



AUDIT COMMITTEE

AGENDA & REPORTS

for the Special meeting

Friday 7 June 2019
at 8.30 am

in the Colonel Light Room.
Adelaide Town Hall



Membership:	The Lord Mayor; 1 Council Member; 3 External Independent Members; 2 Proxy Council Members.
Quorum:	3
Presiding Member	Mr David Powell
Deputy Presiding Member	Mr Ross Haslam
Members	The Right Honourable the Lord Mayor [Sandy Verschoor] Councillor Martin Mr Sean Tu
Proxy Members	<i>Councillor Hyde [proxy for the Lord Mayor]</i> <i>Councillor Knoll [proxy for Councillor Martin].</i>

1. Acknowledgement of Country

'Council acknowledges that we are meeting on traditional Country of the Kurna people of the Adelaide Plains and pays respect to Elders past and present. We recognise and respect their cultural heritage, beliefs and relationship with the land. We acknowledge that they are of continuing importance to the Kurna people living today.

And we also extend that respect to other Aboriginal Language Groups and other First Nations who are present today.'

2. Report

2.1. 2019-20 Draft Integrated Business Plan and Long Term Financial Plan [2018/03947] [Page 2]

3. Closure

2019-20 Draft Integrated Business Plan and Long Term Financial Plan

ITEM 2.1 07/06/2019
Audit Committee

2018/03947
Public

Program Contact:
Tracie Dawber, AD Finance 8203
7002

Approving Officer:
Clare Mockler, Director
Community

EXECUTIVE SUMMARY:

The draft 2019-20 Integrated Business Plan (incorporating the 2019-20 Budget and revised Long Term Financial Plan) was presented to the Audit Committee on 3 May 2019. The meeting resolved to meet following Public Consultation for further discussion of the Plan.

Public Consultation commenced on 8 May 2019 and concluded on 29 May 2019. A summary of the public submissions and administration responses has been prepared for the meeting of The Committee on 4 June 2019.

Council Members will have an opportunity to propose final changes to the draft 2019-20 Integrated Business Plan at a meeting of The Committee on 18 June 2019. The following administrative changes are proposed for consideration at that meeting:

1. (\$5.0m) timing adjustment on grant income due to the earlier receipt of a grant from the South Australian Government in 2018-19 rather than 2019-20.
2. \$0.2m increase in forecast rate income following the finalisation of the valuations.
3. (\$0.2m) increase in operational expenditure due to a change in market conditions regarding processing of recyclables.

These changes would result in a forecast deficit of (\$2.0m) in the 2019-20 financial year due to the timing adjustment in grant income. The forecast borrowings at 30 June 2020 remains unchanged at \$67.0m.

RECOMMENDATION:

THAT THE AUDIT COMMITTEE:

1. Receives and notes the report.

IMPLICATIONS AND FINANCIALS:

City of Adelaide 2016-2020 Strategic Plan	The deliverables and objectives set out in the draft 2019-20 Integrated Business Plan document are directly aligned to the delivery of year 4 of the 2016-2020 City of Adelaide Strategic Plan.
Policy	The draft 2019-20 Integrated Business Plan has been prepared in accordance with Council's current Long-Term Financial Plan assumptions and endorsed Financial Policies. The approved public consultation will be undertaken in accordance with Council's Public Communication and Consultation Policy.
Consultation	A public consultation process on the draft 2019-20 Integrated Business Plan commenced on 8 May 2019 and concluded on 29 May 2019.
Resource	The draft 2019-20 Integrated Business Plan identifies how Council's resources will be allocated in meeting the 2019-20 Strategic Plan deliverables and objectives.
Risk / Legal / Legislative	Council's draft 2019-20 Integrated Business Plan is developed in accordance with section 123 of the Local Government Act 1999 (the Act), and sections 6 and 7 of the Local Government (Financial Management) Regulations 2011.
Opportunities	Not as a result of this report.
18/19 Budget Allocation	Not as a result of this report.
Proposed 19/20 Budget Allocation	The draft 2019-20 Integrated Business Plan provides the proposed budget for the 2019-20 financial year.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
18/19 Budget Reconsideration (if applicable)	Not as a result of this report.
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

1. No changes have been made to the draft [2019-20 Integrated Business Plan](#) presented to the meeting of the Audit Committee 3 May 2019.
2. A verbal update of the outcome of the meeting of The Committee on 4 June 2019, at which the Public Submissions to the draft 2019-20 Integrated Business Plan and Administrations Responses (view [here](#)) will be considered, will be provided at the meeting of the Audit Committee on 7 June 2019.
3. Following a review of the draft 2019-20 Budget, the following administrative changes are proposed for consideration at the meeting of The Committee on the 18 June 2019:
 - 3.1. The South Australian Government has advised it will pay the first instalment to the 88 O'Connell Street development in the 2018-19 financial year rather than the 2019-20 financial year as previously advised. This results in timing adjustment of \$5.0m.
 - 3.2. \$0.2m increase in forecast rate income following the finalisation of the valuations, noting that the increase in rate income is attributable to 3.8% increase in valuations, and 1.8% increase in new developments and additions.
 - 3.3. (\$0.2m) increase in operational expenditure due to a change in market conditions for the processing of recyclables, requiring them to be processed within Australia at a cost to Council.
4. If approved, these changes would result in a forecast deficit of (\$2.0m) in the 2019-20 financial year due to the timing adjustment in grant income. The forecast borrowings at 30 June 2020 remains unchanged at \$67.0m.

ATTACHMENTS

Nil

- END OF REPORT -