



Audit and Risk Committee

AGENDA & REPORTS

for the meeting

Friday, 17 June 2022
at 8.30 am

in the Colonel Light Room, Adelaide Town Hall

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Membership	The Lord Mayor 1 Council Member 4 External Independent Members 2 Proxy Council Members
Quorum	4
Presiding Member	David Powell
Board Members	The Right Honourable the Lord Mayor [Sandy Verschoor] Paula Davies John Oliver Simon Rodger Councillor Franz Knoll
Proxy Members	Councillor Mary Couros [Proxy for Councillor Knoll]

1 Acknowledgement of Country

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

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

2 Apologies and Leave of Absence

Apology -
Paula Davies

3 Confirmation of Minutes

That the Minutes of the meeting of the Audit and Risk Committee held on 12 May 2022, be taken as read and be confirmed as an accurate record of proceedings.

4 Presiding Member Reports

5 Reports

5.1	2021/22 Quarterly Business Update Q3	4 - 89
5.2	External Audit Interim Management Letter	90 - 95

6 Emerging Key Risks

7 Independent Member Discussion

8 Other Business

9	Exclusion of the Public	96 - 99
	In accordance with sections 90(2),(3) and (7) of the <i>Local Government Act 1999 (SA)</i> the Audit and Risk Committee will consider whether to discuss in confidence the reports contained within section 10 of this Agenda.	
10	Confidential Item	
10.1	Major Project - Accounting Treatment	100 - 116
10.2	Activity of Strategic Risk & Internal Audit Group	117 - 121
11	Closure	

Strategic Alignment - Enabling Priorities

Program Contact:

Grace Pelle, Manager Finance & Procurement

Public

Approving Officer:

Amanda McIlroy - Chief Operating Officer

EXECUTIVE SUMMARY

Council is required to establish plans for the management of its area including the services, facilities and programs that support our city to thrive and our community to live well. The collection of Strategic Plans, Service and Management Plans, Council's budgets, Long Term Financial Plan and Asset Management Plans form Council's Strategic Management Framework, which is monitored to determine Council performance and effectiveness.

As part of monitoring the performance and effectiveness against Council's planned activities, as required under Section 122(1) of the *Local Government Act 1999 (SA)*, Council currently receives the following quarterly reviews:

- Budget Reviews
- Commercial Activities
- Capital Projects
- Adelaide Central Market Authority
- Adelaide Economic Development Agency

This report collates these Quarterly Reviews to improve alignment and integration of Council's monitoring and reporting activities. These Quarterly Reviews are provided as Attachments for Council to note, along with Quarterly Reviews for Council's two other subsidiaries - Kadaltilla / Parklands Authority and Brown Hill Keswick Creek. The report also provides information on future alignment and integration of reporting through the Strategic Management Framework.

Additionally, this report seeks a budget reconsideration for the Events and Festivals Sponsorship Program. Adelaide Economic Development Agency (AEDA) has received an application for Events and Festivals sponsorship from Illuminate Adelaide Foundation to assist in delivery of its Illuminate Adelaide 2022 event program.

Applications for Events and Festivals Sponsorship are now open for events to be held in the 2022/23 financial year and for commitment of sponsorship for 2023/24 and 2024/25 financial years. Applications will close on 27 April 2022 and recommendations for funding support will be brought to Council for consideration in June 2022.

Illuminate Adelaide Foundation have requested consideration of their sponsorship request outside of this current process as the event is scheduled to be held in July 2022.

On 5 February 2021 the Acting Chief Executive Officer gave an undertaking to provide ongoing capitalisation updates to the Audit and Risk Committee based on key performance indicators (KPIs).

This report provides an update on the Capitalisation KPIs.

1. KPI 1 - 85% of Projects capitalised within 10 Weeks (Target above 70%)
2. KPI 2 - < 10% Variance between Preliminary Year End and Annual Financial Statement.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the third Budget Review for 2021-22 incorporating the Uniform Presentation of Finances as presented in Attachment A to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022, noting that the revised budget consists of:
 - 1.1. Total estimated operating income of \$204.373 million.
 - 1.2. Total estimated operating expenditure (including depreciation) of \$208.737 million.
 - 1.3. An operating deficit of \$4.363 million.
 - 1.4. Capital expenditure of \$60 million.
 - 1.5. Grant funding to support capital expenditure on new/upgraded assets of \$9.2 million.
 - 1.6. Council's borrowings (debt) ceiling of \$24.2 million.
 - 1.7. Offsets across both expenditure and revenue totalling \$4.75 million towards the \$4.75 million savings target.
2. Notes the capitalisation KPIs outlined in Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
3. Notes the balance of approximately \$224,000 within the 2021/22 Events and Festivals Sponsorship program is unspent due to cancellation of events that had previously had funding committed.
4. Notes the funding of \$150,000 to be allocated from the 2021/22 Events and Festivals Sponsorship budget to Illuminate Adelaide Foundation for the Illuminate Adelaide 2022 event to be held 1 to 31 July 2022 inclusive.
5. Notes the Capital Works Quarter 3 Review as presented in Attachment B to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
6. Notes the Commercial Operations Quarter 3 Review as presented in Attachment C to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
7. Notes the Adelaide Economic Development Agency Quarter 3 Review as provided in Attachment D to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
8. Notes the Adelaide Central Market Authority Quarter 3 Review as provided in Attachment E to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
9. Notes the Kadaltilla / Park Lands Authority Quarter 3 Review as provided in Attachment F. to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022
10. Notes the Brown Hill Keswick Creek Quarter 3 Review as provided in Attachment G to Item 5.1 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities
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	<p>The regular monitoring and reporting of Council's performance is a key step in mitigating risks events that could impact the delivery of the Strategic Plan and Business Plan and Budget. This includes the effective performance of services, business activities, delivery of projects and the execution of Subsidiary responsibilities.</p> <p>The financial indicators have been included in Attachment A 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.</p>
Opportunities	<p>The provision of quarterly reporting assists Council to fulfill its obligations of Section 122(1) of the <i>Local Government Act 1999 (SA)</i> with regard to the development, management and monitoring of the documents within the Strategic Management Framework.</p> <p>The third budget review meets Council's obligations under the <i>Local Government Act 1999 (SA) and Local Government (Financial Management) Regulations 2011</i>.</p>
21/22 Budget Allocation	Adjustments to the 2021-22 Budget and the year-to-date performance to end of March 2022, are detailed throughout the Report and Attachment A .
Proposed 22/23 Budget Allocation	Not as a result of this report.
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report.
21/22 Budget Reconsideration (if applicable)	Adjustments to the 2021-22 Budget and the year-to-date performance to end of March 2022, are detailed throughout the Report and Attachment A .
Ongoing Costs (eg maintenance cost)	Not as a result of this report.
Other Funding Sources	Not as a result of this report.

DISCUSSION

Quarterly Budget Review 3

1. In accordance with Regulation 9 of the *Local Government (Financial Management) Regulations 2011* - 'Council must reconsider its budget at least two times throughout the year, between 30 September and 31 May, restating the impact in the Uniform Presentation of Finances. In addition, between the 30 November and 15 March, Council must be provided with a revised forecast for the relevant financial year compared with estimates set out in the budget presented in a manner consistent with the Model Financial Statements.'
2. The third major budget reconsideration by Council for the 2021/22 financial year is provided as **Attachment A**. The purpose of this review is to adjust the budget for any changes in circumstances and priorities since the adoption of the Budget in June 2021 and present the year-to-date financial performance for the nine months ending 31 March 2022.
3. Following endorsement of this Budget Review, all changes will be incorporated into the revised end of month reporting documents for 2021/22. The impacts of the proposed changes on the operating and capital budgets are presented in the revised Uniform Presentation of Finances Statement, included in **Attachment A**.
4. The budget review recommends Council to adopt a revised budget consisting of:
 - 4.1. An operating deficit of \$4.363 million.
 - 4.2. Capital expenditure of \$60 million.
 - 4.3. Grant funding to support capital expenditure on new/upgraded assets of \$9.2 million.
 - 4.4. Council's borrowings (debt) ceiling of \$24.2 million.
 - 4.5. Offsets across both expenditure and revenue totalling \$4.75 million towards the \$4.75 million savings target.
5. Council endorsed a Business Plan and Budget in June 2021 with an operating result of \$37,000. Included in this was a budget repair item of \$4.75m to ensure a balanced budget was achieved. In addition to the \$20m in operational savings realised in 2021/22, this budget review also includes the full realisation of this \$4.75m. This is a significant achievement and testament to strong financial management.
6. The recognition of a deficit budget at this time is due to the impact of depreciation which has created a significant increase in depreciation expense. This is as a result of revaluations conducted during the year.
7. This impact is included in the budget review as a means of early communication. However, there is further work required to validate this variance which will be conducted ready for review by external auditors as a part of the preparation of annual financial statements.
8. The summary of adjustments made for budget review 3, along with the financial statements and the Long-Term Financial Plan are provided in the appendices to **Attachment A**. These show the forecast operating surplus/(deficit), funding requirements and borrowings in 2021-22 and future years based on the proposed re-timing adjustments.
9. The Financial indicators have been included in **Attachment A** 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.
10. Council's Long Term Financial Plan has been updated to reflect the re-timing adjustments for projects and infrastructure works from 2021-22 financial year, along with revised estimates for interest expense and borrowings.

KPI 1 - 85% of Projects capitalised within 10 Weeks

11. 54 projects processed from July 2021 to March 2022 with 42 meeting the KPI (78%).
12. Of these, 42 projects achieved practical completion and were processed within 10 weeks with a remaining 27 projects not being finalised within 10 from time of practical completion. Should we factor these projects into calculation of the KPI then the achievement would be 61%.
13. 22% of projects that failed to meet the KPI were fully processed within a week of missing their KPIs (i.e. within 11 weeks of Practical Completion). These project include: Adelaide Bridge – Minor Works, Mansfield St (Gover to Tynte St) Road Renewal, Tynte St (Wellington Sq to Mansfield St) Road Renewal, Gladstone St (Carrington St to Dead End) Road Renewal, King William Road N-bound (Pennington Tce to Kermode St) Road Renewal and King William Road S-bound (Brougham PI to Kermode St) Road Renewal

14. 26% of projects that failed to meet the KPI are Major Projects or Multi-Asset Projects. Due to their complex nature it is not often practical to meet the 10-week target as there have been challenges in receiving the required information from contractors to enable capitalisation i.e. Final claims and payments were received late or As-Constructed Drawings were issued late. These projects include: Moonta Street, Jeffcott Stage 2, Whitmore Square, Bikeways – Brougham Gardens, Bikeways – War Memorial Drive Wombat Crossing, Tavistock Lane and Gawler Place Development Defect Rectification Works.
15. 19% of projects of failed to meet the KPI are ACMA Carry Forward Projects delivered early in the year. ACMA projects were originally out of scope but have been fully onboarded into the system since Q2 (schedule, project status reporting) so they are now included in our WIP monitoring.
16. Infrastructure, Finance and the Project Management Office will mitigate the challenges of not completing within the 10-week timeframe on a project by project basis and will continue to identify opportunities to improve the process and enable efficiency. Together with the Procurement team we will work with our contractors to receive information in a timely manner and escalate where there are challenges.

KPI 2 - < 10% Variance between Preliminary Year End and Annual Financial Statement

17. The final KPI can only be determined once we have the final Annual Financial Statement.
18. Currently the budget for capital write off is \$1.5M which has not been adjusted this year. The current provision is \$4.7m.
19. Given the improvements in our capital planning and budgeting, we have proposed for 2022-23 that no further provision will be made for capital delivery moving forward.
20. Capital management and improvements to the finance system will ensure we accurately budget for write off components as operational budgets in the initial stages rather than relying on a write off provision to correct the project delivery after the fact.
21. The Capital Works Quarterly reviews provides Council with a status update on delivery of the approved capital program of works.
22. Historically Council has received capital budget updates via quarterly financial reporting. This has now been expanded to include more detailed reporting regarding the delivery of the capital program that considers delivery in broader terms than only financial implications.
23. The preparation of the Capital Works Status Report (**Attachment B**) was undertaken in to provide further qualitative and quantitative information to Council with regards to delivery.
24. The report is broken up into the three categories by which capital delivery is managed, being:
 - 12.1. Major Projects – Significant works of a capital nature that are over the prudential limit, multi-year or have significant grant funding being administered via a contractual deed.
 - 12.2. New and Upgrade Projects - Works of a capital nature that are either introducing new assets or significantly upgrading existing assets. Usually by extending the footprint of an asset or increasing the level of service the asset provides.
 - 12.3. Renewals - Works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.
25. Each category commences with detail about financial movement to understand the budget impact and summary of funds received, expended and committed.
26. Secondary to the financial movement, each section includes a status update on delivery of the works. This is detailed by project for Major Projects, by service for New and Upgrade, and by asset category for Renewals.
27. Subject to any feedback from Council about this report, it will be brought to Council each quarter to ensure transparency of financial movement and delivery of the capital works program with Council and the community.

Quarterly Commercial Operations Review 3

28. The Commercial Operations Quarterly review within **Attachment C** provides Council with a status update on the operations and expenditure of key revenue generating operations such as Parking, the Aquatic Centre, North Adelaide Golf Course, Adelaide Town Hall and Property services. This report provides an update to Council for the period 1 January to 31 March 2022. The financial considerations are provided within the Budget Review **Attachment A**.

Quarterly AEDA Review 3

29. In accordance with their Charter, the AEDA Quarter 3 Review, included as **Attachment D**, provides a quarterly update to Council on progress against milestones and performance indicators as outlined in the AEDA Business Plan and Budget for 2021-22.
30. This report provides an update to Council for the period 1 January to 31 March 2022.
31. The Charter states:
“Within 14 days of the end of each quarter the Agency must submit to the Council’s CEO a quarterly report on progress against the strategic milestones and key performance indicators as outlined in the Strategic Plan and the Annual Business Plan and Budget.”
32. Key highlights within the report include:
 - 32.1. Stakeholder consultation on the Draft 2022-23 Business Plan and Budget priorities
 - 32.2. Launch of \$30 Eats
 - 32.3. Lunar New Year and Groundswell in Rundle Mall
 - 32.4. Launch of Shopfront Improvement Grant
 - 32.5. Launch of ADLocal digital campaign
 - 32.6. Successful Summer partnerships with RAA Travel and Expedia Group
 - 32.7. Events support
33. Forward Activities and / or services:
 - 33.1. Hosting the inaugural AEDA Summit on 25 May 2022.
 - 33.2. Promotion to encourage redemption of \$30 Eats vouchers by 30 May 2022.
 - 33.3. Progression on Reignite Adelaide 2.0 initiatives including Shopfront Improvement Grant and an intrastate advertising campaign promoting the city.
 - 33.4. Launch of the Digital Marketplace to support small to medium size City of Adelaide businesses by providing a platform for consumers to buy directly online.
34. Quarter 3 Financial Position
 - 34.1. AEDA’s financial position remains unchanged from the original 2021-22 budget.

Quarterly ACMA Review 3

35. In accordance with the Charter of the Adelaide Central Market Authority (ACMA), the ACMA Quarter 3 Review, included as **Attachment E**, provides a quarterly update to Council on progress against milestones and performance indicators as outlined in the ACMA Business Plan and Budget for 2021-22.
36. This report provides an update to Council for the period 1 January to 31 March 2022. It is important to note that **Attachment E** is provided as a preliminary document until it has been considered and approved by the ACMA Board.
37. The ACMA Charter states:
‘Within 14 business days of the end of each quarter the Authority must submit to the Council’s CEO a quarterly report on progress against the strategic milestones and key performance indicators outlined in the Strategic Plan and the Annual Business Plan and Budget.’
38. Key highlights within the report include:
 - 38.1. Expanded Home Delivery Online platform assisting trader sales
 - 38.2. Launch of Market Life short film capturing the special networks of traders and sense of nostalgia of the Market
 - 38.3. ACMA retail support to lessees including independent retail consulting and covid rebound sessions.
 - 38.4. Launched Two on Tuesday campaign with two hours free parking and promotion of trader specials.
39. Forward Activities and / or services:
 - 39.1. New stores Saudade & Mr. Cheese scheduled to open
 - 39.2. Deliver marketing, activities and operational programs.

- 39.3. Deliver marketing material and overarching communications strategy for One Market (Central Market Arcade Development.)
40. Quarter 3 Financial Position
- 40.1. ACMA's financial position is \$70k favourable from the original 2021-22 budget.

Quarterly Kadaltilla / Park Lands Authority Review 3

41. Kadaltilla / Park Lands Authority (Kadaltilla) is the principal advisory body to both the City of Adelaide and the State Government on the protection, management, enhancement, and promotion of the Adelaide Park Lands. Kadaltilla is established pursuant to section 5 of the *Adelaide Park Lands Act 2005 (SA)* and operates as a subsidiary of the City of Adelaide, pursuant to section 42 of the *Local Government Act 1999 (SA)*. Kadaltilla acts in accordance with its Charter and as set out in the *Adelaide Park Lands Act 2005 (SA)*.
42. Key updates have been provided in **Attachment F**.

Quarterly Brown Hill Keswick Creek Review 3

43. The Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens have worked collaboratively over several years via a Section 43 Committee Under the *Local Government Act 1999 (SA)* to develop a Stormwater Management Plan (SMP) aimed at mitigating flood risk within the catchment, sharing a vision of becoming water sensitive cities.
44. Key updates have been provided in **Attachment G**.

Future Quarterly Reporting

45. With the integrated approach provided in this report to address Council's monitoring obligations under Section 122 of the *Local Government Act 1999 (SA)*, there is opportunity to further streamline quarterly reporting with the 22/23 Business Plan and Budget. Reporting regularly on performance and achievement against Council's planned activities is an essential element of transparent, accountable and responsible public administration.
46. For the past 2 years, Council has worked towards developing Service Delivery Plans, which articulate the activities and deliverables of 13 community facing services and eight corporate services. The Service Delivery Plans have been integrated into the Business Plan and Budget process, enabling Council to identify the vision, priorities, services, business activities and budget in a more detailed and contextualised manner. This approach offers the opportunity to improve our reporting approach on the delivery of the Business Plan and Budget into the future.
47. To further align and integrate reporting, the 22/23 year will be focused on Business Plan and Budget reporting based on the service delivery plan structure. The full cost attribution model of the Service Delivery Plans will streamline quarterly reporting in consistent manner that creates regular monitoring and oversight for Council on services, activities and projects. The intention is to improve transparency, accountability and access to Council's performance information, tracking how we are delivering what we have committed to throughout the year, and making recommendations and adjustments based on insights, risks, opportunities, and performance. We will continue to utilise assessment and reporting process iteratively to inform service improvement.

Events and Festivals Sponsorship Approval

48. AEDA has received an application for Events and Festivals sponsorship from Illuminate Adelaide Foundation (Illuminate) to assist in delivery of its Illuminate Adelaide 2022 event program to be held 1 to 31 July 2022 inclusive.
49. Applications for Events and Festivals Sponsorship (EFS) for events to be held in the 2022/23 financial year and commitment of sponsorship for 2023/24 and 2024/25 financial years are now open and will close on 27 April 2022. Recommendations for funding support will be brought to Council for consideration in June 2022.
50. Illuminate have requested funding of \$150,000 to be used for three, free, specific City Lights installations – 'View from the Moon' in Hindley Street West, 'Halo' in the East End and 'I Love Adelaide' in the North Precinct. Detailed information on the assessed application can be found at [Link 1](#).
51. The inaugural Illuminate Adelaide event in 2021 included:
- 51.1. The free City Lights installations at various locations within the CBD including Rundle Mall
- 51.2. Van Gogh Alive exhibition held on the Eighty Eight O'Connell site in North Adelaide
- 51.3. Light Cycles event in Botanic Park and Light Creature at the Adelaide Zoo.

52. The event attracted over 500,000 visits with an economic value to the city of \$30.9m, provided employment opportunities for over 400 artists and a further 2,626 job opportunities across a wide range of roles working across creative, future-facing and supporting industries.
53. Funding of approximately \$224,000 is currently available within the 2021/22 Events and Festivals Sponsorship Program due to a number of events that had been allocated funding but were cancelled including 2021 Mitsubishi Motors Australian International 3 Day Event, 2021 Carols by Candlelight and 2022 Adelaide Food Fringe.
54. This request is outside of the EFS guidelines that requires events to be held within the financial year that the funding is provided for, however approval of funding outside of the current process will enable commitment to contractual requirements and maximise promotion of the sponsorship provided by the City of Adelaide and AEDA.
55. Going forward, Illuminate will submit a separate application seeking a forward commitment for sponsorship funding from the 2023/24 and 2024/25 financial years. This application will be considered with all other applications for EFS funding and recommendations for funding will be provided to Council for consideration at its June meeting.
56. If Council approves the reallocation of funding to support this event, Illuminate will enter into a funding agreement with AEDA detailing benefits in return for the sponsorship investment as well as mutually agreed Key Performance Indicators.

DATA AND SUPPORTING INFORMATION

Link 1 – Assessment of Illuminate Adelaide 2022 funding request

ATTACHMENTS

Attachment A – 2021-22 Budget Quarter 3 Review

Attachment B – 2021-22 Capital Works Quarter 3 Review

Attachment C – 2021-22 Commercial Operations Quarter 3 Review

Attachment D – 2021-22 Preliminary AEDA Quarter 3 Review

Attachment E – 2021-22 Preliminary ACMA Quarter 3 Review

Attachment F – 2021-22 Kadaltilla / Park Lands Authority Quarterly Review 3

Attachment G – 2021-22 Brown Hill Keswick Creek Quarterly Review 3

- END OF REPORT -

City of Adelaide 2021-22 Quarter 3 Finance Report – Attachment A

March 2022

Prepared for the City of Adelaide
by Finance

Contents

Quarterly Summary

Uniform Presentation of Finances

Adjustments

Financial Dashboard

Long Term Financial Plan

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

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

Leverage Test Ratio: 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

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

Vacancy Management: Centralisation of vacancies across operations against an annual target of \$2.1m

Quarterly Summary

Proposed Budget Review 3

1. The proposed budget review delivers an operating deficit of \$4.363 million.
2. Council's borrowings (debt) at 30 June 2022 is forecasted to decrease by a further \$12.9 million from \$37.1 million to \$24.2 million. This is due to the delay in the capital program and sale of 211 Pirie St earlier than anticipated.
3. The \$4.4 million variation to the operating result is primarily due to the increase in depreciation as a result of the revaluation of Property, Plant and Equipment assets in 2020/21.
4. The \$12.9m variation to the Council's borrowings (debt) is due to the following:
 1. Carryover of capital program in to 2022/23 \$6m.
 2. Sale of commercial property in 2021/22 that was proposed to be sold in 2022/23 for \$6.9 million.
5. Risks and Opportunities for the rest of the financial year include:
 1. Ongoing risks of COVID-19 from reduced activity in the city continues to be a risk to the organisation's revenue targets and delivery of programs for the community.
 2. Opportunities exist through the sale of underperforming assets to enable the reduction of debt and improve long-term financial position.

Cash flow from Operations

1. The current year's debt collection continues to be better than last year despite lockdown:
 1. As at the 31 March 2022, 75.3% of payments have been received, a decrease from 73.8% last year. There are 253 active accounts in financial hardship (2.2% of total rates outstanding). There are some delays in collecting prior year debts as we see the effect of deferrals put in place in the height of COVID now impact current cashflows.

2021-22 Quarter 3 Financial Result (YTD Actuals)

The year-to-date financial position as at 31 March 2022 is an operating surplus of \$34m which is \$7.8m favourable compared to budget of \$26.2m. The \$7.8m variances consists of the following:

- Lower income of \$1.8m primarily due to the impact of COVID and the July lockdown.
- Also contributing to this favourable result is a reduction in spend in contractual services and other general expenditure of \$9.1m. This variance is caused by delay in spend across those areas directly impacted by the lockdown in July and reduced activities due to COVID. However, current operations are working to ensure these funds are spent as intended to ensure service levels and delivery to the community are maintained.
- Other favourable variances are due to vacancy management savings of \$3.8m. These are currently temporary in nature and not expected to be permanent to ensure service delivery is not adversely impacted.
- These favourable variances are offset by higher depreciation because of increased asset values following revaluations undertaken in 2020-21 by \$3.3m

Uniform Presentation of Finances

Explanation

Uniform Presentation of Finances provides a breakdown of the key variances in operations, net outlays on existing assets and net outlays on new and upgraded assets between the year to date Actuals and Original Budget.

This summary is presented in a format consistent with the Uniform Presentation of Finances.

\$'000s	2021-22 YTD Actuals	2021-22 YTD Budget	Variance	Full Year 2021-22 Budget (Approved BR2)	2021-22 Budget Review 3	Variance
Income	180,626	182,421	(1,795)	204,269	204,373	104
less Expenses	(146,644)	(156,266)	9,623	(204,233)	(208,737)	(4,504)
Operating Surplus / (Deficit) before Capital Amounts	33,983	26,155	7,828	37	(4,363)	(4,400)
less Net Outlays on Existing Assets						
Net Capital Expenditure on Renewal & Replacement of Existing Assets	(18,485)	(14,146)	(4,339)	(39,135)	(37,153)	1,982
Add back Depreciation, Amortisation and Impairment	44,297	41,050	3,247	52,541	56,941	4,400
Add back Proceeds from Sale of Replaced Assets	915	490	425	650	1,110	460
Net Outlays on Existing Assets	26,727	27,394	(667)	14,056	20,898	6,842
less Net Outlays on New and Upgraded Assets						
Net Capital Expenditure on New and Upgraded Assets	(10,818)	(11,054)	236	(26,831)	(22,779)	4,052
less Amounts received specifically for New and Upgraded Assets	660	4,175	(3,515)	9,152	8,209	(943)
less Proceeds from Sale of Assets	1,492	1,384	107	5,360	12,704	7,345
Net Outlays on New and Upgraded Assets	(8,666)	(5,495)	(3,172)	(12,319)	(1,866)	10,453
						-
Net Lending / (Borrowing) for the Financial Year	52,043	48,054	3,989	1,773	14,668	12,895

Operating program

Adjustments

Item Explanation	Current Approved Budget (BR2) \$'000	Budget Review 3 (BR3) \$'000	Adjustment \$'000
Depreciation Increases following the revaluation of property, plant and equipment in 2020/21.	-	(4,400)	(4,400)
Total Adjustment			(4,400)

Summary of Adjustments

The adjustments on the left reflect changes since 2021-22 Budget Review 2 (BR2) to the existing funding allocated to the items listed in the operating program as a result of new funding received from external sources and decisions of Budget Reconsiderations required by Council.

Operating program

Adjustments – offsetting to \$4.75m savings target

Item Explanation	Adopted Budget	Current Approved Budget (BR2) \$'000	Budget Review 3 (BR3) \$'000	BR3 Adjustment \$'000
Advertising Increase in income as a result of contract renegotiations	5,433	5,433	5,533	100
Corporate Overheads Review of distribution methodology has resulted in an increase in corporate overheads capitalised.	(5,492)	(5,492)	(6,392)	900
Electricity Savings in the cost of electricity as a result of price reductions.	(5,540)	(5,531)	(5,111)	420
Water Reductions as a result of a reduced consumption requirements.	(1,962)	(1,951)	(1,847)	104
Budget Repair \$4.75m budget repair established in the development of the 2021/22 Business Plan and Budget and LTFP.	4,750	1,524	(1,524)	(1,524)
Total Adjustment				0

Summary of Adjustments

The budget repair of \$4.75m was set by Council via the adopted budget. The achievement of an additional \$1.524m in Q3 have materialised, resulting in the full budget repair realised.

Capital program

Adjustments

Item Explanation	Current Approved Budget (BR2) \$'000	Budget Review 3 \$'000	Adjustment \$'000
Renewals Works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.	34.0	31.3	(2.7)
New and Upgrades Works of a capital nature that are either introducing new assets or significantly upgrading existing assets. Usually by extending the footprint of an asset or increasing the level of service the asset provides.	6.7	6.5	(0.2)
Major Projects Significant works of a capital nature that are over the prudential limit, multi year or have significant grant funding being administered via a contractual deed.	19.1	15.1	(4.0)
Capital Program Management	7.7	8.6	0.9
Total Capital Expenditure	67.5	61.5	(6.0)
Capital Write-Off	(1.5)	(1.5)	-
Total Net Capital (per Uniform Presentation of Finances)	66.0	60.0	(6.0)

Summary of Adjustments

The adjustments on the left reflect changes since 2021-22 BR2 to the existing funding allocated to projects.

Financial Indicators

Explanation

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.

Financial Indicator	Explanation	Target	2021-22 Adopted	2021-22 BR2	2021-22 BR3
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	0%	0%	(2%)
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	48%	30%	23%
Asset Sustainability Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	60%	77%	81%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	22%	11%	7%
Interest Expense Ratio	Number of times General Rates Revenue (less Landscape Levy) can service the annual interest expense	Maximum 10%	0.9%	0.3%	0.3%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.6	0.3	0.2
Cash Flow fom Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets	Greater than 100%	111%	107%	108%
Borrowings	Total borrowings	Within Prudential Limits	77.5	37.1	24.2
			45%	22%	14%
Operating Position	Operating Income less Expenditure	\$2m - \$10m	0.0	0.0	(4.4)
Future Fund	Proceeds from the sale of Council assets to fund new income generating assets or new strategic capital projects	N/A	2.2	6.6	14.0

Treasury Reporting

Explanation

The tables below present the debt information as required by Council's Treasury Policy.

Table 1 shows the current borrowing facilities taken out by Council. Current borrowings as at 31 March 2022 are \$10.05m.

Table 2 aligns these borrowings to the approved prudential limits.

Borrowings Facility	Available	Interest Type	Interest Rate	Borrowing(s) Amount as at 31 March 2022	Change since previous report	Maturity Date	CAD Interest Rate
LGFA CAD 554	\$30m	Variable	1.35%	\$10.05m	(\$7.80m)	16/12/2023	1.35%
LGFA CAD 555	\$70m	Variable	1.35%	-	-	15/06/2033	1.35%

* 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.

Prudential Limit Ratio	Comments	Limits	YTD Actual to March 2022
Interest Expense Ratio	Number of times annual General Rates Revenue (less Landscape Levy) can service the annual interest expense	Maximum 10%	0.4%
Leverage Test	Total borrowings relative to annual General Rates Revenue (Less Landscape Levy)	Max 1.5 years	0.09
Asset Test	The percentage of total borrowings to Council's saleable property assets.	Max 50%	3%

Long Term Financial Plan

Statement of Comprehensive Income

\$'000s	2020-21 Actuals	2021-22 Budget	2021-22 Budget Review 3	2022-23 Draft Budget	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan
Income													
Rates Revenues	118,510	121,190	122,144	123,661	127,783	132,009	138,323	142,897	147,765	152,947	158,005	163,388	168,791
Statutory Charges	10,709	11,601	11,653	11,896	12,170	12,450	12,749	13,042	13,355	13,689	14,004	14,340	14,669
User Charges	61,250	62,267	63,094	64,388	65,575	67,051	71,608	73,254	75,013	76,888	78,656	80,544	82,397
Grants, Subsidies and Contributions	5,432	3,274	6,283	5,599	4,122	4,216	4,318	4,417	4,523	4,636	4,743	4,856	4,968
Investment Income	276	20	75	70	72	73	75	77	79	81	82	84	86
Reimbursements	665	541	441	338	346	354	362	371	380	389	398	408	417
Other Income	540	3,029	684	695	711	727	744	761	780	799	818	837	856
Total Income	197,382	201,923	204,373	206,648	210,778	216,880	228,178	234,819	241,894	249,429	256,706	264,458	272,185
Expenses													
Employee Costs	74,410	73,950	71,737	74,745	76,279	77,844	79,442	81,032	82,654	84,309	85,996	87,717	89,472
Materials, Contracts & Other Expenses	71,353	73,501	78,732	77,868	77,854	79,644	82,407	84,302	86,326	88,484	90,519	92,691	94,823
Depreciation, Amortisation & Impairment	56,808	52,614	56,941	57,264	57,439	57,962	59,037	57,869	55,565	53,588	51,520	50,639	51,745
Finance Costs	1,740	1,826	1,326	1,452	1,796	1,589	1,205	855	683	599	522	466	157
Net loss - Equity Accounted Council Businesses	4	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	204,315	201,891	208,737	211,329	213,368	217,040	222,091	224,058	225,227	226,979	228,557	231,514	236,198
Operating Surplus / (Deficit)	(6,933)	31	(4,363)	(4,681)	(2,590)	(160)	6,087	10,761	16,666	22,450	28,149	32,944	35,987
Physical Resources Received Free of Charge	450	-	-	-	-	-	-	-	-	-	-	-	-
Asset Disposal & Fair Value Adjustments	(6,527)	(861)	5,655	2,016	2,213	-	-	-	-	-	-	-	-
Amounts Received Specifically for New or Upgraded Assets	2,698	156	7,848	11,937	-	-	-	-	-	-	-	-	-
Net Surplus / (Deficit)	(10,312)	(674)	9,139	9,272	(377)	(160)	6,087	10,761	16,666	22,450	28,149	32,944	35,987
Changes in Revaluation Surplus - I,PP&E	48,206	-	-	-	-	34,708	-	-	-	-	-	-	-
Net Actuarial Gains/(Loss) on Defined Benefit Plan	203	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Comprehensive Income	48,409	-	-	-	-	34,708	-	-	-	-	-	-	-
Total Comprehensive Income	38,097	(674)	9,139	9,272	(377)	34,548	6,087	10,761	16,666	22,450	28,149	32,944	35,987

Long Term Financial Plan

Statement of Financial Position

\$'000s	2020-21 Actuals	2021-22 Budget	2021-22 Budget Review 3	2022-23 Draft Budget	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan
ASSETS													
Current Assets													
Cash and Cash Equivalents	1,912	800	800	800	800	800	800	8,922	24,668	10,152	31,377	11,714	43,789
Trade & Other Receivables	16,299	13,489	16,876	16,906	17,155	17,619	18,533	19,072	19,645	20,257	20,847	21,477	22,104
Other Financial Assets	-	41	-	-	-	-	-	-	-	-	-	-	-
Inventories	506	576	506	506	506	506	506	506	506	506	506	506	506
Non-Current Assets Held for Sale	958	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	19,675	14,907	18,182	18,212	18,461	18,925	19,839	28,499	44,819	30,915	52,730	33,697	66,399
Non-Current Assets													
Financial Assets	376	249	338	305	274	247	222	200	180	162	146	131	118
Equity Accounted Investments in Council Businesses	1,119	605	1,439	1,794	2,163	2,596	2,968	2,968	2,968	2,968	2,968	2,968	2,968
Investment Property	2,870	2,600	2,899	2,928	2,957	2,987	3,016	3,047	3,077	3,108	3,139	3,170	3,202
Infrastructure, Property, Plant & Equipment	1,897,255	1,882,879	1,893,197	1,920,600	1,910,235	1,912,735	1,905,460	1,898,698	1,895,098	1,927,546	1,930,481	1,979,827	1,980,395
Other Non-Current Assets	2,107	2,161	2,107	2,107	2,107	2,107	2,107	2,107	2,107	2,107	2,107	2,107	2,107
Total Non-Current Assets	1,903,727	1,888,494	1,899,981	1,927,734	1,917,736	1,920,671	1,913,774	1,907,020	1,903,430	1,935,891	1,938,841	1,988,203	1,988,790
TOTAL ASSETS	1,923,402	1,903,400	1,918,163	1,945,946	1,936,198	1,939,596	1,933,613	1,935,519	1,948,249	1,966,805	1,991,571	2,021,900	2,055,189
LIABILITIES													
Current Liabilities													
Trade & Other Payables	24,843	18,837	24,982	26,320	33,787	27,430	28,401	28,614	28,946	29,140	29,391	29,676	26,609
Provisions	13,320	12,305	13,586	13,858	14,135	14,418	14,706	15,000	15,300	15,607	15,919	16,237	16,562
Borrowings (Lease Liability)	4,690	5,093	4,771	4,877	4,989	5,102	5,224	4,525	4,518	3,989	3,262	3,344	3,344
Total Current Liabilities	42,853	36,236	43,339	45,055	52,910	46,949	48,331	48,140	48,764	48,735	48,571	49,257	46,515
Non-Current Liabilities													
Trade & Other Payables	1,293	1,293	1,293	7,293	293	293	293	293	293	293	293	293	293
Borrowings	34,700	77,483	24,208	37,862	32,572	12,447	4,179	-	-	-	-	-	-
Provisions	1,816	1,616	1,852	1,889	1,927	1,966	2,005	2,045	2,086	2,128	2,170	2,214	2,258
Borrowings (Lease Liability)	50,463	46,782	45,693	40,803	35,828	30,726	25,502	20,977	16,377	12,470	9,209	5,865	5,865
Total Non-Current Liabilities	88,272	127,174	73,046	87,847	70,620	45,431	31,979	23,315	18,756	14,891	11,672	8,371	8,416
TOTAL LIABILITIES	131,125	163,410	116,385	132,902	123,530	92,381	80,311	71,456	67,520	63,627	60,243	57,628	54,930
Net Assets	1,792,277	1,739,990	1,801,777	1,813,044	1,812,667	1,847,215	1,853,302	1,864,063	1,880,729	1,903,179	1,931,328	1,964,272	2,000,259
EQUITY													
Accumulated Surplus	806,973	802,195	803,769	810,243	784,866	759,206	765,293	776,054	792,721	815,170	843,319	876,263	912,250
Asset Revaluation Reserves	982,216	934,010	982,216	982,216	982,216	1,016,924	1,016,924	1,016,924	1,016,924	1,016,924	1,016,924	1,016,924	1,016,924
Other Reserves	1,815	1,612	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815	1,815
Future Reserve Fund	1,273	2,173	13,977	18,770	43,770	69,270	69,270	69,270	69,270	69,270	69,270	69,270	69,270
Total Council Equity	1,792,277	1,739,990	1,801,777	1,813,044	1,812,667	1,847,215	1,853,302	1,864,063	1,880,729	1,903,179	1,931,328	1,964,272	2,000,259

Long Term Financial Plan

Statement of Changes in Equity

\$'000s	2020-21 Actuals	2021-22 Budget	2021-22 Budget Review 3	2022-23 Draft Budget	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan
Balance at the end of previous reporting period	1,754,180	1,740,664	1,792,277	1,801,777	1,813,044	1,812,667	1,847,215	1,853,302	1,864,063	1,880,729	1,903,179	1,931,328	1,964,272
a. Net Surplus / (Deficit) for Year	(10,312)	(674)	9,500	11,267	(377)	(160)	6,087	10,761	16,666	22,450	28,149	32,944	35,987
b. Other Comprehensive Income	48,409				-	34,708							
Total Comprehensive Income	38,097	(674)	9,500	11,267	(377)	34,548	6,087	10,761	16,666	22,450	28,149	32,944	35,987
Balance at the end of period	1,792,277	1,739,990	1,801,777	1,813,044	1,812,667	1,847,215	1,853,302	1,864,063	1,880,729	1,903,179	1,931,328	1,964,272	2,000,259

Long Term Financial Plan

Statement of Cash flows

\$'000s	2020-21 Actuals	2021-22 Budget	2021-22 Budget Review 3	2022-23 Draft Budget	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan
Cash Flows from Operating Activities													
Receipts													
Operating Receipts	198,848	202,230	203,796	206,156	210,038	216,416	227,264	234,281	241,320	248,817	256,115	263,828	271,558
Payments													
Operating Payments to Suppliers and Employees	(145,970)	(149,070)	(151,816)	(153,292)	(155,511)	(159,048)	(162,633)	(166,150)	(169,588)	(173,279)	(176,946)	(180,745)	(184,326)
Net Cash provided by (or used in) Operating Activities	52,878	53,160	51,980	52,865	54,526	57,368	64,632	68,131	71,732	75,538	79,170	83,083	87,232
Cash Flows from Investing Activities													
Receipts													
Amounts Received Specifically for New/Upgraded Assets	2,698	156	8,209	13,932	-	-	-	-	-	-	-	-	-
Proceeds from Surplus Assets	1,405	3,100	12,704	12,793	25,000	18,500	-	-	-	-	-	-	-
Sale of Replaced Assets	815	650	1,110	971	500	500	500	500	500	500	500	500	500
Payments													
Expenditure on Renewal/Replacement of Assets	(23,205)	(34,231)	(37,153)	(41,607)	(57,871)	(50,621)	(51,390)	(51,107)	(51,965)	(86,036)	(54,455)	(99,985)	(52,313)
Expenditure on New/Upgraded Assets	(12,425)	(33,451)	(22,779)	(47,837)	(11,990)	(633)	(372)	-	-	-	-	-	-
Net Purchase of Investment Securities	(17)	-	-	-	-	-	-	-	-	-	-	-	-
Capital Contributed to Equity Accounted Council Businesses	(451)	-	-	-	-	-	-	-	-	-	-	-	-
Net Cash provided by (or used in) Investing Activities	(31,180)	(63,776)	(37,910)	(61,748)	(44,360)	(32,254)	(51,262)	(50,607)	(51,465)	(85,536)	(53,955)	(99,485)	(51,813)
Cash Flows from Financing Activities													
Receipts													
Proceeds from Borrowings	87,900	15,671	-	13,654	-	-	-	-	-	-	-	-	-
Proceeds from Bonds and Deposits	1,007	-	-	-	-	-	-	-	-	-	-	-	-
Payments													
Repayment from Borrowings	(104,800)	-	(10,492)	-	(5,290)	(20,125)	(8,268)	(4,179)	-	-	-	-	-
Repayment of Lease Liabilities	(4,838)	(5,055)	(4,690)	(4,771)	(4,877)	(4,989)	(5,102)	(5,224)	(4,521)	(4,518)	(3,989)	(3,262)	(3,344)
Net Cash provided by (or used in) Financing Activities	(20,731)	10,616	(15,182)	8,883	(10,166)	(25,114)	(13,370)	(9,402)	(4,521)	(4,518)	(3,989)	(3,262)	(3,344)
Net Increase (Decrease) in Cash Held	967	(0)	(1,112)	(0)	(0)	(0)	0	8,122	15,746	(14,516)	21,225	(19,664)	32,075
plus: Cash & Cash Equivalents at beginning of period	945	800	1,912	800	800	800	800	800	8,922	24,668	10,152	31,377	11,714
Cash & Cash Equivalents at end of period	1,912	800	800	800	800	800	800	8,922	24,668	10,152	31,377	11,714	43,789

Long Term Financial Plan

Uniform Presentation of Finances

\$'000s	2020-21 Actuals	2021-22 Budget	2021-22 Budget Review 3	2022-23 Draft Budget	2023-24 Plan	2024-25 Plan	2025-26 Plan	2026-27 Plan	2027-28 Plan	2028-29 Plan	2029-30 Plan	2030-31 Plan	2031-32 Plan
Income	197,382	201,923	204,373	206,648	210,778	216,880	228,178	234,819	241,894	249,429	256,706	264,458	272,185
less Expenses	(204,315)	(201,891)	(208,737)	(211,329)	(213,368)	(217,040)	(222,091)	(224,058)	(225,227)	(226,979)	(228,557)	(231,514)	(236,198)
Operating Surplus / (Deficit) before Capital Amounts	(6,933)	31	(4,363)	(4,681)	(2,590)	(160)	6,087	10,761	16,666	22,450	28,149	32,944	35,987
Net Outlays on Existing Assets													
Capital Expenditure on Renewal & Replacement of Existing Assets	(23,205)	(34,231)	(37,153)	(41,607)	(57,871)	(50,621)	(51,390)	(51,107)	(51,965)	(86,036)	(54,455)	(99,985)	(52,313)
add back Depreciation, Amortisation and Impairment	56,808	52,614	56,941	57,264	57,439	57,962	59,037	57,869	55,565	53,588	51,520	50,639	51,745
add back Proceeds from Sale of Replaced Assets	815	650	1,110	971	500	500	500	500	500	500	500	500	500
Net Outlays on Existing Assets	34,418	19,033	20,898	16,627	(432)	7,341	7,646	6,762	3,601	(32,448)	(2,935)	(49,346)	(568)
Net Outlays on New and Upgraded Assets													
Capital Expenditure on New and Upgraded Assets	(12,425)	(33,451)	(22,779)	(47,837)	(11,990)	(633)	(372)	-	-	-	-	-	-
add back Amounts received specifically for New and Upgraded Assets	2,698	156	8,209	13,932	-	-	-	-	-	-	-	-	-
add back Proceeds from Sale of Surplus Assets	1,405	2,100	12,704	6,793	25,000	25,500	-	-	-	-	-	-	-
Net Outlays on New and Upgraded Assets	(8,322)	(31,195)	(1,866)	(27,112)	13,010	24,867	(372)	-	-	-	-	-	-
Net Lending / (Borrowing) for Financial Year	19,163	(12,130)	14,668	(15,165)	9,988	32,049	13,361	17,523	20,267	(9,999)	25,214	(16,402)	35,419

Long Term Financial Plan

Financial Indicator	Explanation	Target	2021-22 Adopted	2021-22 BR3	2022-23 Draft Budget	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29	2029-30	2030-31	2031-32
Operating Surplus Ratio	Operating surplus as a percentage of operating revenue	0%-20%	0%	(2%)	(2%)	(1%)	0%	3%	5%	7%	9%	11%	12%	13%
Net Financial Liabilities	Financial liabilities and a percentage of operating income	Less than 80%	48%	23%	33%	31%	17%	13%	8%	0%	0%	0%	0%	0%
Asset Sustainability Ratio	Expenditure on asset renewals as a percentage of forecast required expenditure in the asset management plans	90%-110%	60%	81%	70%	90%	90%	90%	90%	90%	90%	90%	90%	90%
Asset Test Ratio	Borrowings as a percentage of total saleable property assets	Maximum 50%	23%	7%	11%	9%	3%	1%	0%	0%	0%	0%	0%	0%
Interest Expense Ratio	Number of times General Rates Revenue (less Landscape Levy) can service the annual interest expense	Maximum 10%	0.9%	0.3%	0.4%	0.8%	0.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Leverage Test Ratio	Total borrowings relative to General Rates Revenue (Less Landscape Levy)	Maximum 1.5 years	0.7	0.2	0.3	0.3	0.1	0.0	-	-	-	-	-	-
Cash Flow fom Operations Ratio	Operating income as a percentage of Operating Expenditure plus expenditure on renewal/replacement of assets	Greater than 100%	111%	108%	106%	99%	103%	106%	108%	109%	96%	111%	94%	115%
Borrowings	Total borrowings	Within Prudential Limits	78.5	24.2	37.9	32.6	12.4	4.2	-	-	-	-	-	-
			46%	14%	22%	17%	6%	2%	0%	0%	0%	0%	0%	0%
Operating Position	Operating Income less Expenditure	\$2m - \$10m	0.0	(4.4)	(4.7)	(2.6)	(0.2)	6.1	10.8	16.7	22.4	28.1	32.9	36.0
Future Fund	Proceeds from the sale of Council assets to fund new income generating assets or new strategic capital projects	N/A	2.2	14.0	18.8	43.8	69.3	69.3	69.3	69.3	69.3	69.3	69.3	69.3

City of Adelaide Capital Works Status Report Q3 2021-22

March 2022

Prepared by the Program Management Office

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Status Update

Glossary

Contracted: The amount of money that is allocated under a legal commitment between CoA and the supplier to acquire goods or services in the completion of the works

Expenditure Summary: An indicator to the financial status of a program of works. The total budget is split between actuals, contracted and not yet committed funds. This section has been included as a comparison to graphically represent the financial progress of the program from one quarter to the next.

Major Projects: Significant works of a capital nature that are over the prudential limit, multi-year or have significant grant funding being administered via a contractual deed. They usually result in an increased level of service for the community.

New and Upgrade Projects: Works of a capital nature that are either introducing new assets or significantly upgrading existing assets. Usually by extending the footprint of an asset or increasing the level of service the asset provides.

Not yet committed: Represents the amount of approved budget that has yet to be committed in the procurement of goods and services.

PC: Practical Completion (PC) is when a project is 'practically complete', in the sense of the works being capable of being used, as distinct from when they are completely finished (with all defects rectified).

Renewals: Works of a capital nature that are replacing an existing asset like for like or like for modern equivalent.

Spent: Works have occurred and invoice has been processed in the financial system.

Whole of Project Budget: The capital expenditure required to deliver the scope of the project over multiple financial years.

Major Projects Update

Whole of Project Financial Summary

City of Adelaide (CoA) has recently been successful in securing \$0.5M of grant funding for Greening Sturt St West and Quentin Kenihan Inclusive Playspace additional works that are formally being recognised by Council in the Budget Review 3 (BR3) Finance report.

Major Projects Whole of Project Budget

Project Name	previous years	2021-2022	future years	Whole of Project
City Skate Park	1.0	2.6	-	3.6
Central Market Arcade Redevelopment	-	0.0	22.3	22.3
Cycling Infrastructure	0.4	4.2	1.4	6.0
Events Infrastructure Rymill Park	-	0.2	2.9	3.1
Market to Riverbank - Bentham and Pitt St	1.2	2.0	4.7	7.8
Moonta Street Reinvigoration	2.3	1.3	0.5	4.0
North-South Bikeways	3.2	1.1	1.8	6.0
Paxton's Walk Revitalisation	-	0.1	2.1	2.2
Quentin Kenihan Inclusive Playspace Additional Works	0.0	0.5	-	0.5
Reviving Laneways to Adelaide's West End - Stage 1				
Solomon Street	-	0.4	-	0.4
Whitmore Square Greening	0.0	0.9	-	0.9
City Deal - City Safe Network Upgrade		1.6	4.2	5.8
Rymill Lake/Murlawirrapurka (Park 14) Upgrade	0.0	0.4	4.6	5.0
Greening Sturt St West	0.0	0.0	0.5	0.5
Total QF3 position	8.1	15.1	45.0	68.2
Total QF2 position	8.1	19.1	38.5	65.7
Variance	0.0	-4.0	6.5	2.5

The project whole of life budget for Major Projects has increased by \$2.5M since the adoption of BR2 as a result of:

- \$2M additional CoA funding for Events Infrastructure Rymill Park
- \$0.5M for a new project, Greening Sturt St West, consisting of grants from Department of Environment and Water \$0.2M and Federal Local Road and Community Infrastructure funding \$0.2M. With \$0.1M of CoA contribution from New/Upgrade projects savings relating to Greening.
- \$0.1M additional grant funding from Federal Local Road and Community Infrastructure Fund for additional works on the Quentin Kenihan Inclusive Playspace
- \$0.2M of Public Art money set aside for Market to Riverbank art works
- \$0.3M reduction of CMA funding to correct double counting consultancy costs also reflected in New/Upgrade

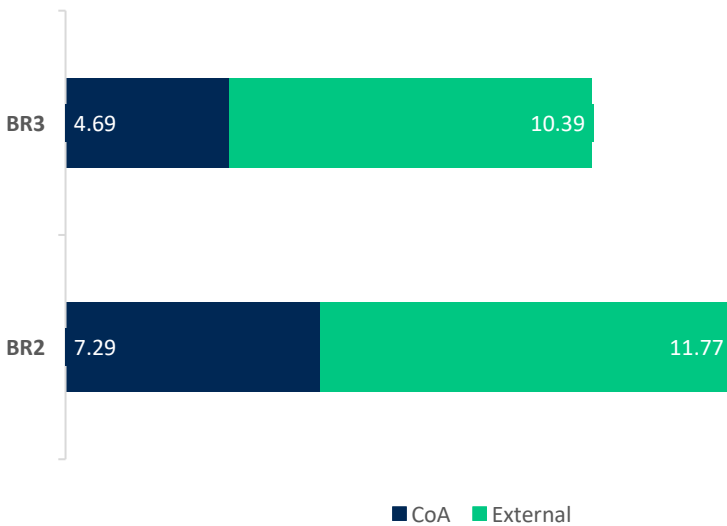
Major Projects Update

The third quarter has seen significant progress in the delivery of Major Projects, with several sections well underway in Cycling Infrastructure, Bentham St and Skate Park well into their construction, Paxton’s Walk and City Deal advanced in their Procurement.

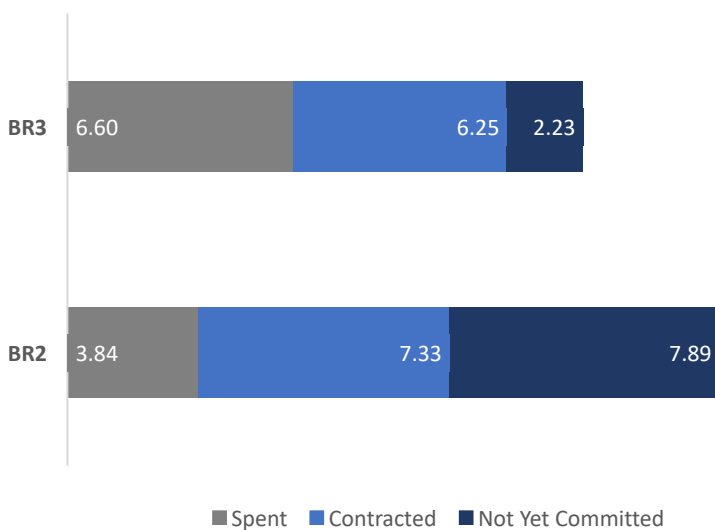
More detailed status updates are available in the status update section.

Major Projects - Funding and Expenditure Summary

2021/22 Funding Source ('000,000)



2021/22 Expenditure Summary ('000,000)



Funding and Expenditure Summary

This section provides information on the financial progress of the Major Projects for the current financial year. Representing the financial movement across the program since the BR2 was adopted.

Funding Source Graph: Outlines the breakdown of external funding and City of Adelaide contribution to Major Projects in 2021/22.

The decrease of \$1.4M of grant funding since BR2 is due to, \$0.1M of new grants for 2021/22, \$3.1M of works being re-timed into future years and \$1.6M of grants relating to works originally planned for future years being brought forward .

Expenditure Summary Graph:

The annual forecast expenditure has decreased by \$4M from the approved BR2 budget of \$19.1M to a revised budget of \$15.1. This is due to retiming of works between financial years, reducing 2021/22 figures by \$6.3M, new grant funding of \$0.1M, reclassification of \$0.3M of New/Upgrade funds supporting Major Projects and additional CoA funding of \$2M for Events Infrastructure Rymill Park as per the BR3 Finance report.

A total \$6.60M has been spent to date with a further \$6.25M contracted resulting in 85% of the 2021/22 program committed. This equates to an additional \$1.68M being committed in the last quarter.

Major Projects Update

As part of the work relating to the draft Business Plan and Budget, we are amending the 2021/22 budget to reflect the current estimated figures for the re-timing of Major Projects. Whilst we have taken every effort to accurately plan for the remaining works, we are still actively managing substantial risk to delivery resulting from unprecedented market conditions, supply chain disruptions and market volatility. We are seeing extended lead times, delivery delays and sharply increased costs, all of which affect our ability to successfully deliver our program of works.

The table below provides the total estimated carry over for major projects by root cause. The total estimated carry over is now 22.26 million – an increase of 6.39M in BR3 from the 15.87M flagged in BR2.

Major Projects Carry Overs

Root Cause	Number of Projects	Carry Over	Comments
Stakeholder Consultation	5	13.77m	Complex and extensive stakeholder engagement requirements have delayed the construction start date of projects <i>Projects such as: Central Market Arcade Redevelopment, Paxton's Walk and Vaughan Place, Some Sections of City of Adelaide North-South Bikeways</i>
Contractor Issues / Unfavourable Market Conditions	1	0.54m	Post Covid Stimulus funding to the construction sector has increased construction prices, limited the capacity for design and construction contractors to tender for works, and extended product leads times <i>Projects such as: Street Lighting LED Renewals</i>
Delay due to New and Rescheduled Events / COVID Related Delays	2	8.91m	COVID Pandemic have resulted in events having to be rescheduled or works suspended impacting construction timelines <i>Projects such as: Event Infrastructure Upgrade – Rymill Park, sections of Cycling Infrastructure and Market to Riverbank – Bentham and Pitt</i>
Grant Funding Opportunities	1	0.59m	Moonta Street project has remaining budget after successfully completing all planned works. Discussion are currently underway regarding potential opportunities for further investment of project savings. Sturt West Greening is a new grant for works in 2022/23, CoA contribution is from savings in greening projects from 2021/22.
Projects Brought Forward	1	-1.55m	Grant funding allocated in 2022/23 has been brought forward as City Safe CCTV Network Upgrade (City Deal) works have commenced ahead of schedule
21/22 Total Carry Over	10	22.26m	

Major Projects – Status Update

This section provides a status update for each Major Project, including a brief description of works, an estimated completion date and status comment.

Overall projects are tracking well with 71 % of our projects on time and 86% of the projects are on budget.

Risk Status: red projects are no longer on track or budget, amber where a project has risks that are being managed and may exceed budget or time and green where everything is tracking well.



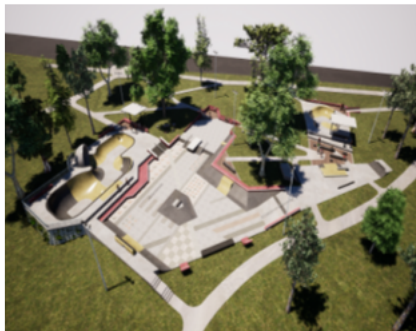
City of Adelaide Bikeways – North-South

Stage	Est Completion	Budget	On Time	On Budget
Plan/ Design/ Construct	Mid 2022	6.0M	N	Y

Description of Works: The North-South Bikeway will build on the existing Frome Bikeway and will connect the existing Rugby/Porter Bikeway in Unley to the Braund Road Bike Boulevard in Prospect.

Status Update:

- Brougham Gardens and Wombat crossing projects have reached practical completion.
- Frome Rd (Victoria Drive to Albert Bridge) – Construction procurement underway.
- Frome Rd (Victoria Drive to North Terrace) – Due to design changes on Victoria to Albert section, we will now need to redesign this section by adding in additional bus ramp and cyclist crossing at the lower bus stop
- Albert Bridge – The heritage sensitive design is progressing in collaboration with State Heritage, including associated Development Application, noting multiple party approvals required prior to design completion to allow procurement and construction.
- North Terrace to Rundle – Due to recent completion of major construction of hotels/accommodation, the Design can now be finalised.



City Skate Park

Stage	Est Completion	Budget	On Time	On Budget
Build/ Construct	June 2022	3.6M	Y	Y

Description of Works: New City Skate Park in Gladys Elphick Park / Nurmungga (Park 25) in the west Park Lands. The project is expected to deliver a regional facility drawing users from across the metropolitan area and State with the ability to hold competition events and be a main attraction for skate park users.

Status Update: Contractor has been battling the same issues that are seen across the construction industry nationwide. Largely weather and covid have slowed productivity, however works are on track to be completed this financial year.



Central Market Arcade Redevelopment

Stage	Est Completion	Budget	On Time	On Budget
Plan/ Design	June 2024	22.6M	N	Y

Description of Works: The Central Market Arcade Redevelopment will be a catalyst for enriching the city. The redeveloped arcade will be a flagship mixed-use development of national significance and elevate the precinct as a major destination embracing culture, art, retail, and tourism. The arcade will promote the market district as the premier precinct showcasing the very best of South Australian food, wine and produce.

Status Update: Development of the concept design, including Council's returnable works, has significantly progressed with ICD now directly engaging with Multiplex. ICD Property is actively leasing its office component and has launched the residential apartments. ICD Property has issued Notification to the City of Adelaide requiring Possession of site by late June 2022 to commence the Works. 15% of Affordable Housing has been offered to eligible buyers through Q4 of 2021. Q1 2022 will see further progress in detailed design with early contractor involvement directly with Multiplex in the process.

Major Projects – Status Update



Cycling Infrastructure

Stage	Est Completion	Budget	On Time	On Budget
Plan/ Design/Construct	August 2022	6.0M	N	Y

Description of Works: Design and construction of 11 cycling infrastructure projects to improve access, safety and connectivity for bicycle riders within the Council area, prioritised to improve cycling connections to and around Lot 14.

Status Update:

Port Rd Shared Use Path (Y111)– ongoing discussions are occurring with the New Women’s and Children Hospital and DIT to integrate the Cycling Infrastructure with the new hospital designs
 Lighting and path upgrade - Linear Trail in Bonython Park (Y112) – Procurement in progress
 Safety improvements at car park entry on Port Road (Y113)– ongoing discussions are occurring with the New Women’s and Children Hospital and DIT to integrate the Cycling Infrastructure with the new hospital designs.

Port Road Zebra/Wombat crossing – Contractor engaged, construction to commence in April.
 New shared used path (Rundle Park) – Contractor engaged, construction to commence in April.

New shared used path (South Terrace) – Contractor engaged, construction progressing well.
 New lighting on shared path in Park 15 (to the north of Wakefield St) - Contractor engaged, lighting due to be delivered in April.

New shared use path – Rymill Park – Design completed, construction tendering in progress.

New shared use path adjacent Fitzroy Terrace/Robe Tce (Parks 3&5) – Works to commence in April.

New Pedestrian / Bike Crossing – North Terrace/ East Tce) – Design completed, construction tendering in progress.

Signalised bike crossing of North Tce at George St - Ongoing Discussions with DIT/ SAPTA/ Torrens Connect is impacting the project timeline and budget.



Events Infrastructure Upgrade - Rymill Park

Stage	Est Completion	Budget	On Time	On Budget
Plan/ Design	December 2022	3.1M	Y	N

Description of Works: The Events Infrastructure Project will provide improved and upgraded services that will support the ongoing and continued use of the area as a major event and entertainment hub in the eastern parklands.

Status Update: Design drawings updated following working groups review. Tender released to market in March. Additional budget requested due to post-covid redesign to optimise and reflect the adjusted footprints required by event organisers to mitigate the capacity limits imposed in response to Covid-19.



Market to Riverbank Laneways Upgrade

Stage	Est Completion	Budget	On Time	On Budget
Build/ Construct	June 2023	7.6M	N	Y

Description of Works: The Market to Riverbank link project is a joint investment project between the City of Adelaide and the State Government (through Renewal SA) to upgrade Bank Street, Leigh Street, Topham Mall, Bentham Street and Pitt Street. 2021 scope: Bentham Street upgrade to kerbless environment with feature decorative concrete, continuation of Market to Riverbank public art outcomes and improvements to greening and lighting. Pitt Street design works.




Status Update: Bentham Street: Agreement reached with SA Health to commence works. Works commenced Feb 2022. Bentham Street closed to vehicles for duration of works.

Pitt Street: concept designs being developed.



Major Projects – Status Update

	<h3>Moonta Street</h3> <table border="1" data-bbox="611 304 1415 400"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Practical Completion</td> <td>November 2021</td> <td>4.0M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: Street upgrade including supply and install of new granite paving, stormwater improvements, and greening.</p> <p>Status Update: Works complete except for minor omissions and minor defects which are being worked through. Opportunities for further investment of project savings into Moonta Street are being investigated</p>	Stage	Est Completion	Budget	On Time	On Budget	Practical Completion	November 2021	4.0M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Practical Completion	November 2021	4.0M	Y	Y							
	<h3>Paxton's Walk and Vaughan Place</h3> <table border="1" data-bbox="611 725 1415 822"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Plan/ Design</td> <td>October 2022</td> <td>2.2M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: The Paxton's Walk Revitalisation project will bring new life to a popular East End pedestrian link, transforming it from a tired and constrained walkway into a vibrant, welcoming, green and accessible place. It will also provide a key link between Adelaide's East End Precinct to the Lot Fourteen site currently under rejuvenation by Renewal SA.</p> <p>Status Update: Procurement in progress. Contract to be awarded in April.</p>	Stage	Est Completion	Budget	On Time	On Budget	Plan/ Design	October 2022	2.2M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Plan/ Design	October 2022	2.2M	Y	Y							
	<h3>Quentin Kenihan Inclusive Playspace (QKIP)</h3> <table border="1" data-bbox="611 1240 1415 1337"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Build/ Construct</td> <td>April 2022</td> <td>0.5M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: Following completion of the Quentin Kenihan Inclusive playspace last year. Additional scope items are progressing in consultation with key stakeholders.</p> <p>Status Update: Works have been complete and space is open to the public.</p>	Stage	Est Completion	Budget	On Time	On Budget	Build/ Construct	April 2022	0.5M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Build/ Construct	April 2022	0.5M	Y	Y							

Major Projects – Status Update

	<h3>Reviving Laneways to Adelaide’s West End - Stage 1</h3> <table border="1"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Build/ Construct</td> <td>April 2022</td> <td>0.4M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: This project is being undertaken in partnership with Palumbo (Sofitel Hotel Developer) and the State Government. Streetscape upgrades will be constructed along the Currie, Solomon, Rosina and Burnett Street frontages of the Sofitel Development. The Public Realm upgrades include creating a new shared use space on Solomon Street to enhance activation as well as replacement of footpath and kerbing along the Currie Street, Rosina Street and Burnett Street frontages</p> <p>Status Update: Construction work is completed, Practical Completion on hold following agreement between Developer and CoA on satisfactory completion.</p>	Stage	Est Completion	Budget	On Time	On Budget	Build/ Construct	April 2022	0.4M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Build/ Construct	April 2022	0.4M	Y	Y							
	<h3>Whitmore Square Greening</h3> <table border="1"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Practical Completion</td> <td>December 2021</td> <td>0.9M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: Following the safety improvement project, the greening of the perimeter of Whitmore Square was the second project to be delivered in terms of the approved master plan. The scope consists of trees, walking path and garden beds around the perimeter of the eastern, western (north of Sturt Street) and the northern section.</p> <p>Status Update: Project completed 3 December 2021.</p>	Stage	Est Completion	Budget	On Time	On Budget	Practical Completion	December 2021	0.9M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Practical Completion	December 2021	0.9M	Y	Y							
	<h3>City Safe CCTV Network Upgrade (City Deal)</h3> <table border="1"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Plan/ Design</td> <td>Oct 2025</td> <td>5.8M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: CCTV Network Upgrade including purchase of new platform video management system and replacement or upgrade of cameras where required. Project is funded by the Australian Government via the Adelaide City Deals (\$3M) and CoA has committed to spend 2.8 million for Street Lighting LED Renewals as part of the deal.</p> <p>Status Update: Works progressing ahead of schedule, contract signed with preferred vendor for supply of CCTV. Design phase and camera position analysis to commence. Network consolidation in progress.</p>	Stage	Est Completion	Budget	On Time	On Budget	Plan/ Design	Oct 2025	5.8M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Plan/ Design	Oct 2025	5.8M	Y	Y							

Major Projects – Status Update

	<h3>Rymill Park/Murlawirrapurka Lake Renewal</h3> <table border="1"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Plan/ Design</td> <td>June 2024</td> <td>5.0M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: This project is the next stage of the Rymill Park Masterplan, seeking to upgrade the Rymill Park Lake and surrounding infrastructure and amenities, including updated access improvements lighting, greening and tree planting. Considering the existing appearance and qualities of the lake, and reinforcing the cultural, historic and social importance of the lake as a place of gathering of families and water-based recreation.</p> <p>Status Update: This is a complex and phased project to be delivered over multiple years. With the project ultimately exploring opportunities to:</p> <ul style="list-style-type: none"> - Access sustainable alternate water sources to mains water, such as harvested stormwater through the catchment area in adjacent park lands - Upgrade the water filtration system - Improve the water quality of the lake by incorporating natural systems - Alternate opportunities to contribute to greater water conservation and quality initiatives for the city - Renew the existing lake form to enable the community benefit experienced since the 1970's to continue into the future <p>Detailed investigations taking place on rainwater modelling. Confirmation on scope and what can be delivered within proposed budget is yet to be realised.</p>	Stage	Est Completion	Budget	On Time	On Budget	Plan/ Design	June 2024	5.0M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Plan/ Design	June 2024	5.0M	Y	Y							
	<h3>Sturt West Greening</h3> <table border="1"> <thead> <tr> <th>Stage</th> <th>Est Completion</th> <th>Budget</th> <th>On Time</th> <th>On Budget</th> </tr> </thead> <tbody> <tr> <td>Plan/ Design</td> <td>June 2023</td> <td>0.5M</td> <td>Y</td> <td>Y</td> </tr> </tbody> </table> <p>Description of Works: This project is to undertake a greening upgrade along Sturt Street (West). Funding for this project will be applied for through Greener Neighbourhoods Grant. Council will need to contribute in-kind funding contribution.</p> <p>Status Update: Scope formalised for secondary survey. Project to liaise with Greening SA and generate material for consultation.</p>	Stage	Est Completion	Budget	On Time	On Budget	Plan/ Design	June 2023	0.5M	Y	Y
Stage	Est Completion	Budget	On Time	On Budget							
Plan/ Design	June 2023	0.5M	Y	Y							

New & Upgrade Projects Update

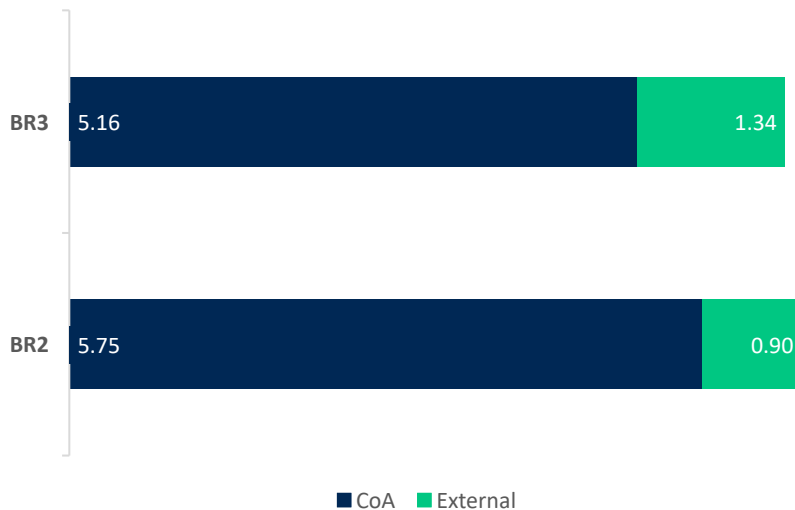
There has been significant movement in the New and Upgrade program in the third quarter with Christmas in the City 2021, Decorative Lighting - Melbourne, O'Connell and Hutt St, Compliance Technology for On Street Parking, Golf Cart renewal, North Adelaide Golf Course – Course Improvements and Blackspot Angas/ Pulteney St having all reached practical completion.

City of Adelaide has been successful in receiving \$0.6M grant funding from various sources for sustainable projects \$0.1M, additional grants for our Blackspot funded projects \$0.1M and from Local Road and Community Infrastructure (LRCI) Phase 3 for 2021/22 delivery \$0.4M.

More detailed status updates are available in the status update section.

New & Upgrade - Income and Expenditure Summary

2021/22 Funding Source ('000,000)



Income and Expenditure Summary

This section provides information on the financial progress of the New & Upgrade Projects. Representing the financial movement across the program since the Budget Review 2 (BR2) was adopted.

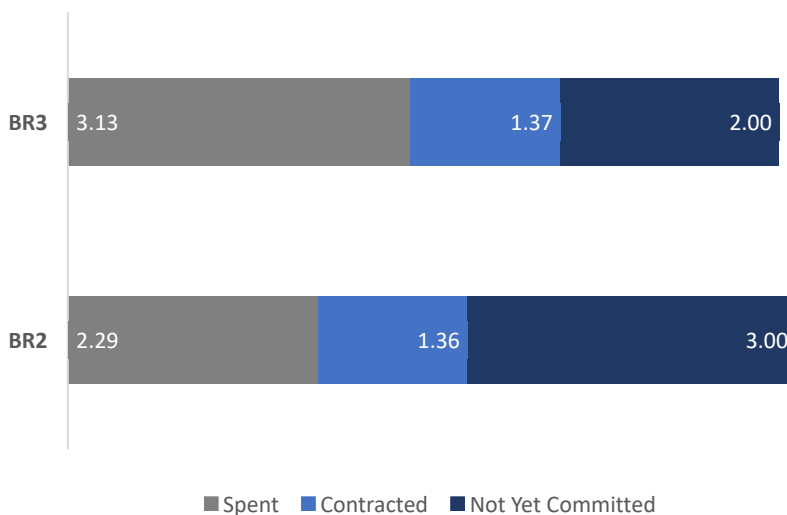
Funding Source: \$0.6M in grant funding for Sustainability projects, Blackspot and LRCI projects is being formally recognised by Council in the Budget Review 3 (BR3) finance report. We have also initiated a new project for tree reinstatements from the tree development fund \$0.1M.

Expenditure Summary: The annual forecast expenditure has decreased by \$0.2M from the BR2 budget of \$6.7M to a revised budget of \$6.5M. This is due to the \$0.6m of grant funded projects, the new tree project \$0.1M offset by \$0.7M of works retiming to future years and \$0.3M of reclassification of funds from New/Upgrade to Major projects.

A net increase of \$0.1M is requested in the BR3 Finance Report for additional spend in New/Upgrade projects for existing Sustainable Projects which have been identified as capital works, this is offset by savings in the General Operations budget.

\$3.13M has been spent to date and \$1.37M has been contracted across the new and upgrade projects, resulting in 69% of the 2021/22 program currently committed. This equates to an additional \$0.85M being committed in the last quarter.

2021/22 Expenditure Summary ('000,000)



New & Upgrade Projects Update

New & Upgrade Projects Carry Overs

The total carry over for New and Upgrade Projects is now 2.36 million – an increase of 0.76M in BR3 from the 1.6M previously flagged in BR2.

Root Cause	Number of Projects	Carry Over	Comments
Stakeholder Consultation	5	0.27m	Complex and extensive stakeholder engagement requirements have delayed the construction start date of projects. <i>Projects such as: Place of Reflection, Illuminate, Karrawira Parri Revegetation Project, Place of Courage and City Dirt Masterplan</i>
Contractor Issues / Unfavourable Market Conditions	1	1.50m	Southwest Community Centre is being retimed into next financial year as locating a property that meets the criteria and is within budget constraints is proving challenging
Delay due to New and Rescheduled Events / COVID Related Delays	2	0.37m	COVID Pandemic have resulted in events having to be rescheduled, works suspended or productivity impacted delaying construction timelines <i>Projects such as: Reignite Adelaide – East End Festival and Event Place Retractable Bollards and City Skate Park – CCTV and Greening</i>
Others	2	0.21m	Remaining funds for Halifax Street Footpath Project to be carried over pending LRCI funding acquittal to be finalised in July as per the deed agreement. Christmas in the City carry over due to material lead times.
21/22 Total Carry Over	10	2.36m	

New and Upgrade Projects – Status Update

This section outlines the new and upgrade projects currently in progress grouped by Service Delivery Category.

Adelaide Central Market Authority (ACMA)			
Project	Description	Status Update	Stage
ACMA New and Upgrade Projects	Upgrade program including the installation of new grease arrestor, additional heating to the dining areas, a new customer toilet block, enhancements along the Grote Street frontage, a new cool room and construction of a pop-up stall to allow casual leasing within ACMA, WiFi project and reinforcement of Federal Hall Grote St & Gouger St mezzanines.	ACMA New and Upgrade Projects currently on track for delivery by end of the financial year. Projects completed: N/W Trade Waste Install, Heating for Dining Areas, Main Switchboard.	Plan/ Design/ Construct
Adelaide Economic Development Agency			
Project	Description	Status Update	Stage
Visitor Info Centre	Hardware to support the Visitor Information Centre.	On hold to ensure hardware is compatible with new booking platform currently under investigation.	On Hold
Arts, Culture and Events			
Project	Description	Status Update	Stage
Christmas in the City	Christmas in the City Funding Allocation.	No further updates for 2022 Christmas display. 2021 Christmas project complete.	Plan/ Design
Public Art 21-22	Deliver a range of public art capital projects that will surprise, delight and attract people and contribute to the development of Adelaide as the premier international arts market.	The planned works will be delivered by June. Funds associated with Bentham St artwork have been transferred to Major Projects to align with the delivery of the street upgrade.	Build/ Construct
Decorative Lighting	Decorative Lighting Melbourne, O'Connell and Hutt St.	Melbourne Street, Hutt Street and O'Connell Streets works completed in December.	Practical Completion
Illuminate	Three-year partnership project between CoA and Illuminate Adelaide and a commitment in the 2021-22 CoA Budget and Business Plan to commission a permanent light-based public artwork with the budget of \$300k per year.	In 2021 Adelaide based artist, Jason Sims was commissioned to deliver Golden Rhombohedron (obtuse) on Gouger Street for the inaugural Illuminate Adelaide festival. The next public artwork is being developed within the context of the 2022 festival and will be delivered as part of Illuminate Adelaide 2023. As part of the delivery of this next commission we are working with Illuminate Adelaide to bring a renowned international artist to Adelaide this year to undertake talks and consultation on the final work. A report outlining details of this artwork will be presented to Council for in June 2022.	Plan/ Design
Reignite Adelaide - East End Festival and Event Place Retractable Bollards	The installation of strategically placed automated street bollards (Ebenezer Place, Vardon Avenue and Rundle Street) to enable local businesses, events and festivals to temporarily close-off and activate key locations in the East End.	Works progressing well despite COVID-19 related issues impacting the contractors team.	Build/ Construct

New and Upgrade Projects – Status Update

Community Development			
Project	Description	Status Update	Stage
Southwest Community Centre	To purchase a new property for the Adelaide South West Community Centre based on the Gross Floor Area (GFA) of the previous premises at Sturt Street and establish this as a staffed facility run by Council.	Locating a property that meets the criteria and is within budget constraints is proving challenging. Due to unfavourable market conditions the project is being retimed into next financial year.	Plan/ Design
Community Safety			
Project	Description	Status Update	Stage
E-Planning Hardware	Devices supporting new E-Planning system	Project completed.	Practical Completion
Environmental Sustainability			
Project	Description	Status Update	Stage
Turning Gray St Green - Arbour	Installation of arbour to accommodate greening along Gray Street in two locations where conventional tree planting could not be achieved. Two installation locations are between Currie Street and Hindley Street and between Franklin Street and Waymouth Street.	Majority of works complete with final planting to be installed.	Build/ Construct
Various Sustainability Projects	New and upgrade program including Green Infrastructure, Smart EV Charging Station Trials or UParks, Mistletoe/ Tainmuntilla biodiversity project, Public Place Organics Pilot Program and Karrawirra Pari Revegetation Project.	Expression of Interest for green infrastructure product and design is now closed and award of contract underway. Smart EV Charging Station Trials progressing well with connectivity and usage data in progress. Mistletoe Park /Tainmuntilla (Park 11) biodiversity project procurement underway. Public Place Organics Recycling Pilot Program design is in progress. Karrawira Parri revegetation project scoping study in progress.	Design/ Construct
Information Management			
Project	Description	Status Update	Stage
Infrastructure Computers and Peripherals	Specialised IT hardware required for technical and design work now completed inhouse	Project completed.	Practical Completion
Assetic Devices	Purchase of mobile devices to enable City Operations to manage the maintenance of Council assets.	Devices will be purchased in conjunction with the PC Replacement Project.	Build/ Construct
Park Lands and Open Space			
Project	Description	Status Update	Stage
Wattle Grove Tree Planting	Concept design to explore the opportunity to enhance Golden Wattle Park / Mirnu Wirra (Park 21W). Construction subject to future funding endorsement by Council.	Project will be constructed this financial year within existing design budget.	Build/ Construct

New and Upgrade Projects – Status Update

Park Lands and Open Space

Project	Description	Status Update	Stage
City Dirt Masterplan	Following the endorsed Master Plan and detailed design works undertaken in 2020/21 and 2021/22, deliver key safety, accessibility and amenity improvements to the BMX facility in Park 20.	Concept Plans being developed.	Design Only
Brownhill Keswick Creek	Funding contribution to facilitate the implementation of the Brown Hill & Keswick Creeks Stormwater Management Plan. The Stormwater Project is an initiative of the Cities of Unley, Adelaide, Burnside, Mitcham and West Torrens to progress stormwater projects set out in the Brown Hill Keswick Creek Stormwater Management Plan 2016. Works in City of Adelaide area includes Creek remediation, wetland and creek realignment in Park 16 & 20.	Funding contribution only - to facilitate the implementation of the Brown Hill & Keswick Creeks Stormwater Management Plan 2016 across 5 Council areas. Works in City of Adelaide area include wetlands and other works in Parks 16 and 20. Project being managed by a dedicated Project Management team engaged by the Brown Hill and Keswick Creeks Stormwater Management Board.	Practical Completion
Bank St Granite Plinth	Additional granite plinth in Bank Street to protect the trees from reversing cars.	Awaiting delivery of plinth.	Build/Construct

Parking

Project	Description	Status Update	Stage
Old Bus Station - Temp Car Park	Installation of a new temporary car park at the location of the old bus station.	Project completed.	Practical Completion
Smart City Compliance Technology for On Street Parking	Procurement of compliance technology to improve our community services and which also prioritises the health, safety and wellbeing of our people.	Project completed.	Practical Completion

Property Management and Development

Project	Description	Status Update	Stage
Central Market Arcade Options	Progress the Central Market Arcade Redevelopment with project development partner, ICD Property.	Development of the concept design, including Council's returnable works, has significantly progressed with ICD engaging with Multiplex. ICD Property is actively leasing its office component and has launched the residential apartments. ICD Property has issued Notification to the City of Adelaide requiring Possession of site by late June 2022 to commence the Works. 15% of Affordable Housing has been offered to eligible buyers through Q4 of 2021. Q1 2022 will see further progress in detailed design with early contractor involvement directly with Multiplex in the process.	Build/Construct

Social and Economic Planning

Project	Description	Status Update	Stage
Place of Reflection	The creation of a Place of Reflection in Rymill Park/Murlawirrapurka honouring the Aboriginal Stolen Generation. Co-funded through the Stolen Generation Reparations Fund and supported by Arts SA	Design contractor are proceeding with the detailed design and fabrication of the sculptural elements of this project. Site works have been moved out into 2022/23, to ensure respectful engagement with key project stakeholders and the Aboriginal community.	Build/Construct

New and Upgrade Projects – Status Update

Sports and Recreation

Project	Description	Status Update	Stage
North Adelaide Golf Course - Course Improvements	Improvements on hole no.6 of the North Adelaide Golf Course.	Project completed.	Practical Completion
Golf Course North Irrigation (grant)	The North Adelaide Golf Course consists of three courses across 82 hectares of parklands. This project is Co-funded and will automate the irrigation system on the North Golf Course to improve the quality of the facility.	Installation of an automated irrigation system on the Northern Golf course is 50% completed with the remaining works scheduled for delivery in the autumn months.	Build/Construct
Golf Cart Renewal	Purchase 3 electric golf carts.	Project completed.	Practical Completion

Streets and Transportation

Project	Description	Status Update	Stage
Hindley St	Continuation of the Hindley Street Project, to include parklets and planter boxes.	Footpath extensions completed, remaining planter boxes to be installed by June 2022.	Build/Construct
Whitmore Square Safety Improvements	Upgrades and improvements to Whitmore Square including new signalised intersection and pedestrian activated crossing on the northern intersection, new DDA compliant pedestrian paths and ramps, mature tree plantings, understory plantings and irrigation.	Project completed.	Practical Completion
Field St	Streetscape upgrade of Field Street to increase overall amenity through increasing footpath widths, improving pedestrian facilities, calming vehicular traffic, installing new street trees and providing increased outdoor dining opportunities.	Detailed design being reviewed following SAPN installation of conduits to service New Market Arcade.	Design Only
Tavistock Lane	Continuation of Co-funded upgrades to Tavistock Lane to facilitate a taxi drop-off area and the lane being upgraded and operating as a public road.	Project completed.	Practical Completion
Halifax Street Footpath Project	Footpath and Kerb Renewal between Hallet Street & Stephens Street, incorporating new protuberance buildout and greening (WSUD) and DDA compliant crossing points.	Project completed.	Practical Completion
Greening in the City's North West and South West	Undertake new street tree planting in Byron Pace and Young Street (Waymouth St to Franklin St).	Project completed.	Practical Completion
Flinders Street Pedestrian Crossing Improvements	Improved pedestrian crossing facilities on Flinders Street at the Pilgrim Lane crossing through installing kerb protuberances and increasing the pedestrian refuge size (Council decision ID 19708 – 8 Oct 2019).	Project was dependant on decisions regarding the East West Bikeway, concept design now underway to inform construction budget.	Plan/Design
MacKinnon Parade Pedestrian Refuge	Install a pedestrian refuge on MacKinnon Parade adjacent the childcare centre.	Project completed.	Practical Completion
Kodo Apartment Tree Replacement	Planting of trees to replace trees removed as part of the Kodo Apartment development.	Construction commencing following Easter.	Build/Construct

New and Upgrade Projects – Status Update

Streets and Transportation

Project	Description	Status Update	Stage
Travers Street Tree Planting	Following Council Decision (21013), this project has been initiated to investigate opportunities to plant trees within Travers Place in North Adelaide. Preliminary investigations undertaken by the Arboriculture and Technical Design team have identified two potential opportunities for trees to be planted within engineered sites on the roadway of Travers Place (Western side 13.5m from corner of building at 117 Barton Terrace West.	Design finalised and works scheduled for completion prior to June 2022.	Build/ Construct
Blackspot Projects	Improvements to various intersections to improve safety and reduce vehicular crashes	Hindley Street/Gray Street – project completed. Angas/Pulteney St - project completed. Jeffcott Street/Montefiore Hill – contractor engaged with expectation works will be completed by June 30.	Build/ Construct / Practical Completion

Renewals Update

Renewals Program

Renewal is the replacement or refurbishment of an existing asset (or component) with a new asset (or component) capable of delivering the same level of service as the existing asset. The renewals program ensures that our assets get renewed according to their condition status and in alignment to the Asset Management Plans.

There has been significant progress across all asset classes in the third quarter, with 19 projects achieving practical completion and a significant number of projects now committed and scheduled for completion in the coming months, having progressed through planning, design and procurement.

More detailed status updates are available in the status update section.

2021/22 Funding Source ('000,000)

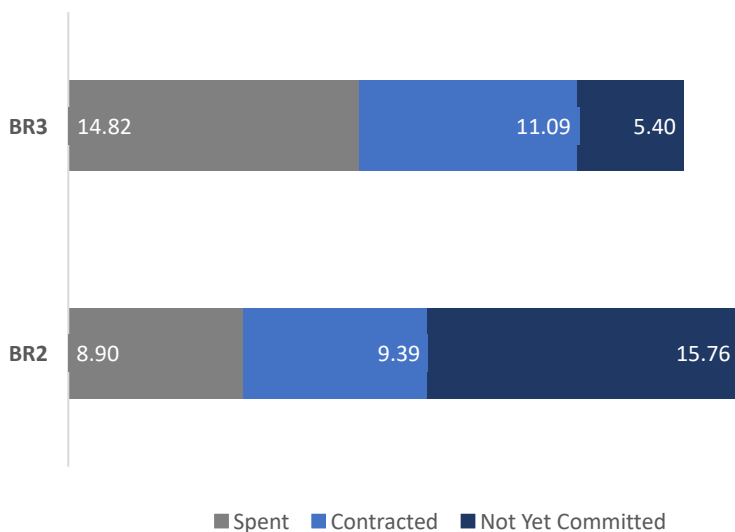


Income and Expenditure Summary

This section provides information on the financial progress of the Renewals Program. Representing the financial movement across the program since the Budget Review 2 (BR2) was adopted.

Funding Source: CoA was successful in receiving an additional library grant of \$0.01M.

2021/22 Expenditure Summary ('000,000)



Expenditure Summary: The forecast expenditure has decreased by \$2.7M from the BR2 budget of \$34.0M to a revised budget of \$30.3M. This is due to the above \$0.01M grant offset by \$2.7M of re-timing committed works into future years

\$14.82M has been spent to date and \$11.09M has been contracted across asset renewal projects, resulting in 83% of the 2021/22 program currently committed. This equates to an additional \$7.62M being committed in the last quarter.

Renewals Update






Renewals Carry Overs

The total carry over for Renewal Projects is now \$2.73 million – all of which were flagged in BR3.






Root Cause	Number of Projects	Carry Over	Comments
Stakeholder Consultation	2	0.78m	Complex and extensive stakeholder engagement requirements have delayed the construction start date of projects.
Contractor Issues / Unfavourable Market Conditions	1	0.74m	Post Covid Stimulus funding to construction sector has increased construction prices and limited the capacity for design and construction contractors to tender for works, and extended product leads times.
Others	1	1.21m	Plant and Fleet project needs to be retimed as per contract negotiations resulting in a later payment than first anticipated.
21/22 Total Carry Over	4	2.73m	

Renewals – Status Update

Renewals are managed as a number of individual projects within programs of work relating to asset class. The following report outlines the number of individual projects within each program, the key projects in each category and the individual works that have reached practical Completion in the last quarter.

<p>Bridges</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>7</td> <td>5</td> <td>2</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	7	5	2	<p>Investment in the Council's bridge infrastructure to ensure accessible and safe movement throughout the City for residents, visitors and the public including Footbridge Renewal Program, Adelaide Bridge - Minor Works, Footbridge Renewal Program, Bridge Renewal Program - Urgent Works</p>
On Track	Total Projects	Projects In Progress	Projects Reached PC							
Y	7	5	2							
<p>Buildings</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>27</td> <td>22</td> <td>5</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	27	22	5	<p>General building renewals of ACC Corporation facilities including Gawler UPark Renewals, Wyatt Street Lift, ACMA 2201 - Stall Structural Renewal Works, ACMA -2104 - Escalator Replacement, Colonel Light Centre Renewals</p> <p>Works Delivered in the last Quarter: Rymill Park Kiosk Sewer Line Replacement</p>
On Track	Total Projects	Projects In Progress	Projects Reached PC							
Y	27	22	5							
<p>Information Management</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>7</td> <td>5</td> <td>2</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	7	5	2	<p>Renewal of computer systems, communication systems, software and hardware owned, used or licensed by the Council for the purposes of information management including PC Replacement, Network Connectivity & Security 20-21, Network Connectivity, PC replacement 20-21, Server Replacement</p> <p>Works Delivered in the last Quarter: Server Replacement</p>
On Track	Total Projects	Projects In Progress	Projects Reached PC							
Y	7	5	2							
<p>Light'g & Electrical</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>22</td> <td>19</td> <td>3</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	22	19	3	<p>Lighting and Electrical renewals to support a safe, secure and continuous service including CCTV Network Renewal and Compliance Program, Decorative Lighting East End Renewals, Street Lighting City Safety Renewals, Underground Cabling and Switchgear, Adelaide heritage poles renewals</p> <p>Works Delivered in the last Quarter: Public Realm CCTV Camera Renewals Ifould St street light renewals -</p>
On Track	Total Projects	Projects In Progress	Projects Reached PC							
Y	22	19	3							
<p>Park Lands Assets</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>10</td> <td>9</td> <td>1</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	10	9	1	<p>Ensures that landscape features and green infrastructure located within our Park Lands are actively managed giving consideration to legislative requirements, environmental performance, community expectation and safety including Park Lands Renewal Program, Public Art Refurbishments, Three Rivers Fountain Lighting, Accelerated Works Minor Irrigation renewals, Streetscape Renewals</p> <p>Works Delivered in the last Quarter: Park 12 Pioneer Womens Memorial Garden Design</p>
On Track	Total Projects	Projects In Progress	Projects Reached PC							
Y	10	9	1							

Renewals – Status Update

<p>Plant and Fleet</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>9</td> <td>6</td> <td>3</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	9	6	3
On Track	Total Projects	Projects In Progress	Projects Reached PC						
Y	9	6	3						
	<p>Replacement of major plants and fleet assets to ensure safe and sustainable services by optimising the use of our plant and fleet assets including Plant & Fleet 21/22, UPark Hardware Replacement, Library books 19-20, Library Grant 20-21, Library Grant 2022</p>								
<p>Traffic Signal</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>10</td> <td>2</td> <td>8</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	10	2	8
On Track	Total Projects	Projects In Progress	Projects Reached PC						
Y	10	2	8						
	<p>Investment in Traffic Signal infrastructure to ensure accessible and safe movement throughout the City including Traffic Signal Renewal Program, Renewal of Traffic Lanterns & Signal Controllers, Underground Electrical Conduit and Switchboard Renewals</p> <p>Works Delivered in the last Quarter: Light Sq/Currie (West) Traffic Signal Cables and Conduits Replacement Light Sq/Currie (East) Traffic Signal Cables and Conduits Replacement</p>								
<p>Transport</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>100</td> <td>69</td> <td>31</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	100	69	31
On Track	Total Projects	Projects In Progress	Projects Reached PC						
Y	100	69	31						
	<p>Essential roadworks to ensure we continue to provide a safe, efficient and accessible road and pathway network including Jeffcott St Stage 2, Local Government Infrastructure Partnership Program Funding, Accelerated Transport Works, Brougham Place, Victoria Square/Tarntanyangga Access & Inclusion Works</p> <p>Works Delivered in the last Quarter: Synagogue Pl (Rundle St to Dead End) Road resurfacing, kerb and water table renewal and footpath renewal Avoca St (Whitmore Sq to Gilbert S) Road resurfacing and footpath renewal North Tce (Under Morphett Bridge) Replace existing various footpath surface types Botanic Road (Dequet. Tce to East Tce) - Renew asphalt footpath Brougham Place Renewal Project - Footpath and Kerb & Water Table Footpath Renewal - Park 7 - Kuntingga - The Olive Groves Renew asphalt footpath Footpath Renewal - Alfred Street (south side) - Mary Street to Maud Street Renew asphalt surface Road Resurfacing - Elizabeth St (Currie to Waymouth St) Road Resurfacing</p>								
<p>Urban Elements</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>34</td> <td>29</td> <td>5</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	34	29	5
On Track	Total Projects	Projects In Progress	Projects Reached PC						
Y	34	29	5						
	<p>Program of renewal works to ensure the provision of safe, accessible, clean and well-maintained Urban Elements suite of assets for delivering the quality services to the community including Urban Elements Renewal Program, Public Art Refurbishments, Boat Landing/Ramp - Park 12 South Bank, Accelerated Urban Elements Works, Public Art Refurbishment</p> <p>Works Delivered in the last Quarter: Conservation Treatment Report (Public Art) Bike Rack Renewal - Various locations</p>								
<p>Water Infrastructure</p> 	<table border="1"> <thead> <tr> <th>On Track</th> <th>Total Projects</th> <th>Projects In Progress</th> <th>Projects Reached PC</th> </tr> </thead> <tbody> <tr> <td>Y</td> <td>20</td> <td>15</td> <td>5</td> </tr> </tbody> </table>	On Track	Total Projects	Projects In Progress	Projects Reached PC	Y	20	15	5
On Track	Total Projects	Projects In Progress	Projects Reached PC						
Y	20	15	5						
	<p>Program of works dedicated to renewal of various water infrastructure asset components including Torrens Lake retaining structure renewal along the North and South banks, Stormwater Park 16, Torrens Lake Weir - Component Renewals, Golf Course irrigation, ANZAC Highway Stormwater Pipe Re-lining</p> <p>Works Delivered in the last Quarter: Torrens Lake retaining structure renewal along the North and South banks. ANZAC Highway Stormwater Pipe Re-lining Victoria Park Replacement of existing stormwater pipe</p>								

2021-22 Commercial Operations Quarter 3 Review

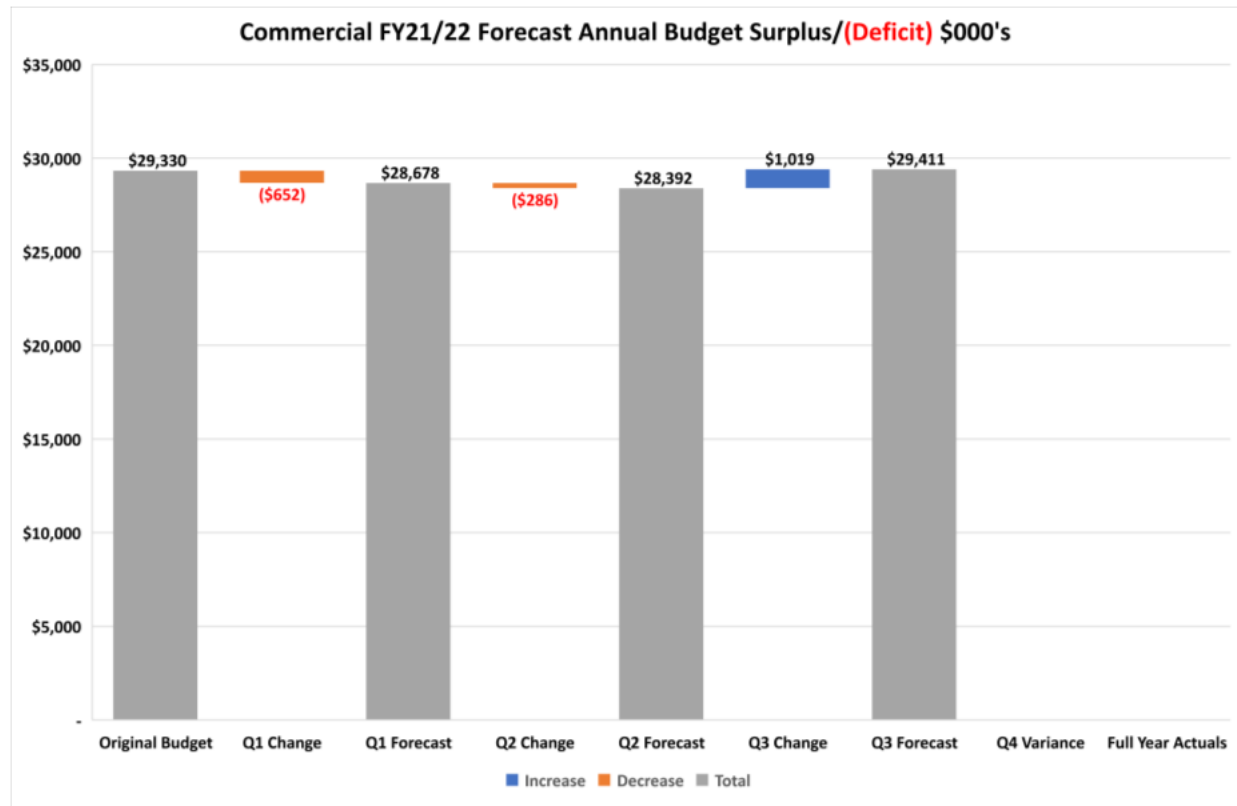
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Commercial Operations Overview

\$'000	Year To Date			Prior YTD Actuals		Adopted Budget	Full Year Forecast
	Actual	Budget	Variance	2019/20	2020/21		
Parking	19,366	20,407	(1,041)	19,546	17,814	26,772	25,108
Aquatic Centre	(267)	(800)	533	(534)	(641)	(928)	(610)
North Adelaide Golf Course	2	(203)	205	(353)	222	(241)	(45)
Adelaide Town Hall	(104)	(116)	12	171	(233)	(259)	(288)
Property Services	3,482	3,102	380	8,654	7,996	5,083	5,277
Program Teams Net Position	22,478	22,390	88	27,485	25,158	30,428	29,441

YTD \$22.5m Surplus, \$88k favourable to budget.

- Parking revenue during Q3 was significantly impacted by State Government work from home recommendation.
- All other businesses performing better than budget.
- Due to the uncertain outlook full year forecast is (\$1.0m) unfavourable mainly due to not achieving parking revenue targets.



Note: All figures in this report exclude depreciation.

Commercial Operations Overview

Parking Highlights

- Acquisition, retention and reactivation campaigns were run concurrently during the Adelaide festival season. Facilitated by UPark Plus promo code functionality as part of Reignite Adelaide the campaigns resulted in significant usage.
- Commencement of parking validation initiative at UPark Central Market based on spend - “Two on Tuesdays”.
- Installation of Electric Vehicle Chargers as part of State Government’s Electric Vehicle Smart Charging Trial in UPark Wyatt

Parking Upcoming

- Commencement of installation of upgraded car park operating system in all UParks, starting with UPark Grote and Andrew.
- Installation of Electric Vehicle Chargers as part of State Government’s Electric Vehicle Smart Charging Trial in UPark Topham.
- Pilot of Next Generation ticketless, cashless on street parking meter to observe performance and obtain customer feedback.
- Leverage of Port Adelaide Football Club sponsorship.

North Adelaide Golf Course Highlights

- Main practice putting green had to be reconstructed as the grass died due to a combination of several factors including irrigation pump breakdown that took several weeks to repair. While the pumps were being repaired the south course had to use GAP water. The main putting green, being relatively new, was badly affected by the different water composition
- Construction of a ‘Function Pad’ providing a flat area for marquees to host functions overlooking the course and City. To be used initially at Blitz and Lord Mayors Corporate Golf Day
- New bent grass nursery constructed on the North Course to allow improved and more efficient management of South Course greens
- Upgrade to paths on the North Course
- Commencement of irrigation of the remaining holes on the North Course

Commercial Operations Overview

North Adelaide Golf Course Upcoming

- Final of the Blitz Golf expected to attract over 2,000 spectators on Monday 18th April
- Lord Mayors Corporate Golf Day raising funds for Adelaide42 and showcasing the course on Friday 22 April.
- Improved Season Pass renewal and purchasing process to be implemented which will provide a better customer experience and more efficient back of house operations
- Irrigation of the remaining holes on North Course to be completed.
- Introduction of welcome discount for new female Season Pass Holders who complete a training program with the course

Aquatic Centre Highlights

- After a difficult start to the year with COVID, Swim School returned strongly with current enrolments exceeding 2600 participants. Budgeted enrolments 2500 students
- Memberships numbers have held at approximately 1300 members, which is below budgeted expectations but likely attributed to COVID restrictions over the summer. Typically the Centre would see a boost in member acquisition during this period
- School carnival season has been greatly impacted by COVID cases and restrictions in the Education sector, with larger carnivals either cancelled or rescheduled. This has had a flow on effect on secondary spending in the Kiosk
- New pin-loaded gym equipment has been installed in line with the asset renewal schedule. Floor tiles in the Health Club have been replenished.

Commercial Operations Overview

Aquatic Centre Upcoming

- Point of sale system upgrade has commenced with benefits to be realised through greater operational and online functionality. Project completion date is scheduled for late July 2022.
- Previous Swim Shop space to be converted to a dual purpose Customer Service Office and retail area. Aim is to provide a welcoming experience for customers with the inclusion of retail assistance.
- Post the State Government election result, community consultation to be scheduled onsite within the first 100 days of newly formed Government.

Town Hall Achievements

- The Adelaide Festival performance 'Haydn's Solar poetics: Morning, Noon & Night' was held across 3 x concerts – morning, afternoon and evening on Saturday, 5th March 2022. In addition, the Adelaide Festival performance 'Chineke! Chamber Ensemble' was held across 2 nights in March.
- Australian Chamber Orchestra (ACO) returned for the first time since 2019. ACO have more concerts booked at Adelaide Town Hall for 2022.
- The venue experienced 11 cancelled events due to the capacity restrictions announced by State Government after Christmas. Encouragingly the venue experienced an increase in short lead bookings. March was a busy month with the Auditorium utilisation at 42 per cent, compared with only 32 per cent for March 2021.

Town Hall Upcoming

- The Adelaide Symphony Orchestra commences its 2022 season at Adelaide Town Hall on 8th April with more than 30 bookings in 2022.
- The State Government has eased restrictions and removed density caps, enabling greater certainty for the venue and its customers and therefore it is hoped there will be a full return to pre-covid conditions in the near future, strengthening the Town Hall offering and revenues.

Commercial Operations Overview

Property Update

Central Market Arcade

- Redevelopment notice provided in Dec 2021 to CMA traders
- Working with tenants to support during transition ensuring arcade is vibrant and maintained
- Offering relocation support, business support packages as offered by AEDA and in conjunction with Business SA
- 13 businesses have successfully relocated and stayed within the CBD
- Currently 17 vacancies out of 62

Commercial Portfolio

- We have received a high number of lease renewal requests and acceptance of offers to lease notwithstanding the hardships that Covid-19 have caused and fear of the unknown
- Vacancies remain surprisingly low given the steady communication from the commercial tenants of hardship and lack of customers because people are still working from home. Currently 3 vacancies in balance of portfolio
- Within the last 6 months we have filled vacancies with brand new tenants at Pirie Street, Rundle Street and Topham Mall which shows a growing confidence in the rebuilding market following the effects of Covid-19 and snap lockdowns, isolating and more people working from home
- Bus Station Lease renewals with some service providers, restrictions are easing resulting in increased services
- Bus Station – Restaurant lease renewed for a further 5 years
- Former Bus Station site now occupied as Andrew Street U-park is in operation

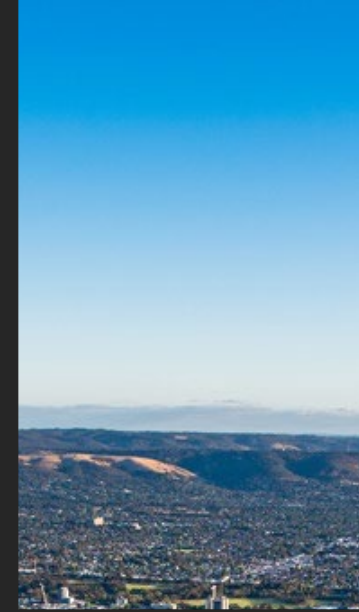
Residential/Community

- 100% occupancy in ERGO Apartments & Sydney Place Apartments
- 6 vacant apartments in Whitmore Square Complex undergoing refurbishment and preparation for sale

Adelaide Economic Development Agency – Quarterly Update

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Ian Hill | 14.04.2022



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Designed for Life.



Key Highlights – January to March 2022

- 2022/23 Business Plan & Budget stakeholder consultation
- Launch \$30 Eats
- Lunar New Year and Groundswell in Rundle Mall
- Launch of Shopfront Improvement Grant
- Launch of ADLocal digital campaign
- Successful Summer partnerships with RAA Travel and Expedia Group
- Events support



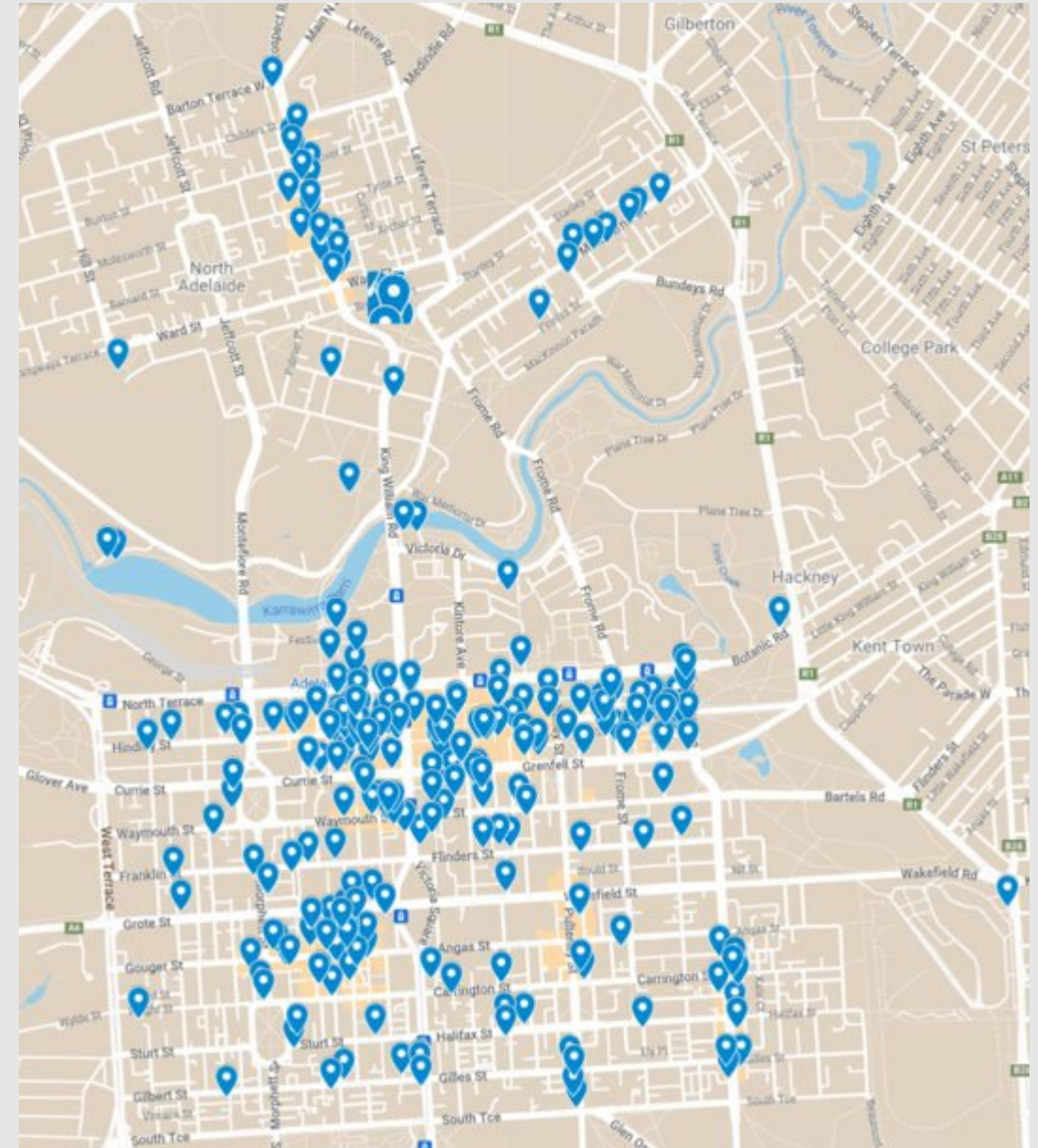
\$30 Eats

- Over 97,700 entries received in the draw for one of 25,000 available vouchers
- Media promotion to encourage entry in:
 - “The Advertiser”
 - Channels 7, 9, 10 and ABC,
 - SAFM, Triple M, Mix 102.3 and ABC Adelaide
 - Glam Adelaide and other lifestyle digital media



\$30 Eats

- 275 participating businesses throughout the city and North Adelaide
- Vouchers can be used for food only dine-in, for breakfast, lunch, dinner or any meal in between
- Vouchers can be redeemed between 21 March and 31 May 2022
- Over 1,400 vouchers were redeemed in the first two weeks with a total spend at participating businesses of more than \$228,000
- This initiative is funded by the City of Adelaide and the State Government of South Australia as part of Reignite Adelaide



Lunar New Year

- To celebrate Lunar New Year, traditional lanterns were displayed under the Gawler Place canopy.
- Shoppers were also entertained by lion dances and the God of Fortune handed out red envelopes, which symbolised the giving of happiness and blessings.

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Groundswell in Rundle Mall

As part of the Adelaide Festival, Rundle Mall hosted the interactive work of public art - Groundswell.

This free, family friendly activity attracted over 9,000 participants.



Shopfront Improvement Grants

- Funded by Council and administered by AEDA as part of Reignite Adelaide, small businesses, organisations and property owners are encouraged to apply for funding to enhance the presentation of a building or business, contribute to amenity for their customers and make a creative or unique contribution to the streetscape
- Grants to a maximum of \$10,000 (GST inclusive) are available, with successful applicants contributing at least 20% of the total project costs
- Applications opened on 17 March 2022 until 19 April 2022



Image: SATC Media Gallery KaZKaptureZ

ADLocal



The ADLocal campaign has been developed to help promote small businesses within the city and North Adelaide who have limited financial capacity and/or resourcing to market themselves at scale and have been impacted by restrictions relating to COVID-19.

The campaign was launched on the Experience Adelaide website and features on all of Council's digital platforms.

This is the local's guide to the best and brightest hidden ADL gems such as the secret garden at Peter Rabbit in the West End.

Tourism Partnership Campaigns -Summer

AEDA partnered with RAA Travel to deliver a targeted marketing campaign over December and January that featured experiences including the Adelaide Zoo, Earth Adventures Kayaking, Popeye High Tea cruise and BBQ Buoys cruise and drink.

The campaign was predominantly focussed on digital channels completed by radio, billboards and direct marketing.

Over \$33,000 in revenue was generated from 370 experience bookings.



AEDA also partnered with the Expedia Group online platform Wotif, and the SA Tourism Commission to deliver a national campaign "Get a little bit more out of Adelaide" enticing travellers to visit Adelaide from December 2021 to January 2022.

The campaign targeted leisure travellers through digital marketing on social channels and website advertising. The campaign generated 4572 room nights for hotels in Adelaide.

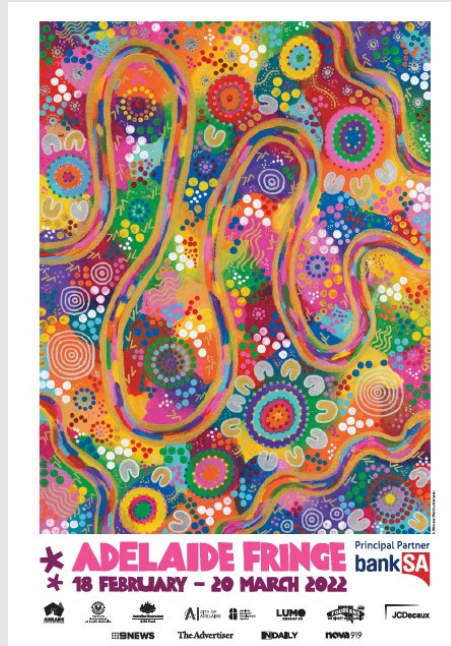


Event & Festival Funding Support

In addition to Events and Festivals Sponsorship funding provided to the Adelaide Fringe, Adelaide Festival and WOMADelaide, AEDA through the Events Recovery Fund also supported:

- Gathered Design Market
- Volo: Dreams of Flight
- Skywhales: Every Heart Sings
- Gluttony
- Under the Southern Stars

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Business Support

During this quarter, the Business and Investment Team:

- Supported 21 firms with potential employment in excess of 700 staff on inward investment opportunities
- Completed retail brand assessment study and is currently working with 3 retailers on securing shopfront locations
- Extended the Business SA partnership contract to include a contribution of \$150,000 from the Government of South Australia to extend the City Business Support package to a further 300 businesses within the city and North Adelaide

In addition, 25 businesses participated in the City Business Growth Consulting package.

Coming Up

Supporting Reignite Adelaide 2.0 initiatives including:

- Promotion to encourage redemption of \$30 Eats vouchers by 30 May 2022
- Shopfront Improvement Grant allocation advice to successful businesses
- Delivery of an intrastate advertising campaign promoting city and North Adelaide hotels and experiences

In addition:

- Hosting the inaugural AEDA Summit on 25 May 2022
- Launch of the Digital Marketplace to support small to medium size City of Adelaide businesses by providing a platform for consumers to buy directly online
- Delivery of another AEDA, SATC & Expedia Tourism Campaign to interstate audiences promoting Adelaide during Autumn and Winter with a focus on Adelaide Hotels with a Rundle Mall shopping incentive.





Adelaide Central Market Authority

QUARTERLY UPDATE

April 2022



Our MARKET.

Attachment E

ACMA HIGHLIGHTS Q3

DELIVERED:

January 2022	STRATEGIC PILLAR ACMA/CoA
<p>Home Delivery Online platform continued to attract new customers and offer choice and convenience to purchase their favourite products from independent traders in one single transaction delivered to their door. This initiative supports traders during the upcoming Market Expansion and ongoing COVID-19 conditions.</p> <p>The platform provided important sales to many traders during January when COVID-19 conditions caused a significant downturn in foot traffic.</p> <p>New products are being added every month with almost 2500 items from 45 traders.</p>	<p>Our Infrastructure/ Strong Economies</p>
<p>ACMA staff Culture Survey completed which indicated a highly engaged, effective and proud team.</p>	<p>Our Business/ Strong Economies</p>
<p>Market Life short film was launched across ACM social media and digital channels. The short film takes the time to appreciate this special network with love and sincerity, whilst enjoying the many facets of Market Life. Through music and video editing the sense of authenticity and nostalgia is captured.</p> <p>Market Life clearly differentiates the Market from other fresh food experiences and positions traders as makers and experts.</p> <p>Watch Market Life here: https://bit.ly/3JiSj1o</p>	<p>Our Customers/ Thriving Communities</p>

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ACMA HIGHLIGHTS Q3

DELIVERED:

February 2022	STRATEGIC PILLAR ACMA/CoA
New amenities at northern end of Market design finalised. Trader meeting held 22 February to scope trader storage and cool room facilities. A trader survey was issued to ensure input from all traders.	Our Infrastructure/ Strong Economies
As per the Council decision on 21 January, ACMA received additional \$100K funding for marketing programs. Concepts in development/implementation: <ul style="list-style-type: none"> • Tuesday morning parking incentive, supported by trader specials • Food and beverage offers targeting returning corporate workers (after Easter) • Call to action shop local/safely (March – June) 	Our Customer/ Thriving Communities
Planning and creative development in process in February for March commencement. ACMA support to traders including food retail consultant meetings with several traders on 12 February.	Our Traders/ Strong Economies
ACMA continued to adapt Market to changing COVID-19 regulations.	Our Business/ Thriving Communities



Our **MARKET.**

ACMA HIGHLIGHTS Q3

DELIVERED:

March 2022	STRATEGIC PILLAR ACMA/CoA
<p>Trader Advisory Group meetings held 3 February and 3 March.</p> <p>ACMA engaged food retail consultant to provide COVID-19 rebound sessions for traders on 15 and 17 March.</p> <p>Rental assistance available for traders based on reduction of turnover for January and February 2022.</p>	<p>Our Traders/ Strong Economies</p>
<p>Saturday Market Days with family activities commenced and will continue every week through to 30 June. The free program includes live music every Friday and Saturday, kids activities and face painting every Saturday morning.</p> <p>On Tuesday 1 March the senior executive and editorial group (x46) from NewsCorp visited the Market as part of a broader Adelaide itinerary.</p>	<p>Our Customer/ Thriving Communities</p>
<p>International Women's Day in Market promotion and social media featuring Market traders.</p>	<p>Our Community/ Dynamic City Culture</p>
<p>Two on Tuesdays campaign with two hours free parking before 11am and promotion of trader produce specials. Campaign commenced 15 March and will continue through to 30 June as part of Reignite 2.0</p>	<p>Our Customers/ Thriving Communities</p>

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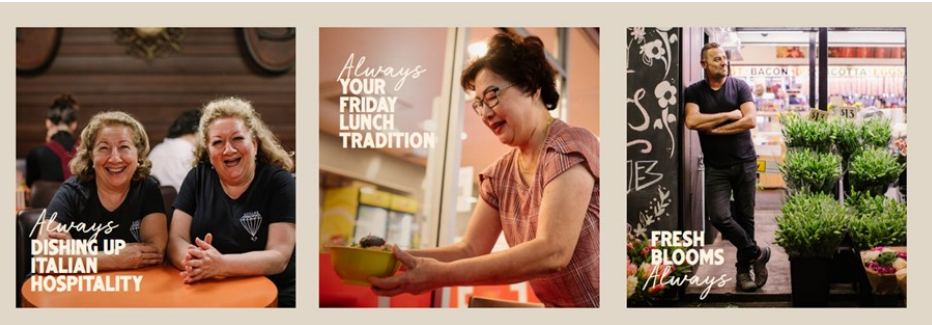


Our **MARKET.**

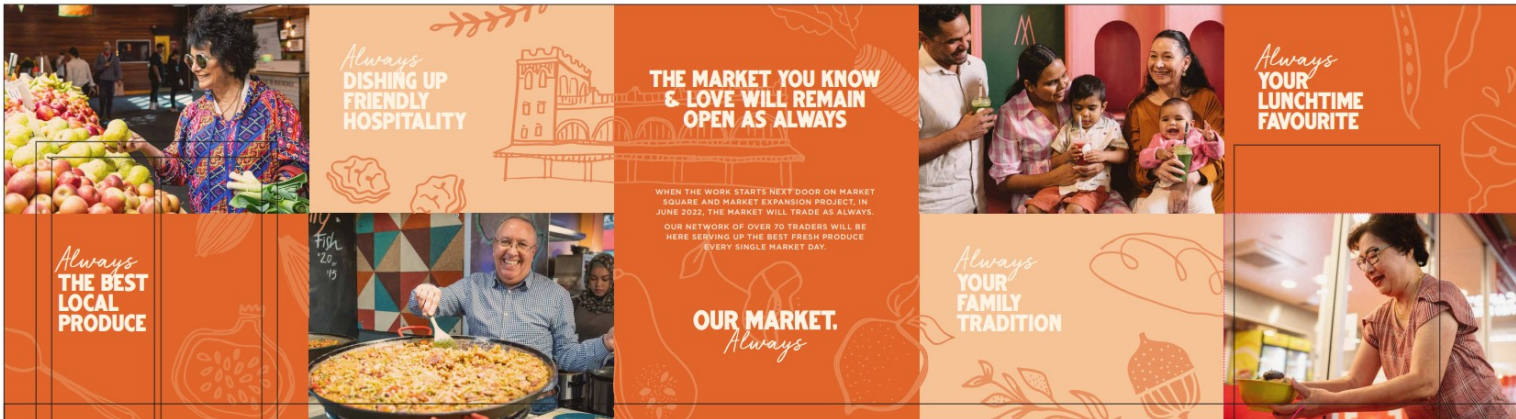
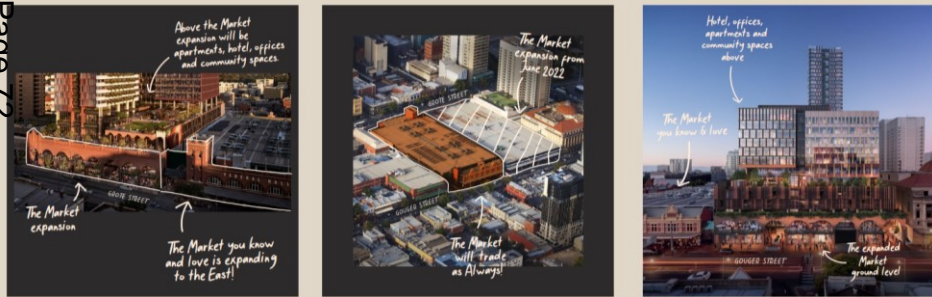
G. H. SCHULTZ & SONS FLOWERS

HIGHLIGHTS Q3 cont.

Development of Market Expansion assets & Call to action "Always" campaign



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HIGHLIGHTS Q3 Continued

\$'000	Budget	Full Year Forecast	Forecast Variance
Income	3,937	3,937	-
Expenditure	-3,974	-3,974	-
Other Expenditure	-255	-255	-
CMAR Redevelopment	-204	-204	-
Rent Relief Accounting Treatment	-171	-171	-
Expenditure	-4,604	-4,604	-
Net Operating Surplus/(Deficit)	-667	-667	-

Strategic Actions	On-Track	Needs Attention	Off-Track	Completed
OUR CUSTOMERS	7	1	1	10
OUR TRADERS	2	1	0	9
OUR BUSINESS	4	0	1	4
OUR COMMUNITY	3	0	0	4
OUR INFRASTRUCTURE	3	0	0	4

JANUARY TO MARCH LEASES: Occupancy as at 31 March 2022 98%	
Renewals	0
New	1
Assignments	0
Holdovers	0
Vacancies (Stall 12 being held for popups and stall upgrades)	1



UPCOMING QUARTER.

- Deliver Easter marketing, activities and operational schedule.
- New stores Saudade and Mr Cheese scheduled to open.
- Deliver marketing materials and overarching communications strategy for One Market (Central Market Arcade Development).
- Finalise trader storage requirements and commence design for Level 1.
- Continued Reignite Adelaide 2.0 initiatives.

OBJECTIVES AND PURPOSE

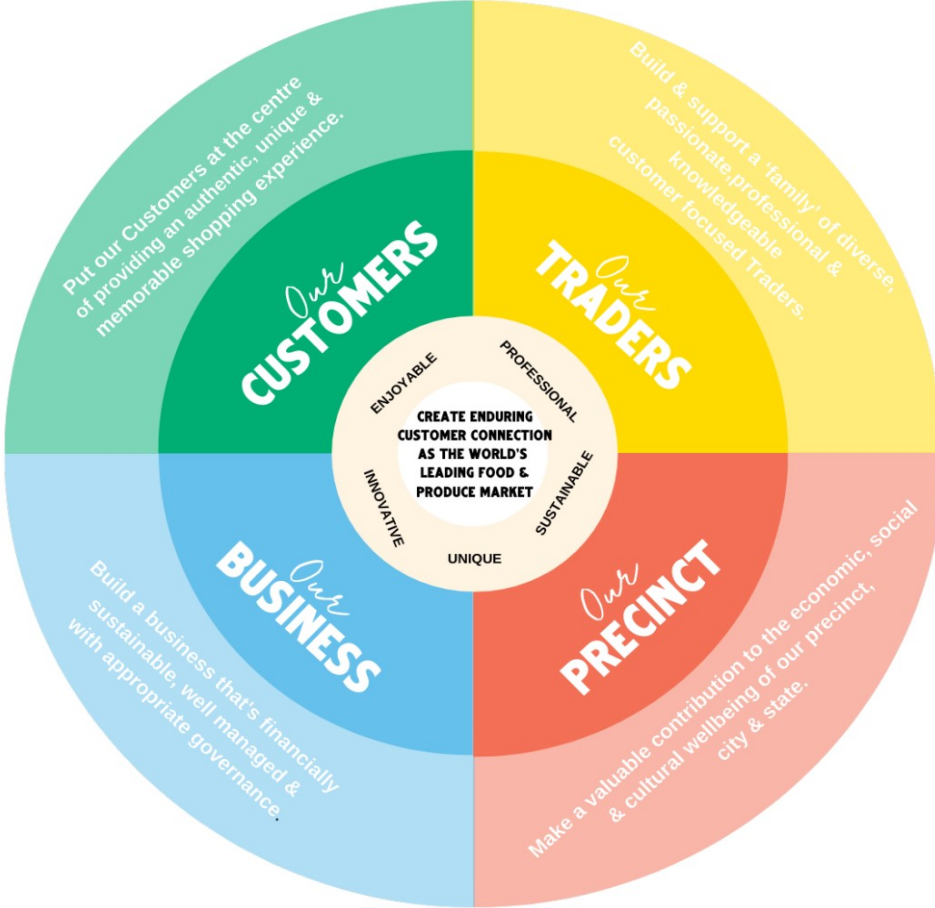
ACMA Charter 2021

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2.4 Objects and Purposes

The Authority is established as a management and marketing entity to:

- 2.4.1 ensure the management and operation of the Market in accordance with the:
 - 2.4.1.1 Charter;
 - 2.4.1.2 Council’s Strategic Plan; and
 - 2.4.1.3 Headlease; and, to the extent of any inconsistency, the order of precedence for interpretation for the purposes of such management and operation must be first this Charter, second the Council’s Strategic Plan, and third the Headlease;
- 2.4.2 be responsible for maintaining and enhancing the iconic standing of the Market for the benefit of all stakeholders;
- 2.4.3 be responsible for encouraging the use of the Market by South Australian residents, visitors and the community in general and for the Market being recognised locally and internationally as a leading, vibrant, diverse and unique fresh produce market community that is commercially sustainable for Market sub-lessees and/or licensees and the Corporation of the City of Adelaide;
- 2.4.4 contribute to the development of the wider market district; and
- 2.4.5 be financially self-sufficient in terms of its operations.



Thank you



Our **MARKET.**

Kadaltilla

Park Lands Authority



Core Responsibilities

PURPOSE FOR WHICH THE AUTHORITY IS ESTABLISHED

The Council and the State Government of South Australia are committed to protecting and enhancing the Adelaide Park Lands for the benefit of all South Australians.

The Adelaide Park Lands Authority is the principal advisor to both the Council and the State Government on the protection, management, enhancement and promotion of the Adelaide Park Lands.

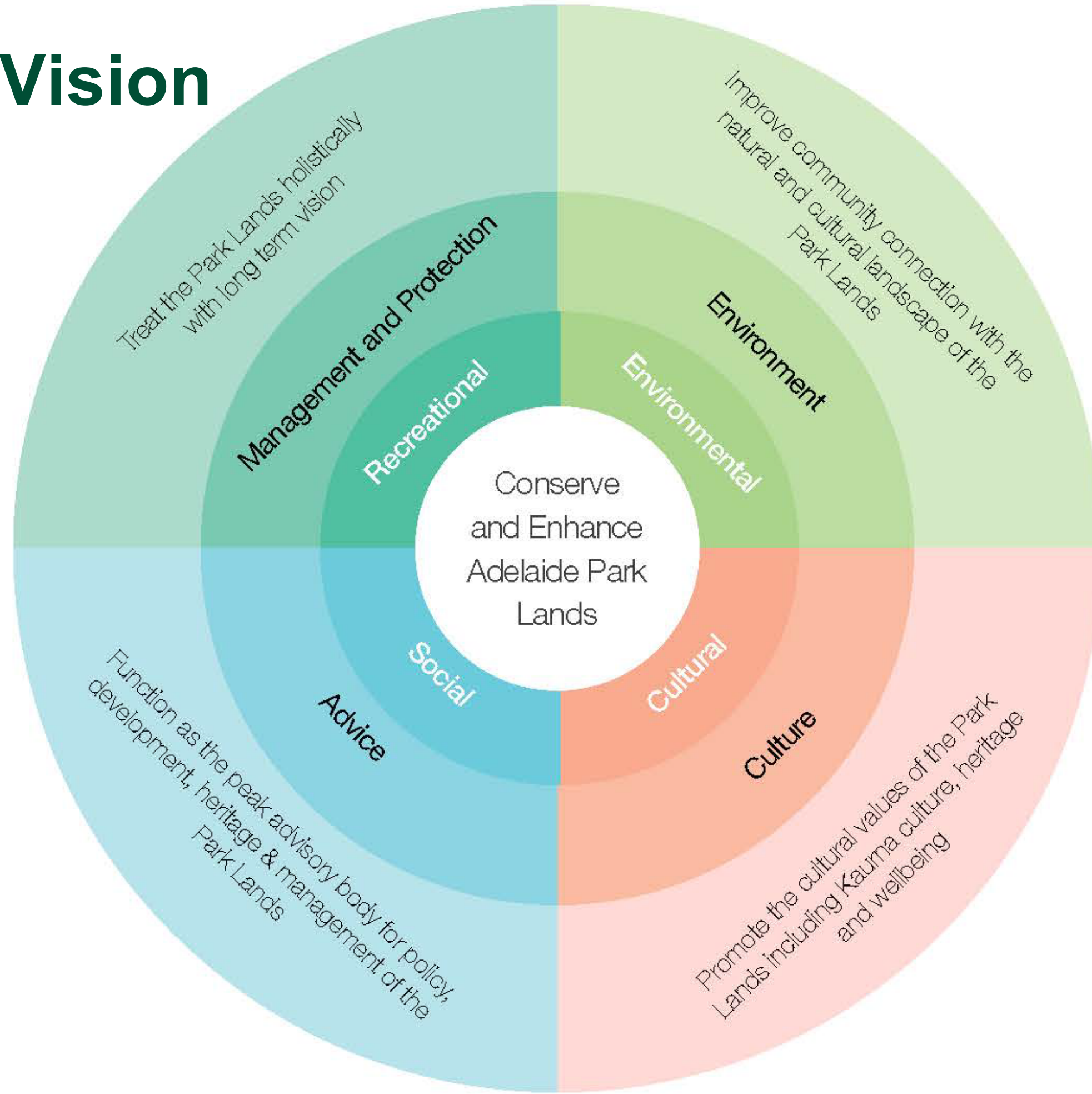
The Council, on behalf of the communities of the City of Adelaide and the State, is committed to ensuring that the Authority delivers maximum benefit for the future of Adelaide's Park Lands as the City of Adelaide's defining feature.

In this context the Authority is established by Statute to undertake in accordance with the powers conferred by this Charter, the Functions of the Authority as set out at section 9 of the Park Lands Act.





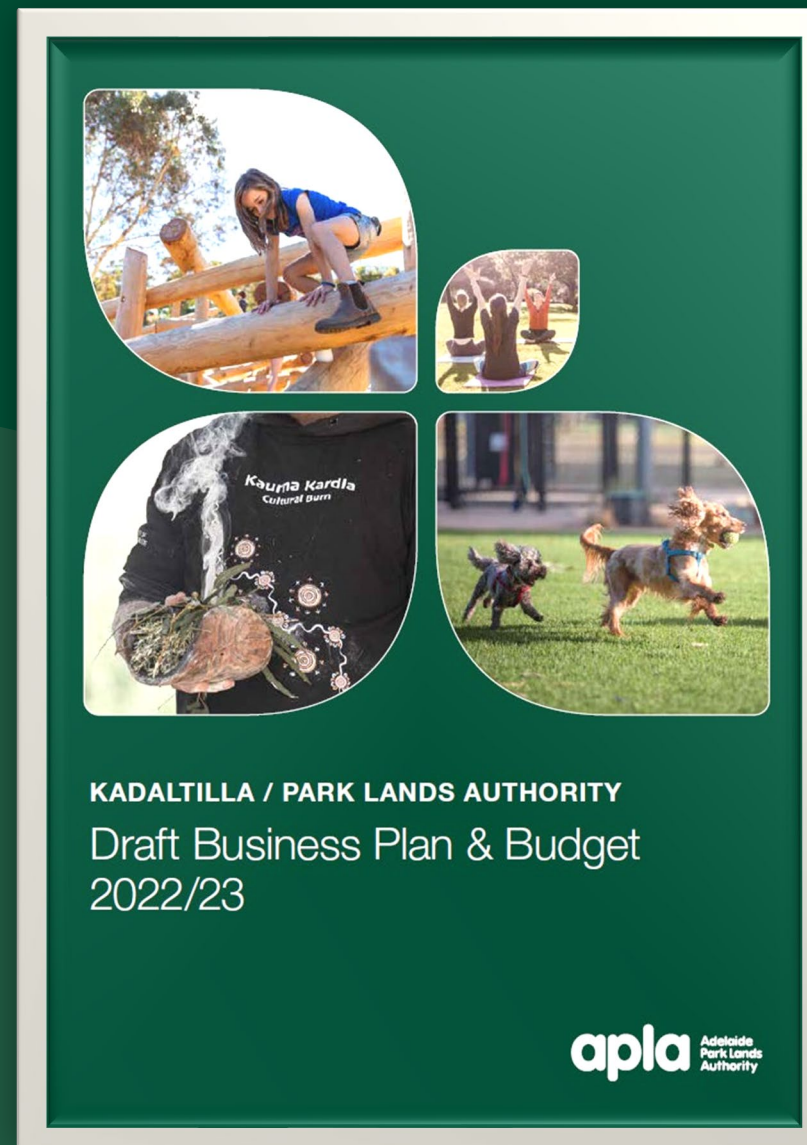
Vision



Key Highlights

January to March 2022

- Draft 2022-23 Kadaltilla / Park Lands Authority Business Plan and Budget prepared
- Review of 2021 Community Forum Consultation Results
- Workshop of Kadaltilla Board members on alignment with, and discharge of functions, in accordance with the *Adelaide Park Lands Act 2005*
- Launch of the Kadaltilla / Park Lands Authority SharePoint Portal



Strategic Plan 2020-2025

Key Actions January to March 2022

Culture

- 1.4 Host an annual community forum
 - Review of 2021 Community Forum Consultation Results

Environment

- 2.4 Increase the accessibility of information
 - Launch of the Kadaltilla / Park Lands Authority SharePoint Portal

Management and Protection

- 3.3 Review the City of Adelaide Community Management Plans (CLMPs) and State Government Management Plans
 - Support for review of the CLMPs Targets and Measures

Advice

- 4.1 Provide advice on plans, projects and policies for the Adelaide Park Lands



Advice to Council

January to March 2022

- Review of Targets and Measures for Adelaide Park Lands Community Land Management Plans
- Support for development of a new Landscape Concept Plan for Victoria Park / Pakapakanthi (Park 16) and engagement
- Advice on the acknowledgement and celebration of the history and heritage of Victoria Park / Pakapakanthi (Park 16) (not heritage listing of the Adelaide Motor Sport Street Circuit)
- Support for the draft 2022/2023 Kadaltilla / Park Lands Authority Annual Business Plan and Budget
- Receipt of the Consultation Report – Kadaltilla / Park Lands Authority Community Forum 23 October 2021
- Support for revising the City of Adelaide Street Numbering Policy subject to no impact to heritage value of the Park Lands



2021-2022 Business Plan & Budget

January to March 2022

Performance Measures Achieved

- Appointments to the Board based on skills and expertise set out in Part 2, Division 2, Section 6 of the *Adelaide Park Lands Act 2005*
- Monies are received and expended according to the provisions of the Authority's Charter
- The Local Government Mutual Liability Scheme insures the Authority



Budget Position

July 2021 to March 2022

\$'000	Revised Budget	Full Year Forecast	Forecast Variance
Income	83	83	0
Expenditure	83	83	0



Upcoming Quarter

- **Adoption of a new Kadaltilla / Park Lands Authority logo**
- **Continue comprehensive review of Adelaide Park Lands Management Strategy, including:**
 - Creation of an engagement report
 - Commence engagement
 - Undertake Committee briefing
 - Perform a Park Lands site tour
- **Creation of a Kadaltilla Strategic Risk Register**
- **Review updated Community Land Management Plan**



Thank You.



Enabling Priorities

**Brown Hill Keswick Creek
Quarter 3 Update**

Purpose of the Regional Subsidiary

Brown Hill Keswick Creek - Quarter 3 Update

The Cities of Adelaide, Burnside, Mitcham, Unley and West Torrens have worked collaboratively over several years to form a Section 43 Committee Under the Local Government Act 1999 to develop a Stormwater Management Plan (SMP) aimed at mitigating flood risk within the catchment.

The Subsidiary has a shared vision of becoming 'water sensitive cities' by

- minimising flooding
- harnessing the potential of stormwater to overcome water shortages,
- improve waterway health,
- enhance city landscapes
- be utilised as a valuable community resource.

The vision is underpinned by six key objectives for Adelaide stormwater management:

- Protection from flooding
- Quality of runoff and effect on receiving waters
- Beneficial reuse of stormwater runoff
- Protection of watercourses and riparian ecosystems
- Effective planning outcomes
- Management of stormwater infrastructure

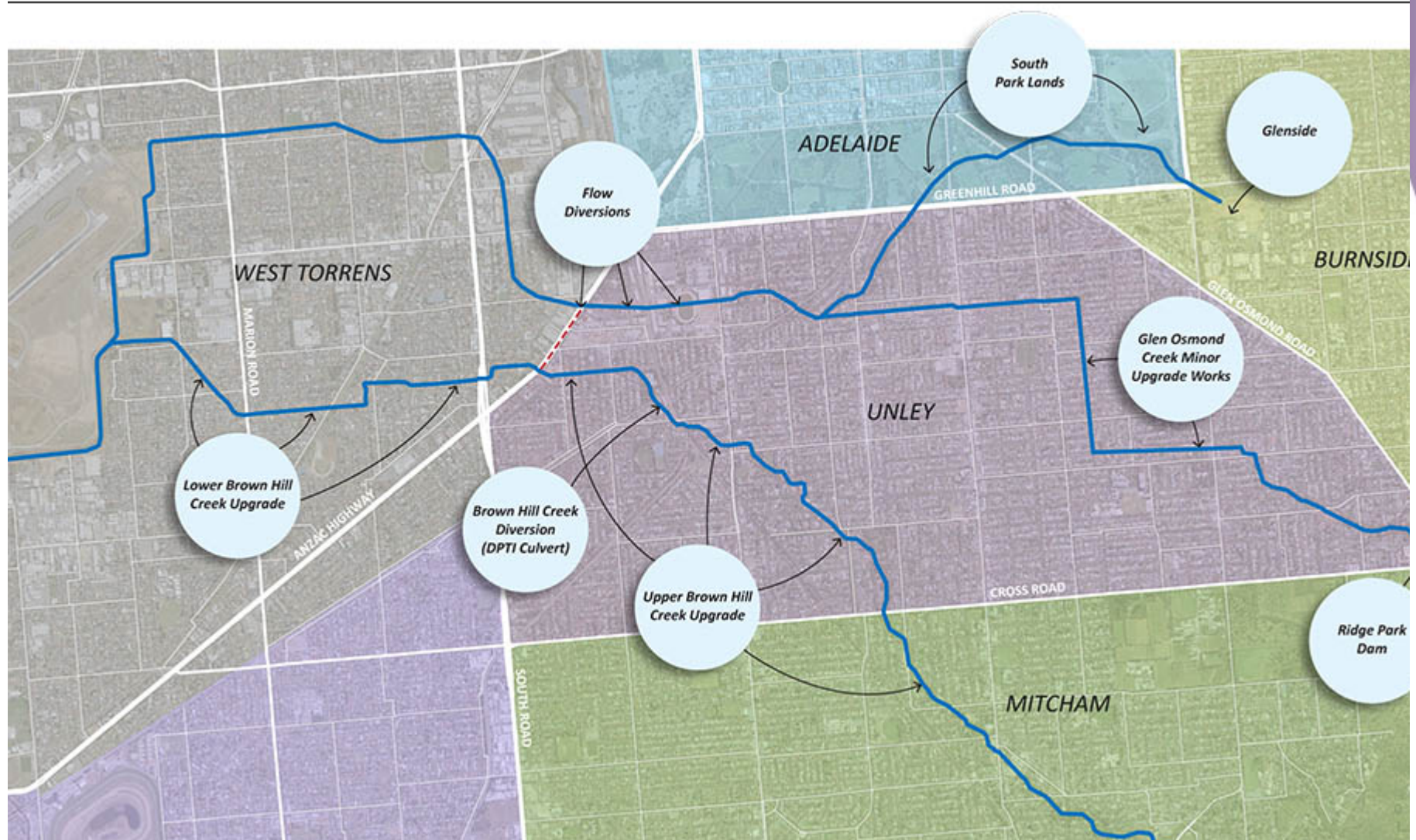
Quarter 3 Updates

The key projects underway include:

- Reference Design for sub projects – commenced in May 2021
 - Lower Brown Hill Creek upgrade
 - Keswick Creek Flow Diversions
 - Upper Brown Hill Creek Upgrade
 - Glen Osmond Creek Minor Upgrade
- South Parklands – wetland in Victoria Park and creek works in Blue Gum Park:-
 - Victoria Park / Pakapakanthi (Park 16) – Completion of the wetland is anticipated in late April / early May 2022 with the inclusion of 120,000 plants;
 - Blue Gum Park / Kurangga (Park 20)- works commenced in September 2021 with practical completion anticipated in August 2022.
- Glenside – enlargement of detention basin and installation of 3 gross pollutant traps
- Hawthorn Reserve – creek widening.

Catchment Area

Brown Hill Keswick Creek - Quarter 3 Update



External Audit Interim Management Letter

Friday, 17 June 2022

Audit and Risk Committee

Strategic Alignment - Enabling Priorities

Program Contact:

Grace Pelle, Manager Finance & Procurement

Public

Approving Officer:

Amanda McIlroy - Chief Operating Officer

EXECUTIVE SUMMARY

Under Section 129 of the *Local Government Act 1999 (SA)* the Auditor must provide to Council a report on matters arising from the audit and specifically identify in the report, any irregularity in the Council's accounting practices or the management of the Council's financial affairs identified by the Auditor during the course of the audit.

BDO Chartered Accountants (BDO) completed their interim audit during the period 16 May 2022 through to 3 June 2022. As is normal practice and based on their work to date BDO have provided an "Interim Report on the 2022 External Audit" to the Presiding Member of the Audit and Risk Committee, Mr David Powell per **Attachment A**.

BDO's Interim Report notes they have identified no material deficiencies in internal controls which would impact audit testing or expose the Council to risk of material misstatement of results for the year ended 30 June 2022. A final report on matters arising from the audit will be provided to the Audit and Risk Committee on 30 September 2022.

RECOMMENDATION

THAT THE AUDIT AND RISK COMMITTEE

1. Notes the report and the Interim Report on the 2022 External Audit as per Attachment A to Item 5.2 on the Agenda for the meeting of the Audit and Risk Committee held on 17 June 2022.
-

IMPLICATIONS AND FINANCIALS

City of Adelaide 2020-2024 Strategic Plan	Strategic Alignment – Enabling Priorities Financial sustainability is critical to achieving our vision and Council will carefully manage its revenue, costs, debt and assets.
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	Section 126(4)(c) of the <i>Local Government Act 1999 (SA)</i> identifies the functions of an Audit Committee as: <i>“Reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis”.</i>
Opportunities	Not as a result of this report
21/22 Budget Allocation	Not as a result of this report
Proposed 22/23 Budget Allocation	Not as a result of this report
Life of Project, Service, Initiative or (Expectancy of) Asset	Not as a result of this report
21/22 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. The external auditors for the Council are BDO Chartered Accountants (BDO). The role of the external auditor is to provide an opinion to Council with respect to the audited financial statements. In planning the audit, the auditor considers the internal controls to determine their audit procedures for the purpose of expressing an opinion on the financial statements, and the effectiveness of the financial control environment.
2. Under Section 129 of the *Local Government Act 1999 (SA)* the auditor must provide to Council a report on particular matters arising from the audit and specifically identify in the report, any irregularity in the council's accounting practices or the management of the council's financial affairs identified by the auditor during the course of the audit.
3. At the meeting of the Audit and Risk Committee on 4 February 2022, the Audit and Risk Committee endorsed the proposed 2020-21 End of Year financial reporting process and external audit timetable. The associated report highlighted that BDO had scheduled to carry out their audit in two parts with the interim audits conducted in May 2022 and the final phase of the audit concentrating on the Corporation's draft financial statements to be carried out at the end of August 2022.
4. BDO have provided an "Interim Report on the 2022 External Audit" to the Presiding Member of the Audit and Risk Committee, per **Attachment A**.
5. At the time of the "Interim Report on the 2022 External Audit" BDO had not completed testing of all the core controls identified in this document because some relate to annual processes and consequently will not occur until the end of the financial year, or others are more closely aligned to testing we would normally conduct after year-end.
6. The controls to be tested did not yield exceptions in the prior year nor does current internal reporting indicate significant issues.
7. Based on the work-to-date, BDO's Interim Report notes they have identified no material deficiencies in internal controls that would lead to a qualification to the audit report on internal controls.
8. Key issues identified during the audit planning process included:
 - 8.1. Revaluation, depreciation, useful lives and residual values of Infrastructure, Property Plant and Equipment Assets.
 - 8.2. Accounting treatment of Capital Work in Progress.
 - 8.3. Management override of internal controls – standard compliance check.
 - 8.4. Cut off grant funding and accuracy of any amounts deferred at 30 June 2022.
 - 8.5. Accounting for major development contracts.
9. It is appropriate that the Audit and Risk Committee notes the Interim Report on the 2022 External Audit.
10. In accordance with the agreed timetable endorsed by the Audit and Risk Committee at the 4 February 2022 meeting, BDO will present a final report on matters arising from the audit to the Audit and Risk Committee on 30 September 2022.

ATTACHMENTS

Attachment A – Interim Report on the 2021 External Audit

- END OF REPORT -

Mr David Powell
Presiding Member - Audit & Risk Committee
The Corporation of the City of Adelaide
GPO Box 2252
ADELAIDE SA 5001

8 June 2022

Dear Mr Powell

INTERIM REPORT ON THE 2022 EXTERNAL AUDIT

We are pleased to provide the members of the Audit & Risk Committee an update on the 2022 External Audit.

We have conducted our interim audit visits, in line with our annual audit plan dated 21 January 2022. Our work to date has covered:

- Our annual assessment of risk and potential implications for the audit of the financial report.
- Our annual assessment of risk and potential implication for the audit opinion on internal controls.
- A review of internal controls and determination of those that will be relied upon and tested as part of our audit strategy for the audit of the annual financial statements.
- Interim testing of internal controls for the control audit opinion.
- Interim testing of a sample of transactions recorded in revenue, operating expenditure and payroll expenditure.
- Analytical review of interim results to identify any unusual trends or items that may require additional audit attention.
- Review of interim testing to ensure that there are no underlying deficiencies in internal controls or matters that require additional attention as part of our audit on the financial report.
- Review of the IT environment and any IT general controls that are relevant to the financial reporting process and our audit.

We have also updated our understanding in relation to key financial reporting issues that were identified in our audit planning process, as follows:

- Revaluation, depreciation, useful life and residual value of infrastructure property, plant and equipment,
- Accounting treatment of Capital Work In Progress (WIP),
- Management override of internal controls,
- Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2022; and
- Accounting for major development contracts.

No additional risks have been identified subsequent to the presentation of our annual audit plan.

Status update on key issues

Revaluation, depreciation, useful life and residual value of Infrastructure, Land & Building Assets

Council revalue all material asset classes on a regular basis such that carrying values are not materially different from fair value. Revaluations are carried out on a rotational basis by Council's employees in conjunction with independent valuers. This year, we have been briefed by management that there will be a revaluation of Public Art, Playground and Playground Equipment, Footpath, Ticket Machine and Irrigation.

Furthermore, we were advised by management that a management's expert has been engaged to assist with the review of the useful life of Council's fixed assets.

It is expected that these engagements will be completed as part of the year end reconciliation process, and this will be available to us by our final visit commencing 22 August 2022.

Capital Work In Progress

We have been briefed on the progress in relation to capital work in progress, in particular the capitalisation and/or expensing of items and the handover process of completed capital projects during the year. It is expected that the underlying asset records and associated reconciliations will be updated after year end and completed before the commencement of the year-end visit.

Management override of internal controls

Our interim testing has not identified any evidence of management override of internal controls. We will revisit this during our year-end visit, complete our testing and report our findings accordingly.

Cut-off of grant funding and accuracy of any amounts deferred at 30 June 2022

Council has been awarded a significant number of grants during the year. However, the ability to effectively spend these grants has been limited due to the shortage of contractors or internal resources. As a result, it is expected that there will be a significant portion of grant funding to be deferred as at 30 June 2022 and carried forward into following reporting period. We have been provided with Council's grant register and been briefed on management's assessment process to determine whether a grant is of capital or operating nature. We have made initial inquiries with management and will revisit this accounting during our year-end visit.

Accounting for major development contracts

We have been briefed on the progress of 88 O'Connell Street and Adelaide Central Market Complex development contracts. A management expert was engaged to provide advice on the initial accounting presentation of these contracts in the financial statements. We have held discussion with management and management's expert to discuss their findings and proposed accounting treatment. During those discussions, it was established that the initial accounting will be under AASB 116 - Property, Plant and Equipment as a disposal of a non-current asset rather than revenue under AASB 15 - Revenue from Contracts with Customers. We will revisit the matter during our year-end visit to assess the final accounting impact and disclosures made to the financial statements.

Update on our audit opinion in relation to internal controls

We have commenced planning and testing of internal controls for the purpose of providing an audit opinion on Council's internal controls. Specifically that controls exercised by the Council in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and the incurring of liabilities are sufficient to provide reasonable assurance that the financial transactions of the Council have been conducted properly and in accordance with legislative requirements.

Our assessment of internal controls is based on the criteria in the *Better Practice Model - Financial Internal Control for South Australian Councils* as issued by the Local Government Association of South Australia.

At the time of this report, we have not completed all testing of core controls as some relate to annual processes and consequently will not occur until the end of the financial year, or others are more closely aligned to testing we would normally conduct after year end. The controls to be tested did not yield exceptions in the prior year nor does the current Promapp reporting indicate significant issues.

Based on the work to date, we have not noted any material exceptions that would lead to a qualification to the audit report on internal controls. We will continue our work on internal controls at the year-end visit and will report to Council accordingly.

Please contact me if you have any questions or need any further information.

Yours faithfully

BDO Audit Pty Ltd

A handwritten signature in blue ink that reads 'Paul Gosnold'.

Paul Gosnold
Director

Exclusion of the Public

Friday, 17 June 2022

Audit and Risk Committee

Program Contact:

Jessica Dillon, Acting
Manager Governance

2018/04291

Public

Approving Officer:

Clare Mockler, Chief
Executive Officer

EXECUTIVE SUMMARY

Section 90(2) of the *Local Government Act 1999 (SA)* (the Act), 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 section 90(3) of the Act.

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

- 10.1** Major Project – Accounting Treatment [section 90(3) (b) & (d) of the Act]
- 10.2** Activity of Strategic Risk & Internal Audit Group [section 90(3) (i) of the Act]

The Order to Exclude for Items 10.1 and 10.2:

1. Identifies the information and matters (grounds) from section 90(3) of the Act 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 – section 90(3) (b), (d) or (j) of the Act - how information open to the public would be contrary to the public interest.

ORDER TO EXCLUDE FOR ITEM 10.1

THAT THE AUDIT AND RISK COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (b) & (d) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee dated 17 June 2022 resolves that it is necessary and appropriate to act in a meeting closed to the public as the consideration of Item 10.1 [Major Project – Accounting Treatment] 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 commercial information of a confidential nature (not being a trade secret) the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting business, prejudice the commercial position of the council and prejudice the commercial position of the person who supplied the information and confer a commercial advantage on a third party.

The disclosure of information in this report could reasonably prejudice the commercial position and the 'commercial in confidence' information containing confidential contractual information. Disclosure of this information may adversely impact project delivery, prejudice the ability to fulfil contractual obligations contained in the contract and contravene confidentiality clauses contained within the contract.

Public Interest

The Audit and Risk Committee 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 may result in release of information prior to the finalisation of 'commercial in confidence' contractual obligations and may materially and adversely affect the delivery of the projects and because the disclosure of Council's commercial position may severely prejudice Council's ability to fulfil contractual obligations contained in the contract and contravene confidentiality clauses contained within the contract.

The Audit and Risk Committee 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 is commercial in nature.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 17 June 2022 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 10.1 [Major Project – Accounting Treatment] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in section 90(3) (b) & (d) of the Act.

ORDER TO EXCLUDE FOR ITEM 10.2

THAT THE AUDIT AND RISK COMMITTEE

1. Having taken into account the relevant consideration contained in section 90(3) (i) and section 90(2) & (7) of the *Local Government Act 1999 (SA)*, this meeting of the Audit and Risk Committee dated 17 June 2022 resolves that it is necessary and appropriate to act in a meeting closed to the public for the consideration of Item 10.2 [Activity of Strategic Risk & Internal Audit Group] listed on the Agenda.

Grounds and Basis

This Item is confidential nature because the report includes information on Council litigation.

The disclosure of information in this report could reasonably be expected to prejudice the outcome of Council's actual litigation.

The Audit and Risk Committee 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 relates to actual litigation of Council.

2. Pursuant to section 90(2) of the *Local Government Act 1999 (SA)* (the Act), this meeting of the Audit and Risk Committee dated 17 June 2022 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 10.2 [Activity of Strategic Risk & Internal Audit Group] listed in the Agenda, on the grounds that such item of business, contains information and matters of a kind referred to in section 90(3) (i) of the Act.
-

DISCUSSION

1. Section 90(1) of the *Local Government Act 1999 (SA)* (the Act), directs that a meeting of a Council Committee must be conducted in a place open to the public.
2. Section 90(2) of the Act, 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 section 90(3) of the Act.
3. Section 90(3) of the Act prescribes the information and matters that a Council may order that the public be excluded from.
4. Section 90(4) of the Act, advises that in considering whether an order should be made to exclude the public under section 90(2) of the Act, it is irrelevant that discussion of a matter in public may -
 - (a) *cause embarrassment to the council or council committee concerned, or to members or employees of the council; or*
 - (b) *cause a loss of confidence in the council or council committee; or*
 - (c) *involve discussion of a matter that is controversial within the council area; or*
 - (d) *make the council susceptible to adverse criticism.*
5. Section 90(7) of the Act requires that an order to exclude the public:
 - 5.1 Identify the information and matters (grounds) from section 90(3) of the Act 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 – section 90(3) (b), (d) or (j) of the Act - how information open to the public would be contrary to the public interest.
6. Section 87(10) of the Act 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 10.1 – Major Project – Accounting Treatment
 - 6.1.1 Is not subject to an Existing Confidentiality Order.
 - 6.1.2 The grounds utilised to request consideration in confidence is section 90(3) (b) & (d) of the Act
Section 90 (3) (b) and (d) of the Local Government Act 1999 (SA)
 - (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
 - (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which—
 - (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
 - (ii) would, on balance, be contrary to the public interest
 - 6.2. Information contained in Item 10.2 – Activity of Strategic Risk & Internal Audit Group
 - 6.2.1 Is not subject to an Existing Confidentiality Order.
 - 6.2.2 The grounds utilised to request consideration in confidence is section 90(3) (i) of the Act
Section 90(3)(i) of the Local Government Act 1999 (SA)
 - (i) Information relating to the actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council.

ATTACHMENTS

Nil

- END OF REPORT -

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