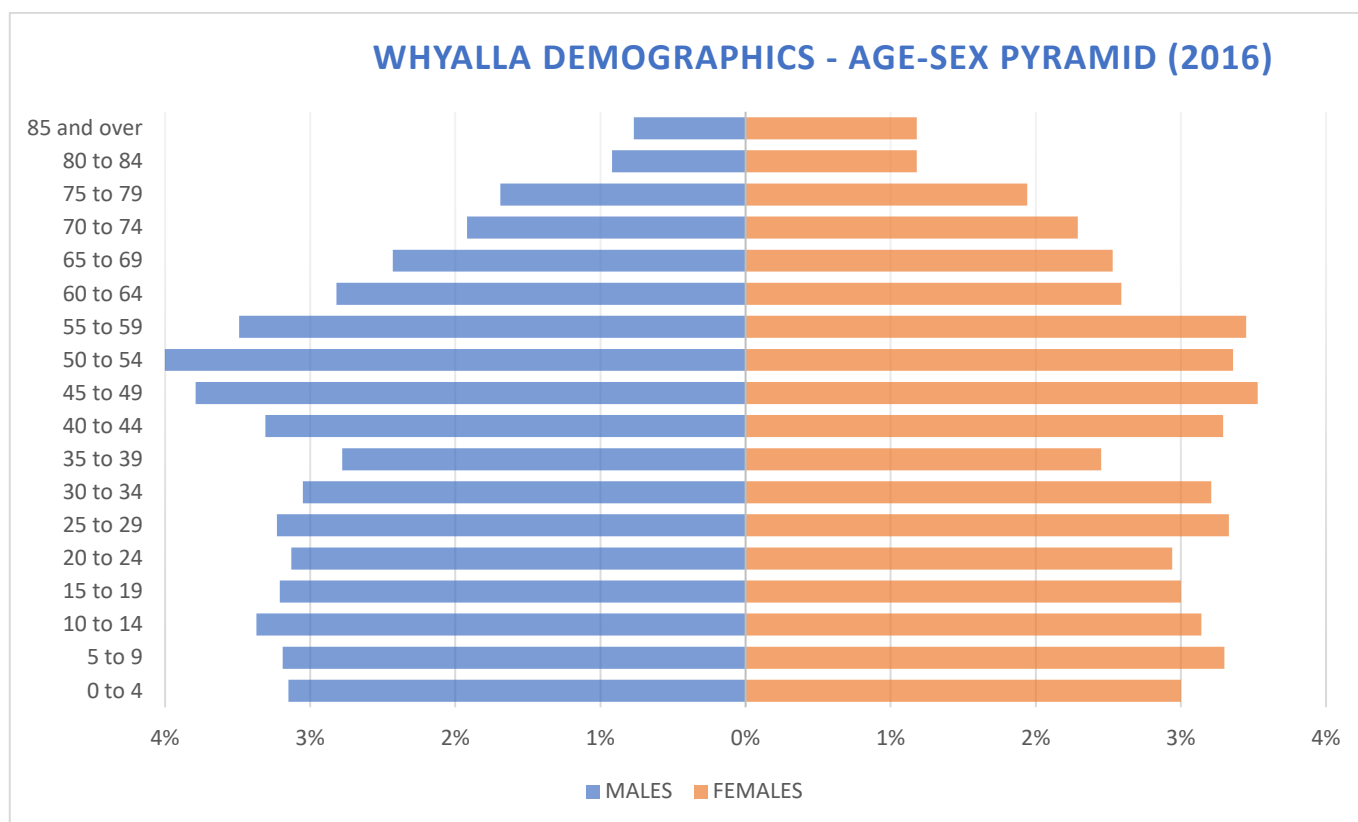
Whyalla Profile

ANNEXURE "A"



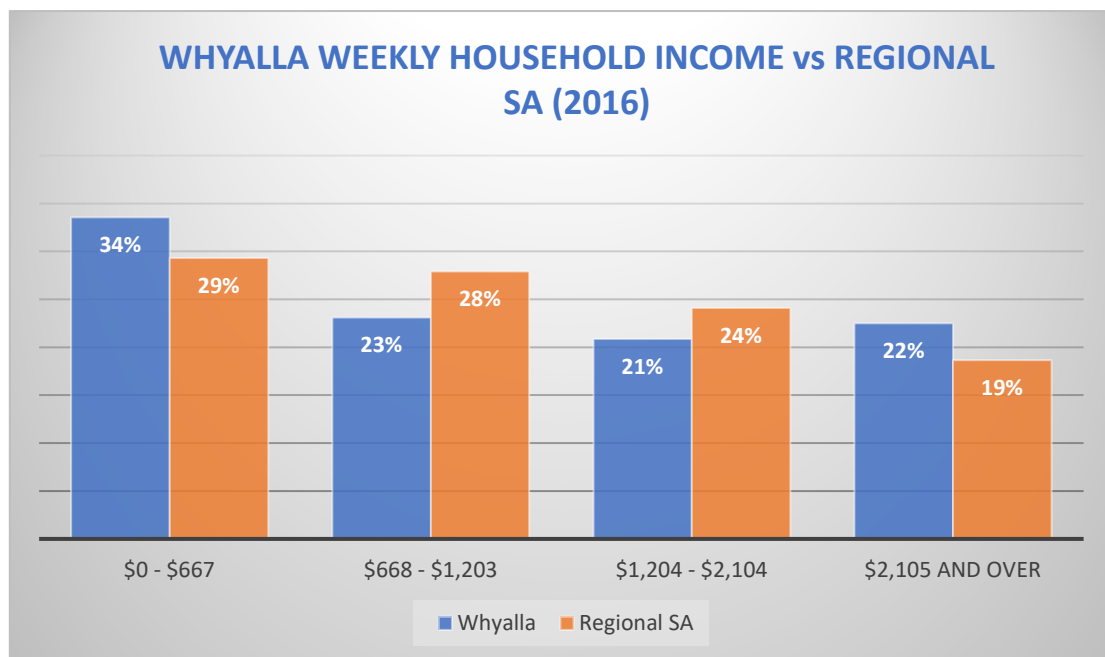
Whyalla's Estimated Resident Population as at 30 June 2019 was **21,665**.

Whyalla's population has been **declining** since 2015 by an average of **0.9%** per annum. Over the same period Regional SA has averaged a population increase of **0.4%** per annum.



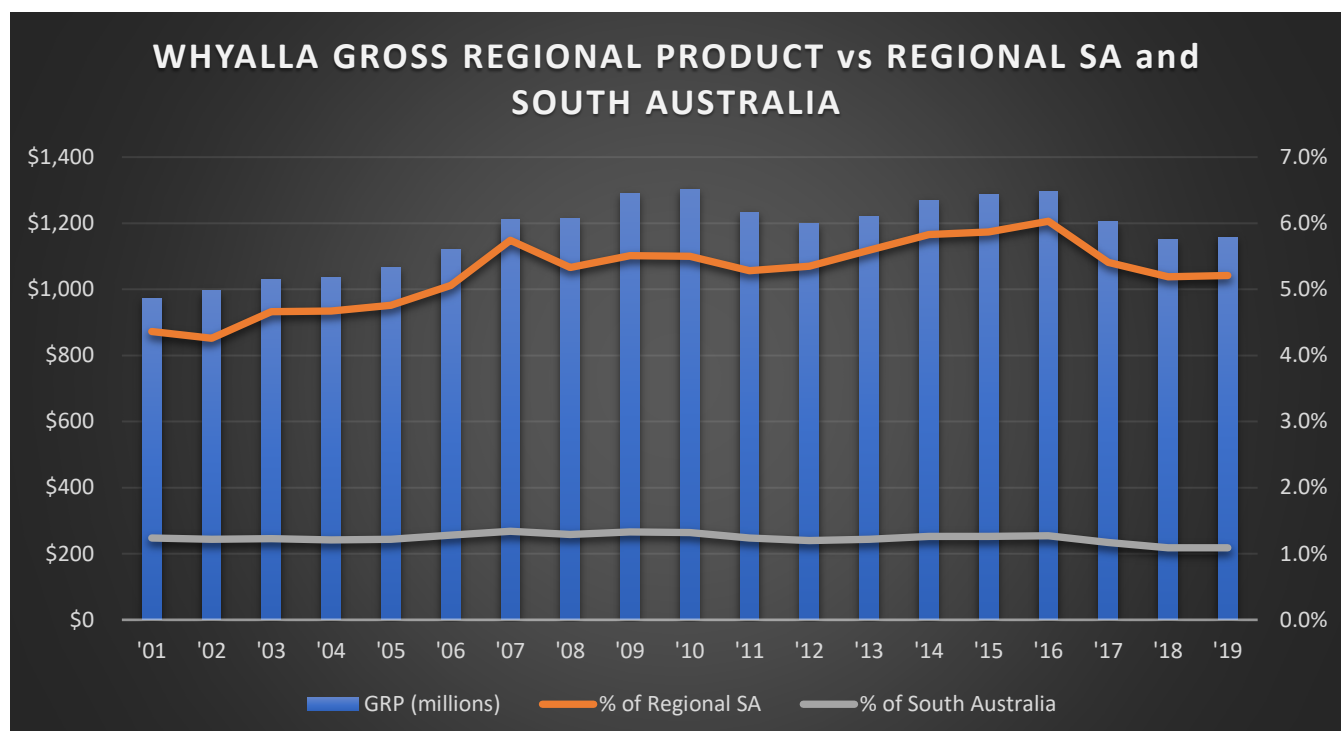
As at the 2016 census, Whyalla's largest demographic was the **50 to 54 age group**.

The **35 to 39 age group** is underrepresented when compared to adjacent age groups.



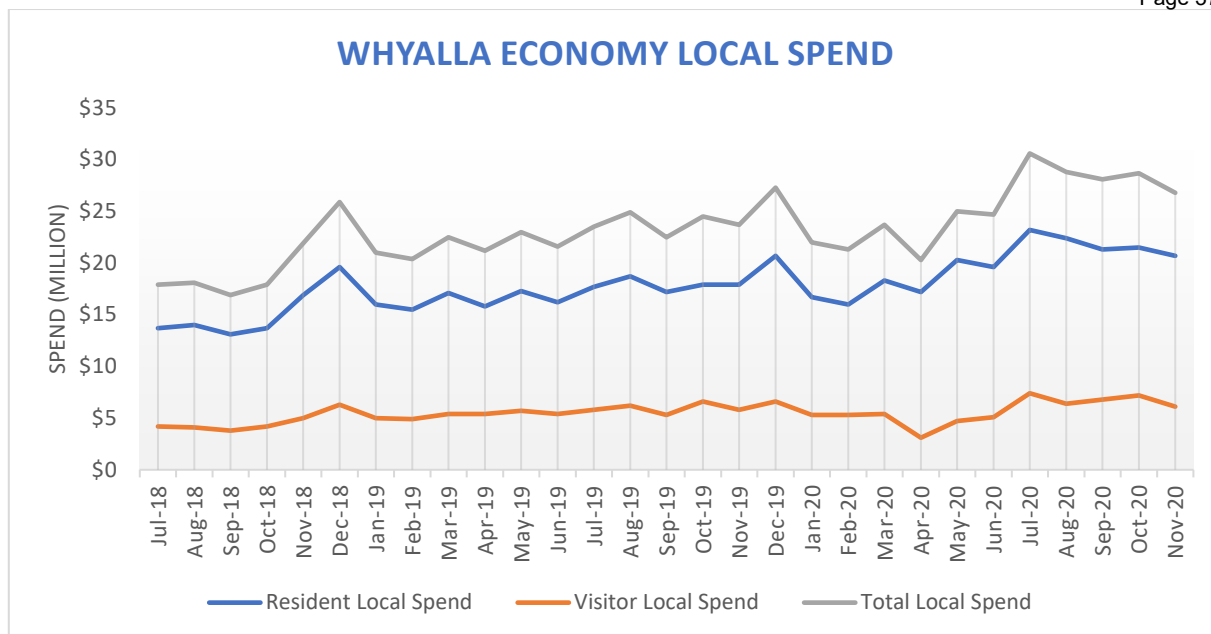
When compared to Regional SA, Whyalla had a higher number of households in the **top 25%** and **bottom 25%** of income brackets for SA at the 2016 census.

This suggests a higher level of **income inequality** compared to Regional SA.



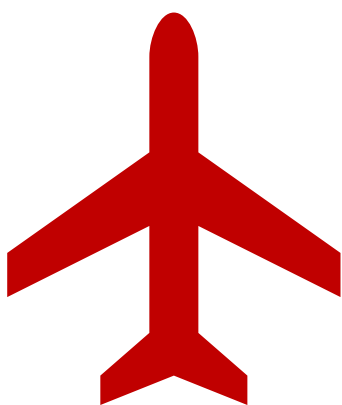
Gross Regional Product (GRP) for Whyalla for 2018/19 was estimated to be **\$1.16 billion**, down from a high of **\$1.30 billion** in 2009/10.

This contributed **1.1%** of South Australia's GRP and **5.2%** of Regional SA's GRP.



Visitors to Whyalla spent a total of **\$33.9 million** in the first 5 months of 2020/21. This is an **increase** of **\$4.2 million** or **14%** from the same period last year.

The total spend in the local economy for the first 5 months of 2020/21 was **\$143.0 million**. This is an **increase** of **\$23.9 million** or **20%** from the same period last year.



12,268 passengers used Whyalla Airport in the first 6 months of 2020/21.

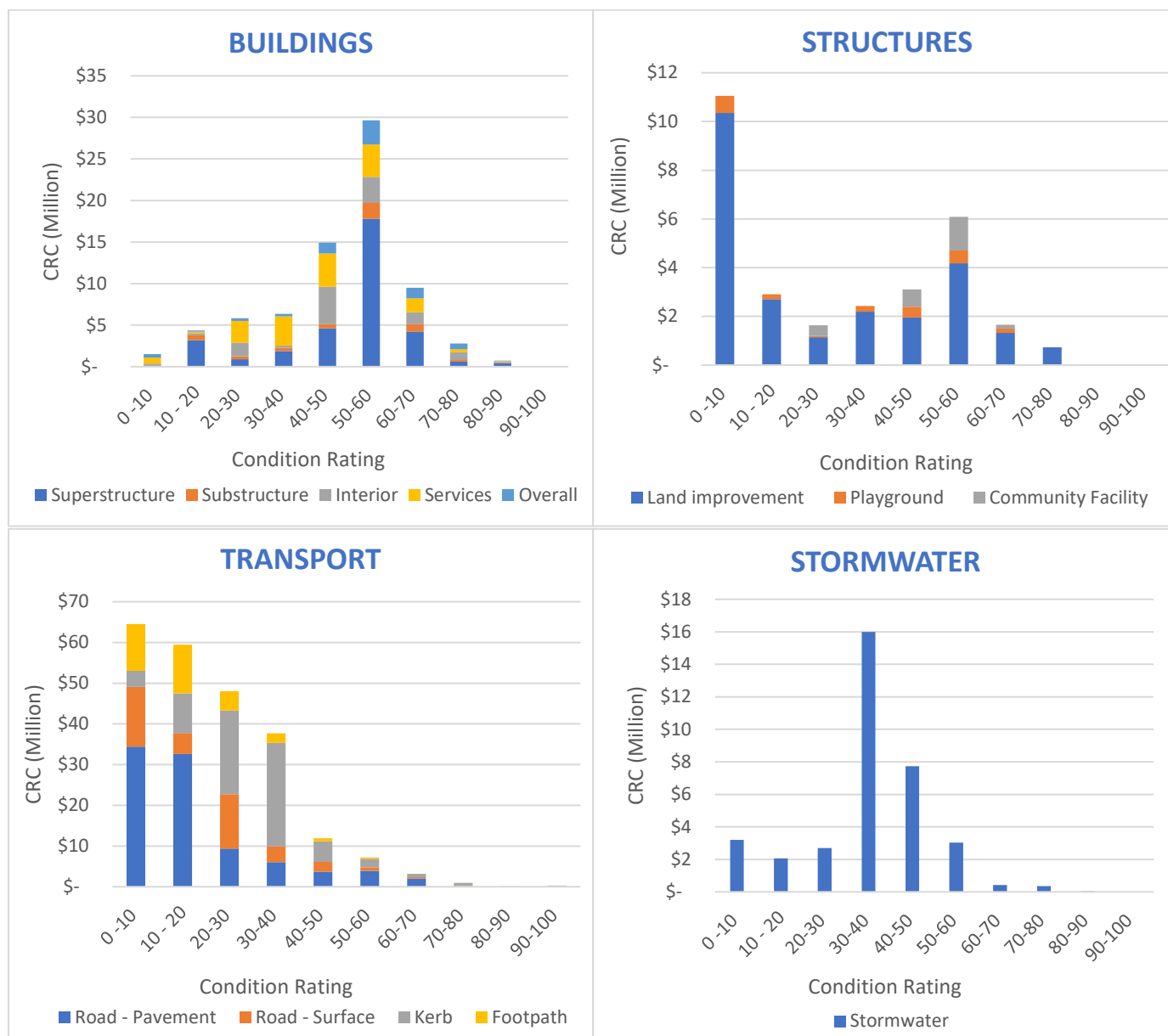
This is a **reduction** of **29,094** or **70%** from the same period last year.

Full development approval has been granted to a total of **\$17.0 million** of works during the first 6 months of 2020/21.

This is an **increase** of **\$6.2 million** or **57%** from the same period last year. The number of applications approved has increased **41%**.



Assets



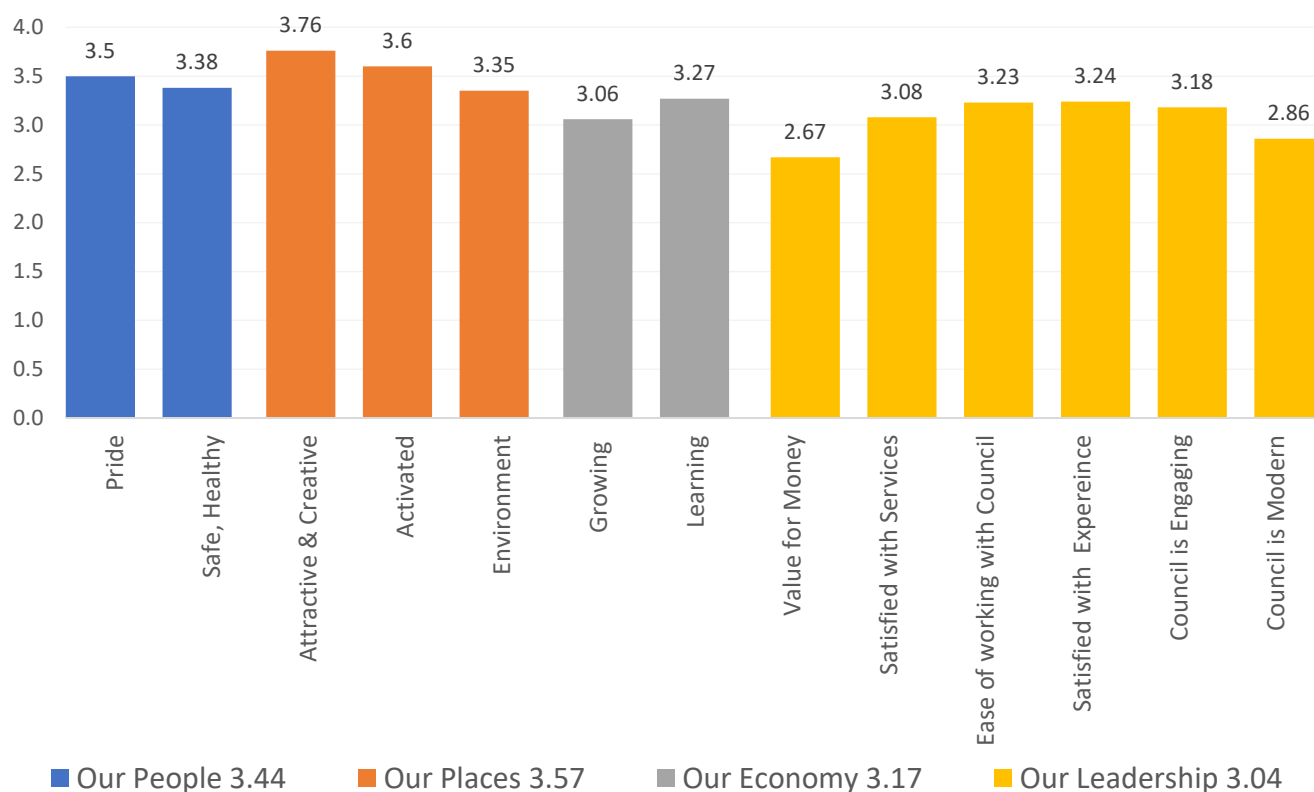
Council four main asset classes have a combined replacement value of **\$374.0 million**, 89% of Council's total depreciable assets at 30 June 2020.

A higher condition rating indicates an older asset, indicating an asset that will require significant investment in a shorter timeframe. Assets are condition rated and valued on a 5-year cycle, this process being undertaken by an independent expert, with this data forming the basis of Council's Asset Management Strategy and Renewal projections.

The data shows that the building asset class is ageing, meaning that renewal expenditure will be expected to increase over time, outside the timeframe of the current Long Term Financial Plan. The condition of Stormwater assets is largely based on age, hence the large portion of the assets with a similar condition.

Community Satisfaction

ANNUAL COMMUNITY SURVEY OUTCOMES



Our Image (Net Promoter Score)

Would you recommend Whyalla as a place to live?	-20
Would you recommend Whyalla as a place to do business?	-44

This is the first time that the Annual Community Survey was undertaken and provides a baseline against which future Council performance in delivering on Strategic Direction can be measured.

The initial results are encouraging, with the majority of categories receiving an above average score. Two key areas for improvement are in showing **Value for Money** and that **Council is Modern**.

Council's two Net Promoter Scores are both currently negative. However, around 30% of respondents in both categories were in the neutral group, so with some effort it should be possible to significantly improve these results in future years.

Council Performance

1. Customer Service

Customer Requests by Category	2019/20	2020/21	Change
Maintenance Requests	704	870	166
Animal Management, Health and Compliance	509	440	-69
Planning & Development	280	468	188
Finance	453	318	-135
General Enquiries	631	570	-61
Total	2,577	2,666	89

In the first 6 months of 2020/21, there was a total of **2,666** customer requests logged, an increase of **89** or **3%** on the same period last year.

The reduction in Finance requests is likely due to the fact that the second rates instalment was due in January this year.

The increase in Planning & Development requests is likely due to the overall increase in development activity shown in the Whyalla Profile.

The decrease in Animal Management, Health & Compliance requests may be due to the lower number of animals impounded.

Future Actions

2. Governance

During the first 6 months of 2020/21, Council held a total of **22** meetings, comprised of **6** ordinary meetings, **6** informal gatherings and **10** special meetings. There were 3 special meetings held in both September and November.

During this period, Council's Audit Committee met on **2** occasions.

Ombudsman Complaints

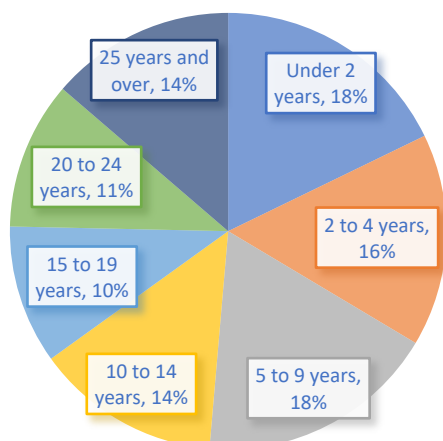
For the first 6 months of 2020-21, there have been **zero** Freedom of Information requests received. This compares to **2** requests received for the same period last year.

Future Actions

3. Workforce

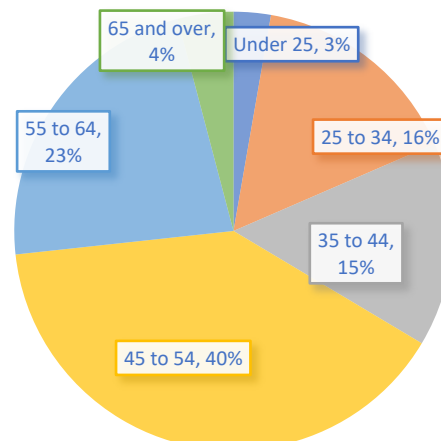
Staff Profile

LENGTH OF SERVICE



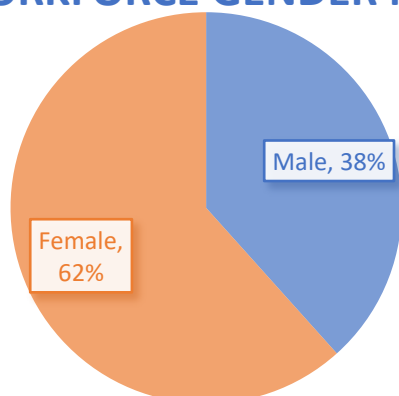
The average length of service for employees is 12.1 years

AGE OF WORKFORCE

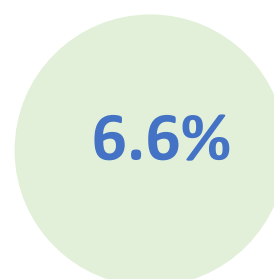


The average age of the workforce is 47.7 years

WORKFORCE GENDER MIX



YTD STAFF TURNOVER



There is a good mix of experience across the workforce, with an average length of service of **21.1 years** and 52% of employees with less than 10 years of service.

The average age of the workforce is **47.7 years** and 27% of employees are over the age of 55. This increases the importance of xxxx and transition to retirement planning.

Future Actions

Culture

Graph of culture survey results

Commentary

Future Actions

4. Environment



Electricity usage

6,047 GJ

Gas usage

5,798 GJ

Water usage

192 ML

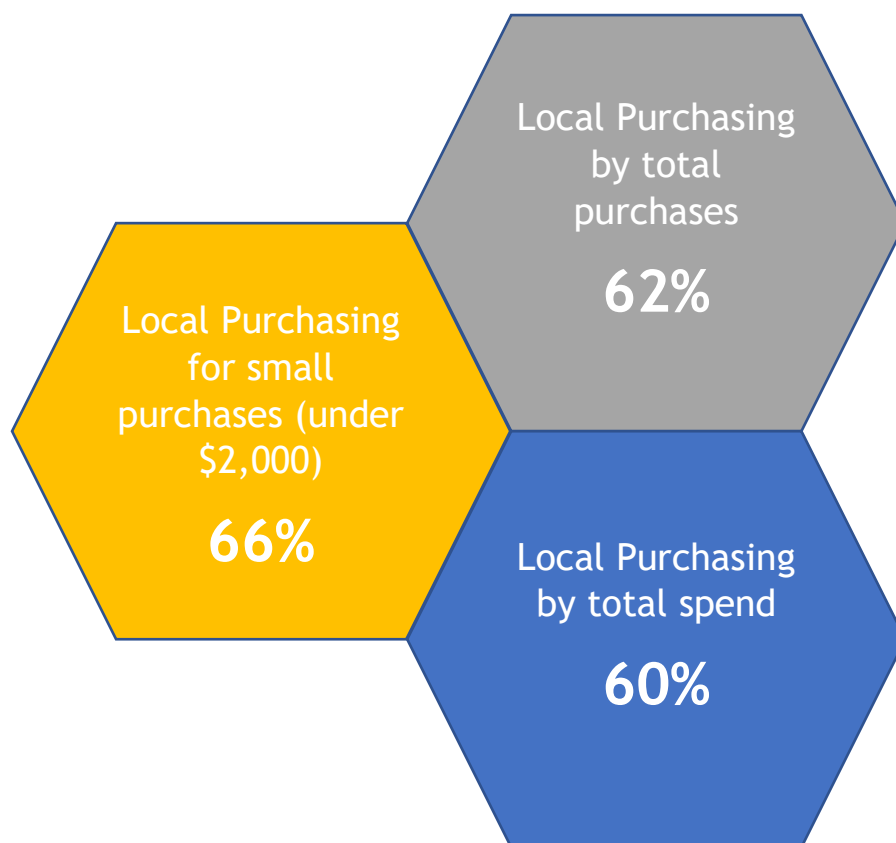
Electricity usage has **increased** by **53 GJ** or **1%** compared to last year.

Gas usage has **decreased** by **659 GJ** or **10%**. This is heavily impacted by the Leisure Centre, which has had periods of closure over this time.

Water usage is **down** by **30 ML** or **14%**.

5. Corporate Citizenship

In the first 6 months of 2020/21, Council has provided support to Community groups to the value of **\$44,430**, including both cash and in-kind contributions.



For the first 6 months of 2020/21, **62%** of transactions for goods and services requiring procurement related to local suppliers, **down 4%** from the same period last year.

When the value of transactions is taken into account, local purchases over this period accounted for **60%, up 18%** from the same period last year. Last year, a number of large capital projects were being undertaken, that required the use non-local suppliers.

66% of purchases with a value of under \$2,000 were made locally, **down 3%** from last year.

6. Business Unit Performance

Waste Management



For the first 3 months of 2020/21, kerbside collection of General Waste was **up 81 tonnes** or **7%**, Recycling was **down 6 tonnes** or **2%** and Organics was **up 48 tonnes** or **12%** compared to the same period last year.

Hard Waste collections were **up** by **46** or **20%** for the same period. This is likely due to the increase in gate costs at the new transfer station.

Future Actions

Visitor Services

Visitor Centre visits for the first 6 months of 2020/21 are **down 1,340** or **12%** on the same period last year. However, for the October to December period visitor numbers were actually **up 19%** on last year, so there are positive signs of a post Covid recovery.

Maritime Museum visits are **up 1,037** or **28%** on last year.

HMAS Whyalla tours are **down 25%** and Steelworks tours **down 61%** on last year. These have both been heavily impacted by Covid, but HMAS Whyalla tours for October to December were **up 49%** on last year.



Visitor Centre	Maritime Museum
10,259	4,725
Steelworks	HMAS Whyalla
438	1,946

Future Actions

Child Care



Occupancy at the Child Care Centre is averaging **80%** for the first 6 months of 2020/21, an **increase** of **8%** compared to last year.

This is due to new processes that have been put into place and is expected to increase further with the implementation of the new cancellation policy.

Future Actions

Library

Membership by Population	Loans per Capita	Items per Capita
24%	6.63	1.67



For 2019/20, the proportion of the Whyalla population that were library members **fell 1%**, the number of Loans per Capita **increased 1.64** or **33%** and the number of Items per Capita **decreased 0.1** or **6%**.

This shows that existing library members are increasing their utilisation of the library service.

Future Actions

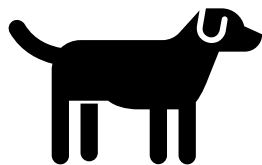
Jetty

Stats on Jetty visitor numbers

Commentary

Future Actions

Animal Management



	Registered	Impounded	Reunited	Rehomed
Dogs	4,070	133	70%	30%
Cats	1,327	150	5%	77%

The number of dogs registered at 31 December 2021 has **decreased** by **74** or **2%** compared to the year before. The number of registered cats has **increased** by **65** or **5%** for the same period.

The number of impounded dogs has **decreased** by **58** or **30%** compared to last year, while the number of impounded cats has **decreased** by **5** or **3%**.

The proportion of animals reunited with their owners or rehomed are consistent with last year.

Future Actions

Environmental Health

Commentary

Future Actions

Development Services

Commentary

Future Actions

Leisure Centre



Members	Member visitors	Other visitors
942	23,987	29,600

Memberships for the Leisure Centre have averaged **942** over the first 6 months of 2020/21, an **increase** of **91** or **11%** over the same period last year. This is despite the impacts that Covid has had on the centre, including a number of compulsory closures.

The total number of member visits is **up 2,627** or **12%**. Members visit the centre an average of **4.3** times per month, consistent with last year.

Non-member visits are **down 8,083** or **21%**. This figure has been more significantly impacted by Covid, with the November closure falling when visits would normally be increasing and the cancellation of some swimming programs.

Future Actions

7. Performance Against Strategic Plan

Area of Focus	Activities Undertaken
Assets	<ul style="list-style-type: none"> • Development of detailed renewal program for Buildings and Open Space assets from updated condition rating and valuation data • Second year of 3-year \$14 million Transport Renewal Program well underway, with significant savings realised to date
Grants	<ul style="list-style-type: none"> • Undertaking detailed scoping to enable Council to access State Government recovery funding for the Northern Coastline Masterplan and Jubilee Park changeroom facility
Forward Planning	<ul style="list-style-type: none"> • Adoption of Disability Inclusion Action Plan • Adoption of Art & Culture Plan • Adoption of Stormwater Harvesting and Reuse Strategy • Commencement of detailed design on all stages of the Valley One project, a significant part of the Stormwater Management Plan
Economic Development	<ul style="list-style-type: none"> • Widespread coverage of the Jetty increasing visitor interest in Whyalla • Success in securing an AFL preseason game for the second year in a row • Support of local tennis club to upgrade facilities, allowing them to deliver a state wide event
Customer Service	<ul style="list-style-type: none"> • Initial work undertaken on the development of a Customer Service Framework for Council • First Annual Community Survey undertaken with 230 respondents, providing value feedback to Council on performance
Governance	<ul style="list-style-type: none"> • Complete review of delegation register undertaken • Initial work commenced on a holistic review of Council's overall policy framework
Organisational Culture	<ul style="list-style-type: none"> • Second cultural survey undertaken, with learnings shared with staff and expressions of interest called for third internal culture group
Risk Management	<ul style="list-style-type: none"> • Strategic Risk Management framework developed and adopted by Council
Placemaking	<ul style="list-style-type: none"> • Delivery of an accredited Changing Places Toilet at the Foreshore, greatly increasing the accessibility of this area to those with a profound disability

Quarterly Project Update - December 2020

2020-21 Capital Program - Monthly Reporting

		Budget	Actual Costs	Total Committed	Stage	% Spent	% Complete	Expected Completion
Transport Renewal Program		\$ 4,393,500	\$ 1,267,440	\$ 3,047,333	Delivery	29%	30%	June 2021
Description: A Three Year Road Delivery Program to address maintenance and backlog work including road resurfacing, kerbing, pavement patching, asphalt & spray sealing to 43.8km over 40 roads. 2020/21 is the second year of this three year road delivery program in accordance with Council's 10 year Asset Management Strategy.		Progress: The second year of the Three-Year Road Delivery Program has continued to progress from the successful first year of delivery. Boral have already completed one mobilisation during August where they sealed Barson Street, Randell Street, Broadbent Tce, Peters St, McBryde Tce and Nicolson Ave. Kerbing works are completed for the current financial year ahead of the second resealing program to be undertaken in March 2021 when Boral asphalt plant upgrade is completed.						
		On Time		On Budget				
Airport Screening and Terminal Upgrade		\$ 6,442,000	\$ 57,459	\$ 4,077,572	Delivery	1%	10%	2021-22
Description: The objective of the upgrade of the Whyalla Airport, is to meet Australian Government announced measures to further strengthen Australia's domestic and international aviation security. This will see the airport screening outgoing passengers and baggage for the first time. Council has currently secured a \$1.85 million contribution from the Federal Government towards these works, and is currently working to secure a further contribution from a recently announced grant opportunity. The works will future proof the airport terminal while increasing safety and amenity. The works will likely span two financial years.		Progress: Due to changes in federal government requirements and upgrade to the Airport Terminal to allow for screening is required. Council have received funding for both the upgrade of the terminal as well as some additional funding to upgrade the secondary runway and parking area for the planes. Detailed design for the runway work is underway and contractor engagement for the terminal upgrade is almost complete with works to begin prior to Christmas.						
		On Time		On Budget				
Airport Taxiway and Runway Safety Upgrade		\$ 5,710,000	\$ 5,844	\$ 5,844	Detailed Design	0%	0%	2021-22
Description: The Federal Government is investing \$100 million over 4 years to help owners of regional airports right across Australia deliver safer runways and taxiways. Council has been successful in securing \$2.455 million for airside upgrades to the apron and taxiway that will separate Royal Flying Doctor Service (RFDS) from other users, significantly improving safety. In addition, sealing of the second runway will improve all weather access and will provide much need alternative for the RFDS, reducing aircraft damage from loose gravel.		Progress: Due to changes in federal government requirements and upgrade to the Airport Terminal to allow for screening is required. Council have received funding for both the upgrade of the terminal as well as some additional funding to upgrade the secondary runway and parking area for the planes. Detailed design for the runway work is underway and contractor engagement for the terminal upgrade is almost complete with works to begin prior to Christmas.						
		On Time		On Budget				
Valley One Stormwater Stage 1		\$ 1,400,000	\$ -	\$ -	Detailed Design	0%	5%	2021-22
Description: This is stage one of five for one of the key projects included in Council's Stormwater Management Plan. Stage one will see an expansion to the stormwater basin at the Aquifer Storage and Recovery (ASR) site and connect this to the new swale for the combined school precinct. This may be a two year project with detailed design commencing in 2020-21. This project is subject to 50% external funding.		Progress: The Whyalla Stormwater Management Plan (the Plan) identifies a significant area that is prone to flooding. This area is a broad and shallow area running south east through the community that includes public spaces and residential and industrial allotments such as Bennett Oval, Westland Shopping Precinct, Civic Park and the Education Precinct. The Plan provides recommendations for flood mitigation in this area which Council developed into a concept plan. The Stormwater Management Authority (SMA) have committed \$70k towards the development of this concept into a detailed design. Council has engaged a consultant experienced with Whyalla to carryout further investigations and develop this design which is expected to be complete mid-2021. This will lead to the construction of infrastructure in this area to manage stormwater and reduce flooding.						
		On Time		On Budget				

2020-21 Capital Program - Quarterly Reporting

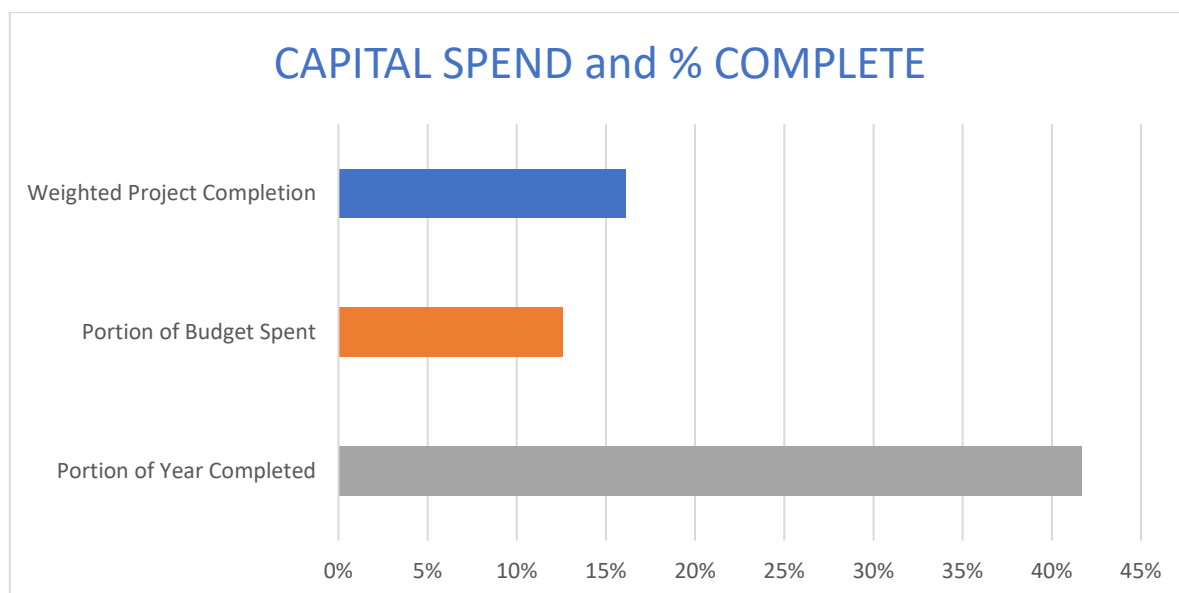
Budget Performance Report											
Project	Newton Street and Broadbent Terrace Flood Mitigation	\$	892,500	\$	-	\$	-	Detailed Design	0%	5%	June 2021
Description:	Installation of underground stormwater infrastructure starting from Newton Street, following Kirwan Street and onto Broadbent Terrace. Additionally the upgrade of Side Entry Pits near the intersection of Essington Lewis Avenue as well as cross overs for Broadbent Terrace. This will mitigate flood water at these two known problem areas.										
		On Time		On Budget							
Project	Stormwater Levee Repair and Extension	\$	189,500	\$	4,500	\$	7,000	Planning	2%	5%	2021-22
Description:	Includes works to the existing levee bank to ensure continued functionality as well as the installation of bunds to retain water outside the city to improve overall flood mitigation.										
		On Time		On Budget							
Project	Plant Replacement Program	\$	1,302,900	\$	281,083	\$	281,408	Delivery	22%	25%	
Description:	Each year Council replaces items of plant and machinery that are no longer fit for purpose to ensure the fleet is up to date and operable in a safe condition. This year's program includes: Bitumen Patching Truck; 3.5 Tonne Canter; Irrigation Truck; Stump Cutter; 5 Mowers and 2 Light Fleet vehicles.										
		On Time		On Budget							
Project	HMAS Whyalla	\$	104,000	\$	99,201	\$	99,201	Completed	95%	100%	Complete
Description:	Works will continue on the HMAS Whyalla including further waterproofing of the upper deck of the ship to help reduce deterioration due to rust as well as commencing refurbishment of critical areas below deck.										
		On Time		On Budget							
Project	Reconstruction of Wall Street and Darling Terrace	\$	547,000	\$	31,430	\$	36,360	Detailed Design	6%	5%	June 2021
Description:	The reconstruction of Wall Street and Darling Terrace will see the installation of stormwater infrastructure that will help reduce the flood risk on Walls Street, Wallack Terrace and surrounding areas. It will also involve the reconstruction of the road, kerb and footpaths in conjunction with the roadworks program.										
		On Time		On Budget							

Project		Budget	Actual Costs	Total Committed	Stage	% Spent	% Complete	Expected Completion
Sealing of Unsealed Road		\$ 180,000	\$ 144,285	\$ 144,285	Completed	80%	100%	Complete
Description: The sealing of unsealed roads will continue on from previous years, with another 1km section to be sealed on Council's Northern Coastline. This decreases the length of the unsealed road network, reducing the annual maintenance required for these roads and delivering a higher level of service.								Progress: The resealing of 1.2km of Gulf view drive is completed with some budget savings realised.
On Time On Budget								
Footpath Expansion		\$ 379,700	\$ -	\$ -	Planning	0%	0%	
Description: The footpath expansion program will continue to expand the network as well as upgrade existing paths to provide a higher standard of footpath throughout the City of Whyalla.								Progress: This year's footpath program has continued from last year and continues to follow the road reseat program. It will also include some new footpaths where there are gaps in our footpath network and will include some upgrades of paths to concrete.
On Time On Budget								
Shared Bike Path Program		\$ 160,000	\$ -	\$ -	Tender	0%	5%	May 2021
Description: The shared path program will continue with this year's delivery seeing the completion of the city loop and some key connections between this path and other shared paths in the network. This continues the work towards a path and trail network covering the entire city.								Progress: The strategic bike path project will continue this year to improve the shared path network throughout the Whyalla community. This year the program will look to connect the loop from the education precinct to the Whyalla wetlands, as well as connect the recently completed Ekblom St path to Nicolson Avenue extending Ekblom St and to McDouall Stuart Avenue by Ian St. The RFI is currently being prepared and will be out for tender by early February with works expected to be completed by the end of May 2021.
On Time On Budget								
Street Sign Replacement Program		\$ 202,000	\$ -	\$ 212,427	Delivery	0%	5%	June 2021
Description: This project will continue the program commenced in 2019/20 to replace out of standard signage throughout the city.								Progress: McMullens have ordered signs and will provide a program for installation commencing February 2021
On Time On Budget								
Jubilee Oval Toilet and Training Facility		\$ 230,000	\$ 5,583	\$ 7,953	Tender	2%	5%	2021-22
Description: This project includes construction of a new facility at the Jubilee Park precinct that will involve amenities and changing facilities, which will benefit sporting groups looking to utilise this precinct for training. This project is subject to 50% external funding.								Progress: With the re-purpose of the lighting from Bennett Oval to Jubilee park it has allowed an increase in use for training purposes at this facilities. This increase in use has seen the requirement of fit for purpose toilets and changing facilities in this area. Building design has now been completed and a funding application will soon be submitted.
On Time On Budget								
Tanderra Hall and Kitchen		\$ 146,900	\$ 15,968	\$ 30,227	Tender	11%	10%	
Description: This project will be Stage 2 of works of the kitchen and hall building at the Tanderra Craft Village being continuing structural rehabilitation to ensure the longevity of the building.								Progress: Works will continue on the Tanderra Craft Village Kitchen and Mess building following minor repairs completed last year. This will see stone repointing, improvements to the foundation and slab, replacement of some roofing and improvements to stormwater management. These works will ensure the sustainable use of this building for the community. Tender documentation is currently being prepared and once complete contractors will be sought to carry out the work.
On Time On Budget								

Project	Budget	Actual Costs	Total Committed	Stage	% Spent	% Complete	Expected Completion
Old Airport Hangar Refurbishment - Stage 2							
Description: This project will be Stage 2 of works at the Old Aerodrome Hangar continuing the replacement of critical structural items to ensure the longevity of the building.	\$ 165,000	\$ -	\$ 2,750	Detailed Design	0%	5%	
Progress: Works were carried out on the Old Aerodrome Hangar on Keith Street in response to termites damage in 2018/19. This involved replacement of major structural columns and beams with like materials that maintained the original character of the building. The current project is stage 2 of this work which involves replacement of the remaining columns and beams damaged by termites. This work will ensure the structural integrity of the building is maintained allowing its ongoing use by community groups into the future. All work will be carried out to maintain the heritage of this building that is significant to Whyalla's history.							
		On Time		On Budget			
Natural Conservation Improvement Projects							
Description: Several natural conservation projects have been scoped in conjunction with the Natural Resource Management Board and include: Eight Mile Creek gazebo; mangrove boardwalk; Point Lowly campground revegetation; Foreshore track closures; Conservation Park weed program and Wild Dog Hill Access Road resheeting. These projects are all subject to 50% external funding.	\$ 116,000	\$ -	\$ -	Detailed Design	0%	15%	April 2021
Progress: Council has received funding (\$10,000 Grant) from Landscapes SA for unauthorised track close works. This work has been planned with a contractor to begin works in February 2021							
		On Time		On Budget			
Street Tree Replacement Program							
Description: This program will continue to ensure more of the gaps within our street tree network are filled, with the establishment of trees which are appropriate when taking into account the climate and Council's current irrigation network.	\$ 90,000	\$ 67,019	\$ 81,548	Delivery	74%	75%	June 2021
Progress: The street tree replacement program will continue from last years successful delivery. Again we will see further irrigation upgrades that will assist in the upkeep of newly planted and already established trees. From here will we also see further trees planted to fill in the gaps along the streetscapes around the Whyalla community.							
		On Time		On Budget			
Patterson Street Hub							
Description: Fit out of the newly refurbished facility at 3 Patterson Street to allow for this to be a multi-use facility.	\$ 58,300	\$ -	\$ -	Not Started	0%	0%	Unknown
Progress:							
		On Time		On Budget			
Child Care Centre							
Description: Renewal works required to ensure service standards are met e.g. flooring.	\$ 50,000	\$ -	\$ -	Tender	0%	5%	June 2021
Progress: Works include refurbishment of an existing bathroom and the relaying of a portion of the centre's flooring. Pricing is currently being sought.							
		On Time		On Budget			
Crematorium Floor Bricks							
Description: This project will replace the floor of the crematorium at the cemetery as it is no longer fit for purpose.	\$ 40,000	\$ 15,648	\$ 31,296	Planning	39%	40%	
Progress:							
		On Time		On Budget			

Carry Forward Projects

Project	Services to Jetty	\$	92,000	\$	124,655	\$	124,655	Completed	135%	100%	Complete	
Description:	The Whyalla jetty and foreshore area upgrade of power and water supplies to allow access when required.											
		On Time			On Budget							
Project	Memorial and Bennett Oval Lighting	\$	785,400	\$	793,288	\$	800,674	Delivery	101%	95%	March 2021	
Description:	New oval lighting to allow for night time training and competition, with Bennett Oval able to host elite sport. The previous lights from Bennett will be moved to Jubilee to also allow night time training at this facility.											
		On Time			On Budget							
Project	Marina Lighting	\$	102,500	\$	80,598	\$	83,732	Completed	79%	100%	Complete	
Description:	Installation of solar powered lighting at the Whyalla marina carparks and breakwater walkways for the safety of patrons utilizing the area outside of daylight hours.											
		On Time			On Budget							
Project	Changing Places Toilet	\$	84,500	\$	83,537	\$	83,787	Completed	99%	100%	Complete	
Description:	Installation of a Changing Places toilet at the foreshore, enabling people with a disability and high support needs to participate in social, sporting and cultural activities. These facilities are larger than standard accessible toilets with a height adjustable adult-sized change table, a tracking hoist and space for two people either side of a peninsula toilet.											
		On Time			On Budget							
Project	Boat Ramp Upgrade	\$	82,500	\$	-	\$	-	Planning	0%	0%	2021-22	
Description:	Improvement to the current boat ramp within the Whyalla marina by removing the existing concrete medians which will result in better access and therefore an easier launching process for users.											
		On Time			On Budget							



Commentary on progress of capital program

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

UNIFORM PRESENTATION OF FINANCES	Original Budget \$000	Current Budget \$000	YTD Actual \$000	% Budget
OPERATING ACTIVITIES				
Operating Revenues	30,481	30,372	24,378	80%
less Operating Expenses	(33,011)	(33,506)	(14,858)	44%
Operating Surplus/ (Deficit)	(2,530)	(3,134)	9,520	
CAPITAL ACTIVITIES				
Net Outlays on Existing Assets				
Capital Expense on renewal and replacement of Existing Assets	(6,004)	(7,949)	(1,841)	23%
add back Depreciation, Amortisation and Impairment	6,766	7,036	3,619	51%
add back Proceeds from Sale of Replaced Assets	202	262	80	31%
Net Outlays on Existing Assets	964	(651)	1,858	
Net Outlay on New and Upgraded Assets				
Capital Expenditure on New and Upgraded Assets	(15,773)	(17,521)	(1,856)	11%
add back Amounts received specifically for New and Upgraded Ass	5,183	5,689	2,439	43%
Net Outlays on New and Upgraded Assets	(10,590)	(11,832)	583	
Net Lending/ (Borrowing) for Financial Year	(12,156)	(15,617)	11,961	
FINANCING ACTIVITIES				
New Borrowings	12,500	19,500	3,700	
Repayment of Principal	-	-	-	
(Increase)/Decrease in Cash and Investments	51	145	33	
Net Balance Sheet funding (debtors & creditors etc)	(395)	(4,028)	(15,694)	
Total Financing Transactions	12,156	15,617	(11,961)	

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

STATEMENT OF COMPREHENSIVE INCOME	Original Budget \$000	Current Budget \$000	YTD Actual \$000	% Budget
INCOME				
Rates	20,929	20,929	20,903	100%
Statutory Charges	367	367	255	69%
User Charges	2,881	2,789	1,174	42%
Grants, subsidies and contributions	5,214	5,214	1,650	32%
Investment Income	34	34	11	32%
Reimbursements	13	13	11	85%
Other Income	1,043	1,026	374	36%
TOTAL INCOME	30,481	30,372	24,378	
EXPENSES				
Employee Costs	12,895	12,743	4,827	38%
Materials, contracts & other expenses	12,848	13,312	6,364	48%
Depreciation, amortisation & impairments	6,766	7,036	3,619	51%
Finance Costs	502	415	48	12%
TOTAL EXPENSES	33,011	33,506	14,858	
OPERATING SURPLUS/(DEFICIT)	(2,530)	(3,134)	9,520	
Amounts specifically for new or upgraded assets	5,183	5,689	2,439	
Net gain (loss)	-	-	9	
NET SURPLUS/(DEFICIT)	2,653	2,555	11,968	
Other Comprehensive Income	-	12,769	-	
TOTAL COMPREHENSIVE INCOME	2,653	15,324	11,968	

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

STATEMENT OF FINANCIAL POSITION	Original Budget \$000	Current Budget \$000	YTD Actual \$000
ASSETS			
Current Assets			
Cash & Cash Equivalents	223	129	241
Trade & Other Receivables	4,188	6,388	14,793
Inventories	114	114	159
TOTAL CURRENT ASSETS	4,525	6,631	15,193
Non-current Assets			
Infrastructure, Property, Plant & Equipment	294,622	310,754	279,820
Other Non-Current Assets	3,935	3,980	4,080
TOTAL NON-CURRENT ASSETS	298,557	314,734	283,900
Total Assets	303,082	321,365	299,093
LIABILITIES			
Current Liabilities			
Trade and Other Payables	4,539	3,339	175
Short Term Borrowings	500	500	500
Short Term Provisions	2,276	2,276	1,954
TOTAL CURRENT LIABILITIES	7,315	6,115	2,629
Non-Current Liabilities			
Long Term Borrowings	19,000	26,000	10,200
Long Term Provisions	853	665	1,035
TOTAL NON-CURRENT LIABILITIES	19,853	26,665	11,235
Total Liabilities	27,168	32,780	13,864
NET ASSETS	275,914	288,585	285,229
EQUITY			
Accumulated Surplus	44,458	44,210	53,623
Asset Revaluation Reserve	229,654	242,423	229,654
Reserves	1,802	1,952	1,952
TOTAL EQUITY	275,914	288,585	285,229

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

STATEMENT OF CHANGES IN EQUITY	Original Budget \$000	Current Budget \$000	YTD Actual \$000
Accumulated Surplus			
Balance at Beginning of Period	41,655	41,655	41,655
Change in financial position resulting from operations	2,653	2,555	11,968
Transfers from Other Reserves	550	-	-
Transfers to Other Reserves	(400)	-	-
Balance at End of Period	44,458	44,210	53,623
Asset Revaluation Reserve			
Balance at Beginning of Period	229,654	229,654	229,654
Revaluation Increment	-	12,769	-
Balance at End of Period	229,654	242,423	229,654
Other Reserves			
Balance at Beginning of Period	1,952	1,952	1,952
Transfers to Accumulated Surplus	(550)	-	-
Transfers from Accumulated Surplus	400	-	-
Balance at End of Period	1,802	1,952	1,952
TOTAL EQUITY AT END OF REPORTING PERIOD	275,914	288,585	285,229

STATEMENT OF CASH FLOWS	Original Budget \$000	Current Budget \$000	YTD Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating Receipts	30,447	26,938	13,762
Investment Income	34	34	11
Payments			
Operating Payments	(26,138)	(26,683)	(16,280)
Finance Costs	(502)	(415)	(48)
Net Cash provided by (or used in) Operating Activities	3,841	(126)	(2,555)
CASH FLOWS FROM INVESTMENT ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets	5,183	5,689	2,439
Sale of replaced assets	202	262	80
Payments			
Purchase of Renewal/Replacement Assets	(6,004)	(7,949)	(1,841)
Purchase of New/Expansion Assets	(15,773)	(17,521)	(1,856)
Net Cash provided by (or used in) Investing Activities	(16,392)	(19,519)	(1,178)
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipts			
Proceeds from Borrowings - Council	12,500	19,500	3,700
Payments			
Repayment of Borrowings	-	-	-
Net Cash provided by (or used in) Financing Activities	12,500	19,500	3,700
Net Increase (Decrease) in Cash Held	(51)	(145)	(33)
Cash & cash equivalents at beginning of period	274	274	274
Cash & cash equivalents at end of period	223	129	241

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

Loans - December 2020

Fixed Loans

Loan	Term	Loan Value	Interest Rate	Expiry
139	1 year	\$1,500,000	1.65%	16/07/2021
139	3 years	\$1,500,000	1.70%	16/07/2023
139	5 years	\$2,000,000	1.90%	16/07/2025
		\$5,000,000		

Variable Loans

Loan	Total Facility Value	Drawn Down Value	Interest Rate	Expiry
136	\$5,000,000	\$0	2.20%	15/12/2021
137	\$7,000,000	\$0	2.20%	15/01/2024
139	\$5,800,000	\$2,500,000	2.20%	15/07/2030
139 CV19	\$3,200,000	\$3,200,000	1.45%	15/07/2023
	\$21,000,000	\$5,700,000		

Loan Summary

Fixed Loan Balance	\$5,000,000	47%
Variable Loan Balance	\$5,700,000	53%
Total Loan Balance	\$10,700,000	
Loan Funds Available	\$15,300,000	
Weighted Interest Rate	1.77%	

Accounts Payable - December 2020

Total Value of Payments made this month	\$2,271,029
Total Value of Outstanding Accounts Payable	\$104,941

Rates - December 2020

Value of Rates Payments received this month		\$1,073,666
Overdue Rates Value		\$1,704,935
Age of debt	Properties	Value
Current Year	885	\$321,611
2019-20	451	\$557,345
2018-19	193	\$289,777
2017-18	108	\$193,939
2016-17 and earlier	81	\$342,262

WHYALLA CITY COUNCIL
MONTHLY BUDGET REPORT - December 2020

Accounts Receivable - December 2020

Value of Invoices issued this month	\$99,027
Value of Payments received this month	\$919,415
Net Increase/(Decrease) in Accounts Receivable	-\$820,388
 Total Value of Outstanding Accounts Receivable	 \$944,495
Value of Doubtful Debt Provision	-\$220,973
Expected value of Accounts Receivable to be received	\$723,522

Consultants - December 2020

Total value of consultants used this month	\$66,950
 Total value of consultants used year to date	 \$357,711

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

Operating Income

All operating income is tracking as expected, with the exception of:

- Airport Charges, as passenger numbers are tracking significantly lower than projections;
- General Rates Income, as the uptake of the Covid Rate Remission offered by Council has been much lower than expected; and
- Waste User Charges, as none were budgeted for the year, but the Council run landfill continued to operate past the end of June 2020.

Grant Income may appear to be tracking significantly under, however as the Federal Government is currently paying Financial Assistance Grants 6 months in advance, the timing is skewed, with a large payment received in June each year.

Operating Expenditure

Employee Costs are tracking under, as there are a number of vacant positions in the organisation. Some of these are being covered by contractors and labour hire, so there is an offsetting increase in this area. Costs related to Annual Leave and Long Service Leave are recognised in June each year, which may make this area look like it is tracking lower than it actually is.

Materials, Contracts & Other Expenditure is tracking higher than expected due to:

- The cost of vacant positions being temporarily backfilled by labour hire and contractors as mentioned above;
- Costs related to running the Council landfill site past 30 June 2020; and
- The cost to Council of purchasing additional devices so that more employees can work remotely as an impact of Covid.

Deprecation expense is tracking slightly higher than expected due to a temporary increase in the size of Council's fleet, relating to Covid restrictions and the extended operating period of the Council landfill.

Interest Expenses are expected to fall, as much of Council's capital expenditure for this year is occurring in the second half, reducing cash flow projections.

Updated projections will be included in the Second Quarter budget review.

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

Capital Activities

The overall spend on capital works is lower than would be expected halfway through the financial year. This is in part due to the budget being adopted later than usual, meaning a delayed start for some projects, but is also due to the complex nature of some of the projects being undertaken. Work on some, such as the Airport Terminal are beginning to ramp up, which means expenditure will begin to increase. Some projects, such as the Airport Runway and Valley One Stormwater, have updated project schedules which will see some expenditure deferred into 2021/22.

Capital Income is tracking as expected, although some additional grant funding is now expected.

Updated projections will be included in the Second Quarter budget review.

Statement of Financial Position

The balance of Trade & Receivables reduces gradually over the financial year. This is because Rates become a receivable at the time that they are declared, but don't fall due until each quarterly due date.

The value of Council's assets will increase in line with capital expenditure. Also, any revaluation of assets occurs at 30 June, so will not be shown until after year end.

The projected balance of Trade and Other Payables is often low during the year, but will increase in June to allow for the accrual of work undertaken in the last weeks of the year.

Borrowings are expected to increase in line with the capital expenditure during the second half of the year.

WHYALLA CITY COUNCIL

MONTHLY BUDGET REPORT - December 2020

Loans

Council target is for fixed loans to make up between 10% and 50% of total loan balances. Currently they are at the higher end of the range at 47%, but this will fall back into the mid-range as loan balances increase during the year.

Council's currently weighted interest rate is currently 1.77%, but this will increase as the loan balances do, as the current variable rate is 2.20%.

Council's current available loan capacity is \$15.3 million.

Account Receivable

This month Council received payment for ex-gratia rates, which is the reason for the large reduction on balance for the month.

Consultants

Over one third of Council's consulting spend relates to the use of skilled contractors to fill key vacant positions. Other areas of expenditure include; assistance with asset management data; engineering assessments of Council buildings; assistance with governance tasks; and preparation of key planning documents.

5.1 CORPORATE

5.1.4 Quarterly Report – Procurement

Audit Committee Meeting: 1 February 2020

Author's Title: Senior Procurement Officer

File No.: 0-159

Director: Kathy Jarrett

Annexures – Nil

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

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Yes

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No

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

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Yes

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No

Reason – not applicable

PURPOSE

The purpose of this report is to provide information regarding Council's procurement activities during the period 1 October to 31 December 2020.

SUMMARY

Clause 7 of the Procurement Policy requires quarterly reporting on procurement exemptions to the Audit Committee.

This report also provides a snapshot of the following procurements which have been undertaken by Council during the period 1 October to 31 December 2020:

- tenders;
- use of local vs non-local goods, works and services; and
- comparison of purchase orders and local vs non-local spend to same quarter of previous year

All figures included in this report are GST exclusive, in line with the budget.

RECOMMENDATION

That the Audit Committee receive and note the Procurement Quarterly report.

5.1.4 Quarterly Report – Procurement Department

REPORT

BACKGROUND

In adopting better governance practices, this report is prepared to ensure Audit Committee and Elected Members are informed about procurement outcomes achieved by the Council.

In addition to this, Council's Procurement Policy requires the following to be reported quarterly to the Audit Committee and Council:

- Clause 7 requires exemptions from the policy to be appropriately approved and are to be recorded and reported to the Audit Committee quarterly.

DISCUSSION

1. TENDERS (greater than \$200,000):

The following tenders were undertaken or in progress for the period 1 October to 31 December 2020:

PROCUREMENT	TENDERS REQUESTED	TENDERS RECEIVED	STATUS
Whyalla Airport - Terminal Building Security Upgrade	Advertised via Tenders SA website	5	Tender awarded and works now in progress
Whyalla Airport – Provision of Security Screening Services	Request for Tender document drafted. LGA Procurement to facilitate the tender process due to the complexity of the procurement		Anticipated tender will be advertised February 2021.
Whyalla Airport – Airside Upgrade Works	Anticipated by June 2021	-	Design Phase currently being undertaken. Tender documents will be the outcome of the design.
Trade In/Replacement of Jetpatcher	Advertised via Tenders SA website	2	Tenders currently being evaluated.
Sale of Landfill Compactor	Advertised via Tenders SA website	1	Sale in Progress.

2. POLICY EXEMPTIONS:

From 1 October to 31 December 2020 the following 2 procurement exemptions were made:

PROJECT TITLE	VALUE (GST EX)	NATURE & REASON FOR EXEMPTION (Clause 7 of Procurement Policy)
Project Management Consultancy	\$56,098.90	Direct engagement due to staff shortages and the need to continue Council's capital projects
Whyalla Airport – Baggage Handling System	\$618,100.00	Only one supplier who could supply in the timeframe required to meet installation timelines for the Terminal Upgrade.

Note that only the Chief Executive Officer can authorise exemptions from undertaking procurement processes as specified in Council's Procurement Policy.

The following is a summary of Policy exemptions for the 2020/2021 year to date:

Exemptions by Department	Amount	Percentage
City Growth	0	0%
Corporate	4	66.67%
Infrastructure	2	33.33%
Executive	0	0%
Total	6	100%

Exemptions by Procurement Thresholds (\$)	Amount	Percentage
0 – 5,000	0	0%
5,001 – 30,000	0	0%
30,001 – 200,000	5	83.33%
200,001 +	1	16.67%
Total	6	100%

3. LOCAL PURCHASES:

As a contributor to Whyalla's economy, Council is committed to purchasing from local suppliers where possible, as well as ensuring value for money procurement outcomes.

Out of a total of 825 purchase orders raised for goods, works or services for the period 1 October to 31 December 2020:

- 515 were local; and
- 310 were non-local

There was an overall spend of \$7,399,773.56 broken down as follows:

- Local spend \$4,935,314.30; and
- Non-local spend \$2,464,459.26

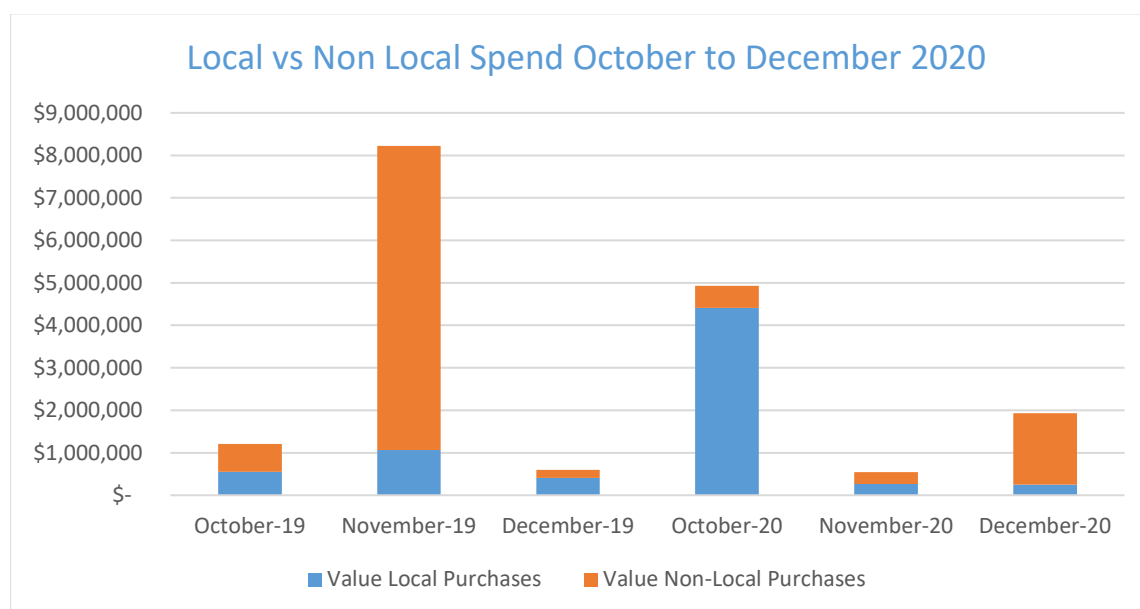
A total of 62.42% were local purchases and 37.58% were non-local purchases for goods, works or services. Non-local purchases for this period were reviewed and were for the following reasons:

- Specialised products or services not available locally
- Training not available locally
- Conferences/Meetings not local
- Membership renewals
- Subscription renewals
- Continuing Contracts

The following tables represent local vs non-local purchase order number and value comparison for October to December 2020 and includes a comparison with the previous year.

2020	October	November	December	Total
Local Purchases	167	189	159	515
Non-Local Purchases	114	104	92	310
Value Local Purchases	\$4,412,407	\$268,377	\$ 254,531	\$4,935,314
Value Non-Local Purchases	\$ 514,090	\$276,104	\$1,674,265	\$2,464,459

2019	October	November	December	Total
Local Purchases	178	202	156	536
Non-Local Purchases	128	104	78	310
Value Local Purchases	\$554,501	\$1,066,288	\$407,299	\$2,028,088
Value Non-Local Purchases	\$656,444	\$7,158,533	\$193,645	\$8,008,622



Non-local spend for November 2019 was higher than usual due to the following contracts:

- Roadworks Program
- Bennett Oval Building Upgrade
- Road Patching Program
- Kerbing Program

Non-local spend for December 2020 was higher than usual due to the following contracts:

- Whyalla Airport – Security Screening Machines
- Whyalla Airport – Baggage Handling Systems
- Continuation of Cleaning Contract
- Whyalla Airport Terminal Security Upgrade - Contract Management

There was a spike in local spend in October 2020 due to the following contracts:

- Whyalla Airport Terminal Security Upgrade
- Continuation of Supply/Installation of Street Signs
- Continuation of Linemarking Maintenance

Legislation

Local Government Act (SA) 1999

Officer Direct or Indirect Interest – Nil

Risk Assessment

Non-compliance with the Procurement Policy and Local Government Act (SA) 1999 may expose Council to reputation and financial risks.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication - Nil

Conclusion

That the Audit Committee note this report.

5.1 CORPORATE

5.1.5 Prudential Management Policy

Audit Committee Meeting: 1 February 2021

Author's Title: Business Performance Manager

File No.: 0-159

Directorate: Corporate

Annexures:

A – Draft Prudential Management Policy

B – Draft Prudential Management Policy with tracked changes

Officer Direct or Indirect Conflict of Interest:

*In accordance with Local Government Act 1999,
Section 120*

☐

Yes

☒

No

Status:

*Information classified confidential under
Section 90(2) of the Local Government Act*

☐

Yes

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No

Reason – Nil

PURPOSE

To present to the Audit Committee, the draft Prudential Management Policy.

SUMMARY

The Prudential Management Policy is required under Section 48 of the *Local Government Act (SA) 1999*.

This report is to present to the Audit Committee:

- the draft Prudential Management Policy (refer Annexure “A”); and
- the draft Prudential Management Policy with tracked changes (refer Annexure “B”).

RECOMMENDATION

That the Audit Committee receive and note the draft Prudential Management Policy attached at Annexure “A”.

5.1.5 Prudential Management Policy

REPORT

BACKGROUND

The Prudential Management Policy is required under Section 48 of the *Local Government Act (SA) 1999* (“the Act”).

A draft version of the Prudential Management Policy was presented to the Audit Committee at their last meeting, held 30 September 2020. The Audit Committee reviewed the policy and requested that a redrafted version be brought back to this meeting, with the intention that the policy be updated with clearer wording on what is required to be considered for new projects.

DISCUSSION

Council has developed the draft Prudential Management Policy (refer Annexure “A”) upon review of the previous version, current requirements under the Act and feedback received from the Audit Committee.

The draft Prudential Management Policy (“the draft policy”) reflects the financial and non-financial considerations Council should undertake before deciding to proceed with a project.

Financial Implications

Adequate policies are required under the Act.
Inadequate policies may result in financial detriment to Council.

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Regularly inform the community of council activities, decisions and actions

Legislation

Local Government Act (SA)1999

Officer Direct or Indirect Interest – Nil

Risk Assessment

Non-compliance with these items, may expose Council to a number of risks including reputational, financial or external review.

Social Considerations – Nil

Community Engagement – Nil

Environmental Implications – Nil

Communication

Any relevant matters or changes will be communicated through reports to Council and the Audit Committee.

Conclusion

The draft Prudential Management Policy is presented to the Audit Committee.

ANNEXURE “A”**Whyalla City Council**

Prudential Management Policy	
Type	Governance
GDS Category	Governance – Public
Responsible Officer	Group Manager Finance and Corporate
Policy Adopted	February 2021
Review Period	Two years
Last Reviewed	January 2016
Next Review Date	February 2023
Policy Version Number	2
Applicable Legislation	Local Government Act 1999; Section 48
Related Documents	<ul style="list-style-type: none"> • Risk Management Plan and Policy • Procurement Policy • Project Management Budget Application Template • Project Evaluation Procedure • Risk Management Procedure • Decision-making Procedure
Public Consultation Required	No
Purpose	This policy is a guide on prudential management of all Council projects.

1. INTRODUCTION

This document sets out the policy of the Whyalla Council for prudential management of all its projects. This policy applies to all projects (as defined below) regardless of size.

2. PROJECT DEFINITION

A project may be defined as:

“A new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability or accepting an asset.”

This should not be interpreted to mean that all Council activities are “projects”. Regular, ongoing deliveries of Council services are not “new and discrete” activities so therefore are not included within this definition. A project is a temporary endeavour with a defined beginning and end. The temporary nature of projects stands in contrast to business as usual (or operations) which are repetitive, ongoing functional activities to produce products or services. Projects should be considered under this policy where the total value of the project phase is \$100,000 or greater. Any ongoing costs will be considered separately during the project assessment.

All projects should be considered in the context of not only this policy but also Council’s Risk Management Plan.

3. POLICY OBJECTIVES

This policy has two objectives:

- 3.1 to ensure that a Council project is undertaken only after an appropriate level of “due diligence” is applied to the proposed project; and
- 3.2 to ensure that each Council project is managed during the project and evaluated after the project to achieve identified public benefits or needs and to minimise financial risks.

The objectives of this policy shall be considered in a report on any potential project, regardless of the financial impact or the size of the project.

4. LEGISLATION

This policy is made pursuant to Section 48 (aa1) of the [Local Government Act 1999](#) (“the Act”) which provides:

“A Council must develop and maintain prudential management policies practices and procedures for the assessment of projects to ensure that the Council:

- a) acts with due care diligence and foresight; and*
- b) identifies and manages risks associated with a project; and*
- c) makes informed decisions; and*
- d) is accountable for the use of Council and other public resources.”*

As such, this policy applies to all Council projects over the threshold of \$100,000, to ensure compliance with this provision, and that decision-making in respect of any project is made with reliable, accurate and timely information.

5. DUE DILIGENCE BEFORE A DECISION ON WHETHER TO PROCEED

Depending upon the extent of due diligence required by the decision-maker, a Business Case of greater or lesser detail will be prepared. At a minimum this Business Case will include:

- analysis of the community need addressed by the project;
- information on how the project fits with Council's strategic direction and any existing or proposed Masterplans;
- quantification of the likely whole-of-life financial and other costs, including staffing and project management costs;
- consideration of any social, environmental and economic outcomes; and
- assessment of project risks and consideration of ways they can be managed and/or mitigated.

For the smaller projects with a low level of risk, this Business Case may comprise only a single page and may be prepared by a single staff member. Higher value projects with a higher level of risk will require a more detailed Business Case.

For projects with a value of over \$1 million, or that are considered to be high risk, the Business Case should include, in addition to the items listed above, the following information:

- a feasibility study, or other relevant independent advice;
- consideration of stakeholder management; and
- consideration of governance issues.

Section 48(1) of the Act requires that a full prudential report be prepared for Council for projects that meet one of the following conditions:

- the capital value of the project over the next 5 years is expected to exceed \$4,939,000. This figure is as at January 2021, and is indexed annually using the previous September's CPI for Adelaide; or
- the operating costs related to the project over the next 5 years are expected to exceed 20% of the Council's operating costs over the last 5 years. After the 2019-20 financial year, this would require total operating costs of \$30 million over 5 years, or \$6 million per annum.

A full prudential report may also be commissioned under Section 48, for "any other project for which the Council considers that it is necessary or appropriate".

The issues that must be addressed by this report are set out in Section 48(2) of the Act, as follows:

- the relationship between the project and relevant strategic management plans;
- the objectives of the Development Plan in the area where the project is to occur;
- the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if

appropriate, how the project should be established in a way that ensures fair competition in the market place;

- the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;
- if the project is intended to produce revenue, revenue projections and potential financial risks;
- the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;
- the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;
- any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);
- the most appropriate mechanisms or arrangements for carrying out the project;
- if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

A report prepared under Section 48(1) must be prepared by a person considered qualified to address the prudential issues required, and who does not have an interest in the project. Council can ensure compliance with this requirement by appointing an external consultant to prepare this report. Reports prepared under Section 48(1) are to be made available to the public after a decision is made on whether to proceed with the project, unless Council orders that it be kept confidential.

6. DUE DILIGENCE DURING A PROJECT

After a decision has been made to commence a project, it will be managed according to the principles of due diligence.

The Council will take action to manage the project so that:

- the project remains focussed upon the expected public benefits or needs that have been identified in the Business Case; and
- financial risks identified in the Case are managed appropriately.

7. DUE DILIGENCE AFTER A PROJECT

After a project has been completed, it will be evaluated, according to the principles of due diligence to determine the extent to which the project:

- has achieved the public benefits or needs identified in the Business Case that it was intended to achieve or satisfy; and
- has avoided or mitigated the financial risks identified in the Business Case.

8. AUTHORITY

Adopted by Council – February 2021

9. HISTORY

Version 2 – adopted by Council February 2021

Version 1 – adopted by Council January 2016

ANNEXURE “B”



Whyalla City Council

Prudential Management Policy	
Type	Governance
GDS Category	Governance – Public
Responsible Officer	Group Manager Finance and Corporate
Policy Adopted	January 2016 February 2021
Review Period	Two years
Last Reviewed	January 2016
Next Review Date	January 2018 February 2023
Policy Version Number	21
Applicable Legislation	Local Government Act 1999; Section 48 (aa1)
Related Documents	<ul style="list-style-type: none"> • Risk Management Plan and Policy • Procurement Policy • Project Management Budget Application Template • Project Evaluation Procedure • Risk Management Procedure • Decision-making Procedure
Public Consultation Required	No
Purpose	This policy is a guide on prudential management of all Council projects.

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1. INTRODUCTION

This document sets out the policy of the Whyalla Council for prudential management of all its projects. This policy applies to all projects (as defined below) regardless of size.

2. PROJECT DEFINITION

A project may be defined as:

“A new and discrete undertaking or activity that would involve the expenditure of money, deployment of resources, incurring or assuming a liability or accepting an asset.”

This should not be interpreted to mean that all Council activities are “projects”. Regular, ongoing deliveries of Council services are not “new and discrete” activities so therefore are not included within this definition. A project is a temporary endeavour with a defined beginning and end. The temporary nature of projects stands in contrast to business as usual (or operations) which are repetitive, ongoing functional activities to produce products or services. Projects should be considered under this policy where the total value of the project phase is \$100,000 or greater. Any ongoing costs will be considered separately during the project assessment.

~~Simply purchasing an item of plant or equipment, e.g. a single vehicle or a parcel of land, will constitute a “project” if the purchase is not part of a wider project or part of ongoing operations. Any purchase must comply with Council’s Procurement Policy, however, a “project” will typically involve more than merely purchasing. It will always involve Council staff time, often in undertaking activities in association with other organisations. On the other hand, a project need not entail any expenditure, it may include, for example, receiving land or other assets for free or granting permission for a private activity on Council land.~~

All projects should be considered in the context of not only this policy but also Council’s Risk Management Plan.

3. POLICY OBJECTIVES

This policy has two objectives:

3.1 ~~3.1~~ to ensure that a Council project is undertaken only after an appropriate level of “due diligence” is applied to the proposed project; and

3.2 to ensure that each Council project is :

- managed during the project; and
- evaluated after the project

3.2 to achieve identified public ~~health~~ benefits or needs and to minimise financial risks.

The objectives of this policy shall be considered in a report on any potential project, regardless of the financial impact or the size of the project.

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4. LEGISLATION

This policy is made pursuant to Section 48 (aa1) of the Local Government Act 1999 (“the Act”) which provides:

“A Council must develop and maintain prudential management policies practices and procedures for the assessment of projects to ensure that the Council:

- a) acts with due care diligence and foresight; and*
- b) identifies and manages risks associated with a project; and*
- c) makes informed decisions; and*
- d) is accountable for the use of Council and other public resources.”*

As such, this policy applies to all Council projects ~~over the threshold of \$100,000, no matter how large or small~~, to ensure compliance with this provision, and that decision-making in respect of any project is made with reliable, accurate and timely information.

~~5. DECIDING UPON AN APPROPRIATE LEVEL OF DUE DILIGENCE~~

~~ANY PROPOSED PROJECT MUST FIRST BE ASSESSED AS TO THE LEVEL OF DUE DILIGENCE THAT IS REQUIRED.~~

~~A GROUP MANAGER OR THE CHIEF EXECUTIVE OFFICER HAS DELEGATED AUTHORITY TO EXERCISE SOME OF THE COUNCIL'S POWERS TO APPROVE PROJECTS (DEPENDING UPON BUDGETARY ALLOCATIONS AND OTHER COUNCIL POLICIES). THEREFORE, FOR A PARTICULAR PROJECT, THE DECISION-MAKER MAY BE A GROUP MANAGER, THE CHIEF EXECUTIVE OFFICER OR THE COUNCIL.~~

~~WHEN APPROVAL IS BEING SOUGHT OR CONSIDERED FOR A SPECIFIC PROJECT, INFORMATION MUST BE PROVIDED TO THE DECISION-MAKER TO INDICATE APPROXIMATELY, AT FIRST INSTANCE:~~

- ~~• THE SPECIFIC BENEFITS OR NEEDS TO BE ADDRESSED;~~
- ~~• THE EXTENT TO WHICH IT MAY BE SUBSTANTIALLY SIMILAR TO OTHER PAST PROJECTS;~~
- ~~• THE EXPECTED WHOLE-OF-LIFE COSTS OF THE PROJECT; AND~~
- ~~• WHAT, IF ANYTHING, IS KNOWN ABOUT THE LEVELS OF FINANCIAL RISK THAT MAY BE INVOLVED.~~

~~5.1 TWO THRESHOLD QUESTIONS~~

~~THE DECISION-MAKER ACCORDINGLY SHOULD MAKE AN EVALUATION AS TO THE EXTENT OF DUE DILIGENCE THAT MUST BE EMBARKED UPON BEFORE ANY SUBSEQUENT DECISION IS MADE WHETHER OR NOT TO PROCEED WITH THE PROPOSED PROJECT.~~

~~As a first step, the decision-maker must ascertain:~~

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- whether funding of the whole of life costs of the proposed project will (or might) require additional allocations beyond those already accommodated in Council's long term financial plan; and
- whether the proposed project will (or might) generate any additional financial risk for the Council.

Seeking the answers to these two questions is a threshold 'due diligence' test. If the decision maker is sure that whole of life costs and financial risks are already accounted for, then no further action is necessary, however, in many cases, the decision maker will not be sure of these answers, and will require a second step.

5.2 Due Diligence Report

To resolve any doubt, the decision maker must request preparation of a **due diligence report** (DDR) (refer Section 6 below).

For large commercial or non-commercial projects, Section 48(1) of the Act requires that a full prudential report be prepared for Council. A report under Section 48 will be regarded as the highest level, most thorough type of DDR for the purposes of this policy.

A full prudential report may also be commissioned under Section 48, for "any other project for which the Council considers that it is necessary or appropriate".

If a full prudential report is not sought, the Council will record its reasons for not obtaining such a report. This might be satisfied simply by noting (if appropriate) that the proposed project has been assessed under 5.1 of this policy, or under a DDR as being of low or negligible financial risk.

5.6. DUE DILIGENCE BEFORE A DECISION ON WHETHER TO PROCEED

Depending upon the extent of due diligence required by the decision-maker, a **DDR-Business Case** of greater or lesser detail will be prepared. At a minimum this **DDR-Business Case** will include, in relation to the proposed project:

- an analysis of the community need or demand addressed by the project;
- information on how the project fits with Council's strategic direction and any existing or proposed Masterplans;
- identification and quantification of the expected financial and other benefits;
- identification and quantification of the likely whole-of-life financial and other costs, including staffing and project management costs;
- consideration of any social, environmental and economic outcomes; and
- assessment of the associated financial project risks (including the financial risks of not proceeding or delaying the project) and consideration of ways they can be managed and/or mitigated; and
- an evaluation that weighs up all of the factors above.

For the smaller ~~st~~ projects with ~~least financial risk~~ a low level of risk, this **DDR-Business Case** may comprise only a single page and may be prepared by a single staff member. ~~Larger~~ Higher value

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~~projects with a higher level of risk, more complicated and/or financially riskier projects will require a DDR more detailed Business Case.~~

~~For projects with a value of over \$1 million, or that are considered to be high risk, the Business Case should include, in addition to the items listed above, the following information:~~

- ~~• a feasibility study, or other relevant independent advice, containing correspondingly more information and assessment, as required by the decision-maker, with input from two or more officers;~~
- ~~• consideration of stakeholder management; and~~
- ~~• consideration of governance issues.~~

~~For example, the decision maker may request a DDR from a working party of Council officers or an external consultant, or a combination of both. Consideration will be given to whether those preparing a DDR require special skills such as engineering, finance, banking, town planning, etc.~~

~~Section 48(1) of the Act requires that a full prudential report be prepared for Council for projects that meet one of the following conditions:~~

- ~~• the capital value of the project over the next 5 years is expected to exceed \$4,939,000. This figure is as at January 2021, and is indexed annually using the previous September's CPI for Adelaide; or~~
- ~~• the operating costs related to the project over the next 5 years are expected to exceed 20% of the Council's operating costs over the last 5 years. After the 2019-20 financial year, this would require total operating costs of \$30 million over 5 years, or \$6 million per annum.~~

~~A full prudential report may also be commissioned under Section 48, for "any other project for which the Council considers that it is necessary or appropriate".~~

~~The issues that must be addressed by this report are set out in Section 48(2) of the Act, as follows:~~

- ~~• the relationship between the project and relevant strategic management plans;~~
- ~~• the objectives of the Development Plan in the area where the project is to occur;~~
- ~~• the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;~~
- ~~• the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;~~
- ~~• if the project is intended to produce revenue, revenue projections and potential financial risks;~~
- ~~• the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;~~
- ~~• the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;~~
- ~~• any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);~~

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- the most appropriate mechanisms or arrangements for carrying out the project;
- if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

A report prepared under Section 48(1) must be prepared by a person considered qualified to address the prudential issues required, and who does not have an interest in the project. Council can ensure compliance with this requirement by appointing an external consultant to prepare this report. Reports prepared under Section 48(1) are to be made available to the public after a decision is made on whether to proceed with the project, unless Council orders that it be kept confidential.

▲ In requesting and preparing a DDR, the decision maker and Council officers must consider where the proposed project should be placed within each of the following two tables.

Financial Risk (FR) over the whole of life (FR)	Insignificant	Minor	Moderate	Major	Serious
Likelihood of FR occurring	(i.e. FR less than 1% of \$5,000)	i.e. FR Up to 5% of budget (or <\$50K)	i.e. FR Up to 20% of budget (or <\$500K)	i.e. FR Up to 40% of budget (or <\$5M)	i.e. FR Greater than 40% of budget (or >\$5M)
Almost certain	Medium	High	High	Very High	Very High
Likely	Medium	Medium	High	High	Very High
Possible	Low	Medium	High	High	High
Unlikely	Low	Low	Medium	High	High
Rare	Low	Low	Medium	Medium	High

Whole of life (WOL) costs	Insignificant	Minor	Moderate	Major	Serious
	(i.e. WOL costs less than \$20,000)	i.e. WOL costs between \$20,000 and \$100,000	i.e. WOL costs between \$100,000 and \$1,000,000	i.e. WOL costs between \$1,000,000 and \$5,000,000	i.e. WOL costs greater than \$5,000,000

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~~For any project that falls into the orange and red shaded area of either table, a DDR must also include a project feasibility study to provide a high level consideration of the expected costs and revenues over the life of the project, using discounted cash flow analysis. One important aspect that will be considered in such a study is the reliability of these costs and revenues within these calculations, particularly if revenues are dependent on future market conditions.~~

67. DUE DILIGENCE DURING A PROJECT

After a decision has been made to commence a project, it will be managed according to the principles of due diligence.

The Council will take action to manage the project so that:

- the project remains focussed upon the expected public benefits or needs that have been identified in the ~~DDR~~Business Case; and
- financial risks identified in the ~~DDR~~Case are managed appropriately.

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78. DUE DILIGENCE ~~AFTER~~DURING A PROJECT

After a project has been completed, it will be evaluated, according to the principles of due diligence to determine the extent to which the project:

- has achieved the public benefits or needs identified in the ~~DDR~~Business Case that it was intended to achieve or satisfy; and
- has avoided or mitigated the financial risks identified in the ~~DDR~~Business Case.

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89. ~~FURTHER INFORMATION~~AUTHORITY

~~Adopted by Council – February, 2021~~This policy will be available for inspection at the Council offices listed below during ordinary business hours and available to be downloaded, free of charge, from Council's web site ~~site~~ www.whyalga.sa.gov.au.

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9. HISTORY

Version 2 – adopted by Council February, 2021

Version 1 – adopted by Council January 2016

Copies will be provided to interested parties upon request. Email council@whyalga.sa.gov.au

Grievances in relation to this policy or its application should be forwarded in writing and addressed to:

Chief Executive Officer

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Corporation of the City of Whyalla
PO Box 126
WHYALLA SA 5600

5.1 CORPORATE**5.1.6 Audit Committee Work Plan****Audit Committee Meeting:** 1 February 2021**Author's Title:** Business Performance Manager**File No.:** 0-159**Directorate:** Corporate**Annexures:**

A – Audit Committee Work Plan

Officer Direct or Indirect Conflict of Interest:*In accordance with Local Government Act 1999,
Section 120*☐

Yes

☒

No

Status:*Information classified confidential under
Section 90(2) of the Local Government Act*☐

Yes

☒

No

Reason – Nil**PURPOSE**

To review the Audit Committee's Work Plan to ensure it reflects the activity areas determined by the Audit Committee's Terms of Reference.

SUMMARY

Setting an annual work program helps to ensure the Audit Committee addresses the scope of activities identified in the Local Government Act 1999 and the Committee's Terms of Reference. It ensures the workload of the Committee is planned, managed and resourced.

RECOMMENDATION

That the Audit Committee receive and note the Work Plan.

5.1.6 Audit Committee Work Plan

REPORT

BACKGROUND

This report details the Audit Committee Work Plan and remaining outstanding actions under the guidance and responsibility of the Audit Committee for the financial year and also on an ongoing basis.

DISCUSSION

A summary of the actions and responsibilities of the Audit Committee is provided to assist the Committee in their monitoring of activities within their responsibility outlined in a central document (the Work Plan – refer **Annexure “A”**).

In accordance with the *Local Government Act (SA) 1999*, Section 126, the functions of an Audit Committee include:

- reviewing annual financial statements to ensure that they fairly present the state of affairs of a Council;
- proposing, and contributing relevant information to, a review of a Council’s Strategic Management Plan or Annual Business Plan;
- proposing and reviewing the exercise of powers in relation to “other investigations” as specified under Section 130A of the Act (e.g. the conduct of efficiency and economy audits);
- liaising with the Council’s auditors; and
- reviewing the adequacy of the Council’s accounting, internal control, reporting and other financial management systems and practices on a regular basis.

The Work Plan (refer **Annexure “A”**) highlights in yellow, the activities for presentation or discussion at this meeting.

Financial Implications – Nil

Strategic Plan

Objective 1.1 – Unearth community pride within the city

Strategy 1.1.1 – Regularly inform the community of Council activities, decisions and actions
Promote positive stories, positive image

Legislation

Local Government Act (SA) 1999, Section 126(4) specifies the functions of an Audit Committee

Officer Direct or Indirect Interest

No officer involved in the preparation of this report has any conflicts of interest.

Risk Assessment

Failure to adhere to the *Local Government Act (SA) 1999* may result in financial or reputational risk.

Social Considerations – Not applicable

Community Engagement – Not applicable

Environmental Implications – Not applicable

Communication – Not applicable

Conclusion

Council are to ensure that the Audit Committee are kept informed of appropriate information within their responsibilities and the Work Program is continually reviewed.

ANNEXURE “A”

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Financial Reporting</i> 7.1	Review annual financial statements as required by Section 126(4) of the Local Government Act prior to its presentation to Council for adoption.	S 126 (4) (a)	Annually	September		September 2020	SFO
<i>Financial Reporting</i> 7.1	Monitor integrity of financial reports of the Council including:	S 126 (4) (a)					
	Budget Review	S 126 (4) (a)	Quarterly		To be presented at this meeting	September 2020	BPM
	Long Term Financial Plan	S 122 (1a) (a) & (4) (b)	Within two years of a general election	February 2024		February 2020	BPM
	Infrastructure Asset Management Plans	S 122 (1a) (b)	Within two years of a general election	February 2024		February 2020	BPM
<i>Financial Reporting</i> 7.1	Consider and review, where necessary, the consistency of improvement to and/or any changes to accounting policies.		Annual	July	Prudential Management Policy to be presented at this meeting	July 2020	SFO/BPM

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Financial Reporting</i> 7.1	Review and report to Council likely impact of ongoing financial sustainability due to changes in Strategic Management Plans.		As required	As required		February 2020	DC & BPM
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan conforms to the Local Government Act.	S 123	Annually	April	Information on process presented to this meeting	July 2020	DC, CSBP & BPM
<i>Annual Business Plan and Budget</i>	Recommend the draft Annual Business Plan prior to its formal consideration for adoption by Council.		Annually	April		July 2020	DC & CSBP
<i>Annual Business Plan and Budget</i>	Ensure the Annual Business Plan is consistent with relevant targets for Key Performance Indicators to Council.	S 123 (2) (b) (ii)	Annually	April	Information on improvements to corporate reporting presented to this meeting	July 2020	DC
<i>Internal Controls and Risk Management</i> 7.2	Review practice, policy and procedure for internal controls.	S 125	Annually	February	To be presented to the April 2021 meeting	February 2020	CEO/EMT/SFO

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Internal Controls and Risk Management</i> 7.2.3	Regularly review the effectiveness of Council's internal controls and risk management and governance systems.	S 126 (4) (c)	As required	As required		February 2020	SFO
<i>Internal Controls and Risk Management</i> 7.2	Review and recommend the approval, where appropriate, of statements to be included in the Annual Report concerning internal controls, risk management and governance.	S 126 (4) (ab)	Annually	September		September 2020	CSBP & SFO
<i>Internal Controls and Risk Management</i> 7.2	Review Business Continuity Plan and Disaster Management Action Plans.		Every 3 years	June 2022		July 2019	EMT
<i>Internal Controls and Risk Management</i> 7.2	Review Councils Risk Plan & Strategic Risk Plan.	S 122	Every 3 years	September 2023	To be presented at this meeting.	September 2020	EMT

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Internal Controls and Risk Management</i> 7.2	Review reports from Procurement including recent tenders and high value purchases.		Quarterly	February, April, July & September	To be presented at this meeting Refer to item 5.1.4.	September 2020	CSBP
<i>External Audit</i> 7.5	Ensure appointment of external auditor conforms with legislative provisions.	S 128 (2) & (4a)	Every five years	April 2025		April 2020	CSBP
<i>External Audit</i> 7.5.4	Liaise with Council's external auditors.	S 126 (4) (b)	Yearly	September		September 2020	CEO/SFO/DC
<i>External Audit</i> 7.5	Receive the independent auditor's reports.		Twice yearly	April and September		September 2020	SFO
<i>External Audit</i> 7.5	Ensure actions proposed in the correspondence from the independent auditor's report are actioned.		As required	As required			DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Public Interest Disclosure (formerly Whistle-blowing)</i> 7.3	Review the adequacy and awareness of the current Public Interest Disclosure Policy and Procedure.		Every 2 years	July 2021		July 2019	EMT
<i>Reporting Responsibilities</i> 9..7	Report annually to Council outlining the outputs of the Audit Committee, any training needs, future work proposals and invite Council to comment.		Annually	September		September 2020	DC
<i>Reporting Responsibilities</i> 9	Ensure urgent or significant matters are formally and promptly reported to Council.		As required	As required	Information on governance health check presented at this meeting		DC
<i>Reporting Responsibilities</i> 9.2	Ensure appropriate and timely training is provided to all members including inductions for new members.		As required	As required			DC

Terms of Reference	Proposed Activity	LG Act	Frequency	Review Month	Comments	Date Last Reviewed/ Completed	Responsible Officer
<i>Economy and Efficiency Audits</i> 7.6	Ensure any matter relating to financial management, efficient or economy of Council is examined, reported and proposed actions monitored.	S 126 (4) (ac) & S 130A	As required	As required			DC