



THE COMMITTEE AGENDA & REPORTS

for the meeting

Tuesday 5 May 2020
at 5:30 pm



Members - The Right Honourable the Lord Mayor [Sandy Verschoor];
Councillor Hyde (Deputy Lord Mayor) (Chair)

Councillors Abrahamzadeh, Couros, Donovan, Hou, Khera, Knoll, Martin, Moran and Simms (Deputy Chair).

1. Acknowledgement of Country

At the opening of the Committee Meeting, the Chair will state:

‘Council acknowledges that we are meeting on traditional Country of the Kaurna 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 Kaurna people living today.

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

2. Apologies and Leave of Absence

Nil

3. Confirmation of Minutes – 21/4/2020 [TC]

That the Minutes of the meeting of The Committee held on 21 April 2020 be taken as read and be confirmed as an accurate record of proceedings.

4. CEO Update

4.1. Recovery + Reimagine project

4.2. Homelessness

5. All reports in this section will be presented to Council

All reports in this section will be presented to Council on 12 May 2020 for consideration and determination

Strategic Alignment – Liveable

5.1. Environmental Health Management Policy [2017/01627] [Page 2]

5.2. Temporary revisions to Community Consultation Policy in response to the COVID-19 Public Health Emergency [2018/00448] [Page 10]

Strategic Alignment – Corporate Activities

5.3. 2019-20 Quarter 3 Financial and Performance Report [2018/03947] [Page 23]

6. Exclusion of the Public

6.1. Exclusion of the Public to Consider in Confidence [2018/04291] [Page 63]:

7.1 2019-20 Quarter 3 Commercial Operations Report [s 90(3) (b)]

7. All reports in this section will be presented to Council in Confidence

All reports in this section will be presented to Council on 12 May 2020 for consideration and determination

Strategic Alignment – Smart

7.1 2019-20 Quarter 3 Commercial Operations Report [2018/03947] [Page 66]

8. Closure

Environmental Health Management Policy

ITEM 5.1 05/05/2020
The Committee

2017/01627
Public

Program Contact:
Vanessa Godden, AD Customer
& People 8203 7156

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY

As the local public health authority for its area, the City of Adelaide (CoA) has a responsibility to manage environmental health matters relevant to its community and location.

Each local council is responsible for understanding and assessing the public health risks in its community and to schedule activities which respond to identified risks. In the CoA this includes routine monitoring of certain business types, as well as responding to community concerns and other activities on a proactive basis and in partnership with other agencies.

Following a recent audit by our internal auditors, it was identified that CoA would benefit from a stronger policy framework to direct our approach to environmental health management.

The draft Environmental Health Management Policy (the Policy) has been developed to guide the distribution of resources and ensure that activities are aligned to manage the highest risks as a priority. The Policy is primarily relevant to our employees who are "Authorised Persons" as defined in the *South Australian Public Health Act 2011* and will be supported by internal guidelines and operating procedures.

The following recommendation will be presented to Council on 12 May 2020 for consideration

That Council:

1. Approves the Environmental Health Management Policy as at Attachment A to Item ## on the Agenda for the meeting of the Council held on 12 May 2020.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2016-2020 Strategic Plan	Strategic Alignment – Liveable
Policy	The report recommends the approval of a new Environmental Health Management Policy.
Consultation	Not as a result of this report
Resource	The Policy ensures alignment of current resources to ensure that activities are scheduled to manage the highest risks as a priority.
Risk / Legal / Legislative	CoA carries public health responsibilities under the <i>South Australia Public Health Act 2011</i> as well as via a Memorandum of Understanding (MOU) between the Local Government Association (LGA) and SA Health.
Opportunities	To better align resources to deliver a more efficient environmental health service.
19/20 Budget Allocation	General operating budget
Proposed 20/21 Budget Allocation	General operating budget
Life of Project, Service, Initiative or (Expectancy of) Asset	Ongoing through business as usual activities.
19/20 Budget Reconsideration (if applicable)	Not as a result of this report
Ongoing Costs (e.g. maintenance cost)	Not as a result of this report
Other Funding Sources	The Department of Health and Wellbeing contribute funding to support the provisions of the immunisation service delivered by CoA.

DISCUSSION

1. Section 37(2) of the *South Australian Public Health Act 2011* (the SAPH Act) sets out that councils are the local public health authority for their areas. Responsibilities of councils include:
 - 1.1 preserving, protecting and promoting public health within their areas
 - 1.2 cooperating with other authorities involved in the administration of the Act
 - 1.3 ensuring that adequate sanitation measures are in place in their areas
 - 1.4 identifying risks to public health within their areas
 - 1.5 assessing activities and development to determine and respond to public health impacts
 - 1.6 providing or supporting activities within their areas to preserve, protect or promote public health
 - 1.7 providing or supporting the provision of immunisation programs for the protection of public health.
2. This does not mean that CoA is solely responsible for every public health issue identified in our community, but the SAPH Act recognises that each council is best placed to understand the local context, the needs and priorities of the community, and where public health risks lie.
3. CoA works closely with SA Health to coordinate environmental health matters and to promote good public health outcomes in the City and North Adelaide.
4. CoA's Environmental Health Officers (EHOs) undertake routine monitoring of certain business types, respond to community concerns, and provide immunisation services. EHOs also provide educational material to our community via our website, targeted distribution, in person meetings, and community group education sessions.
5. A recent audit by our internal auditors identified that CoA would benefit from a formalised risk assessment of environmental health risks in the City and North Adelaide, and a stronger policy framework to guide our approach to environmental health management.
6. The risks present in the CoA area have been identified and a risk assessment has been carried out in line with the Department of Health Framework: *'Risky business: a resource to help local governments manage environmental health risks'* (Link 1 view [here](#)) to inform priority areas.
7. The five priority levels identified in the Framework, which are also adopted in CoA's Policy, are:

Priority 1	Legislative requirements (e.g. services delivery or inspection frequency)
	Catastrophic inherent risk to public safety
Priority 2	High inherent risk to public safety
Priority 3	Medium inherent risk to public safety
Priority 4	Low inherent risk to public safety
Priority 5	Very low risk to public safety

8. The draft Environmental Health Management Policy (the Policy) has been developed to guide the distribution of resources and to ensure that activities are aligned to manage the highest risks as a priority. The Policy is primarily relevant to our employees who are "Authorised Persons" as defined in the *South Australian Public Health Act 2011* and will be supported by internal guidelines and operating procedures.
9. The Policy supplements the CoA Regional Public Health Plan and establishes our objectives, principles, and priorities for dealing with environmental health matters in the CoA area.
10. The Policy also details environmental health responsibilities at Commonwealth, State, and Local Government level.
11. CoA works directly with our community to prevent and reduce incidences of disease, illness, and harm, by undertaking activities which support a healthy environment for all community members. The Policy sets out the following principles for dealing with environmental health matters:
 - 11.1 Undertaking activities and services in order of risk-based priority as detailed in Table A - Order of Priority.
 - 11.2 Balancing the needs of the built environment and economic development with the health of our community.

- 11.3 Creating and maintaining an environment that promotes good public health outcomes by assessing and controlling factors that will prevent and reduce the incidence of disease, illness, or harm in our community.
 - 11.4 Working in collaboration with State Government and industry to create and implement initiatives which aim to improve levels of voluntary compliance with relevant legislative obligations.
 - 11.5 Providing access to educational materials for our community and industry to increase understanding of relevant legislative obligations.
 - 11.6 Developing and maintaining standard operating procedures that support consistent and effective routine monitoring, management of complaints, and identification of emerging issues.
12. This will be the first Environmental Health Management Policy for CoA and it will come into operation once adopted by Council. The Policy will be utilised by Authorised Persons when, from time to time, they are required to exercise their powers under the Act.
 13. The Policy will be published on the City of Adelaide website and will be supported by standard operating procedures and guidelines.

DATA & SUPPORTING INFORMATION

Link 1 - Risky business: a resource to help local governments manage environmental health risks

ATTACHMENTS

Attachment A – Environmental Health Management Policy

- END OF REPORT -

ENVIRONMENTAL HEALTH MANAGEMENT POLICY

12 May 2020

non-legislative

PURPOSE

This Environmental Health Management Policy (the Policy) outlines the objectives, principles, and approach to managing environmental health matters in the City of Adelaide (CoA) area.

The Policy supplements the CoA Regional Public Health Plan and sets out:

- Environmental health responsibilities at Commonwealth, State, and Local Government level;
- Principles for environmental health management in the CoA area; and
- Priorities for dealing with environmental health matters in the CoA area.

RESPONSIBILITIES

Environmental health is the theory and practice of assessing, correcting, controlling, and preventing factors in the environment that can potentially adversely affect the health of present and future generations¹. Managing environmental health is the responsibility of all community members, businesses, and all tiers of government in Australia.

Federal

The National Environmental Health Council (enHealth) is the peak national environmental health advisory group. enHealth consists of members of relevant Commonwealth, State, and Territory health departments, the New Zealand Ministry of Health, and the National Health and Medical Research Council. EnHealth provides national leadership on environmental health issues and implements the Australian National Environmental Health Strategy.

State

The South Australian Department of Health and Wellbeing is the primary State Government department responsible for coordinating environmental health policy, projects, and legislation in South Australia.

Local

Councils have statutory responsibilities for promoting standards of environmental health within their area through the administration of legislation and provision of services and community education initiatives.

¹ World Health Organisation

PRINCIPLES

CoA work directly with our community to prevent and reduce incidences of disease, illness, and harm, by undertaking activities which support a healthy environment for all

community members. In dealing with environmental health matters, CoA provide these services by:

- Undertaking activities and services in order of risk-based priority as detailed in Table A - Order of Priority
- Balancing the needs of the built environment and economic development with the health of our community
- Creating and maintaining an environment that promotes good public health outcomes by assessing and controlling factors that will prevent and reduce the incidence of disease, illness, or harm in our community
- Working in collaboration with State Government and industry to create and implement initiatives which aim to improve levels of voluntary compliance with relevant legislative obligations
- Providing access to educational materials for our community and industry to increase understanding of relevant legislative obligations
- Developing and maintaining standard operating procedures that support consistent and effective routine monitoring, management of complaints, and identification of emerging issues

OTHER USEFUL DOCUMENTS

related documents

- Community Safety & Health Enforcement Guidelines ACC2019/15637

relevant legislation

- *South Australian Public Health Act 2011*
- *Food Act 2001*
- *Supported Residential Facilities Act 1992*
- *Local Government Act 1999*
- *Local Nuisance and Litter Control Act 2016*

GLOSSARY

Throughout this document, the below terms have been used and are defined as:

Body Piercing Studio: an establishment in which body piercing is carried out professionally.

Communicable Disease: Includes food-borne diseases, vaccine preventable diseases, vector-borne diseases, zoonotic infections, HIV/AIDS related diseases and quarantinable diseases. Communicable diseases are notifiable under the *South Australian Public Health Act 2011*.

Cooling Tower: Devices designed to cool water and dissipate heat to the environment and are often associated with air conditioning and refrigeration systems.

Environmental Health: Aspects of human health, including quality of life that are determined by physical, chemical, biological, social and psychosocial factors in the environment. It also refers to the theory and practice of assessing, correcting, controlling and preventing those factors in the environment that can potentially adversely affect the health of present and future generations.

Food Business: a business, enterprise or activity (other than primary food production) that involves:

- The handling of food intended for sale; or
- The sale of food.

Food business includes businesses that sell prepared, freshly prepared, and packaged food or any other type of food.

Hairdresser: an establishment in which hairdressing is carried out professionally

Health: a state of complete physical, social and mental wellbeing, and not merely the absence of disease or infirmity - The World Health Organisation.

High Risk Manufactured Water Systems (HRMWS): Air conditioning plants (such as cooling towers) or warm water distribution systems.

Insanitary Condition: premises are in an insanitary condition if:

- the condition of the premises gives rise to a risk to health; or
- the premises are so filthy or neglected that there is a risk of infestation by rodents or other pests; or
- the condition of the premises is such as to cause justified offence to the owner of any land in the vicinity; or
- offensive material or odours are emitted from the premises; or
- the premises are for some other reason justifiably declared by the authority to be in an insanitary condition.

SA Health: the State Government Department for Health and Wellbeing

Supported Residential Facility: a facility at which, for monetary or other consideration (whether or not for profit), residential accommodation is provided or offered together with personal care services (other than for members of the immediate family of the proprietor of the facility).

Swimming Pool and Spa: a publicly available swimming pool or spa, regardless of whether it is available to only a subset of the public with or without the payment of money.

Tattoo Parlour: an establishment in which tattooing is carried out professionally.

Vector: a vector is any organism capable of transmitting the causative agent of human disease or capable of producing human discomfort or injury, including mosquitoes, flies, fleas, cockroaches, or other insects and ticks, mites, or rodents.

Vermin: small animals and insects that can be harmful and are difficult to control when they appear in large numbers.

Wastewater: an on-site wastewater system or a community wastewater management system.

ADMINISTRATIVE

As part of Council's commitment to deliver the City of Adelaide Strategic Plan, services to the community and the provision of transparent information, all policy documents are reviewed as per legislative requirements or when there is no such provision a risk assessment approach is taken to guide the review timeframe.

This Policy document will be reviewed every **3** years unless legislative or operational change occurs beforehand. The next review is required in **2023**.

Review history:

Trim Reference	Authorising Body	Date/ Decision ID	Description of Edits

ACC2020/2262	Council	TBD	Original document

contact:

For further information contact the Customer & People Program

City of Adelaide
 25 Pirie ST, Adelaide, SA
 GPO Box 2252 ADELAIDE SA 5001
 +61 8 8203 7203
 city@cityofadelaide.com.au

Table A: Order of Priority

Priority Category	Description	Examples of activities / matters included within each priority category
Priority 1	Legislative requirements (e.g. services delivery or inspection frequency)	Provision of immunisation services Annual inspection and monitoring (conducted or audited by CoA) of HRWMS (cooling towers and warm water systems) Annual reporting to SA Health under <i>Food Act 2001</i> and <i>South Australian Public Health Act 2011</i>
	Catastrophic inherent risk to public safety	Monitoring of Food Safety Plan audits for food businesses serving high risk foods to vulnerable populations
Priority 2	High inherent risk to public safety	Inspection and monitoring of tattoo parlours Inspection and monitoring of body piercing studios Inspection and monitoring of food businesses in line with SA Health risk classification and associated frequency Inspection and monitoring of swimming pools and spas Inspection and monitoring of wastewater and contaminated land
Priority 3	Medium inherent risk to public safety	Investigation of customer requests (e.g. instance of communicable disease, reported insanitary conditions etc.) Initial assessment of development applications Investigation of non-commercial insanitary condition e.g. severe domestic squalor Inspection and monitoring of supported residential facilities Education and health promotion (general)
Priority 4	Low inherent risk to public safety	Investigation of hoarding and squalor (not severe) Investigation of vermin and vector reports in commercial and private premises
Priority 5	Very low risk to public safety	Inspection and monitoring of hairdressers

Temporary Revisions to Community Consultation Policy in response to the COVID-19 Public Health Emergency

ITEM 5.2 05/05/2020
The Committee

Program Contact:
Kathryn Calaby, AD Marketing
and Communications 8203 7210

2018/00448
Public

Approving Officer:
Ian Hill, Director Growth

EXECUTIVE SUMMARY

In response to COVID-19, the Minister for Transport, Infrastructure and Local Government issued the Public Access and Public Consultation Notice (No 2) 2020 (the 'Notice') under section 302B of the *Local Government Act 1999 (SA)* (the Act) on 8 April 2020.

As a result of the Notice, provisions relating to the City of Adelaide's public consultation requirements regarding any type of face-to-face contact (including inviting interested persons to attend a public meeting or meetings of the Council) have been suspended.

Council's Community Consultation Policy has been temporarily amended to comply with the Notice.

For any community engagements during this period, in lieu of face-to-face contact, the City of Adelaide will publish a notice on its website and in a newspaper circulating in the area of the Council inviting interested persons to make written submissions within the period stated in the notice. The Council will then consider the submissions in its decision-making.

These amendments to the Policy have effect from the date of publication in the Government Gazette (8 April 2020) and end 28 days after the cessation of all relevant declarations relating to the emergency to which the Notice relates.

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The following recommendation will be presented to Council on 12 May 2020 for consideration

That Council:

1. Adopts the temporary amendments to the Community Consultation Policy as set out in Attachment A to Item # on the Agenda for the meeting of the Council held on 12 May 2020 for the period ending 28 days after the cessation of all relevant declarations relating to the COVID-19 public health emergency.
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IMPLICATIONS AND FINANCIALS

City of Adelaide 2016-2020 Strategic Plan	Strategic Alignment – Liveable There are policies, projects and/or initiatives which require legislated consultation to support the implementation of the Annual Business Plan and the setting of Rates and Charges.
Policy	Following adoption by Council the amended Policy (Attachment A) will replace the current Policy until the end of the Notice period. The Policy will be available for public access in the Council's Customer Centre and online.
Consultation	<p>Consultation is not required. Section 50 (6) <i>Local Government Act 1999 (SA)</i> states that Council may alter its public consultation policy at any time if it consults with the public on those alterations; and section 50 (7) <i>Local Government Act 1999 (SA)</i> states that Council is not required to comply with section 50(6) <i>Local Government Act 1999 (SA)</i> if the alterations are 'of only minor significance that would attract little (or no) community interest'.</p> <p>Notwithstanding the above, Section 50 (6) and section 50 (7) of the <i>Local Government Act 1999 (SA)</i> have been suspended for the duration of Notice No 2 and substituted with a new subsection 50 (5a) as follows:</p> <p>'For the purposes of this section, a council may alter its public consultation policy or substitute a new policy without undertaking public consultation, even if the existing public consultation policy requires the council to conduct public consultation.'</p>
Resource	The Policy amendments will be implemented using existing resources.
Risk / Legal / Legislative	The amendment of the Policy ensures compliance with current South Australian legislation.
Opportunities	The Policy amendments ensure compliance with current South Australian legislation.
19/20 Budget Allocation	Not as a result of this report
Proposed 20/21 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	The Policy was reviewed in 2019, and is next due for review in 2021.
19/20 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. On 22 March 2020 a Major Emergency was declared in respect of the outbreak of COVID-19 within South Australia.
2. On 8 April 2020 the Minister for Transport, Infrastructure and Local Government (the 'Minister') issued a notice under section 302B of the *Local Government Act 1999(SA)*, the **Public Access and Public Consultation Notice (No 2) 2020** (the 'Notice') shown here (Link 1 view [here](#)) which:
 - 2.1. Varies or suspends the operation of specified provisions of the *Local Government Act 1999 (SA)* (the 'Act') relating to council's public consultation requirements under the Act, and
 - 2.2. Suspends the requirements of section 50 (6) and section 50 (7) of the Act, which means, for the purposes of section 50 (5a) of the Act, a council may alter its public consultation policy without public consultation, even if the existing public consultation policy requires the council to conduct public consultation.
3. As a result of the Notice, provisions relating to the City of Adelaide's public consultation requirements in the Community Consultation Policy (the Policy) regarding any type of face-to-face contact (including inviting interested persons to attend a public meeting or meetings of the Council) have been suspended. This means that:
 - 3.1. The Council will not hold a public meeting in relation to any matter for which this Policy would, but for this provision, require the Council to hold a public meeting, and
 - 3.2. The Council will not hold a public meeting in relation to any matter for which the Act requires the Council to follow the steps set out in its public consultation policy.
4. The affected sections of the Act are primarily, section 123: Annual Business Plan; section 151: Rates and Charges: Changes to Basis of Rating Report and section 156 Rating: Differential Rates. For the avoidance of doubt, the requirements of the Notice apply to all public consultation undertaken by the Council for the purposes of the Act.
5. In response to Notice No 2, the Administration has:
 - 5.1. Added a preface to the Policy explaining the rationale for the temporary revisions to the Policy in response to the declared COVID-19 public health emergency, and
 - 5.2. Temporarily amended the public consultation requirements for sections 123, 151, and 156 in *Table 1: Statutory Compliance with Local Government Act 1999 (SA)* of the Policy to reflect the need to avoid any type of face-to-face contact. The amended Policy is shown in **Attachment A**.
6. For any public consultation requirements, in lieu of face-to-face contact the City of Adelaide will publish a public notice on its website and in a newspaper circulating in the area of the Council. The public notice will invite interested persons to make written submissions within the period stated in the notice (which will not be less than 21 days after the publication of the notice, unless the matter is considered by the Council to require urgent consideration and it is not otherwise contrary to the Act to consult for a lesser period). The Council will then consider the submissions in its decision-making.
7. Should any other provision in this Policy be read as requiring the Council to undertake public consultation with a person face-to-face, the provision is suspended while the amended Policy applies. The Notice has effect for the period specified in section 302B(2)(d)(ii) of the Act which provides that the operative period is from 8 April 2020 (the day the notice was published in the Government Gazette) and will end 28 days after the cessation of all relevant declarations relating to the emergency to which Notice No 2 relates.
8. At the end of 28 days after the cessation of all relevant declarations relating to the emergency to which Notice No 2 relates, the amendments to sections 123, 151, and 156 will be removed from the Policy and it will be reinstated as per the previous adopted version.

DATA & SUPPORTING INFORMATION

Link 1 – Public Access and Public Consultation Notice (No 2) 2020.

ATTACHMENTS

Attachment A – Amended Community Consultation Policy

- END OF REPORT -

Community Consultation Policy

Adopted

by Council 16 July 2019

legislative

Temporary revisions to the Community Consultation Policy in response to the declared COVID-19 public health emergency.

Following the declaration (on 22 March 2020) that a Major Emergency is occurring in respect of the outbreak of the Human Disease named COVID-19 within South Australia, the Minister for Transport, Infrastructure and Local Government on 8 April 2020, issued a notice under section 302B of the *Local Government Act 1999*, the *Public Access and Public Consultation Notice (No 2) 2020 (Notice No 2)* varying or suspending the operation of the specified provisions of the *Local Government Act 1999 (the Act)* relating to council's public consultation requirements under the Act.

For the period Notice No 2 has effect (as provided for in Notice No 2), this Public Consultation Policy is altered as set out below and those alterations have effect notwithstanding any other provision in this Policy to the contrary.

For the avoidance of doubt, save for the alterations to the Policy as set out below, the Policy otherwise applies to public consultation undertaken by the Council for the purposes of the Act.

Alterations to Public Consultation Policy

As a result of Notice No 2 provisions relating to the City of Adelaide's public consultation requirements regarding any type of face-to-face contact (including inviting interested persons to attend a public meeting or meetings of the Council) have been suspended. The affected sections include section 123: Annual Business Plan; section 151: Rates and Charges: Changes to Basis of Rating Report and section 156 Rating: Differential Rates and are indicated in Table 1.

The Council will not hold a public meeting in relation to any matter for which the Act requires the Council to follow the steps set out in its public consultation policy.

The Council will not hold a public meeting in relation to any matter for which this Policy would, but for this provision, require the Council to hold a public meeting.

In lieu of face-to-face contact the City of Adelaide will instead publish a notice on its website and in a newspaper circulating in the area of the Council inviting interested persons to make written submissions in relation to any matter within the period stated in the notice (which will not be less than 21 days after the publication of the notice, unless the matter is considered by the Council to require urgent consideration and it is not otherwise contrary to the Act to consult for a lesser period). The Council will then consider the submissions.

To the extent that any other provision of this Policy could be read as requiring the Council to undertake public consultation with a person face-to-face or in person, the provision is suspended while these provisions are in effect and the above provisions operate in their stead.

Notice No 2 has effect for the period specified in section 302B(2)(d)(ii) of the Act which provides that the operative period is the day the notice is published in the Government Gazette (being 8 April 2020) and ending 28 days after the cessation of all relevant declarations relating the emergency to which the notice relates.

PURPOSE

Section 50 of the *Local Government Act 1999 (SA)* (the Act) provides that the Council must prepare and adopt a public consultation policy that sets out the steps that Council intends to take to deliver effective public consultation, whilst fulfilling its requirements under the Act.

This Policy only applies to matters that require public consultation as per the Act. Public consultation prescribed under other legislation will be undertaken in accordance with the requirements of the said legislation, rather than this Policy.

This Policy outlines the minimum communication and consultation requirements under the Act that Council is required to comply with and should be read in conjunction with the Community Engagement Strategy and the Administration's online toolkit, to ensure consistent, meaningful and effective consultation is achieved.

STATEMENT

Council will undertake to:

- where the Act prescribes that public consultation is required, obtain and consider community contributions and relevant information to ensure that any decision made is in the best interests of the community. However, it is important to note that having considered the submissions received, any final decision rests with Council.

When engaging the community in a decision-making process (of which legislated public consultation is a part) Council will:

- seek out and encourage contributions from people who may be affected by or interested in a decision
- provide relevant, timely and balanced information so people can contribute in a meaningful way
- provide a variety of appropriate and accessible ways for people to have their say and to speak honestly
- actively listen so that people's ideas and input assist in making the final decision
- consider the needs and interests of all people in the decision-making process
- tell the community about the final decision, and how their input was considered
- collaborate with peak bodies and other levels of Government to achieve common goals for Council.

Scope

Council recognises:

- the importance of non-legislated engagement which is not covered by this Policy
- there are occasions where community engagement may be desirable, but there is no statutory requirement to undertake the same. Although the Council acknowledges the importance of these occasions, they are not covered by the requirements of this Policy
- it has a responsibility as a capital city council in seeking the views of all stakeholders impacted by our decisions and may elect to undertake community engagement above and beyond the minimum legislative requirements where deemed appropriate. This may include advertising in State-wide media as well as in a newspaper circulating within the area of Council for issues which may have impact beyond the city's local community.

Roles and responsibilities

This policy applies to Council Members, employees, contractors, volunteers, consultants and any other person(s) undertaking public consultation for the City of Adelaide. Specific responsibilities:

- **Council** is the elected body charged with responsibility for making decisions on behalf of the community. Under certain circumstances Council may delegate decision-making to Council officers

- **The Chief Executive Officer** supported by staff and/or external contractors, is responsible for implementing and reviewing this Policy, and reporting outcomes of consultations and review(s) of this Policy to Council
- **Associate Directors** are responsible for ensuring their staff comply with this Policy and make use of the support mechanisms and tools provided to guide implementation
- **The Community Engagement Team**, which is responsible for providing advice and assistance to the community and stakeholders internal and external to City of Adelaide and keeping this policy and tools up to date, visible and readily accessible.

Local Government Act 1999 (SA) requirements

- Section 8 of the Act (Principles to be observed by a council) outlines, amongst other things, Council's responsibilities to provide open, responsive and accountable government
- Section 50 requires Council to prepare and adopt a public consultation policy that sets out the steps that the Council must follow in cases where the Act requires that a council must follow its public consultation policy, to ensure it effectively consults with stakeholders and the community
- Section 122 requires that Council adopts a process or processes to ensure that members of the public are given a reasonable opportunity to be involved in the development of; review and amendment of; and adoption of new strategic management plans. When Council's strategic management plan requires review, amendment or adoption Council will follow consultation steps 1 to 8 and 16 of Table 1
- The Act prescribes the requirement for public consultation in numerous provisions of the Act. Table 1 of this Policy lists the sections that specify when public consultation is required under this Act, and the consultation steps that need to be taken relevant to each section;¹
- Where the Act specifies that Council needs 'to follow the relevant steps set out in its public consultation policy', Council will follow the steps indicated in the relevant column of Table 1
- Where deemed appropriate by the Administration, or requested by Council, further public consultation may be undertaken that exceeds the requirements prescribed by the Act.

Policy availability

- Copies of this Policy are available for inspection at no cost at the Customer Centre, 25 Pirie Street, Adelaide and at Council's Libraries and Community Centres during normal business hours
- Council reserves the right to charge a prescribed fee for printing copies of this policy
- This Policy may also be downloaded free of charge from Council's website.

OTHER USEFUL DOCUMENTS

Related documents

- Community Engagement Strategy;
- The City of Adelaide City Works Guidelines;
- The City of Adelaide Strategic Plan;
- The City of Adelaide Privacy Policy;
- The City of Adelaide CEO Sub-Delegations Register.

¹ There are two aspects of Section 12 that require consultation; see Table 1: Column 1 and 1a

Relevant legislation

- *Local Government Act 1999 (SA)*;
- *City of Adelaide Act 1998*.

GLOSSARY

Throughout this document, the below terms have been used and are defined as:

- **The Act** is the *Local Government Act 1999 (SA)*
- **Community** (as defined by the *City of Adelaide Act 1998*) 'includes all people who live, work, study or conduct business in, or who visit, use or enjoy the services, facilities and public places of, the City of Adelaide'. These people may be identified as residents and voters, ratepayers, business owners, council customers, contractors and suppliers, community interest groups, agencies and hard to reach groups who have an interest in Council's decision-making and who are affected by Council decisions
- **Stakeholders** are recognised as individuals and organised groups who use the capital city; who have an interest in Council's decision-making and who are affected by Council's decisions. Business owners, retail outlets, State and Federal Governments, community groups, Local Government and not for profit organisations are all considered stakeholders. Stakeholders may also be individuals, groups or organisations who have a role to play in policy development and program or service delivery
- **Engagement** describes varying levels of participation in public consultation processes
- **Public Consultation** is a planned process of engagement where information is provided, and community and stakeholders are formally invited, as per the relevant requirements in the *Local Government Act 1999 (SA)*, to comment about matters on which Council will deliberate.

ADMINISTRATIVE

As part of Council's commitment to deliver the City of Adelaide Strategic Plan, services to the community and the provision of transparent information, all policy documents are reviewed as per legislative requirements or when there is no such provision a risk assessment approach is taken to guide the review timeframe.

In accordance with Council's Strategic Planning and Policy Framework, it is recommended that the policy be reviewed by Council every two years, unless there are legislative or operational changes. The next review will be undertaken in May 2021.

If the Policy requires an amendment and the proposed changes are considered significant, the Policy will be subject to public consultation as per the requirements of section 50 (5) and (6) of the Act. If an amendment is required to the Policy that is considered by Council to be of 'minor significance that would attract little (or no) community interest', Council reserves the right not to go out to public consultation as per section 50 (7) of the Act.

Privacy policy

In accordance with the City of Adelaide Privacy Policy Council reserves the right to request names and addresses of respondents making submissions to any public consultation. To enable transparency in consultation processes to occur, all public consultation submissions received by Council will become public documents and may be included in a report to Council which is also available to the public.

Review history:

Trim Reference	Authorising Body	Date/ Decision ID	Description of Edits
ACC2020/58461	Council	XX/05/2020	Updated to reflect requirements of the Public Access and Public Consultation Notice (No 2) 2020
ACC2019/63611	Council	19/07/2019	Definition of 'community' updated (page 3); relevant legislation and related documents updated; compliance requirements of section 122 updated; privacy provisions updated; table 1 consultation steps 3 and 16 updated;
ACC2019/63611	Council		Compliance requirements for Section 122: Strategic Management Plans added to Table 1;
ACC2019/63611	Council		'Administrative' section (page 3) updated to align with City of Adelaide Privacy Policy;
ACC2019/63611	Council		Consultation Step 3 updated to remove duplication with Step 16. Step 16 removed;
ACC2019/63611			Table 1: Column 16, Section 232: Trees has been amended to 'Submissions to be considered in decision-making under delegation (Step 13) replacing the need for 'Submissions to be considered by Council in decision-making' (Step 7)
ACC2019/63611	Council		Table 1: Column 18 (step 5) of Section 259: Councils to Develop Policies (power to make orders) is amended to indicate the minimum of period of consultation for this section is four (4) weeks.
ACC2018/99497	Council	08/05/2018	Major Review of this policy

Contact:

For further information contact the Marketing & Communications Program:

City of Adelaide
 25 Pirie Street, Adelaide,
 GPO Box 2252
 ADELAIDE SA 5001
 +61 8 8203 7203
city@cityofadelaide.com.au

Table 1: Statutory Compliance with *Local Government Act 1999 (SA)*²

Legend:

1. Representation Review: Composition and Wards – Options Paper (Sec.12).
- 1a. Representation Review: Composition and Wards – Representation Review Paper (Sec. 12).
2. Status of Council/Change of Various Names (Sec.13).
3. Council Office: Opening Hours (Sec. 45).
4. Public Consultation Policies (Sec. 50).
5. Code of Practice: Access to Meetings and Documents (Sec. 92).
6. Strategic Management Plans (Sec. 122)
7. Annual Business Plan (Sec. 123) - consultation requirements amended – Column 7
8. Rates and Charges: Change to Basis of Rating Report (Sec. 151) - consultation requirements amended – Column 8
9. Rating: Differential Rates (Sec 156) consultation requirements amended – Column 9
10. Community Land: Exclusion from Classification (Sec. 193).
11. Community Land: Revocation of Classification (Sec. 194).
12. Community Land: Management Plans (Sec. 197).
13. Amendment or Revocation of Management Plans (Sec.198)³
14. Community Land Alienation by Lease or Licence (Sec 202)⁴
15. Control of Work on Roads: Public Consultation (for granting of authorisations/permits) (Sec. 223)
16. Trees (Sec. 232)⁵
17. Passing By-laws (Sec 249).
18. Councils to Develop Policies (power to make orders) (Sc. 259).

² The items listed require public consultation in accordance with the Act. You must refer to the relevant section of the legislation to determine the specific requirements to be met

³ Public consultation is not required under Section 198(3) if the amendment has no impact or no significant impact on the community

⁴ Public consultation is not required under Section 202 if the grant of a lease or licence is authorised in an approved management plan for the land and the term is five (5) years or less; or the regulations provide for an exemption from compliance with the public consultation policy.

⁵ Public consultation is only required (232) if the council considers that the vegetation may have a significant impact on residents, the proprietors of nearby businesses or advertisers in the area.

	Consultation steps	1	1a	2	3	4	5
1	Council will provide public notice of the options for consideration.	✓		✓	✓	✓	✓
2	Information provided on a City of Adelaide corporate website.	✓	✓		✓	✓	✓
3	Council to ensure that any documents that are legislatively required to be freely available for inspection are on public display and print versions are available to purchase for a fixed fee in the customer centre; and freely available for view and/or purchase for a fixed fee in the City's libraries and community centres as required.	✓	✓		✓	✓	✓
4	Notice published in a local newspaper circulating in the City of Adelaide.	✓	✓	✓	✓	✓	✓
5	Provide a minimum of 21 days for people to make submissions to Council (unless stated).	✓ Min 6 weeks	✓ Min 3 weeks	✓ Min 6 weeks	✓	✓ Min 1 month	✓
6	Receipt of submissions by City of Adelaide.	✓	✓	✓	✓	✓	✓
7	Submissions to be considered by Council in decision-making.	✓	✓	✓	✓	✓	✓
8	Inform public of outcome (as per relevant section).	✓	✓		✓	✓	✓
9	Public meeting (as determined by relevant section).						
10	Provide opportunity for people who may be affected to be involved.		✓	✓			
11	Provide opportunity for people to attend Council meeting or Council Committee meeting.		✓	✓			
12	Submit report and proposal/other to Minister or Government department as required.						
13	Submissions to be considered in decision-making under delegation.						
14	Council may require the applicant to carry out certain consultation(s) to notify any potentially effected community and/or stakeholders of the proposal						
15	Council may request written confirmation of the consultation undertaken by the applicant in this regards to the satisfaction of the approving officer.						

Key: ✓ Consultation steps required

	Consultation steps	6	7	8	9	10	11
1	Council will provide public notice of the options for consideration.	✓	✓	✓	✓	✓	✓
2	Information provided on a City of Adelaide corporate website.	✓	✓	✓	✓	✓	✓
3	Council to ensure that any documents that are legislatively required to be freely available for inspection are on public display and print versions are available to purchase for a fixed fee in the customer centre; and freely available for view and/or purchase for a fixed fee in the City's libraries and community centres as required.	✓	✓	✓	✓	✓	✓
4	Notice published in a local newspaper circulating in the City of Adelaide.	✓	✓	✓	✓	✓	✓
5	Provide a minimum of 21 days for people to make submissions to Council (unless stated).	✓ Min 6 weeks	✓	✓	✓	✓	✓
6	Receipt of submissions by City of Adelaide.	✓	✓	✓	✓	✓	✓
7	Submissions to be considered by Council in decision-making.	✓	✓	✓	✓	✓	✓
8	Inform public of outcome (as per relevant section).	✓	✓	✓	✓	✓	✓
9	Public meeting (as determined by relevant section).		TS	TS	TS		
10	Provide opportunity for people who may be affected to be involved.			✓	✓		
11	Provide opportunity for people to attend Council meeting or Council Committee meeting.						
12	Submit report and proposal/other to Minister or Government department as required.						✓
13	Submissions to be considered in decision-making under delegation.						
14	Council may require the applicant to carry out certain consultation(s) to notify any potentially effected community and/or stakeholders of the proposal						
15	Council may request written confirmation of the consultation undertaken by the applicant in this regards to the satisfaction of the approving officer.						

Key: ✓ Consultation steps required

TS – This consultation step is temporarily suspended as a result of the public health declaration (Notice No 2) made by the Minister for Transport, Infrastructure and Local Government in relation to the transmission of COVID-19 on 8 April 2020.

	Consultation steps	12	13	14	15	16	17	18
1	Council will provide public notice of the options for consideration.	✓	✓	✓	✓	✓	✓	✓
2	Information provided on a City of Adelaide corporate website.	✓	✓	✓	✓	✓	✓	✓
3	Council to ensure that any documents that are legislatively required to be freely available for inspection are on public display and print versions are available to purchase for a fixed fee in the customer centre; and freely available for view and/or purchase for a fixed fee in the City's libraries and community centres as required.	✓	✓	✓	✓	✓	✓	✓
4	Notice published in a local newspaper circulating in the City of Adelaide.	✓	✓	✓	✓	✓	✓	✓
5	Provide a minimum of 21 days for people to make submissions to Council (unless stated).	✓	✓	✓	✓	✓	✓	✓ Min 4 weeks
6	Receipt of submissions by City of Adelaide.	✓	✓	✓	✓	✓	✓	✓
7	Submissions to be considered by Council in decision-making.	✓	✓	✓			✓	✓
8	Inform public of outcome (as per relevant section).	✓	✓	✓	✓	✓	✓	✓
9	Public meeting (as determined by relevant section).							
10	Provide opportunity for people who may be affected to be involved.							
11	Provide opportunity for people to attend Council meeting or Council Committee meeting.							
12	Submit report and proposal/other to Minister or Government department as required.							
13	Submissions to be considered in decision-making under delegation.				✓	✓		
14	Council may require the applicant to carry out certain consultation(s) to notify any potentially effected community and/or stakeholders of the proposal				✓			
15	Council may request written confirmation of the consultation undertaken by the applicant in this regards to the satisfaction of the approving officer.				✓			

Key: ✓ Consultation steps required

2019-20 Quarter 3 Financial and Performance Report

ITEM 5.3 05/05/2020
The Committee

2018/03947
Public

Approving Officer:
Clare Mockler, Deputy CEO &
Director Culture

EXECUTIVE SUMMARY:

The 2019-20 Quarter 3 Financial and Performance Report summarises:

- The year to date financial performance and results for the quarter ended 31 March 2020
- The proposed changes to the Quarter 2 Budget, Long Term Financial Plan (LTFP) and variances to the budget.

The COVID-19 pandemic has seen an unprecedented change to the lives of our community and to Council's operations, businesses and services. To respond to this, Council has already developed a \$4.0m 'City Support' package and has an array of financial levers available to support decision making which are analysed in this report.

The proposed net adjustments of \$21.4m to the Quarter 2 Budget position are intended to mitigate the financial impact of COVID-19 and have been achieved through:

- Identification of savings to fund emerging priorities and offset reduced income as a result of Government restrictions as a result of COVID-19
- Variances (targeted changes) to projects, infrastructure and capital works, resulting in re-timing, re-prioritising or finalising of works
- Managing cash flow implications due to anticipated rates deferral

The impact of these net adjustments from Quarter 2 to Quarter 3 increase Council's forecasted Operating Deficit for 2019-20 from (\$18.4m) to (\$19.3m), decrease the annual funding requirement from (\$34.1m) to (\$12.7m), and borrowings decrease from (\$81.6m) to (\$73.7m). This projected level of borrowing as at 30 June 2020 is within our existing Prudential Borrowing Limits.

Council's Treasury and Cash Investment Policy is due for review later in 2020 where amendments to the Prudential Borrowing Limits will be considered to build capacity to respond to current and future opportunities.

The LTFP has been updated to incorporate the anticipated impact of COVID-19, as well as the Council resolution to reduce operating expenditure by \$20m during 2020-21. Given such a reduction in operating expenditure, Council's projected Operating Deficit position moving forward will be significantly reduced, with a small operating surplus projected from 2023-24 onwards. In addition, the updated LTFP projects that Council's borrowings will be within 10% of the current Prudential Limit. During the 2020-21 Integrated Business Plan process, the Infrastructure Program and Renewals LTFP will be brought to Council for discussion and resolution – in its current position, that will propose an additional investment required in line with the Asset Management Plans and Condition Audits being currently undertaken.

The following recommendation will be presented to Council on 12 May 2020 for consideration.

That Council:

1. Notes the 2019-20 Quarter 3 Financial and Performance Report (the report), including the proposed 2019-20 Quarter 3 Revised Forecast, Quarter 3 Treasury report update and updated Long Term Financial Plan (Attachment A to Item 5.1 on the Agenda for the meeting of the City of Adelaide Audit Committee held on 1 May 2020).
2. Approves the project, capital works, infrastructure project, major project and commercial variances as immediate measures to mitigate the financial impact of COVID-19 and the proposed revised forecast as summarised in Attachment A to Item # on the Agenda for the meeting of the Council held on 12 May 2020..

3. Notes that the Administration will continue to update Council on the financial impacts of the COVID-19 pandemic, with a discussion on the response levers and options available to Council to be scheduled for 26 May 2020.
-

IMPLICATIONS AND FINANCIALS:

City of Adelaide 2016-2020 Strategic Plan	Strategic Alignment - Corporate Activities The deliverables and objectives set out in the Quarter 3 Revised Forecast (QF3) document are directly aligned to the delivery of year 4 of the 2016-2020 City of Adelaide Strategic Plan.
Policy	Not as a result of this report
Consultation	Not as a result of this report
Resource	Not as a result of this report
Risk / Legal / Legislative	The quarterly review meets Council's obligations under the <i>Local Government Act 1999</i> and <i>Local Government (Financial Management) Regulations 2011</i> . Attachment A provides the revised Prudential Borrowing Ratios based on the proposed Quarter 3 Revised Forecast adjustments.
Opportunities	Not as a result of this report
19/20 Budget Allocation	Adjustments to the 2019-20 Budget are detailed throughout the Report and Attachment A .
Proposed 20/21 Budget Allocation	Proposed re-timing of projects from 2019-20 of \$16.3m into 2020-21 as summarised in Attachment A .
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
19/20 Budget Reconsideration (if applicable)	Yes. Refer Attachment A. The forecasted Operating Deficit for 2019-20 increases from (\$18.4m) to (\$19.3m). The annual net funding requirement for 2019-20 is forecast to decrease from (\$34.1m) to (\$12.7m).
Ongoing Costs (e.g. maintenance cost)	Not as a result of this report
Other Funding Sources	Not as a result of this report

DISCUSSION

Financial Result for the quarter

1. The financial result for the year to date as at 31 March 2020 is a net funding deficit of (\$4.0m) including subsidiaries which is \$13.3m favourable to budget, primarily due to favourable variances in projects. All variances have been reviewed and where possible included in the overall savings as part of the Administration's COVID-19 response.

COVID-19

2. COVID-19 has had a major impact on Council's finances and **Attachment A** to this report provides an analysis of three key levers for Council to consider:
 - 2.1. Building Capacity through *borrowings* and increasing the prudential borrowing limit
 - 2.2. Supporting our community and future growth through *rates*
 - 2.3. Achieving flexibility with *asset renewals*
3. In responding to the current environment and the impact of COVID-19, there are a number of other financial response levers for Council to investigate using, to which the Administration has already commenced preparatory actioning:
 - 3.1. Pause / Defer Strategic Enhancements and Asset Renewals: A range of capital works and infrastructure have been restructured in response.
 - 3.2. Advocate for Government funding for Priority Infrastructure and Stimulus Projects: Working with our partners differently and in new ways, including pro-active advocacy of City priorities to Governments for grant funding continues as part of BAU
 - 3.3. Realise potential of non/underperforming assets and reinvest in performing and demand driving assets: Options presented separately to Council as part of the Strategic Property Review

Proposed Adjustments / savings

4. A comprehensive review of Council's 2019-20 budget has been undertaken by the Administration in response to the significant financial impact of COVID-19, resulting in proposed net adjustments for Quarter 3 that total \$21.4m, including for subsidiaries.
 - \$3.5m Savings across operations
 - \$30.9m Project savings have been made by either re-timing, finalising at the current point of delivery, not proceeding, reducing scope or re-prioritising
 - (\$3.7m) Delivery of a City Support Package
 - (\$9.4m) Income impact (\$11.9m) offset by savings \$2.5m
 - \$0.1m Subsidiary operational impact (\$0.6m) offset by savings in capital works \$0.7m.
5. The list of all proposed adjustments and definition of treatments is provided in **Attachment A** (*quarter changes*)

Proposed Revised Quarter 3 Forecast

6. The Operating Deficit at the end of the 2019-20 financial year are projected to increase from (\$18.4m) as at Quarter 2 to (\$19.3m).
7. The Work in Progress (WIP) write-off has decreased from (\$13.7m) at Quarter 2 to (\$5.5m), due to the transfer of recognised non-capitalisable projects into operations \$4.5m and proposed timing adjustments to Capital Program \$3.7m.
8. The 2019-20 overall funding requirement (Uniform Presentation of Finances) is forecast to decrease from (\$34.1m) as projected at Quarter 2 to (\$12.7m).
9. Council's borrowings (debt) projected as at 30 June 2020 is \$73.7m, being a decrease of \$7.9m when compared to the Quarter 2 projection of \$81.6m.
10. The Revised Financial Statements are included as an Appendix to **Attachment A**

Treasury Report

11. As per the requirements set out in the Treasury and Cash Investment Policy, the borrowing and cash investment performance for as at 31 March 2020 is reported below
12. Borrowings as at 31 March 2020 were \$37.4m

Borrowings Facility	Available	Interest Type	Interest Rate	Borrowing(s) Amount as at 31 March 2020	Change since previous report	Maturity Date	CAD Interest Rate
LGFA CAD 554	\$30m	Variable	1.50%	\$30m	(\$0.0m)	16/12/2023	1.50%
LGFA CAD 555	\$70m	Variable	1.50%	\$7.4m	(\$8.5m)	15/06/2033	1.50%

* Note CAD facilities are flexible and allows Council to convert all or part of it into a fixed rate interest only loan for a maximum of 5 years.

13. The Prudential Limits as at 31 March 2020 based on borrowings of \$37.4m are below:

Prudential Limit Ratio	Comments	Limits	YTD Actual to Mar-20
Debt Service Coverage Ratio	The number of times Council's annual 'Amount Available for Projects' can service annual principle and interest commitments.	Min 5 times	18.9 times
Leverage Test	Total borrowings expressed as a multiple of the annual 'Amount Available for Projects'.	Max 1.5 years	0.7 years
Asset Test	The percentage of total borrowings to Council's saleable property assets.	Max 25%	10.5%

14. Interest Income / (Expenditure) against the Quarter 2 budget is a net favourable year to date variance of \$0.6m

Interest	Quarter Jan - Mar		Mar YTD		Annual	Administration Comments
	Actual	Budget	Actual	Budget	Budget	
Revenue	\$4,659	\$8,649	\$16,623	\$27,150	\$35,800	Interest revenue consists of interest earned on operating monies held in the NAB operating account.
Expense	(\$217,655)	(\$490,761)	(\$692,930)	(\$1,300,279)	(\$1,791,000)	Interest expense consist of LGFA CAD facility.

Long Term Financial Plan and Financial Statements

15. A range of financial indicators have been included in **Attachment A** (*financial indicators and performance*) to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the LTFP.
16. Financial statements and the (10 year) LTFP are provided in detail as an Appendix to **Attachment A** and show the proposed borrowings, operating deficit and baseline changes into 2019-20 and beyond based on the proposed Quarter 3 Revised Forecast adjustments.
17. During the 2020-21 Integrated Business Plan process the Infrastructure Program and Renewals LTFP will be brought to Council which will indicate an additional investment required in line with the Asset Management Plans and Condition Audits being undertaken at present.

Rates

18. Fourth quarter rate notices for the 2019-20 financial year will be due for payment by 1 June 2020.
19. The following measures have been implemented to assist City of Adelaide ratepayers:
 - 19.1. Payment plans where ratepayers can elect to pay their rates weekly, fortnightly or monthly based on an agreed amount that suits their budget
 - 19.2. Financial hardship assistance for residential and commercial ratepayers (online form)
 - 19.3. Ratepayers can postpone payment of the fourth quarter rates for three (3) months until 31 August 2020
 - 19.4. No fines or interest to be charged on any fourth quarter outstanding rates until 31 August 2020
 - 19.5. Fines and interest to be temporarily paused on all existing outstanding rates until 31 August 2020
 - 19.6. No new debt recovery action to be instigated for any business that enters into a financial arrangement with Council (including any pre-existing debt)

Next steps

20. Revise Council's Treasury and Cash Investment Policy including for prudential limits.
21. Utilisation of special discretionary rebate to provide assistance to rate payers of approximately \$2.1m.
22. Discussions with the State Government continue regarding re-aligning delivery of the Annual Business Plan and Budget (legislative change required).

23. Council will develop its next budget (2020-21) over the coming months and an understanding of the position we are in now will help in developing a clear, well planned budget.
 24. Further discussions and workshops will be held with Council over the coming months to plan in detail which financial levers it wishes to use to respond to the impacts of COVID-19.
-

ATTACHMENTS

Attachment A – City of Adelaide 2019 – 2020 Quarter Three Financial and Performance Report

- END OF REPORT -

City of Adelaide 2019 – 2020 Quarter Three Financial and Performance Report

May 2020

Prepared for the City of Adelaide
by Strategic Finance and Performance

Executive Summary

Quarterly update

Council's financial performance this quarter has been influenced by the impact of COVID-19 and the resulting mitigating measures taken by administration to ensure continued financial sustainability, community and business support.

Loss of (net) income

Following the introduction of government social distancing restrictions, three Council businesses were forced to temporarily close (Aquatic Centre, Golf Course and Town Hall). These restrictions also impacted on events in the Park Lands, the demand for parking and other income streams.

Support

In March 2020 Council adopted measures to support our community and businesses, including an unbudgeted cost of \$4 million for the 'City Support' package

Cashflow

By the end of this quarter the continued spread of COVID-19 had started to impact Council's cashflow. While the challenges faced this quarter were minimal on cashflow, it is anticipated that this will increase in quarter four.

Council has already received requests for rates support and the potential impact on cash flow is currently unknown, although a forecasted position has been incorporated.

Savings

Actions taken to reduce the impact on our finances have included almost \$37 million in savings for the 2019 – 2020 budget. This has been achieved by reprioritising, reducing, retiming or stopping identified projects, operations and capital works.

Current environment

2019-2020 was the final budget for the 2016 – 2020 Strategic Plan of Council, delivering services, projects, infrastructure and capital works across the key themes of Smart, Liveable, Green and Creative.

As part of the 2019-2020 budget, key highlights included further greening of City streets, progressing the Central Market Arcade redevelopment, significant infrastructure, capital works and renewals investments, continuation of 10 Gigabit Adelaide and strategic partnerships to further the City's economy and vibrancy.

COVID-19

In January 2020 the world learned of a new strain of coronavirus (COVID-19) which has since become a global pandemic. The repercussions of this virus have impacted every corner of our community and our economy, forcing our residents and businesses to live and work differently. The City of Adelaide has not been immune to the impacts of this pandemic, which has resulted in ongoing losses of income, increased community support and challenges in delivering our services, projects and infrastructure.

This attachment contains three components:

1. Quarterly Financial Update
2. COVID-19 response scenarios
3. Appendices (financial statements)

Executive Summary

Net adjustments of \$21.4m in response to the significant impact of COVID-19

City Support Package (\$3.7m) including

- Rent relief for tenants in Council owned properties (\$1.7m)
- Rent relief for Central Market tenants (\$1.0m)
- Levy relief Rundle Mall (\$1.0m)

Income including Commercial – (\$9.4m) impact

- Commercial Businesses and Town Hall (\$5.5m) net reduction
- Parking on-street and expiations (\$4.2m) net reduction
- Business Centre \$0.3m increase

Immediate action taken to free up cashflow and reduce operational expenditure to June 2020:

Operations - \$3.5m in savings

- Contractors, consultants, legal expenditure, audits, cash collection and merchant fees and marketing
- Staffing (Training and Development, reduced overtime, temporary labour, apprentices and trainees)

Projects - \$5.4m in savings

- Retimed \$2.4m
- Finalised \$1.1m
- Not proceeding \$0.3m
- Scope reduced this financial year \$1.0m
- Reprioritise \$0.4m
- Completed, savings \$0.3m

Capital Works - \$25.5m in savings

- Retimed \$13.9m
- Reprioritise \$6.9m
- Finalised, net savings \$4.7m

Subsidiaries – \$0.1m savings

Glossary

Asset Sustainability Ratio: Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans

Asset Test Ratio: Borrowings as a percentage of total saleable property assets

Completed Projects: Completed with savings

Debt Service Coverage: Number of times the funding surplus from Operations can fund annual debt (principle and interest) repayments

Finalised Projects: Have been wound up at the current point of delivery, remaining expenditure has been forfeited resulting in savings or Projects require extra funds to finalise and close out

Leverage Test Ratio (current): Total borrowings relative to the funding surplus from Operations

Leverage Test Ratio (proposed): Total borrowings relative to rates revenue (less NRM levy)

Interest Expense Ratio: Proportion of Council's general rate income that is being used to service debt (interest)

Liquidity: Measure of the Council's ability to cover its immediate and short-term debts and obligations

Net Financial Liabilities: Financial liabilities as a percentage of operating surplus

Operating Surplus Ratio: Operating surplus as a percentage of operating revenue

Projects not proceeding: Will not proceed given financial restrictions

Projects with scope reduced: Proceeding with reduced scope / outcomes, resulting in part savings

Re-prioritised Projects: Deferred from this financial year. Timing of delivery is risk based and can be managed subject to future budget approval

Re-timed Projects: Commitments exist to deliver the project, however Council controls construction timeframes

Uniform Presentation Finances: Annual funding requirement to cover spend on operations and capital

Work in Progress (WIP): An unfinished project that has not yet been capitalised to our asset register

WIP write off: A portion of an unfinished project which cannot be capitalised and will be expensed once the project is capitalised

Quarter Changes

project variances

\$'000	QF2 Budget	adjustment
Re-timed		
Asset Management Transformation Program	3,204	442
Ten Gigabit Milestone Payments	7,000	2,000
Total		2,442
Finalised		
City Activation - across multi areas	900	250
88 O'Connell site activation	437	160
Waste Strategy and Policy	200	144
City and Corporation Brand	199	90
International Relations	419	80
Business Activation and Support	151	63
Adelaide Living	80	50
Social Infrastructure Audit	55	40
Adelaide Design Manual Greening	50	38
Safer City Policy implementation	50	35
Visitor Economy	180	30
Sustainable Events	230	24
Business Engagement	200	20
Adelaide Leaders	25	17
Reconciliation Action Plan Park Lands	83	15
Welcome China	79	15
Total		1,071
Not proceeding		
Finance System Upgrade	119	119
Cultural Entrepreneurs	50	50
Property Leasing Investigations	50	50
Mainstreet Historic Façade Improvement Scheme	40	40
Digitisation of Plans	30	30
Total		289

Variances to projects resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-timed (\$2.4m in savings)**
Commitments exist to deliver, however Council controls construction timeframes
- **Finalised (\$1.1m in savings)**
These projects have been wound up at the current point of delivery, remaining expenditure has been forfeited resulting in savings
- **Not proceeding (\$0.3m in savings)**
These projects will not proceed given financial restrictions

Quarter Changes

project variances

\$'000	QF2 Budget	adjustment
Scope reduced		
Efficiency & Service Reviews	661	210
Hutt Street Activation	210	190
Park Lands Services	270	172
Strategic Partnership - Don Dunstan Foundation	313	105
Transport and Movement Strategy	200	73
Entrepreneur Support	277	55
Anzac Day	63	55
Representation Review	50	40
Climate Change Action Initiative Fund	1,646	25
Noise Management	39	18
Investment Attraction	281	15
Total		958
Re-prioritised		
Melbourne, O'Connell & Hutt Streets Masterplan	370	232
China Town and Market District Safety	50	50
Shop Front Improvements	50	50
Umbrella Winter Festival	40	40
Welcoming City Places & Spaces	25	25
Torrens Lake Weir Designs	25	16
Total		413
Completed		
Strategic Property Investigations	100	96
2020-2024 Strategic Plan	150	50
Accounts Payable Scanning	43	43
Property Valuation Software	172	40
Waste Transition	99	31
Total		260

Variances to projects resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Scope reduced (\$1.0m in savings)**
These projects are proceeding with reduced scope / outcomes, resulting in part savings on the project
- **Re-prioritised (\$0.4m in savings)**
These projects can be deferred from this financial year. Timing of delivery is risk based and can be managed *subject to future budget approval*
- **Completed (\$0.3m in savings)**
These projects have been completed in 2019/2020 FY with savings

Quarter Changes

capital works variances

\$'000	QF2 Budget	adjustment
Re-timed		
Prior Year Projects	988	264
Minor Changes	212	20
Total		284
Finalised		
Prior Year Projects	988	18
Total		18

Variances to capital works, and commercial opportunities resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-timed (\$0.3m in savings)**
Commitments exist to deliver, however Council controls construction timeframes
- **Finalised (\$0.0m in savings)**
Projects have been either completed with savings or are no longer proceeding

Quarter Changes

infrastructure project variances (*streets*)

\$'000	QF2 Budget	adjustment
Re-timed		
Hindley Street	232	231
Decorative Lighting Program	131	98
Union Street	1,171	882
Grote Street (Morphett St to West Tce)	1,505	1,728
Whitmore Square Safety Improvements	800	710
City Greening	200	131
Paxton's Walk and Vaughan Place	140	30
Total		3,810
Re-prioritised		
Jeffcott Street	2,573	1,866
Angas Street	717	343
Black Spot Funding	301	295
Minor Changes	20	15
Total		2,520
Finalised		
Prior Year Projects	1,865	59
Union Street	1,171	245
Chesser Street Arbour	415	308
Grote Street (Morphett St to West Tce)	1,505	(272)
Hutt Street	150	50
Wakefield Street	37	30
Angas Street	717	150
Wright Court and Field Street	693	328
Black Spot Funding	301	(1)
North Terrace West footpath	85	(18)
Paxton's Walk and Vaughan Place	140	40
Total		919

Variances to infrastructure (streets) resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-timed (\$3.8m in savings)**
Commitments exist to deliver, however Council controls construction timeframes
- **Re-prioritised (\$2.5m in savings)**
These projects can be deferred from this financial year. Timing of delivery is risk based and can be managed *subject to future budget approval*
- **Finalised (\$0.9m in savings)**
Projects have been either completed with savings or are no longer proceeding

Quarter Changes

infrastructure project variances (*Park Lands*)

\$'000	QF2 Budget	adjustment
Re-timed		
Place of Reflection	150	148
Wattle Grove War Memorial	50	43
Events Infrastructure Rundle Park	935	567
Total		759
Finalised		
South Park Lands Creek Rehabilitation Works	810	12
Park 25 Minor improvements	14	(260)*
Peace Park/Town Clerk's Walk	388	(85)*
Community and Recreation Design Projects	100	100
Minor Changes	10	(3)*
Total		(236)

Variances to infrastructure (Park Lands) resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-timed (\$0.8m in savings)**
Commitments exist to deliver, however Council controls construction timeframes
- **Finalised (\$0.2m request for extra funds)**
Projects have been either completed with savings or are no longer proceeding;
or
*(Projects require extra funds to finalise and close out)

Quarter Changes

infrastructure project variances (*city works*)

\$'000	QF2 Budget	adjustment
Re-timed		
Transport	7,636	712
Lighting & Electrical	1,494	704
Water Infrastructure	2,241	80
Urban Elements	588	30
Design & Asset Management Services	67	51
Total		1,579
Re-prioritised		
Transport	7,636	2,093
Traffic Signal	1,133	1,016
Lighting & Electrical	1,494	189
Water Infrastructure	2,241	15
Urban Elements	588	141
Design & Asset Management Services	67	46
Total		3,499
Finalised		
Transport	7,636	302
Traffic Signal	1,133	(1,246)
Bridges	360	77
Lighting & Electrical	1,494	(559)
Water Infrastructure	2,241	1,132
Urban Elements	588	42
Park Lands & Streetscape Renewal	1,070	158
Design & Asset Management Services	67	12
Total		(84)

Variances to infrastructure (city works) resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-timed (\$1.6m in savings)**
Commitments exist to deliver, however Council controls construction timeframes
- **Re-prioritised (\$3.5m in savings)**
These projects can be deferred from this financial year. Timing of delivery is risk based and can be managed *subject to future budget approval*
- **Finalised (\$0.1m in request for extra funds)**
Projects have been either completed with savings or are no longer proceeding;
or
*(Projects require extra funds to finalise and close out)

Quarter Changes

infrastructure project variances (*buildings*)

\$'000	QF2 Budget	adjustment
Re-timed		
Colonel Light Centre Renewals	700	423
UPark Buildings - Rundle UPark	3,500	3,378
Total		3,810
Re-prioritised		
Methodist Meeting Hall	50	50
Public Conveniences	350	80
Town Hall	350	49
Total		180
Finalised		
Prior Year Projects	866	4
Adelaide Aquatic Centre Renewals	80	37
Building Renewal and Compliance Program	1,250	989
Minor Changes	15	(12)
Total		1,017

infrastructure project variances (*plant, fleet and equipment*)

\$'000	QF2 Budget	adjustment
Finalised		
Plant, fleet and equipment	1,585	64
Total		64

Variances to infrastructure (buildings and plant, fleet and equipment) resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-timed (\$3.8m in savings)**
Commitments exist to deliver, however Council controls construction timeframes
- **Re-prioritised (\$0.2m in savings)**
These projects can be deferred from this financial year. Timing of delivery is risk based and can be managed *subject to future budget approval*
- **Finalised (\$1.1m in savings)**
Projects have been either completed with savings or are no longer proceeding

Quarter Changes

major project variances

\$'000	QF2 Budget	adjustment
Re-timed		
Smart City - Off Street	525	314
Market to Riverbank	1,645	1,452*
Pelzer Park/Pityarilla (Park 19) Enhancement	236	35*
City of Adelaide Bikeways - North-South	2,515	1,249*
City of Adelaide Bikeways - East-West	0	(6)*
City of Adelaide Bikeways - Share scheme	270	270*
Josie Agius Park/Wikaparntu Wirra (Park 22)	26	25^
City Skate Park	793	629^
Quentin Kenihan Inclusive Playspace	285	112^
Total		4,079
* 50% of budget includes income from State Government funding ^ 100% of budget includes income from State Government funding		
Re-prioritised		
North Terrace Public Realm Upgrade	4,295	120
Total		120
Finalised		
North Terrace Public Realm Upgrade	4,295	3,500
Total		3,500

commercial variances

\$'000	QF2 Budget	adjustment
Finalised		
Gawler UPark Façade	3,349	1,911
Total		1,911

Variances to major projects resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- Re-timed (\$4.1m in savings)**
 Commitments exist to deliver, however Council controls construction timeframes
- Re-prioritised (\$0.1m in savings)**
 These projects can be deferred from this financial year. Timing of delivery is risk based and can be managed *subject to future budget approval*
- Finalised (\$3.5m in savings)**
 Projects have been either completed with savings or are no longer proceeding

Quarter Changes

Adelaide Central Market Authority

\$'000	QF2 Budget	adjustment
Re-prioritise		
Stall Mezzanine (Safety Renewal)	800	323*
Grote Street Lift	-	(133)
WiFi	-	(50)
Gas Heating Dining	-	(140)
Total		0
Finalised		
Fire & Services Systems (tanks)	787	476
Gouger Lift	55	50
Main Switch Board (MSB) replacement	341	149
Minor Changes	708	32
Total		707

Variations to the Adelaide Central Market Authority resulting in savings to support Council's response to the impact of COVID-19.

Council approval is sought for these changes.

- **Re-prioritised (\$0m impact)**
*This project has been deferred from this financial year with funds distributed to support emerging priorities. Timing of delivery is risk based and can be managed *subject to future budget approval*
- **Finalised (\$0.7m in savings)**
Projects have been either completed with savings or are no longer proceeding

Quarter Performance

year to date actual and revised forecast

Year to Date

The year to date net funding deficit is (\$4.0m) which is \$13.3m favourable to budget. Key insights:

- **General Operations \$2.4m favourable** primarily due to resource costs \$0.7m, consultant fees \$0.3m, interest expense \$0.3m, legal fees \$0.3m and training \$0.2m
- **Business Operations (\$0.4m) unfavourable** primarily due to favourable variances in Property \$0.4m and Golf Course \$0.1m, offset by the business operations target (\$0.8m) and UPark (\$0.1m)
- **Projects \$4.1m favourable including \$3m of savings** proposed for QF3 with money retained for the Small Business Task Force and Community Grants
- **Infrastructure Program \$3.3m favourable** due to favourable variances in the delivery of projects including Streets \$1.0m, Buildings \$0.6m and IM Projects \$0.4m
- **Major Projects \$1.2m favourable** due to timing variances in the delivery of projects including the Gawler Place Development \$0.4m (in part Public Art delivery), the Smart Parking projects \$0.5m and Bikeways \$0.2m
- **Commercial Opportunities \$1.9m favourable** primarily due to timing of project expenditure related to Ten Gigabit Adelaide and Gawler Place UPark Facade
- **Subsidiaries \$0.8m favourable** due to timing in Adelaide Central Market Authority (ACMA) capital projects

Revised Forecast

The proposed net adjustments decrease the forecast funding deficit by \$21.4m from (\$34.1m) to (\$12.7m). Key insights:

- **General Operations (\$2.5m)** due to a reduction in net income of (\$4.1m), COVID-19 relief support package (\$2.0m), offset by \$3.5m in savings
- **Business Operations (\$7.0m)** due to a reduction in income of (\$6.8m) and rent relief for tenants (\$1.7m) offset by savings of \$1.5m
- **Projects \$3.6m of savings and retiming** across all programs
- **Infrastructure Program \$17.8m of savings** retiming, re-prioritising and savings across various projects
- **Major Projects \$5.4m** due to net carry forwards for Bikeways \$0.8m, Market to Riverbank \$0.6m and Smart City Off Street \$0.3m and savings in North Terrace Public Realm Upgrade of \$3.5m
- **Commercial Opportunities \$4.1m of savings** including \$2.0m carry forward of final payment for Ten Gigabit and \$1.9m carry forward for Gawler Place UPark Facade.

The forecast borrowings at 30 June 2020 have decreased to (\$73.7m) from (\$81.6m), a favourable adjustment of \$7.9m. This forecast includes rates and debtor deferral of (\$14.5m)

The forecast operating deficit has increased to (\$19.3m) from (\$18.4m)

Quarter Performance

year to date actual and revised forecast

\$'m	Year to Date			Revised Forecast		
	Actual	Budget (QF2)	Variance	Full Year 2019 - 20 Budget (QF2)	Proposed 2019 – 20 Budget (QF3)	Variance (from QF2 to QF3)
General Operations	26.9	24.5	2.4	37.0	34.5	(2.5)
Business Operations	18.9	19.2	(0.4)	25.4	18.4	(7.0)
Funding available for projects	45.8	43.7	2.1	62.4	52.9	(9.5)
Projects	(13.3)	(17.4)	4.1	(22.7)	(20.0)	3.6
Infrastructure and renewals	(19.0)	(22.2)	3.3	(47.7)	(29.2)	17.8
Projects, Infrastructure and renewals	(32.2)	(39.6)	7.3	(70.4)	(49.2)	21.4
Underlying surplus / (deficit)	13.6	4.2	9.4	(8.0)	3.7	11.9
Major Projects	(8.1)	(9.2)	1.2	(14.3)	(8.6)	5.4
Commercial Opportunities	(7.3)	(9.2)	1.9	(7.0)	(2.9)	4.1
City of Adelaide surplus / (deficit)	(1.8)	(14.3)	12.5	(29.2)	(7.9)	21.4
Subsidiaries	(2.2)	(3.0)	0.8	(4.9)	(4.8)	(0.1)
Net Surplus / (deficit)	(4.0)	(17.3)	13.3	(34.1)	(12.7)	21.4

This table compares the 2019-20 Year to Date actual performance compared to the Quarter 2 Revised Forecast and provides an update forecast for Quarter 3 with comparison (variance) to Quarter 2.

Quarter Performance

financial indicators and performance

Dashboard

The table below provides information about the key indicators of the Council's financial performance and financial position. A range of financial indicators have been included to support Council's strategic decision making by comparing the financial sustainability, asset sustainability, liquidity and capacity to respond in the context of the Long Term Financial Plan (which is provided as Appendix A)

2019-20 QF3	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30
Borrowings (\$'m) (Total borrowings) Target: Prudential Limits										
73,656	76,678	79,066	84,422	48,234	14,552	-	-	-	19,180	46,359
Operating Surplus (Funding surplus/(deficit)) Target: Financial sustainability										
(19,287)	(21,079)	(1,953)	(234)	2,191	9,677	10,120	17,160	11,344	17,886	13,556
Operating Surplus Ratio (Operating surplus as a percentage of operating revenue) Target: 0%-20%										
-10%	-11%	-1%	0%	1%	4%	4%	7%	5%	7%	5%
Net Financial Liabilities (Financial liabilities and a percentage of operating surplus) Target: Less than 80%										
42%	60%	58%	58%	39%	19%	11%	2%	8%	19%	29%
Asset Sustainability Ratio (Expenditure on asset renewals as a % of forecast required expenditure in the asset management plans) Target: 90%-110%										
43%	45%	95%	95%	95%	95%	95%	95%	100%	100%	100%
Asset Test Ratio (Borrowings as a percentage of total saleable property assets) Target: Maximum 25%										
21%	22%	22%	23%	13%	4%	0%	0%	0%	5%	11%
Debt Service Coverage (Number of times the funding surplus from general and commercial operations can fund annual principle and interest repayments) Target: Minimum 5 times										
11.7	10.0	12.4	12.2	15.6	36.4	164.9	-	-	137.3	41.2
Leverage Test Ratio (Total borrowings relative to the funding surplus from general and commercial operations) Target: Maximum 1.5 years										
1.4	1.3	1.1	1.1	0.6	0.2	-	-	-	0.2	0.4

Quarter Performance

financial indicators and performance

Local Government Indicators

These Financial Indicators have been calculated in accordance with *Information paper 9 - Local Government Financial Indicators* prepared as part of the LGA Financial Sustainability Program for the Local Government Association of South Australia

Operating Surplus Ratio (Operating surplus as a percentage of operating revenue)

Target: 0%-20%

-10%	-11%	-1%	0%	1%	4%	4%	7%	5%	7%	5%
2019-20 QF3	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

This indicator represents the percentage by which the major controllable revenue source varies from day to day operating expenses. Financial sustainability is indicated where a council consistently achieves operating surpluses and has soundly based projections showing it can continue to do so in the future, having regard to asset management and the service level needs of its community.

Target: The Local Government Act target is to achieve an average operating surplus ratio between 0% and 15% over any five-year period. However, as a capital city council, the City of Adelaide has significant responsibilities in improving its public realm, and as such considers that an average operating surplus ratio between 0% and 20%, over any five-year period, is a more appropriate target.

Analysis: The 2019-20 and 2020-21 financial years are forecasted to fall outside the target range, partially as a result of reduced income from COVID-19. Council's response to remediate is to reduce operating expenditure by \$20m in the 2020-21 Financial Year. This ongoing saving improves the ratio and overtime operating surpluses are generated to reduce borrowings and reinvest.

Net Financial Liabilities (Financial liabilities and a percentage of operating surplus)

Target: Less than 80%

42%	60%	58%	58%	39%	19%	11%	2%	8%	19%	29%
2019-20 QF3	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

This indicator represents the significance of the net amount owed compared with operating revenue. It measures the extent to which Council is managing its debt and highlights that borrowings are often an effective means of financial sustainability, rather than trying to fund all assets and services from operating income. A steady ratio means council is balancing the need to borrow against their affordability of debt. An excessive ratio means Council is borrowing beyond their means and cannot generate the income required to service assets and operations.

Target: The target for Net Financial Liabilities should normally be greater than zero. If not, then it implies that a council is willing to place a higher priority on accumulated financial assets than applying funds generated from ratepayers to the provision of services and/or infrastructure renewal. The target set by City of Adelaide is that liabilities as a percentage of total operating revenue will not exceed 80%.

Analysis: City of Adelaide's net financial liabilities are within the prescribed target.

Quarter Performance

financial indicators and performance

Asset Sustainability Ratio (Expenditure on asset renewals as a % of forecast required expenditure in the asset management plans)

Target: 90%-110%

43%	45%	95%	95%	95%	95%	95%	95%	100%	100%	100%
2019-20 QF3	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

This indicator expresses expenditure on asset renewals as a percentage of the projected funding required for asset renewal. It illustrates whether existing assets are being replaced or renewed at the rate they are being consumed and ensures consistent service delivery as determined by the Asset Management Plans (AMPs).

Target: A lower ratio suggests that Council is not maintaining assets and infrastructure in order to optimize asset lives. A higher ratio suggests that Council is replacing assets earlier than needed. Council has adopted a target ratio between 90% and 110%. The City of Adelaide is currently reviewing Infrastructure and Asset Management Plans including asset service levels, taking into account community needs, population density/growth impacts and asset management principles.

Analysis: The ratios provided are based on the Infrastructure Long Term Financial Plan which is based on a like for like renewal basis with very limited new/upgrade considerations. As a result, the levels of service are held consistent with replacing existing assets.

As an outcome of COVID-19 the 2019-20 quarter 4 Infrastructure program has been reprioritised and has formed the basis of the 2020-21 program. As a result the sustainability ratio falls below that target range for 2020-21 and is considered acceptable as the LTFP takes a longer term view on asset replacement to ensure it does not interfere with cash flow over the life of the plan.

Quarter Performance

financial indicators and performance

Treasury Report indicators

The Treasury and Cash Investment Policy sets the risk appetite of Council and the amount of borrowing it can sustain as defined by the Prudential Borrowing Limits, as calculated in the following 3 ratios

Asset Test Ratio (Borrowings as a percentage of total saleable property assets)

Target: Maximum 25%

21%	22%	22%	23%	13%	4%	0%	0%	0%	5%	11%
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Debt Service Coverage (Number of times the funding surplus from general and commercial operations can fund annual principle and interest repayments) | Target: Minimum 5 times

11.7	10.0	12.4	12.2	15.6	36.4	164.9	-	-	137.3	41.2
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Leverage Test Ratio (Total borrowings relative to the funding surplus from general and commercial operations) |

Target: Maximum 1.5 years

1.4	1.3	1.1	1.1	0.6	0.2	-	-	-	0.2	0.4
2019-20 QF3	2020-21 Budget	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30

The Prudential limits are breached when one of the ratios fall outside of the targets stipulated in the Treasury and Cash Investment Policy. The breach must be reported with remediation actions to the CEO immediately and reported quarterly within the borrowing and cash investment performance report.

Borrowings will be within 10% of the Prudential limits from 2019-20 through to 2022-23 inclusive. A number of actions are being undertaken in order to bring the borrowing limits within the target ranges and include reducing Operations by \$20 million from 2020-21, and reprioritising the Infrastructure Program over 2019-20 and 2020-21. In addition the cash flow is being monitored daily by Administration.

Quarter Summary

end of quarter and next steps

End of quarter

COVID-19 has had a major impact on Council's finances and an array of measures have been proposed for Council to mitigate these impacts.

The variances shown in this document require Council approval and are summarised as:

Adjustments:

Operations:	(\$9.5) million
Projects:	\$3.6 million
Infrastructure & Renewals:	\$17.8 million
Major Projects:	\$5.4 million
Commercial Opportunities:	\$4.1 million
ACMA	\$0.1 million

To support these decisions, available at the end of this document are:

- Appendix A – Budgeted Financial Statements
- Appendix B – Long Term Financial Plan (year to date)

Next steps

Council will need to continue to be flexible and proactive in its response to the impacts of COVID-19.

The next section will provide further detail on the levers to:

- Build capacity
- Support our community and future growth
- Achieve flexibility with asset renewals

COVID-19 Response

levers and
options

Item 5.3 - Attachment A

COVID-19 response borrowings

Increase of borrowings to build capacity

Mechanisms available to Council to use:

The level of overall borrowing that Council can sustain will take into account the following:

- strategic planning for the future of the Council;
- current and estimated future revenues;
- opportunities to leverage external grant funding;
- inter-generational equity;
- current and future funding needs for both operating and capital expenditures; and
- the 'risk appetite' of Council, as defined by Council's prudential limits

Relevant policy changes required:

The Treasury and Cash Investment Policy determines the Prudential Borrowing Limits. This is due for review in 2020 and is proposed to be amended as follows:

Interest Expense Ratio

(to replace debt coverage ratio)

Purpose: This ratio measures the affordability of Council's debt and articulates the proportion of Council's general rate income that is being used to service debt. The ratio is consistent with the Local Government Financing Authority (LGFA) calculation.

Target: The proposed target is a maximum of 10%. It indicates Council's ability to afford the level of debt, as well as continue current levels of service.

Calculation: Interest Expense net of Interest income / Rates Revenue (less NRM levy)

(Relevant policy changes required continued)

Asset Test Ratio (adjusted)

Current Target: Maximum 25% of Saleable Assets

Proposed Target: Maximum 50% Saleable Assets

Leverage Test (adjusted)

Current Calculation: Borrowings / "funds available for Project and Infrastructure"

Proposed Target: Borrowings / Rates revenue (less NRM levy)

Analysis of what potential changes mean:

The proposed amendments to the Policy will build capacity to respond to current and future opportunities through increasing the prudential borrowing limit.

Current Prudential Limit	2019-20 QF3	2020-21 Budget	2021-22
Asset Test Ratio	21%	22%	22%
Debt Service Coverage	11.7	10.0	12.4
Leverage Test Ratio	1.4	1.3	1.1

Proposed Prudential limits	2019-20 QF3	2020-21 Budget	2021-22
Asset Test Ratio	21%	22%	22%
Interest Expense Ratio	0.92%	1.49%	1.37%
Leverage Test Ratio	0.6	0.7	0.6

If Council choose to utilise changes to borrowings to respond to the current environment, this will be presented to Council as part of a revised Treasury Policy.

COVID-19 response rates

Utilisation of rates to support our community and future growth

Mechanisms available for Council to use:

The fourth quarter rates for the 2019-20 financial year are due for payment by 1 June 2020. The following measures have been implemented to assist City of Adelaide ratepayers meet their payment obligations:

- Postpone payment of the 4th quarter rates for three (3) months until 31 August 2020
- No fines or interest to be charged on any 4th quarter outstanding rates until 31 August 2020
- Fines and interest to be paused on all existing outstanding rates until 31 August 2020
- No new debt recovery action to be instigated for any business that enters into a financial arrangement with Council (including any pre-existing debt)
- Elect to pay their rates weekly, fortnightly or monthly based on an agreed amount that suits their budget

Relevant policy changes required:

No changes required

2020-21 Options

Our rates are determined by multiplying the applicable rate in the dollar by the valuation of rateable land in the Council area. The 2020-21 plan assumes the rates revenue will increase by Adelaide CPI through property valuations and / or a change in the rate in the dollar.

In order to assist ratepayers in 2020-21, Council will utilise the Special Discretionary Rate Rebate to

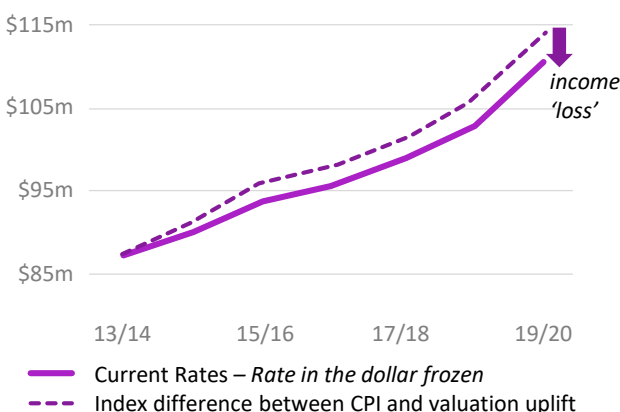
(2020-21 options continued)

discount property valuations and freeze the rate in the dollar to the 2019-20 valuation. This will provide financial assistance and relief to ratepayers of approximately \$2.1million. Only those with new developments and other capital improvements undertaken in 2019-20 where there is an increase to the rateable value of the land will result in an increase in rates.

Analysis of what potential changes mean:

In formulating the proposed rates for each financial year, we consider the amount of revenue required to fund the delivery of the services and projects set out for that year. The rate in the dollar has been frozen from 2014-15, providing rate relief annually to ratepayers.

Income (rates) scenario if the rate in the dollar was indexed by Adelaide CPI



If Council choose to utilise changes to rates to respond to the current environment, this will be presented as part of the 2020/21 Business Plan and Budget.

COVID-19 response asset sustainability ratios

Flexibility with asset renewals

Mechanisms available to Council to use:

At the City of Adelaide, we follow Local Government Association margins for the asset sustainability ratio of 90% - 110%. These margins ensure asset replacement expenditure is within a reasonable level of investment.

In the short-term City of Adelaide could choose to reduce the sustainability ratio below 90%.

Relevant policy changes required:

The City of Adelaide would choose to work outside the Local Government Association margins in the short-term.

Analysis of what potential changes mean:

It is important to note that this indicator is unlikely to be met by Council every year, as capital expenditure can be deferred in the short term if there are insufficient funds available from operations and borrowing is not an option.

In the short-term, the reduction in the ratio will reduce expenditure on renewals and release funds for use on other priorities or to reduce borrowings.

If the City of Adelaide chooses to reduce the Asset Sustainability Ratio below 90% this will lead to a backlog of assets in need of renewal over time. In future years there will be a need to increase the ratio to over 100% to work through this backlog. Dependent on available funds from Operations, this increase may, in turn, reduce funding for projects and enhancements to City infrastructure.

If Council choose to utilise changes to sustainability ratios to respond to the current environment, this will be presented as part of the 2020/21 Business Plan and Budget.

COVID-19 response summary and next steps

Summary

There is no doubt that the environment that we are currently facing is unprecedented in modern times. Our community is living and working differently. Our City isn't as activated as it usually is – people are unable to visit, shop, or be entertained. Educational institutions, businesses, our cultural institutions and recreational facilities have all had to adapt. Government restrictions on travel and social gatherings will continue to have an impact, with recent news that overseas travel (in and out) will most likely be restricted for the rest of 2020.

The expectations on Council to respond to the impacts of this pandemic require a reimagining of how we operate. How will we support our community and businesses and how will we support the City to re-activate in the future.

Council has multiple options available to help in mitigating the financial impacts. Each lever available can provide some form of financial assistance, however it is the combination and flexible use of the levers which will have the greatest impact.

It is also important that the decisions made today don't adversely impact our tomorrow and that's why the levers recommended for use provide a balanced approach to providing Council the ability to financially respond.

Future budgets will continue to be developed within the parameters that are set today and with the Long Term Financial Plan in mind. Council will be asked to develop its next budget (2020/2021) over the coming months and an understanding of the position we are in now will greatly help in developing a clear, well planned budget for the next financial year.

Next Steps

1. Revise treasury and cash investment policy including prudential limits
2. Utilisation of special discretionary rebate to provide assistance to rate payers of approximately \$2.1m

This will deliver:

- An increased flexibility in Council's budget to respond now and in the long term
- Support for rate payers

These will form part of the Council discussions to develop the 2020/2021 Business Plan and Budget.

Appendix

A – Budgeted Financial Statements

B – Long Term Financial Plan

Item 5.3 - Attachment A

Appendix A

Budgeted Financial Statements

Uniform Presentation of Finances		
\$'000s	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast
Income	210,781	196,432
less Expenses	(219,684)	(214,284)
Operating Surplus / (Deficit) before Capital Amounts	(8,903)	(17,852)
less Net Outlays on Existing Assets		
Net Capital Expenditure on Renewal & Replacement of Existing Assets	55,642	36,359
less Depreciation, Amortisation and Impairment	(49,943)	(49,643)
less Amounts received specifically for Existing Assets	(2,942)	(2,828)
Net Outlays on Existing Assets	2,758	(16,112)
less Net Outlays on New and Upgraded Assets		
Net Capital Expenditure on New and Upgraded Assets	29,093	15,211
less Amounts received specifically for New and Upgraded Assets	(6,540)	(4,194)
less Proceeds from Sale of Assets	-	-
Net Outlays on New and Upgraded Assets	22,553	11,016
Net Lending / (Borrowing) for Financial Year	(34,213)	(12,756)

Appendix A

Budgeted Financial Statements

Statement of Comprehensive Income		
\$'000s	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast
Income		
Rates Revenues	116,508	116,458
Statutory Charges	13,363	11,217
User Charges	71,498	59,300
Grants, Subsidies and Contributions	11,378	11,165
Investment Income	36	50
Reimbursements	525	525
Other Income	415	546
Total Income	213,723	199,261
Expenses		
Employee Costs	77,868	77,135
Materials, Contracts & Other Expenses	97,858	85,952
Depreciation, Amortisation & Impairment	49,943	49,643
Finance Costs	6,493	5,818
Total Expenses	232,161	218,547
Operating Surplus / (Deficit)	(18,438)	(19,287)
Asset Disposal & Fair Value Adjustments	(300)	(300)
Amounts Received Specifically for New or Upgraded Assets	440	377
Net Surplus / (Deficit)	(18,298)	(19,209)
Total Comprehensive Income	(18,298)	(19,209)

Appendix A

Budgeted Financial Statements

Statement of Financial Position		
\$'000s	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast
ASSETS		
Current Assets		
Cash and Cash Equivalents	2,000	800
Trade & Other Receivables	10,759	25,259
Other Financial Assets	143	143
Inventories	641	641
Total Current Assets	13,543	26,843
Non-Current Assets		
Financial Assets	250	250
Equity Accounted Investments in Council Businesses	629	629
Investment Property	2,894	2,894
Infrastructure, Property, Plant & Equipment	1,853,743	1,828,791
Other Non-Current Assets	1,659	1,659
Total Non-Current Assets	1,859,175	1,834,223
TOTAL ASSETS	1,872,718	1,861,066
LIABILITIES		
Current Liabilities		
Trade & Other Payables	22,122	18,339
Provisions	14,157	14,157
Other Current Liabilities	1,562	1,562
Total Current Liabilities	37,840	34,058
Non-Current Liabilities		
Trade & Other Payables	293	1,293
Borrowings	81,613	73,656
Provisions	2,047	2,047
Other Non-Current Liabilities	15,167	15,167
Total Non-Current Liabilities	99,121	92,164
TOTAL LIABILITIES	136,961	126,221
Net Assets	1,735,756	1,734,845
EQUITY		
Accumulated Surplus	816,309	815,398
Asset Revaluation Reserves	917,788	917,788
Other Reserves	1,659	1,659
Total Council Equity	1,735,756	1,734,845

Appendix A

Budgeted Financial Statements

Statement of Changes in Equity

\$'000s	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast
Balance at the end of previous reporting period	1,754,054	1,754,054
a. Net Surplus / (Deficit) for Year	(18,298)	(19,209)
b. Other Comprehensive Income	-	-
Total Comprehensive Income	(18,298)	(19,209)
Gain (Loss) on Revaluation of I, PP&E	-	-
Balance at the end of period	1,735,756	1,734,845

Appendix A

Budgeted Financial Statements

Statement of Cash flows		
\$'000s	Consolidated 2019-20 Quarter 2 Forecast	Consolidated 2019-20 Quarter 3 Forecast
Cash Flows from Operating Activities		
<u>Receipts</u>		
Operating Receipts	216,654	187,378
<u>Payments</u>		
Operating Payments to Suppliers and Employees	(169,238)	(166,507)
Net Cash provided by (or used in) Operating Activities	47,417	20,871
Cash Flows from Investing Activities		
<u>Receipts</u>		
Amounts Received Specifically for New/Upgraded Assets	440	377
Sale of Surplus Assets	-	-
<u>Payments</u>		
Expenditure on Renewal/Replacement of Assets	(55,642)	(36,359)
Expenditure on New/Upgraded Assets	(29,093)	(15,211)
Capital Contributed to Equity Accounted Council Businesses	-	-
Net Cash provided by (or used in) Investing Activities	(84,295)	(51,193)
Cash Flows from Financing Activities		
<u>Receipts</u>		
Proceeds from Borrowings	34,013	26,256
<u>Payments</u>		
Repayment from Borrowings	-	-
Repayment of Principal portion of lease liability	(1,204)	(1,204)
Net Cash provided by (or used in) Financing Activities	32,810	25,052
Net Increase (Decrease) in Cash Held	(4,069)	(5,269)
plus: Cash & Cash Equivalents at beginning of period	6,069	6,069
Cash & Cash Equivalents at end of period	2,000	800

Appendix B

Long Term Financial Plan

\$'000s	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
General Operations											
General Rates	112,606	113,958	119,424	123,007	126,661	131,514	135,721	139,629	143,616	147,683	151,831
Other Income	26,978	20,529	29,481	30,004	30,589	31,185	31,793	32,412	33,044	33,688	34,345
Expenditure	(105,127)	(92,023)	(93,730)	(95,688)	(97,305)	(98,597)	(100,120)	(101,898)	(103,927)	(106,356)	(109,046)
General Operations Surplus	34,457	42,463	55,176	57,323	59,945	64,101	67,393	70,144	72,733	75,015	77,129
Business Operations											
Revenue	38,696	35,254	38,763	39,535	40,322	47,695	48,644	49,613	50,602	51,609	52,637
Expenditure	(20,302)	(20,729)	(19,410)	(19,831)	(20,461)	(23,510)	(23,404)	(23,904)	(24,414)	(24,936)	(25,469)
Business Operations Surplus	18,394	14,525	19,353	19,704	19,861	24,184	25,241	25,710	26,187	26,673	27,168
Amount available for Projects	52,851	56,988	74,529	77,027	79,806	88,285	92,634	95,854	98,920	101,688	104,298
Operating Initiatives	(11,875)	(14,812)	(15,109)	(15,412)	(15,721)	(16,035)	(16,357)	(16,684)	(17,018)	(17,358)	(17,705)
Projects	(7,701)	(6,123)	(8,033)	(8,257)	(8,487)	(8,723)	(8,965)	(9,214)	(9,470)	(9,732)	(9,927)
Capital Projects	(448)	(1,400)									
Projects	(20,024)	(22,335)	(23,142)	(23,669)	(24,207)	(24,758)	(25,322)	(25,898)	(26,487)	(27,090)	(27,632)
Infrastructure Program & Renewals											
Renewals	(19,529)	(12,323)	(34,398)	(35,199)	(35,933)	(36,841)	(37,552)	(38,399)	(74,410)	(90,192)	(91,140)
Delivery Resources	(7,279)	(7,468)	(7,640)	(7,792)	(7,948)	(8,107)	(8,269)	(8,435)	(8,603)	(8,776)	(8,951)
Other Asset Renewals	(2,416)	(3,100)	(3,171)	(3,235)	(3,299)	(3,365)	(3,433)	(3,501)	(3,571)	(3,643)	(3,716)
Infrastructure Program & Renewals	(29,224)	(22,891)	(45,209)	(46,227)	(47,181)	(48,314)	(49,254)	(50,336)	(86,585)	(102,610)	(103,807)
Underlying Current Year Funding Surplus (Deficit)	3,603	11,763	6,178	7,131	8,418	15,213	18,058	19,620	(14,153)	(28,012)	(27,142)
Major Projects	(8,631)	(120)									
Commercial Opportunities	(2,908)	(2,085)	(14,627)	(12,589)	27,627	25,283	(262)	(308)	(355)	(403)	(452)
Current Annual Funding Surplus (Deficit)	(7,936)	9,558	(8,449)	(5,458)	36,045	40,496	17,796	19,312	(14,508)	(28,415)	(27,593)
Project retiming	-	(22,710)	-	-	-	-	-	-	-	-	-
Annual Funding Surplus/(Deficit) excl. Subsidiaries	(7,936)	(13,152)	(8,449)	(5,458)	36,045	40,496	17,796	19,312	(14,508)	(28,415)	(27,593)
Subsidiaries	(4,823)	(4,406)	61	102	143	185	228	273	319	366	414
Annual Funding Surplus/(Deficit) incl. Subsidiaries	(12,759)	(17,558)	(8,388)	(5,356)	36,188	40,682	18,025	19,585	(14,188)	(28,049)	(27,180)
Total Cash/(Borrowings) at End of Year including Subsidiaries	(60,159)	(77,717)	(86,105)	(91,461)	(55,273)	(14,592)	3,433	23,018	8,830	(19,219)	(46,399)

The City of Adelaide is currently reviewing Infrastructure and Asset Management Plans including asset service levels, taking into account community needs, population density/growth impacts and asset management principles.

Appendix B

Long Term Financial Plan

Uniform Presentation of Finances											
\$'000s	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income	196,432	184,576	202,956	208,179	213,558	226,740	232,872	238,744	244,733	250,841	257,071
less Expenses	(214,284)	(201,085)	(201,077)	(203,348)	(207,721)	(213,673)	(219,752)	(218,982)	(226,442)	(224,841)	(235,306)
Operating Surplus / (Deficit) before Capital Amounts	(17,852)	(16,509)	1,879	4,831	5,838	13,067	13,120	19,762	18,291	26,000	21,765
less Net Outlays on Existing Assets											
Net Capital Expenditure on Renewal & Replacement of Existing Asset	36,359	39,949	45,209	46,227	47,181	48,314	49,254	50,336	86,585	102,610	103,807
less Depreciation, Amortisation and Impairment	(49,643)	(50,414)	(49,482)	(48,499)	(49,731)	(50,429)	(54,159)	(50,159)	(54,106)	(48,561)	(54,862)
less Amounts received specifically for Existing Assets	(2,828)	(363)									
Net Outlays on Existing Assets	(16,112)	(10,828)	(4,273)	(2,273)	(2,550)	(2,115)	(4,905)	177	32,480	54,049	48,945
less Net Outlays on New and Upgraded Assets											
Net Capital Expenditure on New and Upgraded Assets	15,211	25,458	14,540	12,460	-	-	-	-	-	-	-
less Amounts received specifically for New and Upgraded Assets	(4,194)	(13,617)	-	-	-	-	-	-	-	-	-
less Proceeds from Sale of Assets					(27,800)	(25,500)	-	-	-	-	-
Net Outlays on New and Upgraded Assets	11,016	11,841	14,540	12,460	(27,800)	(25,500)	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	(12,756)	(17,522)	(8,388)	(5,356)	36,188	40,682	18,025	19,585	(14,188)	(28,049)	(27,180)

Statement of Comprehensive Income											
\$'000s	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Income											
Rates Revenues	116,458	117,883	123,467	127,171	130,949	135,928	140,264	144,304	148,424	152,628	156,915
Statutory Charges	11,217	6,971	11,973	12,153	12,389	12,630	12,875	13,125	13,380	13,640	13,904
User Charges	59,300	55,384	63,012	64,261	65,534	73,403	74,858	76,343	77,857	79,401	80,975
Grants, Subsidies and Contributions	11,165	3,241	3,051	3,112	3,174	3,238	3,302	3,369	3,436	3,505	3,575
Investment Income	50	35	36	37	37	38	39	40	40	41	42
Reimbursements	525	691	705	719	733	748	763	778	794	809	826
Other Income	546	734	712	727	741	756	771	786	802	818	835
Total Income	199,261	184,940	202,956	208,179	213,558	226,740	232,872	238,744	244,733	250,841	257,071
Expenses											
Employee Costs	77,135	76,549	77,783	79,403	81,058	82,748	84,473	86,194	87,950	89,741	91,570
Materials, Contracts & Other Expenses	85,952	72,993	72,088	73,238	73,833	78,133	79,281	81,202	86,773	90,142	92,602
Depreciation, Amortisation & Impairment	49,643	50,414	49,482	48,499	49,731	50,429	54,159	50,159	54,106	48,561	54,862
Finance Costs	5,818	6,062	5,556	7,272	6,745	5,753	4,839	4,030	4,560	4,510	4,481
Total Expenses	218,547	206,018	204,909	208,413	211,367	217,063	222,752	221,584	233,389	232,955	243,515
Operating Surplus / (Deficit)	(19,287)	(21,079)	(1,953)	(234)	2,191	9,677	10,120	17,160	11,344	17,886	13,556
Asset Disposal & Fair Value Adjustments	(300)	-	-	-	(4,058)	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	377	3,697	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(19,209)	(17,382)	(1,953)	(234)	(1,866)	9,677	10,120	17,160	11,344	17,886	13,556
Total Comprehensive Income	(19,209)	(17,382)	(1,953)	(234)	(1,866)	9,677	10,120	17,160	11,344	17,886	13,556

Appendix B

Long Term Financial Plan

Statement of Financial Position											
\$'000s	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
ASSETS											
Current Assets											
Cash and Cash Equivalents	800	800	800	800	800	800	4,272	23,858	9,670	800	800
Trade & Other Receivables	25,259	9,234	10,154	10,415	10,684	11,344	11,651	11,944	12,244	12,550	12,861
Other Financial Assets	143	129	116	104	94	84	76	68	62	55	50
Inventories	641	641	641	641	641	641	641	641	641	641	641
Total Current Assets	26,843	10,804	11,711	11,961	12,219	12,869	16,640	36,512	22,616	14,046	14,352
Non-Current Assets											
Financial Assets	250	225	203	182	164	148	133	120	108	97	87
Equity Accounted Investments in Council Businesses	629	629	629	629	629	629	629	629	629	629	629
Investment Property	2,894	2,923	2,952	2,981	3,011	3,041	3,072	3,102	3,133	3,165	3,196
Infrastructure, Property, Plant & Equipment	1,828,791	1,837,243	1,848,521	1,849,396	1,855,270	1,822,824	1,812,994	1,812,205	1,836,026	1,879,814	1,918,378
Other Non-Current Assets	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659
Total Non-Current Assets	1,834,223	1,842,679	1,853,963	1,854,848	1,860,734	1,828,301	1,818,486	1,817,715	1,841,555	1,885,364	1,923,950
TOTAL ASSETS	1,861,066	1,853,483	1,865,674	1,866,809	1,872,953	1,841,170	1,835,127	1,854,227	1,864,172	1,899,410	1,938,302
LIABILITIES											
Current Liabilities											
Trade & Other Payables	18,339	26,647	26,211	22,689	29,616	22,929	22,885	22,823	22,763	22,190	22,130
Provisions	14,157	14,440	14,729	15,023	15,324	15,630	15,943	16,261	16,587	16,918	17,257
Other Current Liabilities	1,562	1,124	803	1,072	1,441	1,926	2,431	1,711	1,634	2,171	1,932
Total Current Liabilities	34,058	42,211	41,743	38,784	46,381	40,484	41,258	40,796	40,983	41,279	41,319
Non-Current Liabilities											
Trade & Other Payables	1,293	1,000	7,000	7,000	-	-	-	-	-	-	-
Borrowings	73,656	76,678	79,066	84,422	48,234	14,552	-	-	-	19,180	46,359
Provisions	2,047	2,088	2,130	2,172	2,216	2,260	2,305	2,352	2,399	2,447	2,495
Other Non-Current Liabilities	15,167	14,044	20,226	19,154	17,713	15,787	13,356	15,713	14,080	11,908	9,977
Total Non-Current Liabilities	92,164	93,810	108,422	112,748	68,162	32,599	15,662	18,065	16,478	33,534	58,831
TOTAL LIABILITIES	126,221	136,020	150,164	151,533	114,543	73,084	56,920	58,861	57,461	74,814	100,150
Net Assets	1,734,845	1,717,463	1,715,510	1,715,276	1,758,410	1,768,087	1,778,206	1,795,366	1,806,710	1,824,597	1,838,152
EQUITY											
Accumulated Surplus	815,398	798,016	796,063	795,829	793,963	803,640	813,759	830,919	842,263	860,150	873,705
Asset Revaluation Reserves	917,788	917,788	917,788	917,788	962,788	962,788	962,788	962,788	962,788	962,788	962,788
Other Reserves	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659	1,659
Total Council Equity	1,734,845	1,717,463	1,715,510	1,715,276	1,758,410	1,768,087	1,778,206	1,795,366	1,806,710	1,824,597	1,838,152

Appendix B

Long Term Financial Plan

Statement of Changes in Equity

\$'000s	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Balance at the end of previous reporting period	1,754,054	1,734,845	1,717,463	1,715,510	1,715,276	1,758,410	1,768,087	1,778,206	1,795,366	1,806,710	1,824,597
a. Net Surplus / (Deficit) for Year	(19,209)	(17,382)	(1,953)	(234)	(1,866)	9,677	10,120	17,160	11,344	17,886	13,556
b. Other Comprehensive Income											
Total Comprehensive Income	(19,209)	(17,382)	(1,953)	(234)	(1,866)	9,677	10,120	17,160	11,344	17,886	13,556
Gain (Loss) on Revaluation of I, PP&E					45,000						
Balance at the end of period	1,734,845	1,717,463	1,715,510	1,715,276	1,758,410	1,768,087	1,778,206	1,795,366	1,806,710	1,824,597	1,838,152

Statement of Cash flows

\$'000s	2019-20 Forecast	2020-21 Budget	2021-22 Plan	2022-23 Plan	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan
Cash Flows from Operating Activities											
<u>Receipts</u>											
Operating Receipts	187,378	201,328	202,037	207,918	213,289	226,080	232,565	238,450	244,433	250,536	256,759
<u>Payments</u>											
Operating Payments to Suppliers and Employees	(166,507)	(141,032)	(142,533)	(153,784)	(156,648)	(168,143)	(160,331)	(166,098)	(170,325)	(173,827)	(177,960)
Net Cash provided by (or used in) Operating Activities	20,871	60,295	59,504	54,134	56,641	57,937	72,235	72,352	74,108	76,709	78,799
Cash Flows from Investing Activities											
<u>Receipts</u>											
Amounts Received Specifically for New/Upgraded Assets	377	3,697	-	-	-	-	-	-	-	-	-
Sale of Surplus Assets	-	-	-	-	27,800	25,500	-	-	-	-	-
<u>Payments</u>											
Expenditure on Renewal/Replacement of Assets	(36,359)	(39,949)	(45,209)	(46,227)	(47,181)	(48,314)	(49,254)	(50,336)	(86,585)	(102,610)	(103,807)
Expenditure on New/Upgraded Assets	(15,211)	(25,458)	(14,540)	(12,460)	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(51,193)	(61,710)	(59,749)	(58,687)	(19,381)	(22,814)	(49,254)	(50,336)	(86,585)	(102,610)	(103,807)
Cash Flows from Financing Activities											
<u>Receipts</u>											
Proceeds from Borrowings	26,256	3,022	2,388	5,356						19,180	27,180
<u>Payments</u>											
Repayment from Borrowings					(36,188)	(33,682)	(18,025)	-			
Repayment of Principal portion of lease liability	(1,204)	(1,607)	(2,143)	(803)	(1,072)	(1,441)	(1,926)	(2,431)	(1,711)	(2,147)	(2,171)
Net Cash provided by (or used in) Financing Activities	25,052	1,414	245	4,553	(37,260)	(35,123)	(19,950)	(2,431)	(1,711)	17,032	25,008
Net Increase (Decrease) in Cash Held	(5,269)	(0)	(0)	(0)	(0)	0	3,030	19,585	(14,188)	(8,870)	0
plus: Cash & Cash Equivalents at beginning of period	6,069	800	800	800	800	800	800	4,272	23,858	9,670	800
Cash & Cash Equivalents at end of period	800	800	800	800	800	800	3,830	23,858	9,670	800	800

Exclusion of the Public

ITEM 6.1 05/05/2020
The Committee

Program Contact:
Mark Goldstone, Chief
Executive Officer 8203 7234

2018/04291
Public

Approving Officer:
Mark Goldstone, Chief
Executive Officer

EXECUTIVE SUMMARY

It is the recommendation of the Chief Executive Officer that the public be excluded from this Committee meeting for the consideration of the following information and matters contained in the Agenda.

7.1 2019-20 Quarter 3 Commercial Operations Report [s 90(3) (b)]

The Order to Exclude for Item 7.1:

1. Identifies the information and matters (grounds) from s 90(3) of the *Local Government Act 1999 (SA)* utilised to request consideration in confidence.
 2. Identifies the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
 3. In addition identifies for the following grounds – s 90(3) (b), (d) or (j) - how information open to the public would be contrary to the public interest.
-

ORDER TO EXCLUDE FOR ITEM 7.1

THAT THE COMMITTEE

1. Having taken into account the relevant consideration contained in s 90(3) (b) and s 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of The Committee dated 5/5/2020 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 7.1 [2019-20 Quarter 3 Commercial Operations Report] listed on the Agenda in a meeting open to the public would on balance be contrary to the public interest.

Grounds and Basis

This Item is confidential as it includes commercial information of a confidential nature where consideration in confidence is sought to protect the commercial position of the council and the operating position of Council's business entities operating in a competitive market place prior to the effective date of 30 June 2020.

The disclosure of information in this report to competitors in advance may be to Council's commercial detriment.

Public Interest

The Council is satisfied that the principle that the meeting be conducted in a place open to the public has been outweighed in the circumstances because the disclosure of this information to competitors in advance may be to Council's commercial detriment.

2. Pursuant to s 90(2) of the *Local Government Act 1999 (SA)*, this meeting of The Committee dated 5/5/2020 orders that the public (with the exception of members of Corporation staff and any person permitted to remain) be excluded from this meeting to enable this meeting to receive, discuss or consider in confidence Item 7.1 [2019-20 Quarter 3 Commercial Operations Report] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in s 90(3) (b) of the Act.
-

DISCUSSION

1. s 90(1) of the *Local Government Act 1999 (SA)*, directs that a meeting of a Council Committee must be conducted in a place open to the public.
2. s 90(2) of the *Local Government Act 1999 (SA)*, states that a Council Committee may order that the public be excluded from attendance at a meeting if the Council Committee considers it to be necessary and appropriate to act in a meeting closed to the public to receive, discuss or consider in confidence any information or matter listed in s 90(3).
3. s 90(3) prescribes the information and matters that a Council may order that the public be excluded from.
4. s 90(4) of the *Local Government Act 1999 (SA)*, advises that in considering whether an order should be made under s 90(2), it is irrelevant that discussion of a matter in public may:
 - 4.1 cause embarrassment to the council or council committee concerned, or to members or employees of the council or
 - 4.2 cause a loss of confidence in the council or council committee, or
 - 4.3 involve discussion of a matter that is controversial within the council area, or
 - 4.4 make the council susceptible to adverse criticism.
5. s 90(7) of the *Local Government Act 1999 (SA)* requires that an order to exclude the public:
 - 5.1 Identify the information and matters (grounds) from s 90(3) of the *Local Government Act 1999 (SA)* utilised to request consideration in confidence.
 - 5.2 Identify the basis – how the information falls within the grounds identified and why it is necessary and appropriate to act in a meeting closed to the public.
 - 5.3 In addition identify for the following grounds – s 90(3) (b), (d) or (j) - how information open to the public would be contrary to the public interest.
6. s 87(10) of the *Local Government Act 1999 (SA)* has been utilised to identify in the Agenda and on the Report for the meeting, that the following matters are submitted seeking consideration in confidence.
 - 6.1 Information contained in Item 7.1 – 2019-20 Quarter 3 Commercial Operations Report
 - 6.1.1 Is not subject to an Existing Confidentiality Order.
 - 6.1.2 The grounds utilised to request consideration in confidence is s 90(3) (b)
 - (b) information the disclosure of which—
 - (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and
 - (ii) would, on balance, be contrary to the public interest

ATTACHMENTS

Nil

- END OF REPORT -

Confidential Item 7.1

2019-20 Quarter 3 Commercial Operations Report
Section 90 (3) (b) of the *Local Government Act 1999* (SA)
Pages 66 to 77
