

Audit Committee Agenda & Reports

10 August 2021

Our Vision

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

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

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

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City of
Norwood
Payneham
& St Peters

2 August 2021

To all Members of the Audit Committee

Committee Members

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

Staff

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

NOTICE OF MEETING

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

Tuesday 10 August 2021, commencing at 7.00pm

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

Yours faithfully



Mario Barone
CHIEF EXECUTIVE OFFICER

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City of
**Norwood
Payneham
& St Peters**

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VENUE Mayors Parlour, Norwood Town Hall

HOUR

PRESENT

Committee Members

Staff

APOLOGIES

ABSENT

TERMS OF REFERENCE:

The Audit Committee is responsible to facilitate:

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

1. CONFIRMATION OF MINUTES OF THE AUDIT COMMITTEE MEETING HELD ON 24 MAY 2021

2. PRESIDING MEMBER'S COMMUNICATION

3. QUESTIONS WITHOUT NOTICE

4. QUESTIONS WITH NOTICE

Nil

5. WRITTEN NOTICES OF MOTION

Nil

6. STAFF REPORTS

6.1 DRAFT ANNUAL REPORT TO COUNCIL

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A198865
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of this report is to endorse, the draft Annual Report, which details the activities undertaken by the Audit Committee for the year ended 30 June 2021.

BACKGROUND

The Audit Committee's 2020-2021 Work Program, requires an Annual Report to be provided to the Council which addresses the following:

- *outputs relative to the Audit Committee's Work Program and the results of a self-assessment of performance for the preceding period, including whether it believes any changes to its Terms of Reference are appropriate;*
- *any identified training needs;*
- *advising future work program proposals; and*
- *invite comment from the Council on all of the above.*

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Nil

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

The Audit Committee's 2020-2021 Work Program has been updated to include all of the activities which have been completed. A copy of the updated Program is contained in **Attachment A**.

A copy of the Draft 2020-2021 Audit Committee Annual Report (the Report) to the Council is contained in **Attachment B**. The Committee is requested to review the Report, discuss any amendments which it wishes to make to the Report and endorse the Report.

The Annual Report to the Council requires the Audit Committee to determine whether its Terms of Reference remain appropriate. The *Statutes Amendment (Local Government Review) Bill 2020*, recently passed both Houses of Parliament, with assent to the *Statutes Amendment (Local Government Review) Act 2021* (the Act) being provided on 17 June 2021. The Act will have a number of impacts on the operations of Audit Committees and as a consequence the Committees *Terms of Reference*. While it is still unclear when the provisions of the Act come into effect, it is anticipated that the reforms that require minimal or moderate implementation or supporting regulation will commence once proclaimed, which is anticipated to be in early August 2021. Given the reforms which relate to the operations of Audit Committees, it is expected that the proclamation will occur early in the transition period. As the timing is unclear, there are no recommended changes to the *Terms of Reference* at this stage. A copy of the *Terms of Reference* is contained in **Attachment C**.

While no changes are recommended at this stage, staff have undertaken a review of the existing *Terms of Reference* against the new provisions relating to the operation of Audit and Risk Committees (as it will now be referred to) and it is pleasing to note that the Audit Committee's existing *Terms of Reference* and Annual Work Program, includes a number of the reform provisions and as such the impact on the Audit Committee is considered minimal.

The area of most impact is the membership of the Committee. The new provisions require that the majority of the members must not be members of any Council, however independent members of other Council's Audit and Risk Committees may be appointed.

Notwithstanding this, the membership of the Audit and Risk Committee must meet the following provisions;

- a) *the majority of the members of the committee must be persons who are not members of any council;*
- b) *the members of the committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter;*
- c) *the membership of the committee—*
 - i. *may not include an employee of the council (although an employee may attend a meeting of the committee if appropriate); and*
 - ii. *may include, or be comprised of, members of another council audit and risk committee or a regional audit and risk committee; and*
 - iii. *must otherwise be determined in accordance with the requirements of the regulations.*

The current Audit Committee's *Terms of Reference* defines the Membership of the Committee as:

- the Mayor;
- two (2) Councillors as determined by resolution of the Council; and
- two (2) Independent Members who are appointed by the Council and who are determined by the Council to have experience relevant to the functions of the Audit Committee.

Given the requirement to have a majority of Independent Members, the Council will need to review the membership of the Audit and Risk Committee. Should the Council wish to maintain the Audit and Risk Committee membership at five (5) members, the Council will be required to increase the committee membership to have at least three (3) independent members, therefore reducing the number of Elected Members from three (3) to two (2).

Should the Council wish to maintain the membership of Council Members to include the Mayor and two (2) Councillors, the size of the Audit & Risk Committee will be required to be increased to seven (7) members, thereby requiring the appointment of two (2) additional Independent Members.

In addition, the Act prescribes the minimum skills and experience that the members of the Audit & Risk Committee. The Audit Committees current *Terms of Reference* currently sets out the minimum requirements for Independent Members only. As the Council's Independent Members are currently selected based on their senior business or financial management/reporting knowledge and experience, in particular, experience relevant to the functions of an audit committee and be conversant with the financial and other reporting requirements, the current Independent Members meet the requirements of Section 126 (2) (b). However, the new provision, applies to all members, there for the appointment of Elected Members to the Audit and Risk Committee must take into consideration the skills, knowledge and experience of the Elected Members relevant to the functions of the Audit & Risk Committee.

The Act now provides a more comprehensive list of functions of the Audit and Risk Committee. The Committees current *Terms of Reference* encompass a vast majority of the now specified functions. A copy of the amended Section 126 is contained in **Attachment D**.

A report on the establishment of the new Audit and Risk Committee will be provided to the Council for consideration.

OPTIONS

Not Applicable.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

1. That the draft 2020-2021 Audit Committee Annual Report as contained in **Attachment B**, be endorsed and submitted to the Council.
2. That the Audit Committee Terms of Reference as contained in **Attachment C** be recommended to the Council for adoption.

Attachment A

Draft Annual Report to Council

City of Norwood Payneham & St Peters
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2020-2021 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
1	Financial Reporting (LGA – Section 126(4)(a))			
1.1	Ensure that financial information included in publications for external audiences accurately reflects key accrual based financial information and where appropriate sector-endorsed financial indicators:	May 2021	Draft Annual Business Plan was presented to the Audit Committee at its May 2021 Meeting. A report providing a summary of the changes to the Draft Budget was presented to the Committee at its meeting held on 26 July 2021	July 2021
	<ul style="list-style-type: none"> Annual Business Plan; Annual Financial Statements; 	October 2020	2019-2020 Annual Statements and Performance Indicators were considered by the Audit Committee at its October 2020 meeting and recommended to the Council for adoption. The Committee received and noted the Mid-year Budget and the 3 rd Quarter Budget Update	October 2020
1.2	Review financial performance indicators provided to Council as part of Budget Reviews.	February 2021 May 2021		February 2021 May 2021
2	Strategic Management and Annual Business Plans (LGA – Section 126(4)(ab))			
2.1	The Audit Committee should satisfy itself regarding the:	February 2021	Audit Committee considered a report on the 2021-2022 Annual Business Plan and Budget process. Draft Annual Business Plan and budget was presented to the Audit Committee at its May 2021 Meeting.	February 2021
	<ul style="list-style-type: none"> consistency of the Council's strategic plan with its long-term financial plan and annual business plan; consistency of Council's long-term financial plan with its infrastructure and asset management plan (I&AMP); soundness of the I&AMP; e.g. Is it supported by engineering and other professional assessments regarding the condition of Council's infrastructure assets; likely impact on Council's ongoing financial sustainability of implementation of its suite of strategic management plans; and appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan. 		Audit Committee participated in Elected Member Budget Workshops held during the Budget Process	May 2021
			Audit Committee considered a report on the draft Long Term Financial Plan and Infrastructure Asset Management Plans at its meeting held in October 2020. The Council considered a report on the Council's Strategic Management Plans , at its meeting held in February 2021.	

2020-2021 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
2	Exercise of Powers under Section 130A (LGA – Section 126(4)(ac))			
3.1	Determine whether a recommendation to the Council is required to request its auditor or some other person to: <ul style="list-style-type: none"> examine and report on any matter considered significant relating to financial management or the efficiency and economy of the management of Council's resources that would not be addressed or included as part of the annual audit. 	As required	No requests were made during the year	
4	Liaising with External Auditor (LGA – Section 126(4)(b))			
4.1	Meet with the Council's external auditor to: <ul style="list-style-type: none"> discuss any points of concern raised by the External Auditor in their interim audit; assess the appropriateness of the Council's response to matters raised in the interim audit; discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter; and assess the appropriateness of the Council's response to matters so raised. 	October 2020	The External Auditors attended the Audit Committee meeting held in October 2020, when the Committee considered the Annual Financial Statements and the draft Audit Completion Report	October 2020
4.2	Ensure compliance with regulation 22 (1) of the <i>Local Government (Financial Management) Regulations 2011</i> , which prevent a Council from engaging its auditor to provide any services to the Council outside the scope of the auditor's functions under the <i>Local Government Act 1999</i> .	July 2021	No additional Services were requested	July 2021
5	Internal Controls and Risk Management Systems (LGA – Section 126(4)(c))			
5.1	Identify whether weaknesses in internal controls have been previously identified, (e.g. by management or Council's external auditor,) and if so whether action has been taken to have them addressed: <ul style="list-style-type: none"> consider the range of documented internal control policies and procedures; and whether they are being followed. 	July 2021	Finance Policies are considered by the Committee when they are reviewed. Refer to Item 5.4.	July 2021

2020-2021 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
5.2 Develop and monitor the delivery of the Council's Strategic Internal Audit Plan by: <ul style="list-style-type: none"> • meeting with the Council's Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan; • assessing the appropriateness of the Council's response to matters raised in the Internal Audit Reports; and • annually review the appropriateness of the Council's three (3) year Strategic Internal Audit Plan. 	As required	<ul style="list-style-type: none"> • Procurement Post Implementation • Sale Service & Revenue Process • Contract Management Framework 		October 2020 May 2021 July 2021
5.3 Review Management's assessment of the Council's major risks.	October 2020 February 2021 May 2021 July 2021	Reports considered at Audit Committee meetings held in October 2021, February 2021 and July 2021. The Audit Committee considered a report on a review of the Council's Cyber Security		October 2020 February 2021 July 2021
5 Internal Controls and Risk Management Systems (LGA – Section 126(4)(c) Cont.				
5.3 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:	July 2021		Business Continuity Plan in place No review undertaken in 2020-2021 No significant risks identified during the year Insurance program reviewed and placed in June	July 2021

2020-2021 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
5.4 Review the appropriateness of the range and content of Council's financial policies and practices: <ul style="list-style-type: none"> • as per Policy Development Timetable. 	October 2020 February 2010 May 2021 July 2021	<p>The following Policies were reviewed by the Committee and no changes were recommended to the Council.</p> <ul style="list-style-type: none"> • Budget Review Policy & Guidelines • Budget Policy & Guidelines • Funding Policy; • Goods & Services Tax • Credit Policy • Asset& Land Disposal Policy • Asset Impairment Policy • Asset Revaluation Policy <p>The following Policies were reviewed by the Committee and subject to minor administrative amendments, were recommended to Council for adoption;</p> <ul style="list-style-type: none"> • Credit Card Policy; • Public Liability Insurance for Community Groups when hiring Council Owned Facilities • Expenditure Policy • Salaries and Wages Administration Policy <p>The following Policies underwent a major review or were developed and were recommended to Council for adoption;</p> <ul style="list-style-type: none"> • Rating Policy; • Contract Management Policy <p>The following Policies were reviewed by the Committee and were recommended to Council to be revoked or suspended;</p> <ul style="list-style-type: none"> • Accounting for Assets and Liabilities Policy • COVID-19-Financial Hardship Policy-; 		October 2020 February 2010 May 2021 July 2021

2020-2021 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
5.5 Review the Council's financial governance arrangements and the effectiveness of those arrangements including: <ul style="list-style-type: none"> • Management/reporting of Council's regional subsidiaries. • the processes in place to ensure: <ul style="list-style-type: none"> ◦ all Council Members and the executive team have appropriate knowledge of key financial governance principles, issues and reporting tools in the context of Local Government financial sustainability; and, ◦ where warranted, existing knowledge and skills are augmented with locally appropriate training and support 	October 2020 February 2021 May 2021 July 2021	The Audit Committee considered reports on the following items: <ul style="list-style-type: none"> • Regional Subsidiaries – Annual Financial Statements for the year ended 30 June 2020 • Long Term Financial Plan <ul style="list-style-type: none"> – Eastern Health Authority; – ERA Water • Budget Reviews <ul style="list-style-type: none"> – East Waste – Eastern Health Authority; – ERA Water • 2021-2022 Annual Business Plans and Budgets 		October 2020 February 2021 May 2021
6 Reporting				
6.1	Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council:	As required		
6.2	Report annually to the Council: <ul style="list-style-type: none"> • outlining outputs relative to the audit committee's work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate; • outlining any identified training needs; • advising future work program proposals; and • invite comment from the Council on all of the above. 	July 2021	Agenda Item for meeting scheduled on 26 July 2021	July 2021

Attachment B

Draft Annual Report to Council

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City of
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2020-2021

Audit Committee Annual Report



**City of
Norwood
Payneham
& St Peters**

Introduction

This report outlines the activities undertaken by the City of Norwood Payneham & St Peters Audit Committee during the 2020-2021 financial year, against the Committee's Annual Work Plan and the Committee's Terms of Reference.

Conduct of Meetings

In relation to the 2020-2021 Audit Work Program, the Committee met on four (4) occasions, with the following Members in attendance:

Date	Number of Members Attending
26 October 2020	5
22 February 2021	4
24 May 2021	5
27 July 2021	5

Committee Member	Number of Meetings Attended
Mayor Robert Bria	5
Cr John Minney (Presiding Member)	5
Cr Mike Stock	5
Ms Sandra DiBlasio	5
Ms Brigid O'Neill	4

Committee Activities

The following table sets out the principal issues addressed by the Committee during 2020-2021:

Principal Issues Examined	Comment/Status	Recommendations made to the Council
2019-2020 Annual Financial Statements	Completed	Adoption of Financial Statements recommended to the Council
Financial Performance against the Adopted Budget	Completed	Report be received and noted
External Auditors Correspondence <ul style="list-style-type: none"> • 2019-2020 Audit Completion Report • 2019-2020 Audit Opinion & Auditors report to Council • 2020-2021 External Audit Plan 	Completed	Report be received and noted
Strategic Management Plans <ul style="list-style-type: none"> • <i>CityPlan 2030: Shaping the Future</i> • Long Term Financial Plan Infrastructure and Asset Management Plans	Completed	Report be received and noted.

Principal Issues Examined	Comment/Status	Recommendations made to the Council
<p>Policies</p> <ul style="list-style-type: none"> • Budget Review Policy & Guidelines • Accounting for Assets and Liabilities Policy • Credit Card Policy; • COVID-19 Financial Hardship Policy; • Rating Policy; • Budget Policy & Guidelines • Funding Policy; • Goods & Services Tax • Public Liability Insurance for Community Groups when hiring Council Owned Facilities • Expenditure Policy • Credit Policy • Salaries and Wages Administration Policy • Asset & Land Disposal Policy • Asset Impairment Policy • Asset Revaluation Policy 	Completed	<p>The following Policies were reviewed by the Committee and no changes were recommended to the Council.</p> <ul style="list-style-type: none"> • Budget Review Policy & Guidelines • Budget Policy & Guidelines • Funding Policy; • Goods & Services Tax • Credit Policy • Asset& Land Disposal Policy • Asset Impairment Policy • Asset Revaluation Policy <p>The following Policies were reviewed by the Committee and subject to minor administrative amendments, were recommended to Council for adoption;</p> <ul style="list-style-type: none"> • Credit Card Policy; • Public Liability Insurance for Community Groups when hiring Council Owned Facilities • Expenditure Policy • Salaries and Wages Administration Policy • <p>The following Policies underwent a major review or were developed and were recommended to Council for adoption;</p> <ul style="list-style-type: none"> • Rating Policy; • Contract Management Policy <p>The following Policies were reviewed by the Committee and were recommended to Council to be revoked or suspended;</p> <ul style="list-style-type: none"> • Accounting for Assets and Liabilities Policy • COVID-19-Financial Hardship Policy-;

Principal Issues Examined	Comment/Status	Recommendations made to the Council
Internal Controls & Risk Management Assessment (Regular Agenda Item)	Completed	Report be received and noted
Borrowing & Investment Performance	Completed	Report be received and noted
Internal Audit Reviews	Completed	<ul style="list-style-type: none"> • Procurement Post Implementation • Sale Service & Revenue Process • Contract Management Framework
Governance Arrangements – Council's Regional Subsidiaries (Regular Agenda Item)	Completed	<p>The following issues were considered</p> <ul style="list-style-type: none"> • Regional Subsidiaries – Annual Financial Statements for the year ended 30 June 2020 • Long Term Financial Plan <ul style="list-style-type: none"> - Eastern Health Authority; - ERA Water • Budget Reviews • 2021-2022 Annual Business Plans and Budgets
Cyber Security Review	Completed	Report be received and noted
Insurance Coverage and Claims	Completed	Report be received and noted
Annual Business Plan and Budget	Completed	<ol style="list-style-type: none"> 1. That the Audit Committee impresses on the Council, the need to maintain the proposed rate revenue increase at no less than 4.35% for the 2021-2022 financial year. 2. That the Council give serious consideration to the identification of Capital Projects that could be deferred to future years in order to improve the cash flow position for the 2021-2022 financial year.
Budget Review <ul style="list-style-type: none"> • Mid-Year Review • Third Quarter Review 	Completed	Report be received and noted

During 2020-2021, Committee Members attended the following training courses/sessions:

Training Course/Session	Date(s)	Provider	Members Attending
Nil			

Audit Committee Evaluation

During July 2021, the Committee undertook a self-assessment of its Terms of Reference and its own performance for the year ended 30 June 2021. This self-assessment has taken into account, factors such as:

- the Committee's Work Program;
- the Committee's operating environment;
- the stage of maturity of the Committee;
- Council's strategic directions;
- Council's risk and control environment;
- current and emerging trends and factors;
- the outcomes of previous self-assessments.

The Committee's comments and recommendations resulting from the self-assessment of its Terms of Reference are set out in the table below:

Terms of Reference Item	Comment(s)	Recommendation(s)
Nil		

A summary of the conclusions of the Committee's self-assessment of its own performance are summarised below.

Issues	Comment(s)	Recommendation(s)
• the clarity of its role and purpose;	Considered appropriate.	Nil
• its capacity to operate independently;	Considered adequate.	Nil
• the expertise and experience of its members including training available;	Considered appropriate.	Nil
• the Committee Members' understanding of the Council, Local Government sector and external issues such as economic and environment impacts;	Considered appropriate.	Nil
• meeting operation – frequency, length, agenda papers, follow-up of outstanding issues etc.;	Considered appropriate.	Nil
• resources available to the Committee;	Considered satisfactory.	Nil
• the Committee's working relationship with Council and the senior management team;	No difficulties have been experienced since the formation of the Committee.	Nil
• the Committee Members' understanding of financial indicators (and targets for these) being used to assess the Council's performance;	The latest financial indicators submitted to the Council e.g. following Budget revisions.	Nil
• the appropriateness of its Work Program;	Considered to be adequate for 2020-2021	
• National Competition Policy compliance;	Content of report provided to the Council on 21 January 2008 previously discussed by the	Nil

Issues	Comment(s)	Recommendation(s)
<ul style="list-style-type: none"> the Committee's access to appropriate Council information; 	Committee. External Members comfortable with access to Elected Members, Council staff and information.	Nil
<ul style="list-style-type: none"> the extent to which the Committee's advice is contributing to the effective operation of the Council; 	No adverse reports have been received by Committee Members on the performance of the Committee.	Nil
<ul style="list-style-type: none"> matters for investigation. 	There are no matters before the Committee requiring investigation.	Nil

Following from its self-assessment process the Committee recommends training/professional development for its members:

Training/Professional Development Need	Committee Member
Opportunities for training through the Local Government Association to be provided by the General Manager, Governance & Community Affairs as they become available.	All Members.

Attachment C

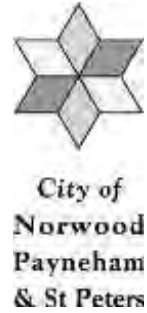
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AUDIT COMMITTEE

TERMS OF REFERENCE

1. ESTABLISHMENT

- 1.1 The City of Norwood Payneham & St Peters Audit Committee is established under Section 41 of the *Local Government Act 1999* and the Regulations thereunder, for the purposes of Section 126 of the Act.
- 1.2 The Committee will be known as the Audit Committee.
- 1.3 The Committee may be wound up at any time by resolution of the Council.
- 1.4 These Terms of Reference were adopted by the Council on 3 December 2018.

2. OBJECTIVES

The principal objective of the Audit Committee is to add value to and improve, the City of Norwood Payneham & St Peters' operations, by assisting the Council to meet its legislative and probity requirements as required by the *Local Government Act 1999* and other relevant Legislation, Standards and Codes.

3. ROLE AND FUNCTIONS

- 3.1 The Audit Committee is an independent advisory Committee of the Council. The primary role of the Audit Committee is to assist the Council in the effective conduct of its responsibilities in respect to financial reporting, management of risk, maintaining a reliable system of internal controls that facilitates the organisation's ethical development.

The Audit Committee is established to assist the co-ordination of relevant activities of management and the external auditor in order to facilitate the achievement of organisational objectives in an efficient and effective manner.

As part of the Council's governance obligations to its citizens, the Council has constituted an Audit Committee to facilitate:

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

- liaising with the Council's Auditor; and
- reviewing the adequacy of accounting, internal control reporting and other financial management systems and practices of the Council on a regular basis.

4. DELEGATED AUTHORITY

- 4.1 Pursuant to Section 44 of the *Local Government Act 1999*, the Audit Committee does not enjoy the delegation of any powers, functions and duties of the Council. All decisions of the Committee will, therefore, constitute only recommendations to the Council.

5. DUTIES AND RESPONSIBILITIES

- 5.1 The following are the duties and responsibilities of the Audit Committee:
- (a) To review the scope of the external audit plan and programme and the effectiveness of the proposed external audit work. This review should consider whether, over a period of years, the external audit plan systemically addresses:
 - internal controls over significant areas of risk, including non-financial management control systems;
 - internal controls over revenue, expenditure, assets and liability processes;
 - the efficiency, effectiveness and economy of significant Council programmes; and
 - compliance with regulation, policies, best practice guidelines, instructions and contractual arrangements.
 - (b) Review the appropriateness of special external audit assignments undertaken by external audit at the request of the Council or the Chief Executive Officer.
 - (c) Critically analyse and follow up any external audit report which raises significant issues relating to risk management, internal control, financial reporting and other accountability or governance issues and any other matters relevant under the Committee's Terms of Reference. Review management's response to and actions taken as a result of the issues raised.
 - (d) Monitor the risk exposure of the Council by determining if appropriate risk management processes and adequate management information systems are in place.
 - (e) Monitor ethical standards and related party transactions by determining whether the systems of control are adequate.
 - (f) Review the Council's draft Annual Financial Report, focusing on:
 - accounting policies and practices;
 - changes to accounting policies and practices;
 - the process used in making significant accounting estimates;
 - significant adjustments to the financial report (if any) arising from the audit process;
 - compliance with accounting standards and other reporting requirements; and
 - significant variances from prior years.
 - (g) Recommend adoption of the Annual Financial Report to the Council. Review any significant changes that may arise subsequent to any such recommendation but prior to the financial report being signed.
 - (h) Discuss with the external auditor, the scope of the annual financial report audit and the planning of the audit.
 - (i) Discuss with the external auditor, issues arising from the annual financial report audit, including any management letter issued by the auditor and the resolution of such matters.
 - (j) Review tendering policies and processes and advise the Council on appropriateness of those policies and any suggested amendments.

- (k) Review the annual performance statement and recommend its adoption to the Council.
 - (l) Review issues relating to national competition policy, financial reporting by the Council's business units and comparative performance indicators.
 - (m) To review the scope of the internal audit plan and programme and the effectiveness of the proposed internal audit work. This review should consider whether, over a period of years, the internal audit plan systemically addresses:
 - internal controls over significant areas of risk, including non-financial management control systems;
 - the efficiency, effectiveness and economy of significant Council programmes
 - compliance with regulation, policies, best practice guidelines, instructions and contractual arrangements; and
 - business improvement and performance efficiency reviews.
 - (n) Identify and refer specific projects or investigations deemed necessary through the Chief Executive Officer and the Council if appropriate. Oversee any subsequent investigations, including overseeing of the investigation of any suspected cases of fraud within the organisation.
 - (o) Monitor the progress of any major litigation against the Council.
 - (p) Address issues brought to the attention of the Audit Committee, including responding to requests from the Council for advice that are within the parameters of the Committee's Terms of Reference.
 - (q) Report to the Council after each meeting, in the form of minutes or otherwise, and as necessary and provide an annual report to Council summarising the activities undertaken during the year.
 - (r) The Audit Committee in conjunction with the Council and the Chief Executive Officer should develop the Committee's performance indicators.
- 5.2 The Audit Committee, through the Chief Executive Officer and following authorisation from the Council and within the scope of its responsibilities, may seek information or obtain expert advice on matters of concern.

6. MEMBERSHIP AND CONDITIONS OF APPOINTMENT

- 6.1 Membership of the Committee will comprise:
- the Mayor;
 - two (2) Elected Members as determined by resolution of the Council; and
 - two (2) Independent Members who are appointed by the Council and who are determined by the Council to have experience relevant to the functions of the Audit Committee.
- 6.2 The Council will appoint one (1) of the Members as the Presiding Member,
- 6.3 The Membership of the Committee comprises of the following:
- Mayor Robert Bria;
 - Cr John Minney (Elected Member, Presiding Member)
 - Cr Mike Stock (Elected Member)
 - Ms Sandra DiBlasio (Independent Member); and
 - Ms Brigid O'Neill (Independent Member).
- 6.4 Conditions of Appointment shall include:
- (a) Independent Members will have senior business or financial management/reporting knowledge and experience, in particular, experience relevant to the functions of an audit committee and be conversant with the financial and other reporting requirements.

The evaluation of potential members will be undertaken by the Mayor and Chief Executive Officer and the two (2) Elected Members appointed to the Audit Committee taking account of the experience and qualifications of candidates and their likely ability to apply appropriate analytical and strategic management skills, and a recommendation for appointment put to Council.

- (b) At the end of each Committee term, sitting Independent Members, following an Expression of Interest, will be recommended for re-appointment for a further two (2) years.
- (c) Where a vacancy exists, Expressions of Interest from Independent Members shall be made by the Council by way of a public advertisement and be for a term of two (2) years or some other period as determined by the Council. The term of the appointment should be arranged to ensure an orderly rotation and continuity of membership despite changes to Council's Elected Members.
- (c) Remuneration will be paid to each Independent Member of the Committee (based on a set fee per meeting attended).
- (d) Elected Members will be appointed for a term of two (2) years or some other period as determined by the Council.

7. REMOVAL OF A MEMBER

- 7.1 Membership of the Audit Committee continues for the term of the Committee, unless a Member resigns from the Committee or is removed earlier by resolution of Council.
- 7.2 If the Council proposes to remove a Member of the Committee, it must give written notice to the Member of its intention to do so and provide that Member with the opportunity to be heard at a Council meeting which is open to the public, if that Member so requests.

8. OPERATIONAL MATTERS

- 8.1. The Committee shall act at all times in strict accordance with the *Local Government Act 1999* and any other relevant legislation.
- 8.2 In particular, the Committee shall act at all times in strict accordance with the *Local Government Act 1999* and Part 2 of the *Local Government (Procedures at Meetings) Regulations 2000*, provided that the Committee may alter in whole or in part the application of Part 2 of the Regulations, where it forms the opinion that such alterations are necessary for the better operation of its meetings.
- 8.3 The Committee shall meet at the Norwood Town Hall, 175 The Parade, Norwood, in accordance with the responsibilities imposed upon it at Clause 5 of these Terms of Reference and otherwise on such dates and at such times as the Presiding Member of the Committee or the Committee, by resolution, may determine.
- 8.4 A quorum for a meeting of the Committee shall be three (3) members of the Committee, one (1) of whom shall be an Independent Member.
- 8.5 If the Presiding Member of the Committee is absent from a meeting, then the Members present will determine between themselves who will preside at the meeting.
- 8.6 All decisions of the Committee shall be made on the basis of a majority decision of the members present.
- 8.7 Insofar as the *Local Government Act 1999* and Regulations and these Terms of Reference do not prescribe the procedure to be observed in relation to the conduct of a meeting of the Committee, the Committee may determine its own procedure.

9. MEETINGS

- 9.1 The Committee shall meet at least quarterly (ie at least four (4) times each year) at appropriate times in the reporting and audit cycle and otherwise as required.
- 9.2 A schedule of meetings will be developed and agreed to by the Committee. As an indicative guide, meetings will be arranged to coincide with relevant Council reporting deadlines, the development of Strategic Plans, the Annual Business Plan and Budgets and to coincide with the finalisation of the Financial Statements and the draft Annual Report to the Minister.
- 9.3 Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the Audit Committee, no later than three (3) clear business days before the date of the meeting. Supporting papers, reports and documents shall be sent to the Audit Committee Members at the same time.
- 9.4 Additional meetings shall be convened at the discretion of the Presiding Member or at the written request of any member of the Committee or external auditor.
- 9.5 The Chief Executive Officer should attend all meetings and other Members of the Council or the Council staff may be invited to attend at the discretion of the Committee, to advise and provide information when required.
- 9.6 Representatives of the external auditor may be invited to attend at the discretion of the Committee but **must** attend meetings at which the draft Annual Financial Report and results of the external audit are considered.
- 9.7 The Council shall provide secretarial and administrative support to the Committee, through the Chief Executive Officer or his delegate.

10. REPORTING TO THE COUNCIL

- 10.1 Pursuant to Section 41(8) of the *Local Government Act 1999*, all decisions of the Audit Committee will be referred to the Council as recommendations of the Committee. The reporting of the decisions of the Committee in this manner, in accordance with Clause 1.2 of these Terms of Reference, will satisfy the requirements of Section 41(8).
- 10.2 In addition, the Committee shall report annually to the Council summarising the activities of the Committee during the previous financial year.

11. MINUTES OF MEETINGS

- 11.1 The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Audit Committee, including recording the names of those present and in attendance, are minuted and that the minutes otherwise comply with the requirements of the Local Government (Procedures at Meetings) Regulations 2000.
- 11.2 Minutes of Audit Committee meetings shall be circulated within five (5) days after a meeting to all Members of the Audit Committee and to all Members of the Council and will (as appropriate) be available to the public.

12. TERM OF THE COMMITTEE

- 12.1 The Committee will be wound up without further action by the Council at the conclusion of the term of the Committee.
- 12.2 The term of the Committee expires on 30 November 2020.

Attachment D

Draft Annual Report to Council

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

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Facsimile 8332 6338
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Website www.npsp.sa.gov.au



City of
**Norwood
Payneham
& St Peters**

Changes to Section 126 - *Local Government Act 1999*

126—Audit & Risk Committee

(a1) This section applies to a council that has not established a regional audit and risk committee under section 126A.

(1) A council to which this section applies must have an audit and risk committee.

(1a) The purpose of an audit and risk committee established by a council is to provide independent assurance and advice to the council on accounting, financial management, internal controls, risk management and governance matters.

(2) The following provisions apply to the membership of a council audit and risk committee:

(a) the majority of the members of the committee must be persons who are not members of any council;

(b) the members of the committee (when considered as a whole) must have skills, knowledge and experience relevant to the functions of the committee, including in financial management, risk management, governance and any other prescribed matter;

(c) the membership of the committee—

(i) may not include an employee of the council (although an employee may attend a meeting of the committee if appropriate); and

(ii) may include, or be comprised of, members of another council audit and risk committee or a regional audit and risk committee; and

(iii) must otherwise be determined in accordance with the requirements of the regulations.

~~(2) The membership of an audit committee—~~

~~(a) may include persons who are not members of the council; and~~

~~(b) may not include an employee of the council (although an employee may attend a meeting of the committee if appropriate); and~~

~~(c) may include, or be comprised of, members of an audit committee for another council; and~~

~~(d) must otherwise be determined in accordance with the requirements of the regulations.~~

(4) The functions of a council audit and risk committee include—

(a) reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and

(b) proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and

(c) monitoring the responsiveness of the council to recommendations for improvement based on previous audits and risk assessments, including those raised by a council's auditor; and

(d) proposing, and reviewing, the exercise of powers under section 130A; and

(e) liaising with the council's auditor in accordance with any requirements prescribed by the regulations; and

(f) reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis; and

(g) —

(i) if the council has an internal audit function—

(A) providing oversight of planning and scoping of the internal audit work plan; and

(B) reviewing and commenting on reports provided by the person primarily responsible for the internal audit function at least on a quarterly basis; or

(ii) if the council does not have an internal audit function, reviewing and commenting on an annual report provided by the chief executive officer in relation to the policies and processes adopted by the council to evaluate and improve the effectiveness of its internal control practices and procedures; and

(h) reviewing and evaluating the effectiveness of policies, systems and procedures established and maintained for the identification, assessment, monitoring, management and review of strategic, financial and operational risks on a regular basis; and

(i) reviewing any report obtained by the council under section 48(1); and

(j) performing any other function determined by the council or prescribed by the regulations.

~~(4) The functions of an audit committee include—~~

~~(a) reviewing annual financial statements to ensure that they present fairly the state of affairs of the council; and~~

~~(ab) proposing, and providing information relevant to, a review of the council's strategic management plans or annual business plan; and~~

~~(ac) proposing, and reviewing, the exercise of powers under section 130A; and~~

~~(b) liaising with the council's auditor; and~~

~~(c) reviewing the adequacy of the accounting, internal control, reporting and other financial management systems and practices of the council on a regular basis.~~

(5) There must be at least 1 meeting of a council audit and risk committee in each quarter.

(6) Subject to this Act, the procedure to be observed at a meeting of a council audit and risk committee will be—

(a) as prescribed by regulation; or

(b) insofar as the procedure is not prescribed by regulation—as determined by the committee.

(7) Without limiting subsection (6)(a), regulations under that subsection may provide for circumstances in which the public may be excluded from attendance at a meeting of a council audit and risk committee.

(8) A council audit and risk committee must—

(a) provide a report to the council after each meeting summarising the work of the committee during the period preceding the meeting and the outcomes of the meeting; and

(b) provide an annual report to the council on the work of the committee during the period to which the report relates.

(9) A council must ensure that the annual report of its audit and risk committee is included in its annual report.

6.2 DRAFT 2021-2022 AUDIT COMMITTEE WORK PROGRAM

REPORT AUTHOR: General Manager, Corporate Services
GENERAL MANAGER: Chief Executive Officer
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A200196
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of the report is to provide the Audit Committee with the Draft Work Program for the year ending 30 June 2022.

BACKGROUND

Pursuant to Section 126 of the *Local Government Act 1999* and as detailed in the Audit Committee's Terms of Reference, the Audit Committee is responsible for facilitating:

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

RELEVANT POLICIES & STRATEGIC DIRECTIONS

Not Applicable.

FINANCIAL IMPLICATIONS

There are no financial implications associated with this issue.

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

The Audit Committee must ensure that the Work Program addresses the statutory obligations and focuses on the adequacy of the Councils' systems and practices with respect to risk management, financial reporting, the internal control environment and other financial management systems.

The Draft 2021-2022 Work Program contained in **Attachment A** reflects the requirements to the Audit Committee's Terms of References and meets the Council's statutory requirements.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

To ensure that the requirements of the *Local Government Act 1999* and the Terms of Reference are fulfilled, the Audit Committee is required to develop a Work Program each year.

A draft Work Program, based on prior years is contained in **Attachment A**.

OPTIONS

The Committee can either endorse the Work Program (contained in **Attachment A**) or amend the document as appropriate.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the Draft 2021-2022 Audit Committee Work Program as contained in **Attachment A** be adopted.

Attachment A

Draft 2021-2022 Audit Committee Work Program

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

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City of
**Norwood
Payneham
& St Peters**

Draft 2021-2022 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
1 Financial Reporting (LGA – Section 126(4)(a))				
1.1 Ensure that financial information included in publications for external audiences accurately reflects key accrual based financial information and where appropriate sector-endorsed financial indicators:				
• Annual Business Plan;	May 2022			
• Annual Financial Statements;	October 2021			
1.2 Review financial performance indicators provided to Council as part of Budget Reviews.	February 2022. May 2022			
2 Strategic Management and Annual Business Plans (LGA – Section 126(4)(ab))				
2.1 The Audit Committee should satisfy itself regarding the:				
• consistency of the Council's strategic plan with its long-term financial plan and annual business plan;	October 2021 (LTFP) May 2022 (ABP)			
• consistency of Council's long-term financial plan with its infrastructure and asset management plan (I&);	October 2021			
• soundness of the I& e.g. Is it supported by engineering and other professional assessments regarding the condition of Council's infrastructure assets;	October 2021			
• likely impact on Council's ongoing financial sustainability of implementation of its suite of strategic management plans; and	October 2021			
• appropriateness of the indicators (financial and other) to measure achievements of the strategic plan and annual business plan.	May 2022			
2 Exercise of Powers under Section 130A (LGA – Section 126(4)(ac))				
3.1 Determine whether a recommendation to the Council is required to request its auditor or some other person to:	As required			
• examine and report on any matter considered significant relating to financial management or the efficiency and economy of the management of Council's resources that would not be addressed or included as part of the annual audit.				

Draft 2021-2022 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
4 Liaising with External Auditor (LGA – Section 126(4)(b))				
4.1 Meet with the Council's external auditor to: <ul style="list-style-type: none"> discuss any points of concern raised by the External Auditor in their interim audit; assess the appropriateness of the Council's response to matters raised in the interim audit; discuss any qualifications raised in the most recent audit or comments made in the accompanying management letter; and assess the appropriateness of the Council's response to matters so raised. 	Meeting following the receipt of External Audit Reports			
4.2 Ensure compliance with regulation 22 (1) of the <i>Local Government (Financial Management) Regulations 2011</i> which prevent a Council from engaging its auditor to provide any services to the Council outside the scope of the auditor's functions under the <i>Local Government Act 1999</i> .	July 2022			
5 Internal Controls and Risk Management Systems (LGA – Section 126(4)(c))				
5.1 Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed: <ul style="list-style-type: none"> consider the range of documented internal control policies and procedures; and whether they are being followed. 	Standing Agenda Item			
5.2 Develop and monitor the delivery of the Council's Strategic Internal Audit Plan by: <ul style="list-style-type: none"> meeting with the Council's Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan; assessing the appropriateness of the Council's response to matters raised in the Internal Audit Reports; and annually review the appropriateness of the Council's three (3) year Strategic Internal Audit Plan. 	As required	Meeting following the receipt of the Internal Audit Report		February 2022

Draft 2021-2022 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
5.3 Review Management's assessment of the Council's major risks.	Standing Agenda Item			
5 Internal Controls and Risk Management Systems (LGA – Section 126(4)(c) Cont.				
5.3 Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:				
<ul style="list-style-type: none"> • whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect e.g. <ul style="list-style-type: none"> ◦ whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets); ◦ whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and ◦ adequacy of insurance coverage. ◦ Annual Review of Insurance Claims 	July 2022			
5.4 Review the appropriateness of the range and content of Council's financial policies and practices:				
<ul style="list-style-type: none"> • as per Policy Development Timetable. 	Standing Agenda Item			
5.5 Review the Council's financial governance arrangements and the effectiveness of those arrangements including:				
<ul style="list-style-type: none"> • Management/reporting of Council's regional subsidiaries. • the processes in place to ensure: <ul style="list-style-type: none"> ◦ all Council Members and the executive team have appropriate knowledge of key financial governance principles, issues and reporting tools in the context of Local Government financial sustainability; and, ◦ where warranted, existing knowledge and skills are augmented with locally appropriate training and support 	Standing Agenda Item			



Draft 2021-2022 Audit Committee Work Program

Activity	Meeting for Consideration	Current Status / Outcomes	Follow-up Action	Date Completed
6 Reporting				
6.1	Ensure that significant, urgent matters identified through the work program are formally and promptly reported to Council:	As required		
6.2	Report annually to the Council; <ul style="list-style-type: none">• outlining outputs relative to the audit committee's work program and the results of a self-assessment of performance for the preceding period including whether it believes any changes to its Terms of Reference are appropriate;• outlining any identified training needs;• advising future work program proposals; and• invite comment from the Council on all of the above.	July 2022		

6.3 2021-2022 ANNUAL BUSINESS PLAN AND BUDGET

REPORT AUTHOR: Financial Services Manager
GENERAL MANAGER: General Manager Corporate Service
CONTACT NUMBER: 83664585
FILE REFERENCE: qA75186/A201079
ATTACHMENTS: A

PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee for its information, the 2021-2022 Budget and Rating Policy, which have been adopted by the Council.

BACKGROUND

Pursuant to the provisions contained in Chapters 8, 9 and 10 of the *Local Government Act 1999* (the Act), the Council is required to adopt for each Financial Year, an Annual Business Plan (ABP) and Budget after 31 May and before 31 August.

Part 2 of the Act, “*Annual Business Plans and Budgets*”, requires the Council to consider its budget in conjunction with the Council’s Annual Business Plan and adopt the Budget following adoption of the Annual Business Plan.

At its meeting held on 5 July 2021, the Council adopted the 2021-2022 Annual Business Plan and Budget and declared the Rates for the 2020-2021 Financial Year.

RELEVANT POLICIES & STRATEGIC DIRECTIONS

The Council’s Long Term Strategic directions are outlined in *City Plan 2030 – Shaping our Future*. The 2021-2022 Annual Business Plan and supporting Budget, sets out the proposed services and programs and initiatives for the 2021-2022 Financial Year and explains how the Council intends to finance its continuing services, programs and initiatives which are to be undertaken during the financial year.

The Council’s Rating Policy sets the Council’s approach to determining and collecting rates from the community.

FINANCIAL AND BUDGET IMPLICATIONS

The 2021-2022 Budget, is based on a Rate Revenue increase of 4.35%. With valuation growth, the proposed increase in the Rate-in-the-Dollar is 1.98%. Revenue attributed to new development growth is \$341,392.

Since the last Committee meeting held on 24 May 2021, the Council considered the Draft Budget on two occasions and endorsed the following adjustments to the Capital Program;

- Deferral of the Extension of Reclaimed Water System (\$175,000);
- Deferral of the Year 3 funding allocation to the the Major Public Art Project (\$110,620); and
- Deferral of the public road conversion of Salisbury Lane and Kingsborough Lane as detailed in Private Laneway Conversion Project. It should be noted that as the Council declared a separate rate for the recovery of the costs associated with the conversion of Charlotte Lane to a Public Road, the reconstruction works will be undertaken in 2021-2022.

The impact of the adjustments was a reduction in the Capital Budget of \$305,620

In addition, due to a reduction in the gate price associated with the kerbside recyclables, the waste disposal budget has been reviewed and reduced by \$60,000.

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Nil

RISK MANAGEMENT

The 2021-2022 Budget was prepared in in absence of the 2021-2022 State Budget, which was released on 22 June 2021. A number of components of the Councils Budget are impacted upon by decisions which are made by the State Government. A number of assumptions have been made with respect to those components of the Councils Draft Budget which are influenced by the decisions of the State Government.

Following consideration of the 2021-2022 State Budget, the assumptions and other decisions upon which the Budget is based has not been materially impacted by the release of the State Budget.

It should be noted that the 2021-2022 Budget is based on the assumption that the Federal Government will continue, as per previous year, to advance two (2) quarter of the Financial Assistance Grants. Should the grant funding not be advanced, Grant Income will be reduced by \$550,000. The decision to advance payments from the 2022-2023 Financial year are usually made to coincide with announcements associated with the Federal Budget.

COVID-19 IMPLICATIONS

As part of the economic recovery from the COVID-19 pandemic, the Federal and State Government released a number of funding programs aimed at stimulating the economy through infrastructure spend.

The Council has been successful in receiving grant funding which will assist the Council in delivering a number of projects which are included within the 2021-2022 Annual Business Plan and Budget.

Projects where grant funding have been received under the various grant programs are detailed in Table 1 below:

TABLE 1: PROJECT GRANT FUNDING

Project Name	Project Description	2021-2022 Budget Allocation	2021-2022 Grant Funding
St Peters Street Streetscape Upgrade	<p>This project builds on the upgrades to the St Peters Precinct, which included the redevelopment of Linde Reserve-Dunstone Grove, the refurbishment of the St Peters Town Hall Complex and the St Peters Street upgrade and the Avenue of Honour from Payneham Road to Second Avenue. Once completed, St Peters Street will provide improved amenity and connection between the River Torrens Linear Park and other major focal points within the Precinct.</p> <p>The estimated project cost is \$4.5 million, which includes civil infrastructure renewal works and storm water drainage works to the value of \$1.5 million. These elements have been accounted for in the recently adopted <i>Infrastructure & Asset Management Plans</i></p> <p>The Project is scheduled to be delivered over two (2) financial years, with the estimated spend being incurred as follows:</p> <p>2021-2022 - \$2.470 million 2022-2023 - \$2.030 million</p> <p>The Council secured \$1.270 million as part of the Federal Governments <i>Local Government and Community Infrastructure Program Extension</i>.</p>	2,470,000	1,270,347
Dunstan Adventure Playground Redevelopment	<p>The Dunstan Adventure Playground is identified in a number of the Council's strategic documents as one of four Regional Level Playgrounds within the City of Norwood Payneham & St Peters.</p> <p>The objective of the Project is to design and construct a new Playground, whilst maintaining some of the key elements that are well loved by the users of this unique facility.</p> <p>The Project is scheduled to be delivered over two (2) financial years, with the detailed design to be undertaken during 2021-2022. The estimated spend being incurred as follows:</p> <p>2021-2022 - \$100,000 2022-2023 - \$900,000</p> <p>The Council has secured \$450,000 in grant funds from the State Governments <i>Open Space & Places for People Program</i>.</p>	\$100,000	\$ -
River Torrens Linear Park Shared	<p>This project involves the reconstruction of the shared path along the River Torrens Linear Park, between the intersection of Battams Road/Ninth Avenue</p>	\$2,148,000	\$1,350,000

Project Name	Project Description	2021-2022 Budget Allocation	2021-2022 Grant Funding
Path Enhancement – Stage 2	<p>Royston Park and Twelftree Reserve, Collage Park, encompassing a section of the path that passes through Dunstan Adventure Playground. The project will deliver a 2.6 km, 3.0-3.5 metre wide shared path with compliant LED lighting. This project is the continuation of Stage 1 of the River Torrens Shared Path enhancement Project which was completed in 2019.</p> <p>The estimated project cost is \$3.0 million, which includes endorsed civil infrastructure renewal works to the value of \$ 798,000. These elements have been accounted for in the recently adopted <i>Infrastructure & Asset Management Plans</i></p> <p>The Project is scheduled to be delivered over two (2) financial years, with the detailed design to be undertaken during 2021-2022. The estimated spend being incurred as follows:</p> <p style="margin-left: 40px;">2021-2022 - \$2.148 million 2022-2023 - \$0.852 million</p> <p>The Council has secured \$1,350,000 in grant funds from the State Governments <i>Open Space & Places for People Program</i>.</p>		
Payneham Swimming Centre Redevelopment	<p>This project involves the full redevelopment of the Payneham Memorial Swimming Centre, as per the Council's <i>Swimming Centres Strategy</i> and endorsed Concept Plans.</p> <p>The complete redevelopment is estimated to cost \$24 million, with the project being delivered over two (2) financial years, with the estimated spend being incurred as follows:</p> <p style="margin-left: 40px;">2021-2022 - \$ 3.0 million 2022-2023 - \$21.0 million</p> <p>The Council has secured \$5.6 million in grant funds from the State Governments <i>Local Government Infrastructure Partnership Program</i> to assist in funding the water elements of the project.</p>	3,000,000	2,800,000
Total		9,775,000	4,700,000

It should be noted that the recognition of the Grant Funding is linked to the delivery of construction activities or the achievement of key milestones as set out in the respective funding agreements.

CONSULTATION

- **Committee Members**

The Committee considered the draft 2021-2022 Annual Business Plan and Budget at its meeting held on 24 May 2021.

Cr Minney, Mayor Bria and Cr Stock, have been involved throughout the Annual Business Plan and Budget preparation process and have considered the various components of the Budget and made decisions as appropriate.

- **Community**

The community through community consultation process on the Annual Business Plan was provided the opportunity to provide feedback on the Annual Business Plan and Budget. Six (6) written submissions were received and considered by Council at its meeting held on 16 June 2021.

- **Staff**

The review of the Operating Expenditure and Special Projects and the Annual Business Plan process has been completed with the involvement of the Chief Executive Officer, General Managers and the various Responsible Officers.

- **Other Agencies**

Nil.

DISCUSSION

The 2021-2022 Annual Business Plan and Budget has been developed during a period in which the State is recovering from the economic and social impacts of the COVID-19 pandemic. As a level of Government, the Council was conscious of its role in the economic recovery from the COVID-19 pandemic, as such the focus has remained on ensuring that the Council not only maintains the service standards for its existing range of services to support the delivery of the strategic objectives, the 2021-2022 Annual Business Plan and Budget commits to a number of large scale infrastructure projects.

With a Rate Revenue increase of 4.35%, combined with the extensive Capital Program, the Budget will, deliver a Cash Deficit of \$1.621 million, after Principal loan repayments of \$931,000 and new borrowings of \$8.2 million. The closing cash balance at the 30 June 2022, is projected to be \$1.359 million.

Given the nature of the infrastructure projects planned to be undertaken over the coming financial years, to minimise the interest cost and cash required to meet principal loan repayments, it is proposed that Convertible Cash Advance Debenture (CAD) loan facilities that the Council be utilised during construction. In addition to the existing CAD Facilities of \$10.5 million, the Local Government Finance Authority has made available (upon application) a \$5.6 million CAD facility specifically for the Payneham Memorial Swimming Centre redevelopment.

Table 2 below provides a summary of the key elements of the 2021-2022 Budget.

TABLE 2: 2021-2022 BUDGET

	2021-2022
Rate Revenue Increase	4.35%
Revenue Growth from New Development	\$341,000
Operating Surplus	\$471,000
Underlying Operating Surplus *	\$875,000
Expenditure on continuing services and programs (excluding Regional Landscape Levy)	\$33.447 million
Expenditure on new initiatives and strategic operating projects (including Carry-forward projects)	\$955,000
Total Capital Works Program (including Carry-forward projects)	\$26.972 million
Non- Rate Operating Revenue (including Roads-to- Recovery Grant Funding)	\$9.268 million
Net General Rate Revenue (excluding Regional Landscape Levy)	\$36.424 million
Regional Landscape Levy **	\$1.387 million
Capital Grant Funding	\$5.541 million

* excludes carry forward expenditure (\$203,000) and Net loss on Joint Ventures (\$201,000)

** The Council is acting as a revenue collector for the Green Adelaide Board in this regard and does not retain this revenue.

Rating Strategy

The Council's Long Term Financial Plan, sets out the Councils Financial Goal, which is to be a *City which delivers on our Strategic Outcomes by managing our financial resources in a sustainable and equitable manner*. To achieve this, a number of Financial Outcomes and financial targets have been established, one being Rate Stability. The Council has defined Rate Stability to mean *Annual rate collections are fair and equitable for our residents and ratepayers with the aim to keep rate revenue increases stable over the medium term*. The average rate revenue increase over the past 5 years is 2.75%, which is at the lower end of the Rate Revenue target, set out in the Councils Long Term Financial Plan. For the same period, the average residential rate increase is 1.85%, with the average Commercial Rate increasing by 0.52%.

As such, from a financial management perspective, the Council has clearly delivered on its financial objectives.

Details of the adopted Rating Strategy are detailed in Table 3 below:

TABLE 3: RATING STRATEGY

	2021-2022
Rate Revenue Increases	4.35%
	\$'000
Gross General Rate Revenue	\$37,239
Net Increase on Previous Year	\$1,566
Operating Surplus/(Deficit) after rate revenue increases	471
Residential Rate	
Average Rate	\$1,563
Average Rate Difference	\$54
Increase from previous year	3.57%
Rate-in-the-Dollar	0.0022778
Increase from previous year	1.98%
Commercial Rate	
Average Rate	\$2,649
Average Rate Difference	\$53
Increase from previous year	2.02%
Rate-in-the-Dollar	0.0027332
Increase from previous year	1.98%
Minimum Rate	\$1,068
Percentage of Assessment on Minimum Rate	29.8%

For the 2021-2022 financial year, the “*average residential property*” is valued at \$686,000, compared to the 2020-2021 “*average residential property*” value of \$675,000. The average residential rate increase takes into account the impact of the change in capital value of the “*average residential property*” plus the increase in the rate-in-the-dollar. For the 2021-2022 financial year, the increase in the rate-in-the-dollar is 1.98%, which for the “*average residential property*” is \$30.32 per annum, with the increase in rates payable from the change in capital value is 1.6%, which translates to a \$24.05 per annum increase.

It should be noted that 59.4% of residential properties have had no change in their property value, as such, the rate increase for this year will be 1.98%, which for the “*average residential property*” is \$30.32.

OPTIONS

Nil

CONCLUSION

Through the adoption of the Long Term Financial Plan, the Council has a clear strategy of achieving financial sustainability. Financial sustainability means having a financial position capable of meeting long term service and infrastructure levels and standards, which are acceptable to the community plus having the financial capacity to meet its financial obligations from cash generated from operations or cash reserves.

As the State recovers from the economic impact of the COVID-19 pandemic, the Council is conscious of the role it plays in the economic recovery. As such, the 2021-2022 Annual Business Plan and Budget commits to a number of large scale infrastructure projects, which will not only increase the level of Community Well-being but will also assist in creating jobs for the State and the local community. The Council has also confirmed its commitment to ensuring the maintenance and renewal of its significant asset base is maintained, as well as providing the services, programs and facilities which the community expects the Council to fund from the revenues which is raised.

The Annual Business Plan and Budget, which is contained in **Attachment A**, also takes into account the on-going cost of living pressures and the community concern about the affordability of Council services, with appropriate increase of 1.98% in the Rate-in-the Dollar, with an Average Residential Rate increase of \$53 (3.57%), which takes into account the change in the value of the “*average residential property*”.

COMMENTS

If Committee Members have any questions or require clarification in relation to specific budget items, and/or any issues raised in this report, do not hesitate to contact the General Manager, Corporate Services, Sharon Perkins on 8366 4585, prior to the meeting.

RECOMMENDATION

That the report be received and noted.

Attachment A

2021-2022 Annual Business Plan and Budget

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

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City of
Norwood
Payneham
& St Peters



Annual Business Plan

2021–2022



City of
Norwood
Payneham
& St Peters

2021–2022 Annual Business Plan

The City of Norwood Payneham & St Peters 2021–2022 Annual Business Plan and Budget sets out the Council’s proposed projects, services and programs for the 2021–2022 financial year.

This Annual Business Plan has been prepared in accordance with the *Local Government Act 1999*.

Further information

For more information about the City of Norwood Payneham & St Peters 2021–2022 Annual Business Plan and Budget, please contact the Council’s General Manager, Corporate Services, on 8366 4585 or email townhall@npsp.sa.gov.au

For further information, visit www.npsp.sa.gov.au

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Jazz in the Park - February 2020

Mayor's Message

The City of Norwood Payneham & St Peters remains focused on financial sustainability by maintaining modest rate increases during what have been difficult times for our community. This focus is balanced against the need to generate sufficient revenue to meet the demands for services and improvements to infrastructure - as well as the repayment of loan borrowings, in order to fund capital works, while, at the same time, focusing on the recovery of our community from the COVID-19 pandemic.



The City of Norwood Payneham & St Peters 2021–2022 Annual Business Plan, contains a Budget which highlights the Council's strong financial position and its ability to deal with the challenges and opportunities of the future.

In preparing this year's Budget, the Council has taken into account the current economic environment as the State recovers from the economic impacts of the COVID-19 pandemic.

The Council continues to strive to achieve a balance between providing value for money in the high standard of services which are expected by our community, whilst ensuring that the rate increase is commensurable to the service standards provided.

As a level of Government, the Council is conscious of its role in the economic recovery from the COVID-19 pandemic. As such, the 2021–2022 Annual Business Plan and Budget, commits to a number of large scale infrastructure projects, which create jobs for the local economy, as well as enhance the well-being for our community.

This year's Annual Business Plan continues its focus on a number of footpath and street tree issues that have been raised by the community. Our citizens can be confident that their rates are being spent to improve amenities and quality of life in our City.

In this regard, the Council believes that a \$54 increase a year in the average residential rate is a reasonable response to the level of investment being made to improve the amenity of the City and takes into account the recovery phase of our economy.

Commercial property owners will also experience an average rate increase in the order of \$53 a year.

The projected Operating Surplus of \$471,000 continues the Council's recent record of surpluses—money which is used to repay loan borrowings, which are required for improvements to the City's much valued infrastructure—and in doing so reduces the future debt burden on ratepayers.

This year, the Council will invest \$22.2 million in its projects budget, which includes a number of new initiatives.

The Council was fortunate to receive \$5.6 million from the State Government to assist with the redevelopment of the Payneham Memorial Swimming Centre, with works commencing during the 2021–2022 financial year. Other major projects include the St Peters Street Streetscape Upgrade and Burchell Reserve Upgrade, which includes flood mitigation works to prevent downstream flooding through the use of on-site stormwater detention, cleaning and reuse.

The Council's Whole-of-Life Capital Works Program includes \$11.1 million to provide for the renewal of the City's stormwater drainage system, footpaths, kerbing, and resealing of roads.

I encourage you to read the Council's Annual Business Plan and Budget and the details of the projects to be undertaken during 2021–2022.

**Robert Bria
Mayor**

Introduction



The City of Norwood Payneham & St Peters' Annual Business Plan is a key document in the Council's overall Planning Framework. It sets out the Council's proposed projects, services and programs for the 2021–2022 financial year.

The Annual Business Plan supports the Council's long-term strategic directions, which are outlined in the Council's strategic management plan: *CityPlan 2030: Shaping Our Future*, as well as the Long-term Financial Plan and Whole of Life Infrastructure and Asset Management Plans.

First endorsed by the Council in 2008, *CityPlan 2030*, focuses on developing the things which the community love, changing the things the community don't and creating the things our community wants in order to achieve a preferred future of our City.

As reflected in *CityPlan 2030* the future can be shaped, modelled and influenced by our actions today, for both the benefit of our community today and future generations.

In 2020, a mid-term review of *CityPlan 2030* was undertaken to ensure that it continues to capture the community's aspirations for the City. This assists the Council to establish directions which shape the City's future with the overall aim of achieving Community Well-being.

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

Quadruple Bottom Line is a management tool which ensures that the Council's sustainability principles are embedded across all of its operations, projects and undertakings.

In line with *CityPlan 2030* and in developing this Annual Business Plan, the Council continues to work towards these Outcomes, through the delivery of the programs, services, projects and initiatives set out within the Plan. The accompanying Budget details the Council's revenue and how it proposes to finance the programs, services, projects and initiatives which it intends to provide to the community during the 2021–2022 financial year.

Diagram 1. 'Quadruple Bottom Line' Framework for Community Well-being.



Our Vision

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

A progressive City which is prosperous, with a strong community spirit.

37,056[#] residents

4,103 children (0–11)	16,828 adults (25–59)
---------------------------------	---------------------------------

5,552 young people (12–24)	8,879 older people (60+)
--------------------------------------	------------------------------------

48% males **52%** females

30.2% of the population born overseas

Top 5 birthplaces in the City	64.7% Australia	4.8% United Kingdom
	4.3% Italy	2.6% India
	4.0% China	

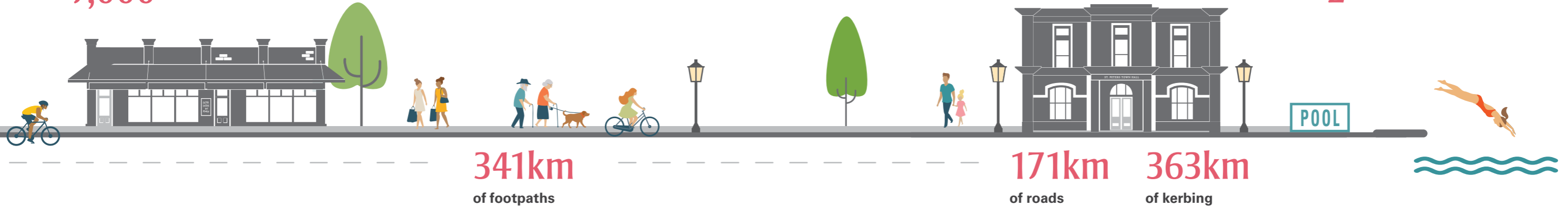
120 ethnicities

3 libraries

16 schools

2 swimming centres

7,000 local businesses



More than **23,000** street trees

29 playgrounds

72 parks and reserves

180 ha open space

City Snapshot

The City of Norwood Payneham & St Peters enjoys a reputation as one of Adelaide's most desirable places to live, work and visit.

[#] Source: Australian Bureau of Statistics 2019 Estimated Resident Population

Strategic Direction

The City of Norwood Payneham & St Peters' strategic management plan, *CityPlan 2030: Shaping Our Future*, provides the strategic framework and directions which guide the Council's decision making towards achieving the overall aim of Community Well-being.

All programs, projects and services delivered by the Council fall under four outcome areas: Social Equity, Cultural Vitality, Economic Prosperity and Environmental Sustainability. These outcome areas uphold and work towards Community Well-being.

The mid-term review of *CityPlan 2030* was undertaken in 2020.



St Peters Billabong



Outcome 1 Social Equity

An inclusive, connected, accessible and friendly community.

Objectives

1. Convenient and accessible services, information and facilities.
2. A people friendly, integrated and sustainable transport network.
3. An engaged and participating community.
4. A strong, healthy resilient and inclusive community.



Outcome 2 Cultural Vitality

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

Objectives

1. An artistic, creative, cultural and visually interesting City.
2. A community embracing and celebrating its social and cultural diversity.
3. A City which values and promotes its rich cultural and built heritage.
4. Pleasant, well designed, and sustainable urban environments.
5. Dynamic community life in public spaces and precincts.



Outcome 3 Economic Prosperity

A dynamic and thriving centre for business and services.

Objectives

1. A diverse range of businesses and services.
2. Cosmopolitan business precincts contributing to the prosperity of the City.
3. Attract new enterprises and local employment opportunities to our City.
4. A leading centre for creative industries.
5. A local economy supporting and supported by its community.



Outcome 4 Environmental Sustainability

A leader in environmental sustainability.

Objectives

1. Sustainable and efficient management of resource.
2. Sustainable streets and open spaces.
3. Thriving and healthy habitats for native flora and fauna.
4. Mitigating and adapting to the impacts of a changing climate.

Strategic Planning Framework

In working towards our vision, all of the programs, projects and services which the Council delivers are structured into four key outcome areas, referred to as the 'Four Pillars' of Community Well-being.



Objectives and Key Initiatives

In preparing the 2021–2022 Annual Business Plan and Budget, the Council has considered the strategic directions set out in *CityPlan 2030: Shaping Our Future* and has determined to undertake initiatives which respond to the Council’s vision and contribute to the overall well-being of our City and its community.



The projects, programs and initiatives which the Council proposes to undertake during 2021–2022, must meet the objectives of at least one of the four key outcome areas of *CityPlan 2030*: social equity, cultural vitality, economic prosperity and environmental sustainability. In some cases, projects and initiatives may contribute towards more than one outcome. Projects and initiatives have been listed against the Outcome with which it has the strongest alignment.

Other priorities which have influenced the preparation of the 2021–2022 Annual Business Plan and Budget include:

- an increase in operating expenditure in line with the Local Government Price Index;
- ensuring the maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces, are consistent with the Whole of Life Infrastructure and Asset Management Plans;
- consideration of financial commitment to major projects which span more than one financial year; and
- sensible and prudent financial management to ensure financial sustainability for our City.

Major Projects



Payneham Memorial Swimming Centre Redevelopment

The full redevelopment of the Payneham Memorial Swimming Centre - as per the Council's Swimming Centres Strategy and endorsed Concept Plans - includes the following proposed key features:

- refurbishment of the main 50 metre Pool - in its current location, with provision for a roof to be constructed at a later date;
- replacement of the existing gravity fed sand filtrations system, with a new Neptune Defender Filtration System;
- new plant room to service the 50m Pool, new 25m Pool and the Aquatic Recreational Equipment and Facilities;
- new semi-enclosed eight lane, 25 metre outdoor Lap Pool and Learn to Swim Pool with an all-weather lid;
- new Sports and Leisure Centre providing pool facilities, administration facilities, and café, training space, clubrooms and multi-use function areas,
- new leisure Pools with interactive water play and high platform waterslides;
- zero depth splash pad; and
- the installation of shade, barbeques and picnic facilities on a grassed embankment.

The Council has secured \$5.6 million in grant funds from the State Government's Local Government's Infrastructure Partnership Program to assist in funding the water elements of the project.

The complete redevelopment is estimated to cost \$24 million, with the project being delivered over two financial years, with the estimated spend being incurred as follows:

- 2021–2022 - \$3.0 million
- 2022–2023 - \$21.0 million

St Peters Street Streetscape Upgrade



The St Peters Street Streetscape Upgrade builds on the recent upgrades to the St Peters Precinct, which included Linde Reserve-Dunstone Grove, the St Peters Town Hall Complex, St Peters Street Streetscape upgrade and the Avenue of Honor from Payneham Road to Second Avenue. Once completed, St Peters Street will provide improved amenity and connection between the River Torrens Linear Park and other major focal points within the Precinct. The key features proposed include:

- a reduction in the overall paved road width;
- improved amenity and accessibility for pedestrians and cyclists;
- wider footpaths;
- new tree planting and landscaping, including Water Sensitive Urban Design (WSUD) elements;
- revitalised central median;
- improved local stormwater management, with seasonal detention at Cliff Goodwin Reserve; and
- improved access and amenity of the open space adjacent to Eighth Avenue and the St Peters Billabong.

The estimated project cost is \$4.5 million, which includes civil infrastructure renewal works and stormwater drainage works to the value of \$1.5 million. These elements have been accounted for in the recently adopted Infrastructure & Asset Management Plans.

The Project is scheduled to be delivered over two financial years, with the estimated spend being incurred as follows:

- 2021–2022 - \$2.470 million
- 2022–2023 - \$2.030 million

The Council has secured \$1.270 million as part of the Federal Government's Local Government and Community Infrastructure Program Extension to assist in funding the project.

Burchell Reserve Upgrade



The redeveloped Burchell Reserve will establish a contemporary setting, whilst improving the amenity of the Reserve through new community tennis courts, seating, toilets and landscaping that would create a gathering point for the community and encourage social interaction.

The key features proposed include:

- a multipurpose court featuring two community tennis courts, basketball and netball rings;
- new toilets, shelter, barbeque and picnic facilities;
- play-space improvements and new equipment;
- new furniture, lighting and fencing;
- a ramp access to/from Sixth Avenue and internal paths;
- new tree planting and landscaping, including WSUD elements; and
- on-site stormwater detention, cleaning and reuse.

The upgrade will be delivered over two financial years, with the total project costs estimated to be \$2.6 million




- 2021–2022 - \$2.026 million
- 2022–2023 - \$0.574 million



Outcome 1 Social Equity

An inclusive, connected, accessible and friendly community.

2020–2021 achievements

-  Completed the mid-term review of *CityPlan 2030: Shaping Our Future* to confirm the ongoing relevance of our strategic directions.
-  Completed the annual Capital Works Program, which includes upgrades to civil infrastructure (roads, footpaths and kerbing), buildings and open space assets.
-  Converted Charlotte Lane to a public road in accordance with the Council's Private Laneway Policy.
-  Completed the two year footpath defect rectification program.



Outcome 2 Cultural Vitality

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

2020–2021 achievements

-  Hosted Movie on the Oval as part of Christmas in NPSP.
-  Hosted Canvas Youth Arts + Design Exhibition
-  Hosted Art on Parade
-  Hosted Concerts in the Park series

Annual Business Plan Objectives

- Deliver services which are relevant, citizen focused and cost effective.
- Continue the maintenance and renewal of infrastructure assets in line with the Council's whole-of-life framework for infrastructure.
- Deliver programs and activities which engage our young people in the City's future.
- Provide a variety of events and programs that engage all citizens regardless of age, ability, race, gender or background.
- Ensure fair and equitable rates for all ratepayers.

Proposed key initiatives for 2021–2022

- Deliver the annual Capital Works Program in accordance with the respective infrastructure and asset management plans, including civil infrastructure (roads, footpaths and kerbing), buildings and open space assets.
- Purchase books and other resources to replenish library collections at the Council's three libraries.
- Commence the re-development of the Payneham Memorial Swimming Centres, in line with the Swimming Centres Strategy.
- Continue the implementation of the 15 year Stormwater Drainage Program.
- Continue the implementation of the Council's Private Laneway Policy with the conversion of endorsed private laneways into public roads.
- Commence the upgrade of Burchell Reserve.
- Commence Stage 2 of River Torrens Linear Park Shared Path Upgrade Project

Annual Business Plan Objectives

- Promote our cultural diversity through the use of public art and events that complement the City's cultural heritage and enhance its sense of place.
- Provide opportunities for the community to contribute to the social and creative life of the City through events, activities, arts and cultural initiatives.
- Provide a variety of events and programs which engage all citizens, regardless of age, ability, race, gender or background.

Proposed key initiatives for 2021–2022

- Deliver a number of programs and activities which are focused on achieving the objectives set out in the Council's Youth Strategy.
- Host an art exhibition which showcases work created by the City's young people aged 10–18 years as part of the Canvas Youth Arts program.
- Host Art On Parade.
- Concerts in the Park series.



Outcome 3 Economic Prosperity

A dynamic and thriving centre for business and services.

2020–2021 achievements



Hosted Raising the Bar Adelaide events across the City.



Promoted local fashion retailers and designers by hosting A Day of Fashion on The Parade, Norwood.



Hosted the Eastside Business Awards to recognise the best small businesses in the City, as voted by the public.



Outcome 4 Environmental Sustainability

A leader in environmental sustainability.

2020–2021 achievements



Completed year three of the Street Tree Planting Program, which resulted in 300 additional trees planted over a three year period.



Endorsed the Greenhouse Gas Emissions Reduction Plan, which is aimed at ensuring the Council can achieve its 2030 target of zero corporate carbon emissions.

Annual Business Plan Objectives

- Support the development of a prosperous local economy.

Proposed key initiatives for 2021–2022

- Host the Eastside Business Awards to recognise the best small businesses, including retailers, restaurants, cafes, bars, venues and boutiques in the City of Norwood Payneham & St Peters, as voted by the public.
- Host Raising the Bar in venues across the City to promote education as part of the City's popular culture by fusing learning and discussion with a fun night out.
- Continue offering support for local businesses by hosting networking functions.

Annual Business Plan Objectives

- Ensure any urban development that is undertaken enhances the environmental, social and cultural character of the City.
- Maximise use of the City's open space by providing a range of active and passive open space recreation opportunities.
- Promote recycling and environmentally sustainable practices throughout the City.

Proposed key initiatives for 2021–2022

- Increase the Council's Street Tree Planting Program from 300 street trees to 500 street trees per year.
- Continued support of the Resilient East project which aims to strengthen the resilience of the Council and its community in respect to the impacts of climate change.
- Implement an Urban Greening Trial Program, aimed at encouraging the planting of trees and natives on private land.
- Commence the upgrade of St Peters Street to improve connection to key places with the River Torrens and upgrade existing infrastructure.

Services

For every \$100 paid in rates, the breakdown in Council expenditure is as follows:




\$35.47

Infrastructure Management

- Asset management
- Strategic projects
- Civil infrastructure maintenance
- Streetscape maintenance
- Public lighting
- Stormwater drainage network
- Traffic Management




\$12.18

Waste & Recycling Services

- Kerbside collection of
 - Household waste
 - Recyclables
 - Green organics
- Hard waste collection and disposal
- Public litter bins
- Illegal dumping




\$3.10

Community, Health, Aged & Youth Services

- Environmental health and services
- Community programs
- Home care assist
- Youth services
- St Peters Child Care Centre & Pre-school
- Volunteer




\$ 7.21

Libraries & Community Facilities

- Library services
- Lifelong Learning Programs
- Facility hire (casual and long term)
- Norwood Concert Hall




\$14.81

Trees, Parks, Sport & Recreation

- Reserve maintenance
- Sports and recreational facilities
- Street trees
- Swimming centres




\$5.59

Economic Development, Regulatory Services, Environment & Planning

- City planning
- Building inspections
- Parking management
- Animal management
- Abandoned vehicles
- Business precinct management
- Economic development
- Environmental sustainability initiatives




\$2.91

Community Events, Arts & Heritage

- Community events
- Community arts
- Cultural heritage




\$18.74

Governance, Communications & Administration

- Corporate governance
- Financial management and services
- Information management and services
- Customer services
- People and organisational development
- Internal and external communications
- Media liaison
- Marketing

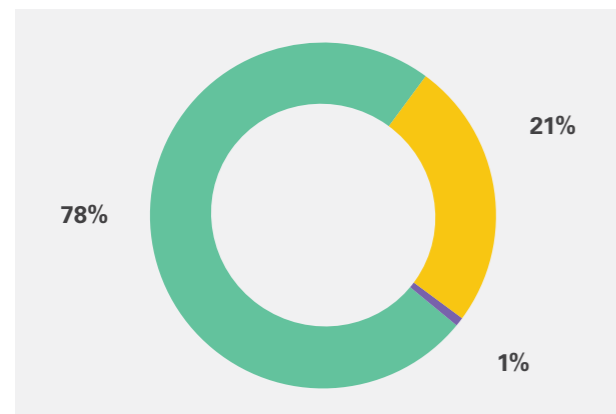


Infrastructure Management



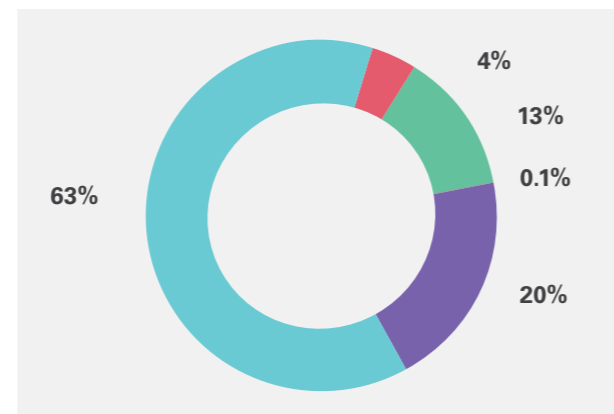
2021–2022 Budget \$20.522 million*

Where it is spent



Recurring expenditure	\$4,305,401
Service initiatives	\$185,000
Capital expenditure	\$15,916,752

Source of funds



Operating Grant Funding	\$907,298
Rates	\$12,842,054
Capital Grant Funding	\$2,620,347
Other capital funding	\$18,000
Borrowings	\$4,134,485

Services Provided

- **Asset management**, which provides project management services for capital works program, which includes:
 - Road reseals;
 - Footpath;
 - Kerbing and watertable; and
 - Stormwater network system.
- **Civil infrastructure maintenance** which includes programmed and responsive maintenance of the Council's civil infrastructure assets
- **Road and traffic management**
- **Public lighting**
- **Streetscape maintenance**

Projects and Service Initiatives

- **Civil Infrastructure and Drainage Capital Works Program**
- **Private Laneways Project** which involves the transfer of ownership of private laneway to public laneways
- **Replacement of small plant and equipment used in maintenance activities**
- **Rectification of footpath defects**
- **Street lighting renewal and upgrade**
- **Commence Stage 2 of the River Torrens Shared Path Upgrade Project**
- **St Peters Street Streetscape Upgrade**

Further details are provided in Appendix 1.

Infrastructure Maintenance

Infrastructure Maintenance is responsible for the administration for both the programmed and responsive maintenance of the Council's civil infrastructure assets, to maintain infrastructure to the required standard.

Also included, is the management of the City-wide Street Cleansing and the Norwood Parade Footpath Sweeping Program.

Services undertaken by Civil Infrastructure Maintenance also includes:

- **Footpath, Kerb & Watertable**

Income	-
Expenditure	\$1,160,569
Net Cost/(Net Contribution)	\$1,160,569

- **Road & Traffic Management**

Income	\$545,000
Expenditure	\$924,676
Net Cost/(Net Contribution)	\$379,676

- **Stormwater Network**

Income	-
Expenditure	\$155,586
Net Cost/(Net Contribution)	\$155,586

- **Streetscape maintenance**

Income	-
Expenditure	\$1,058,369
Net Cost/(Net Contribution)	\$1,058,369

- **Management of the Council's public lighting**

Income	-
Expenditure	\$635,000
Net Cost/(Net Contribution)	\$635,000

Asset Management

The Council's strategic asset management staff are responsible for the maintenance, construction, renewal and disposal of Council's facilities and assets, including the preparation of the Capital Works Program. This unit is responsible for the expenditure of external infrastructure grants such as the Roads to Recovery Program and project specific grants.

Specific areas covered by Asset Management include:

- **Capital project services** - This area provides project management services for capital works; construction and contract management associated with Council assets, in particular the delivery of road, kerb, footpath, water table and stormwater drainage capital works renewal projects. Staff also oversee external contracts for the provision of building maintenance services for Council buildings including cleaning, plumbing, carpentry, electrical, air conditioning, painting, general maintenance and renewal.
- **Open space planning and delivery** - Staff in this area develop and implement open space policies and strategies; develop the public open space asset renewal and improvements program; undertake project management for capital works relating to open space improvements; provides internal technical advice and provide assistance to local community groups.
- **Assets and special projects** - Staff in this area maintain the Council's Whole-of-Life Asset Management Plans and prepares scope of works for major capital works projects.

Income	\$362,298
Expenditure	\$560,982
Net Cost/(Net Contribution)	\$198,684

*Excludes carry forward projects



The Council's staff undertaking hazardous disposal tasks at the Glynde Depot.



Waste & Recycling Services



2021–2022 Budget \$4.452 million*

Where it is spent



● Recurring expenditure \$4,340,342

Source of funds



● User fees and charges \$43,000
● Rates \$4,408,528

This area oversees external contracts responsible for kerbside recyclables and residual waste collection, illegally dumped rubbish, hard and green waste collection, street and parks rubbish bin collection.

*Excludes carry forward projects

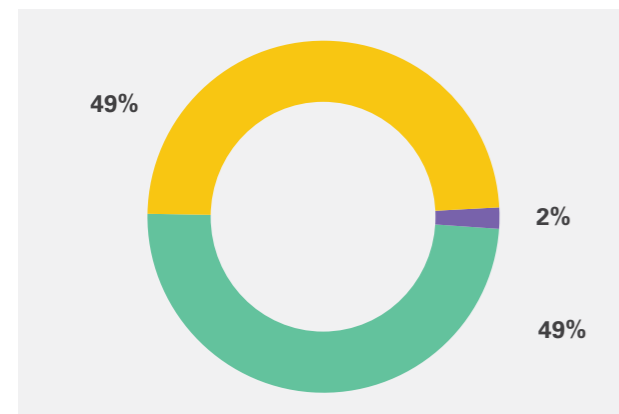


Trees, Parks, Sport & Recreation



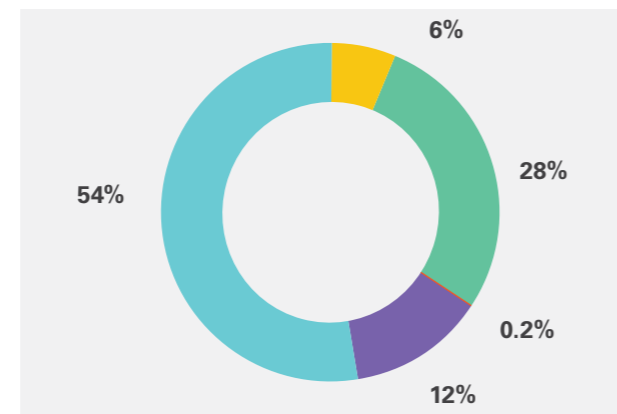
2021–2022 Budget \$9.952 million*

Where it is spent



Recurring expenditure	\$4,829,782
Service initiatives	\$160,000
Capital expenditure	\$4,833,932

Source of funds



User fees and charges	\$600,732
Rates	\$5,362,254
Other income	\$21,550
Capital Grant Funding	\$2,800,000
Borrowings	\$1,167,000

Services Provided

- Reserve maintenance includes parks, gardens and reserves
- Sporting and recreational facilities include recreational and sporting facilities such as sporting fields and tennis courts
- Street trees include the strategic management of the Council's 23,000 street trees
- Swimming centres include Norwood Swimming Centre and Payneham Memorial Swimming Centre

Projects and Service Initiatives

- Recreation and Open Space Works Program
- Additional street tree planting
- Commencement of the redevelopment of Payneham Memorial Swimming Centre
- Commence Burchell Reserve Upgrade
- Undertake detailed design for Dunstan Adventure playground upgrade

Further details are provided in Appendix 1.

Reserve Maintenance

The Council has more than 180 hectares of reserves, parks gardens. This area is responsible for the ongoing maintenance of the Council's reserves, parks and gardens.

Income	-
Expenditure	\$2,039,892
Net Cost/(Net Contribution)	\$2,039,892

Sporting and Recreational Facilities

The Council provides a wide variety of recreational and sporting facilities such as sporting fields and tennis/netball courts, which are available for either casual hire or seasonal hire or leased to home sporting clubs within the City. This also includes administration of the hire of the Council's sporting facilities, as well as manages the ongoing maintenance of the open space and associated infrastructure provided at these facilities.

Income	\$95,450
Expenditure	\$479,486
Net Cost/(Net Contribution)	\$384,036

Street Trees

Approximately 23,000 street trees are located throughout the City with several thousand more trees located on reserves. This area is responsible for the management of the Council's street trees, which includes inspection, condition assessment and ongoing maintenance such as watering, pruning, planting and removal.

Income	-
Expenditure	\$1,451,542
Net Cost/(Net Contribution)	\$1,451,542

Swimming Centres

The Council owns and operates two swimming centres, the Norwood Swimming Centre and Payneham Memorial Swimming Centre. Both centres provide for lap swimming, swimming lessons and general recreational swimming.

Income	\$526,832
Expenditure	\$1,014,082
Net Cost/(Net Contribution)	\$487,250

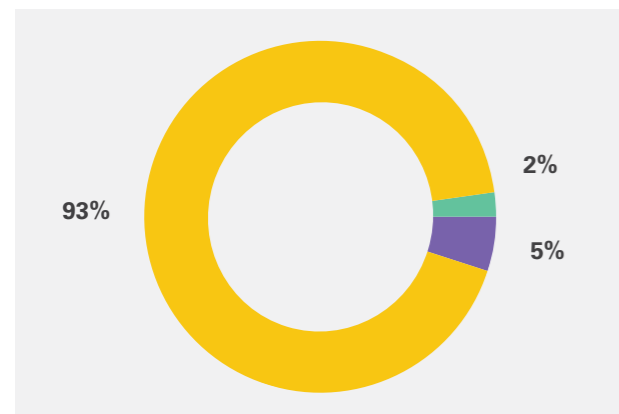
*Excludes carry forward projects

Economic Development, Regulatory Services, Environment & Planning



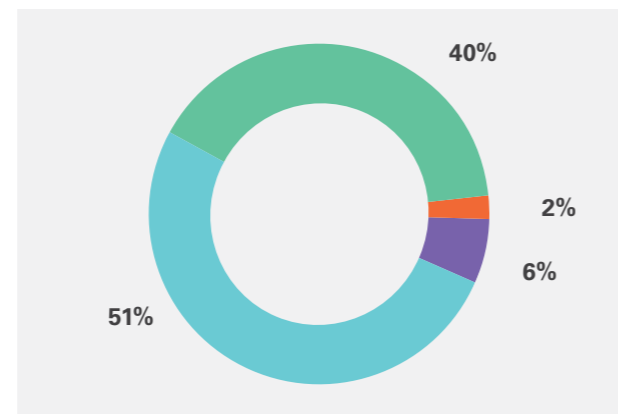
2021–2022 Budget \$4.184 million*

Where it is spent



Recurring expenditure	\$3,789,815
Service initiatives	\$192,500
Capital expenditure	\$100,000

Source of funds



Statutory fees	\$1,750,875
Rates	\$2,217,955
Other income	\$95,500
Borrowings	\$100,000

Services Provided

- Networking events
- Marketing The Parade and other business precincts throughout the City
- Food Secrets of Glynde and Stepney Tours
- Promotion of the Eastside Wine & Ale Trail
- City planning
- Regulatory services
- Environmental management

Projects and Service Initiatives

- **Eastside Business Awards** – is an awards program that recognises the best small business, retailers, restaurants, cafes bars, venues and boutiques within the City.
- **Raising the Bar** – activates venues within the City as they are transformed into relaxed learning environments with the aim of making education part of popular culture.
- **Urban Greening Program**
- **Borthwick Park Creek Improvements**
- **Implementation of Year 1 priority items** - set out in the Smart City Plan
- **Dog & Cat Management Plan education campaign**

Futher details are provided in Appendix 1.

City Planning

Responsible for the development of strategic policy and planning across the City, this area issues planning permits, controls the use and development of land, land divisions, liquor licenses, administers heritage controls and advice, and sustainable urban design advice.

Income	\$371,500
Expenditure	\$1,709,845
Net Cost/(Net Contribution)	\$1,338,345

Building Inspections

This area issues building permits and administers and enforces building regulations, siting provisions and legal requirements concerning building safety.

Income	\$26,000
Expenditure	\$243,934
Net Cost/(Net Contribution)	\$217,934

Economic Development

Provision of services and events which facilitate economic growth in the retail and commercial precincts throughout the City.

Income	\$349,875
Expenditure	\$890,261
Net Cost/(Net Contribution)	\$540,386

Environmental Management

This area leads the delivery of projects aimed at achieving a sustainable environment for the City and the organisation. This incorporates the support of a range of programs and events designed to engage the community to take action on climate change and includes strategic planning in the areas of water, greenhouse emissions and climate change adaptation and sustainable transport.

Environmental Management also includes the management of Second, Third and Fourth Creeks; and environmental pests such as European wasps and noxious weeds.

Income	\$51,500
Expenditure	\$434,886
Net Cost/(Net Contribution)	\$383,386

Regulatory Services

This area is responsible for administration of the Council's by-laws, policies and other legislation which the Council is charged with administering. Specific areas covered by Regulatory Services include:

- **Animal Management** – With more than 3,000 dogs residing in our Council, it is important that certain provisions surrounding their care and control are applied. Regulatory Services staff administer the provisions of the *Dog & Cat Management Act 1995* which includes annual dog registration, managing barking and noise complaints, and ensuring dogs are not found wandering at large where they pose a significant threat to their own safety, as well as to that of other members of our community who may not be familiar with the best way to handle a distressed or wandering dog.
- **On-street Parking Management** – The Council is responsible for ensuring that the parking provisions (Part 12) of the Australian Road Rules as well as the *Private Parking Areas Act 1986* are observed by motorists. In addition this area leads the management of resident parking permits in line with the Council's Resident Parking Permit Policy.

Regulatory Services is also responsible for the management of abandoned vehicles and the investigation and enforcement of alleged breaches of Council's local laws including issues associated with building site management, kerbside trading, amenity and litter control and flammable growth.

Income	\$1,262,500
Expenditure	\$703,389
Net Cost/(Net Contribution)	(\$559,111)

*Excludes carry forward projects



Community, Health, Aged & Youth Services



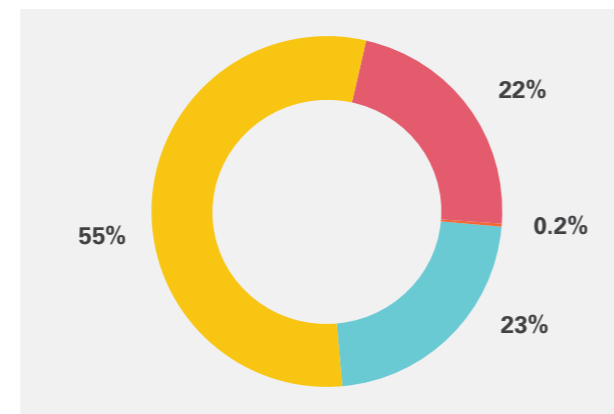
2021–2022 Budget \$4.818 million*

Where it is spent



● Recurring expenditure	\$4,653,752
● Service initiatives	\$44,000

Source of funds



● User fees and charges	\$2,628,309
● Rates	\$1,121,916
● Other income	\$10,000
● Grant funding	\$1,057,869

Services Provided

- St Peters Child Care Centre & Preschool
- Home and community care
- Domestic care
- Home modifications
- Personal care
- Transport
- Health and fitness programs
- Social inclusion programs
- Youth programs
- Immunisations
- Environmental health inspections
- Volunteer services
- Community Visitors Scheme

Projects and Service Initiatives

- Canvas Youth Art and Events Project – is a youth art program which provides young people with the opportunity to work alongside industry professionals in visual art, photography and film.
- Youth Development Strategy - a program of events which include:
 - Sport Week;
 - Community Cooking;
 - Skills Development; and
 - Wheel Park.

Community Programs

Community programs offered by the Council include the Community Visitors Scheme that provides Volunteer visitors to socially or culturally isolated residents living in Federal Government subsidised aged care homes. Community Visitors are Council Volunteers who visit on a one-to-one basis.

Other programs provided include:

- Health and fitness programs; and
- A range of social support activities designed to improve social connectedness and quality of life.

Income	\$78,500
Expenditure	\$112,123
Net Cost/(Net Contribution)	\$33,623

Home and Community Care Programs

The Council's Home and Community Care (HACC) Program is jointly funded by the Federal and State Government to provide community care services for our City's frail aged and younger disabled residents and their carers.

The program is designed to prevent social isolation, and provides individuals with assistance to maintain their independence and remain in their own homes for as long as possible. The range of services - which are available to help the frail and aged, people with a disability and their carers, who live within the community - include:

- Home maintenance and safety and security assistance;
- Personal care and cleaning; and
- Transport services.

Income	\$1,127,369
Expenditure	\$1,204,771
Net Cost/(Net Contribution)	\$77,402

Youth Development

The Council is committed to providing opportunities for young people aged 12–25 years to be visible, valued and involved in shaping the current and future direction of the community. Services and programs delivered include Youth FM, Young Achievers Program, and Eastern Region Youth Projects.

Income	-
Expenditure	\$185,255
Net Cost/(Net Contribution)	\$185,255

Volunteer Services

Volunteers play a vital role in ensuring that the Council can deliver a range of important services to our community. Volunteer services is responsible for the development and promotion of volunteering opportunities across the Council's full range of services and activities, including the recruitment, recognition and training of Council Volunteers.

Income	-
Expenditure	\$153,898
Net Cost/(Net Contribution)	\$153,898

St Peters Child Care Centre & Preschool

The Council owns and operates the St Peters Child Care Centre and Preschool community based child care centre and preschool. The Centre is licensed to provide child care and preschool services for 105 children between the ages of six weeks and five years of age. The St Peters Child Care Centre & Preschool provides a preschool program under the Government's Universal Access Program.

Income	\$2,490,309
Expenditure	\$2,469,705
Net Cost/(Net Contribution)	(\$20,604)

Environmental Health Services

The area aims to enhance public health by managing the registration of all premises as required under the *South Australian Public Health Act 2011* along with the City's immunisation program. These services are provided on behalf of the Council by the Eastern Health Authority.

Income	-
Expenditure	\$572,000
Net Cost/(Net Contribution)	\$572,000

*Excludes carry forward projects

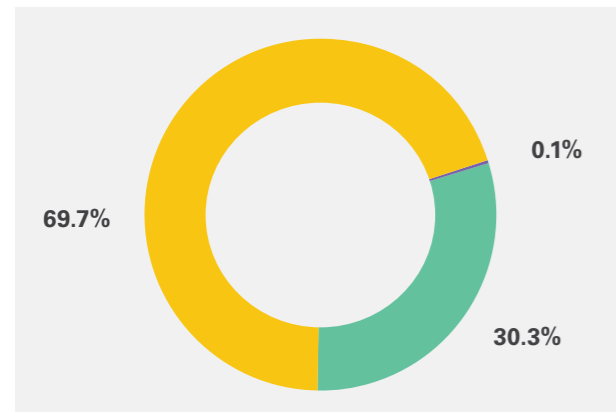


Libraries & Community Facilities



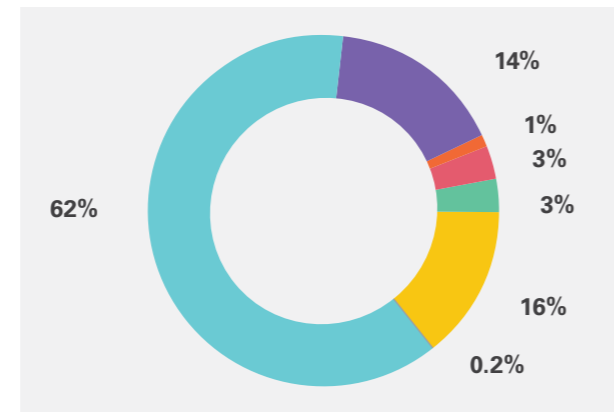
2021–2022 Budget \$4.176 million*

Where it is spent



Recurring expenditure	\$2,858,544
Service initiatives	\$2,500
Projects	\$1,241,513

Source of funds



User fees and charges	\$670,570
Rates	\$2,611,478
Other income	\$43,440
Grant funding	\$123,000
Capital Grant funding	\$120,360
Borrowings	\$600,000
Other capital funding	\$7,000

Services Provided

- **Libraries** – Library services are provided by the Council across three locations and include:
 - Free use of computers and internet;
 - Training programs;
 - Home Library;
 - Infant and children programs; and
 - Book groups.
- **Norwood Concert Hall** is a versatile event space that is available for hire for musical theatre production and functions such as balls.
- **Community Facilities** – are provided by the Council and are available to hire — from rooms to entire buildings, on a casual basis or under a long-term lease. From rooms for hire to entire buildings which can be hired on a casual basis or under a long-term lease.

Projects and Service Initiatives

- **Council Building Works Program**
- **Acquisition of Library resources** such as books, DVDs and other resources
- **Children’s’ Book Week** activities for local school students

Further details are provided in Appendix 1.

Libraries

The Council operates three Libraries, located at Norwood, St Peters and Payneham. The services provided include free access to educational and recreational resources including books, magazines, DVDs and CDs; online databases; public internet access; programs and events; local history services; and inter-library loans.

Income	\$148,000
Expenditure	\$1,774,713
Net Cost/(Net Contribution)	\$1,626,713

Community Facilities

The Council has a number of buildings and facilities available for casual hire or long-term lease. This area is responsible for the management of these facilities.

Income	\$313,410
Expenditure	\$747,807
Net Cost/(Net Contribution)	\$434,397

Norwood Concert Hall

The Norwood Concert Hall caters for events of all sizes, including Adelaide Festival productions, international acts, product launches, school concerts, cabaret acts, grand balls and weddings.

Income	\$375,600
Expenditure	\$338,524
Net Cost/(Net Contribution)	(\$37,076)

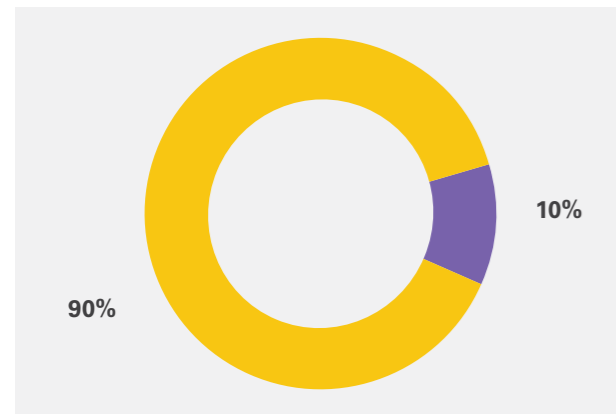
*Excludes carry forward projects

Community Events, Arts & Heritage



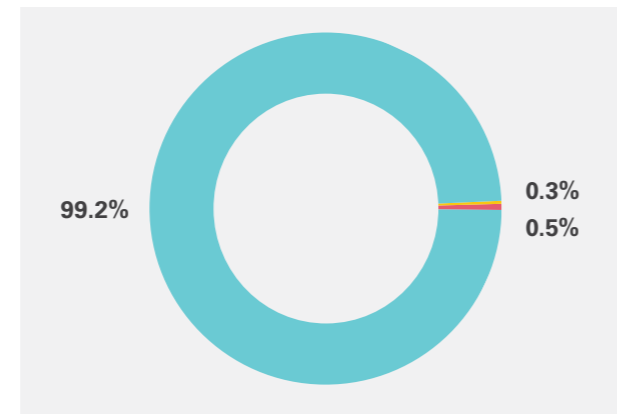
2021–2022 Budget \$1.062 million*

Where it is spent



Recurring expenditure	\$930,139
Service initiatives	\$105,000

Source of funds



User fees and charges	\$2,800
Rates	\$1,053,656
Operating Grant Funding	\$5,200

Services Provided

- **Community Events** – are hosted by the Council across a diverse range of areas including festivals, concerts, performances and activities.
- **Community Arts** – initiatives are delivered in accordance with the Council's Public Art Policy and Program, which includes:
 - Art on the Parade;
 - Public art throughout the City; and
 - Support of local artists through SALA Festival; and
 - Exhibitions in the Norwood Town Hall
- **Cultural Heritage** activities and services which recognise the heritage of the City, including:
 - Cultural Heritage Centre;
 - SA History Festival Program of events; and
 - Cultural Heritage signs, walks and trails.

Projects and Service Initiatives

- Concerts in the Park
- Community Event

Further details are provided in Appendix 1.

Community Events

This area coordinates and delivers a number of events held by the Council which cater to the wide demographic of our community. Events include:

- Norwood Christmas Pageant;
- Twilight Carols and Christmas Market;
- St Peters Fair;
- A Day of Fashion;
- Concerts in the Park series of outdoor live music events;
- Australia Day Celebrations;
- Citizenship Ceremonies; and
- Tour Down Under.

Income	\$3,000
Expenditure	\$697,551
Net Cost/(Net Contribution)	\$694,551

Community Arts

As a culturally rich and socially diverse community, the City of Norwood Payneham & St Peters has a long tradition of valuing creativity and artistic expression. This area supports the Council's Public and Community Arts Programs which are informed by the Thinking through the City Minor Public Artworks Strategic Plan 2009–2019 and the Council's Public Art Policy.

Income	\$5,000
Expenditure	\$170,573
Net Cost/(Net Contribution)	\$165,573

Cultural Heritage

The Council's Cultural Heritage Program assists the community to understand, celebrate and benefit from the City's rich and distinctive history through the provision of a number of specialist historical services and activities.

Income	-
Expenditure	\$167,015
Net Cost/(Net Contribution)	\$167,015

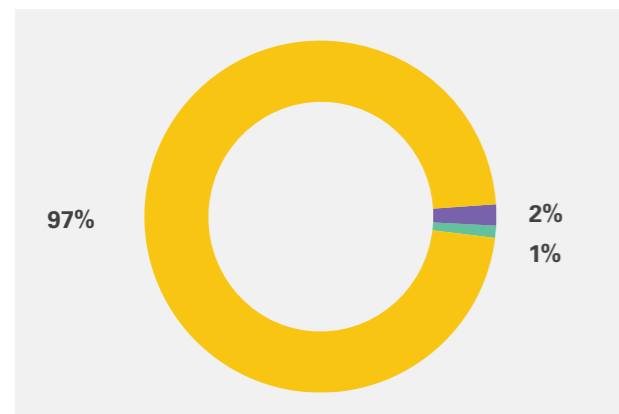
*Excludes carry forward projects

Governance, Communications & Administration



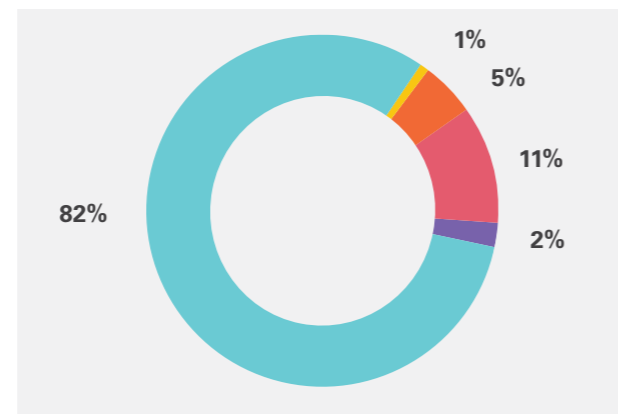
2021–2022 Budget \$7.464 million*

Where it is spent



● Recurring expenditure	\$6,987,158
● Service initiatives	\$63,000
● Projects	\$118,440

Source of funds



● User fees and charges	\$80,000
● Rates	\$6,146,325
● Other income	\$329,250
● Grant funding	\$790,000
● Borrowings	\$118,440

Services Provided

- Financial management and services
- Customer service
- Human resources and employee services
- Communications and public relations
- Information management
- Rates administration
- Governance
- Elected Members
- Risk management

Projects and Service Initiatives

- Upgrades to the Council's Electronic Document Management System
- Website upgrades and refresh
- Audio Visual Upgrade of Council meeting rooms and Council Chamber

Further details are provided in Appendix 1.

*Excludes carry forward projects

Governance

Corporate Governance supports the Council's decision-making processes, compliance with legislation and minimisation of risk to enable the Council to meet community needs and legislative requirements transparently.

This area provides administrative support and assistance to the Mayor and Elected Members, and handles enquiries and complaints from the public. Corporate Governance also includes the Chief Executive's Office which provides executive leadership through the coordination of policy development, communication of strategic directions and performance monitoring.

Income	\$300,000
Expenditure	\$1,956,749
Net Cost/(Net Contribution)	\$1,656,749

Communications

The Communications team manages the Council's internal and external communications including public relations, social media, and various publications.

Income	\$20,000
Expenditure	\$566,971
Net Cost/(Net Contribution)	\$546,971

Council Administration

Financial Management and Services

Financial Management and Services ensure the effective management and control of the Council's financial resources.

Financial management includes the provision of strategic financial management and leadership, budgeting and financial performance monitoring, preparation of annual financial statements and treasury management. Financial management also includes the Council's annual business planning, provision of project management support and advice and undertakes long-term financial planning, performance monitoring and reporting.

Financial Services incorporates the provision of financial activities to the Council, including:

- Cost effective and efficient accounts payable and accounts receivable services;
- Monitoring the application of financial internal controls;
- Cost effective and efficient payroll services whilst contributing to the maintenance and development of the Council's Human Resource Information System;
- Administration of the Council's insurance program;
- Administration the Council's leased vehicle fleet; and
- Asset reporting.

Income	\$790,000
Expenditure	\$1,428,946
Net Cost/(Net Contribution)	\$638,946

Rates

The Rates area maintains the Council's property rating database, facilitates the collection of rates and charges from the residents and ratepayers of the Council and provides property information to the general public.

Income	\$87,686
Expenditure	\$378,548
Net Cost/(Net Contribution)	\$290,862

Customer Service

Customer Service is the primary interface between the Council, the community and the delivery of services. Customer Service staff provide information to the City's citizens via direct telephone, service desk and online request services, and provides over the counter payment options for the payment of rates and other fees and charges for Council services and administers the Council's electronic payment options.

Income	\$1,750
Expenditure	\$488,265
Net Cost/(Net Contribution)	\$486,515

Information Management and Services

This area provides support to deliver on organisational priorities and improved service delivery to the community through information and communication technology. Information management incorporates the maintenance of the Council's corporate records.

Income	-
Expenditure	\$1,554,649
Net Cost/(Net Contribution)	\$1,554,649

Organisational Development and Work Health and Safety

Organisational Development supports the Council's management and staff by providing advice in the areas of human resources and organisational development.

Services provided include industrial advice and human resources, recruitment support and training and development programs. Organisational Development staff also manage the business excellence program and the Council's work health and safety program.

Income	-
Expenditure	\$676,030
Net Cost/(Net Contribution)	\$676,030

Long-term Financial Plan

Overview

Financial sustainability is a key objective of the Council, as a sound financial base is essential to delivering on the strategic directions contained in *CityPlan 2030: Shaping Our Future* and the delivery of programs and services set out in the Annual Business Plan.

The Council's Long-term Financial Plan supports the Council to achieve financial sustainability, particularly in the face of the significant challenge of being expected to deliver more with minimal increases in rate revenue. The Plan sets out the Council's financial strategies and commitment over the long-term to ensure that as a Council, we can meet this challenge. The Plan is driven by the need to deliver enhanced and improved services to our ratepayers and residents, by the most efficient and effective means possible.

The Council's long-term financial sustainability is dependent on ensuring that, on average over time, the Council's income can cover the cost of its operational expenses and generate sufficient cash flows to meet loan servicing requirements.

The Council's Operating Result, as shown in Graph 1, demonstrates how the Council has been able to achieve financial sustainability with sustained operating surpluses.

The Long-term Financial Plan provides a high level framework to guide the preparation of the Annual Business Plan and Budget, so that the Council understands the impact of decisions that are made today, have on the future, so we can be over the long-term.

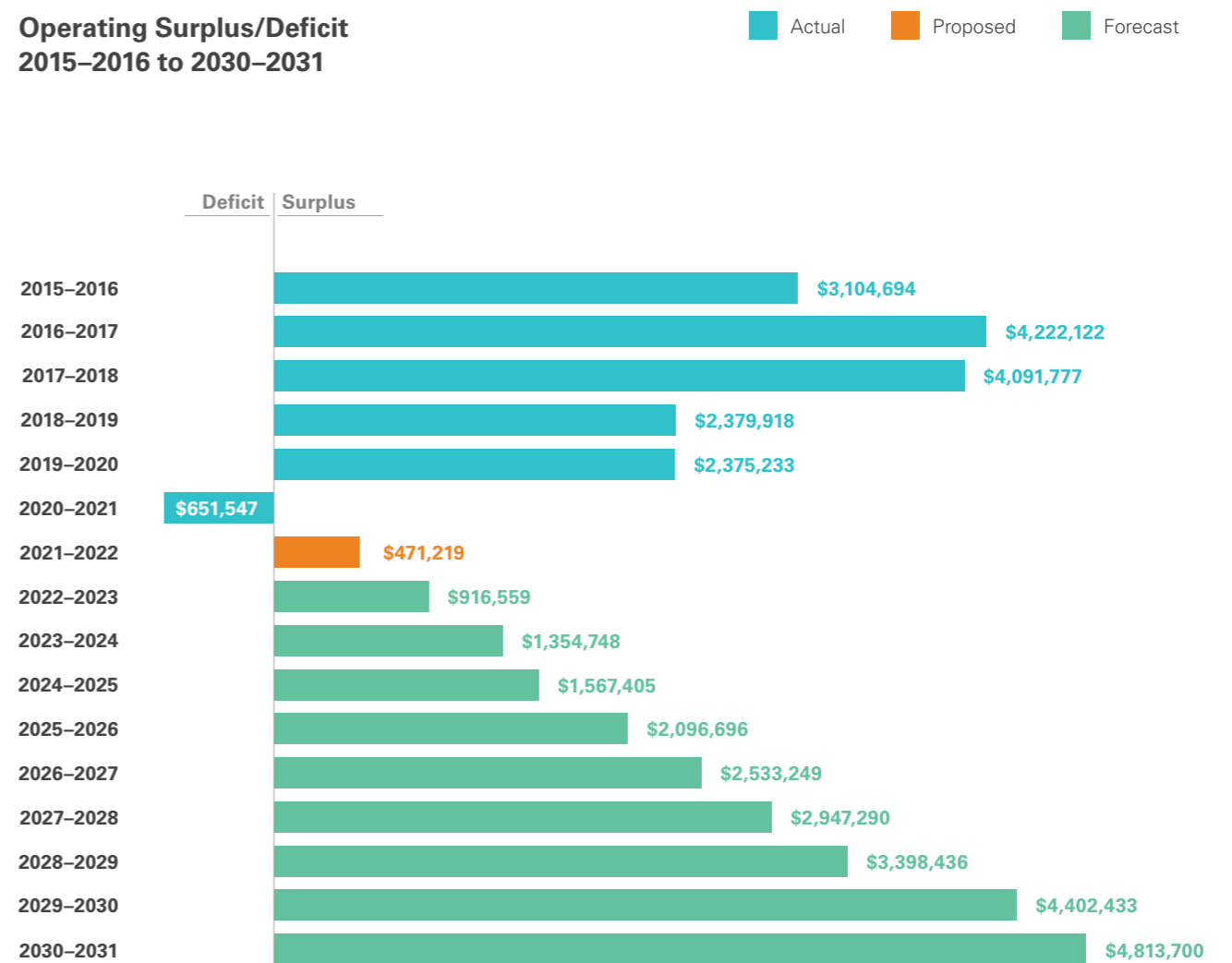
The 2020–2021 Budget included a Financial Support Package aimed at minimising the financial impact of the pandemic on members of our City. The Council's response to the pandemic has had future impacts on the Council's future forecasts.

The Council reviewed its Long-term Financial Plan during 2020, with the current plan being endorsed by the Council in January 2021.

A copy of the Council's Long-term Financial Plan is available at www.npsp.sa.gov.au

Graph 1

Operating Surplus/Deficit 2015–2016 to 2030–2031



Rates

Council rates are a form of property taxation and are the main source of income which the Council uses to fund the planned projects, programs and services detailed in this Annual Business Plan, on behalf of the City.



For the 2021–2022 financial year, the Council has increased its total rate revenue by \$1.556m, which translates to a 1.98% rate-in-the-dollar increase. The rate-in-the-dollar increase takes into account general property valuation increases, new development, cost increases and changes in service levels. The rate increase for the 'average residential property', which is valued at \$686,000, is \$30 however as the capital value of the 'average residential property' has increased from \$674,000, the total increase in rates payable will be \$54 (or 3.57%). The 'average commercial property' value has remained stable, with a capital value of \$969,000, therefore the rate increase for the 'average commercial property' owner will be \$53 (or 2.02%).

3.57%
Average Residential Rate Increase 2021–2022

= \$54/year increase based on a valuation of \$686,000

2.02%
Average Commercial Rate Increase 2021–2022

= \$53/year increase on a valuation of \$969,000

In setting its rates for 2021–2022, the Council has taken into account its strategic management plan CityPlan 2030: Shaping Our Future, the current economic climate post the known impacts of COVID-19, legislative changes, the need to maintain and improve the Council’s infrastructure and enhance Community Well-being through services, programs and facilities.

The fundamental principle of ensuring equity across the community and an assessment of the impact of rates, have also been taken into consideration.

Having determined the total budget in terms of expenditure and the consequent impact on revenue, the Council divides the portion of the budget to be raised from rates, by the total of all individual property values, to determine the ‘rate-in-the-dollar’ figure. The ‘rate-in-the-dollar’ is then applied to individual property values to determine the rates for each property.

In preparing the Annual Business Plan and Budget, one of the key objectives for the Council is to ensure that rates revenue is kept to a responsible level and ensure that rates are applied across the community as fairly and equitably as possible.

This year, the Council has budgeted for a 1.98% rate-in-the-dollar increase. In line with the principles set out in the Long-term Financial Plan, the proposed rate increase is reflective of anticipated input cost increases to deliver existing services, programs, and activities, new development growth and increase in life-cycle costs arising from increased service level from new and upgraded assets.

Rates are the main source of funding for the activities which are undertaken by the Council. Representing 80% of total revenue, a total of \$36.4 million will be collected through rates this year to fund essential services such

as waste collection, management of infrastructure, public health and safety, as well as major capital projects and the provision of community programs, events and festivals.

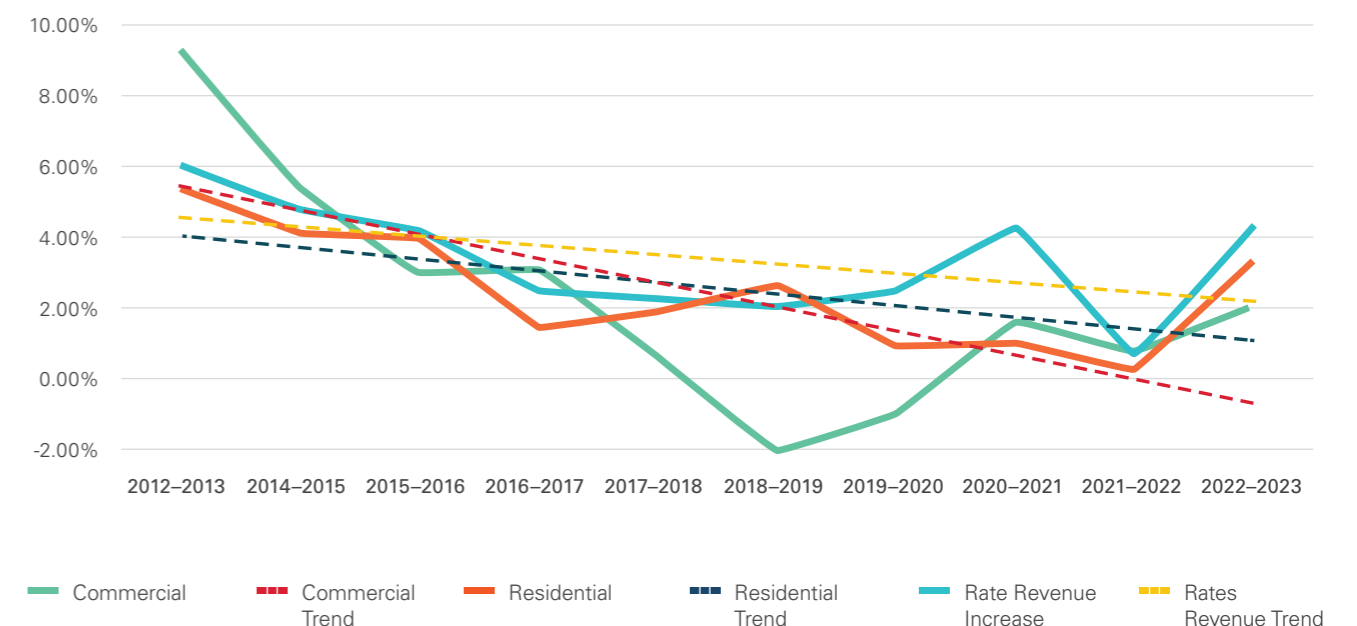
The Council supplements rates revenue with funding from other sources, such as fees and charges, State and Federal Government grants, investment incomes and loan borrowings.

Details of the Council's Rating Policy is included in Appendix 4 of this document with the complete policy available at www.npsp.sa.gov.au

As illustrated in Graph 2, the average rate has been trending down for both residential and commercial ratepayers in our City, and this meets the Council’s objective of keeping rates at a responsible level.

Graph 2

Impacts of Council's Rating Policy



Budget Overview

2021–2022

Our financial goal is to be a Council which delivers on its Strategic Outcomes by managing our financial resources in a sustainable and equitable manner.

The 2021–2022 Budget has been developed within the Council’s planning framework and sets the strategic directions over the medium and long term, converting these into annual actions and outputs.

The development of the Budget has been undertaken in consultation and review by Elected Members and Council staff and in consultation with the community

As the State undertakes the economic recovery from the COVID-19 pandemic, the focus in developing the 2021–2022 Annual Business Plan and Budget, has been on ensuring the Council maintains the standards for its existing range of services which are aimed at supporting the delivery of the Strategic Objectives outlined in the Councils’ Strategic Management Plan *CityPlan 2030: Shaping Our Future*, and that those services receive appropriate funding.

The Budget reflects decisions which have assumed that the social distancing and mass gathering restrictions—which were in place during 2020–2021—have been relaxed, with the provision of services, programs and activities being delivered in a post COVID-19 safe manner.

In addition, as the third tier of government, the Council is supporting the economic recovery by commencing a number of large scale infrastructure projects, which are aimed to be delivered over the next two financial years.

The 2021–2022 Budget remains focussed on the future and aims to ensure that the Council’s emerging and continuing priorities are appropriately resourced and to this end, the Budget is built upon the strategic outcomes set out in the Councils’ Asset Management Plans and its Long Term Financial Plan.

The key driver is to ensure that the Budget priorities not only contribute to the Council’s broader strategic objectives, but also the Council’s long term financial objective of managing its financial resources in a sustainable and equitable manner.

The focus continues to be on initiatives which have been identified to support the delivery of the strategic objectives outlined in *CityPlan 2030: Shaping Our Future* and to ensure that our services are delivered in the most efficient and effective manner, thereby satisfying community needs and expectations.

The 2021–2022 Budget builds on the principle of financial sustainability. This is demonstrated by adherence, over the term of the Plan, to the overarching principles that require the Council to:

- achieve long term income, expenditure and cash flow neutrality while keeping rates growth within the average for the sector; and
- ensure the Council’s long term Capital Works Program fully funds asset renewal requirements.

A number of significant factors have influenced the preparation of the 2021–2022 Budget, namely:

- impact of the Consumer Price Index (CPI) and the Local Government Price Index increases on relevant inputs of the Budget;
- maintenance and renewal program for existing infrastructure assets, including roads, footpaths, Council owned properties and open spaces (parks and reserves);
- Enterprise Bargaining Agreements, which provide for employee wage and salary increases of 2.0%; and
- commitment to major projects which span more than one year.

Table 3 provides a comparison of the financial targets included in the Council’s Long Term Financial Plan and how they are met by the 2021–2022 Budget

Table 3

Outcome	Indicator	LTFP Target	Target Met
A balanced budget	Operating Surplus	\$0	✓
	Operating Ratio	0–10%	✓
Rate stability	Annual Rate revenue increases	Between 3%–6%	✓
Infrastructure and Asset Management	Asset Sustainability Ratio	Between 90%–110% on a rolling three year average	✓
Debt Management	Net Financial Liabilities	≤ 75%	✓

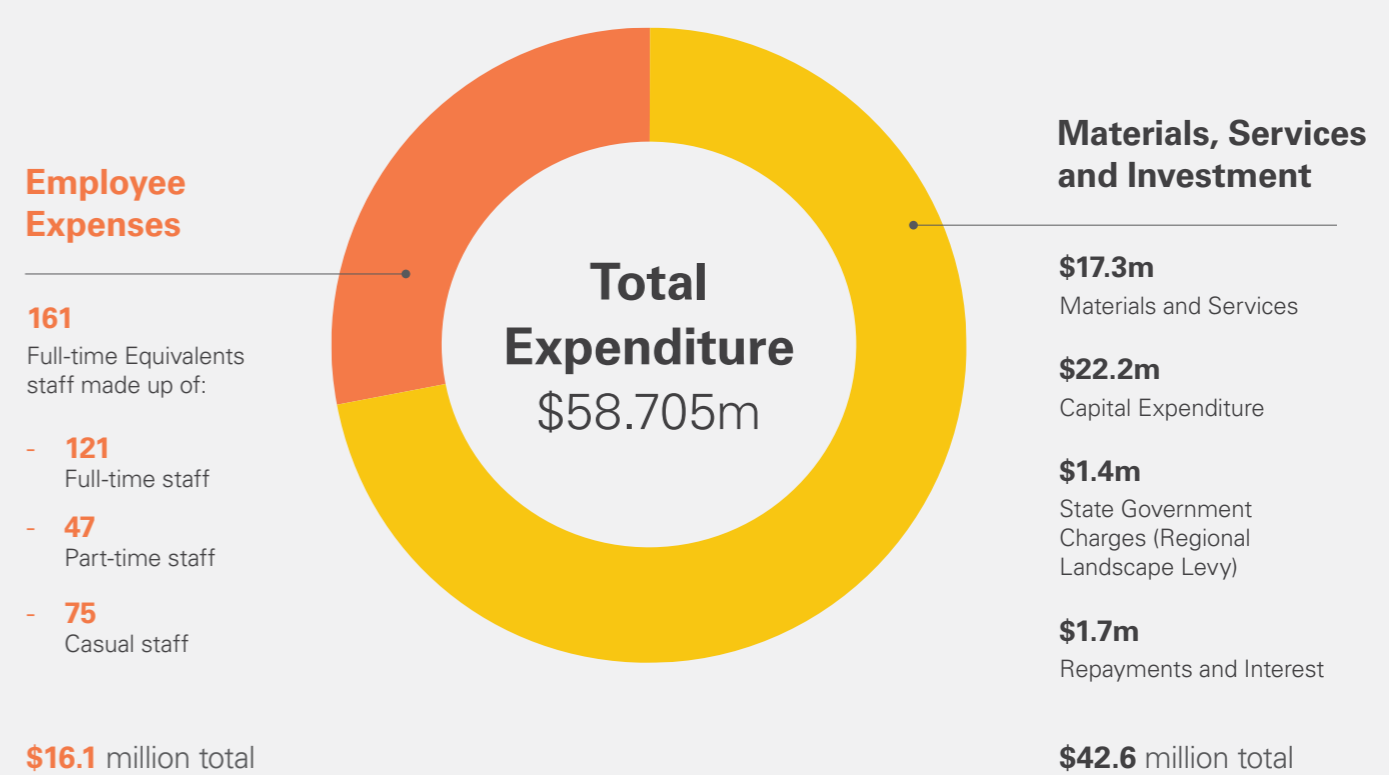
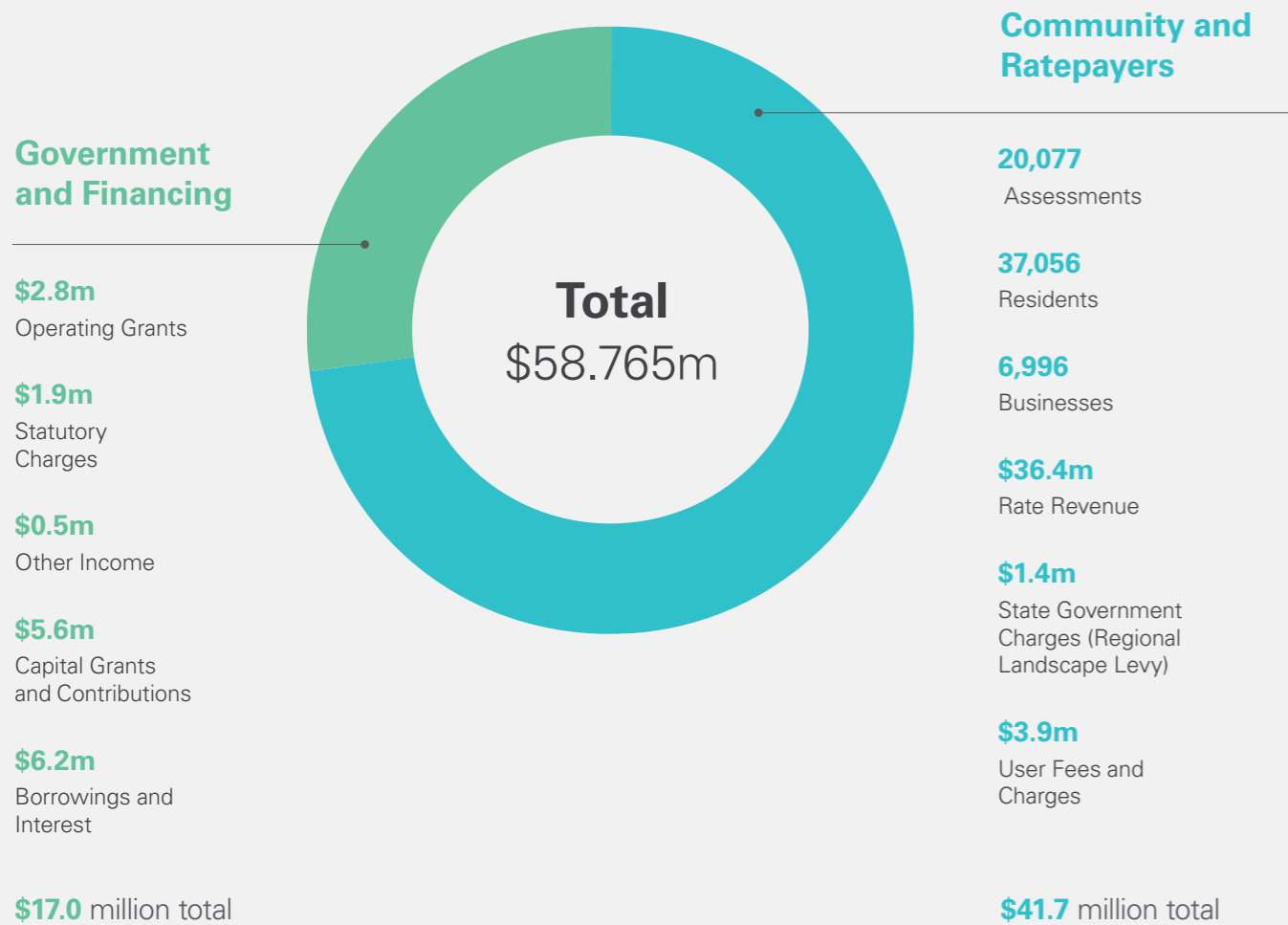
Budget Overview

2021–2022

The Budget shapes the projects, services and events held each year. The revenue from the community, government and financing allows the Council to deliver more than 40 services, programs and events and will enable the delivery of 42 special projects.

Income and Funding

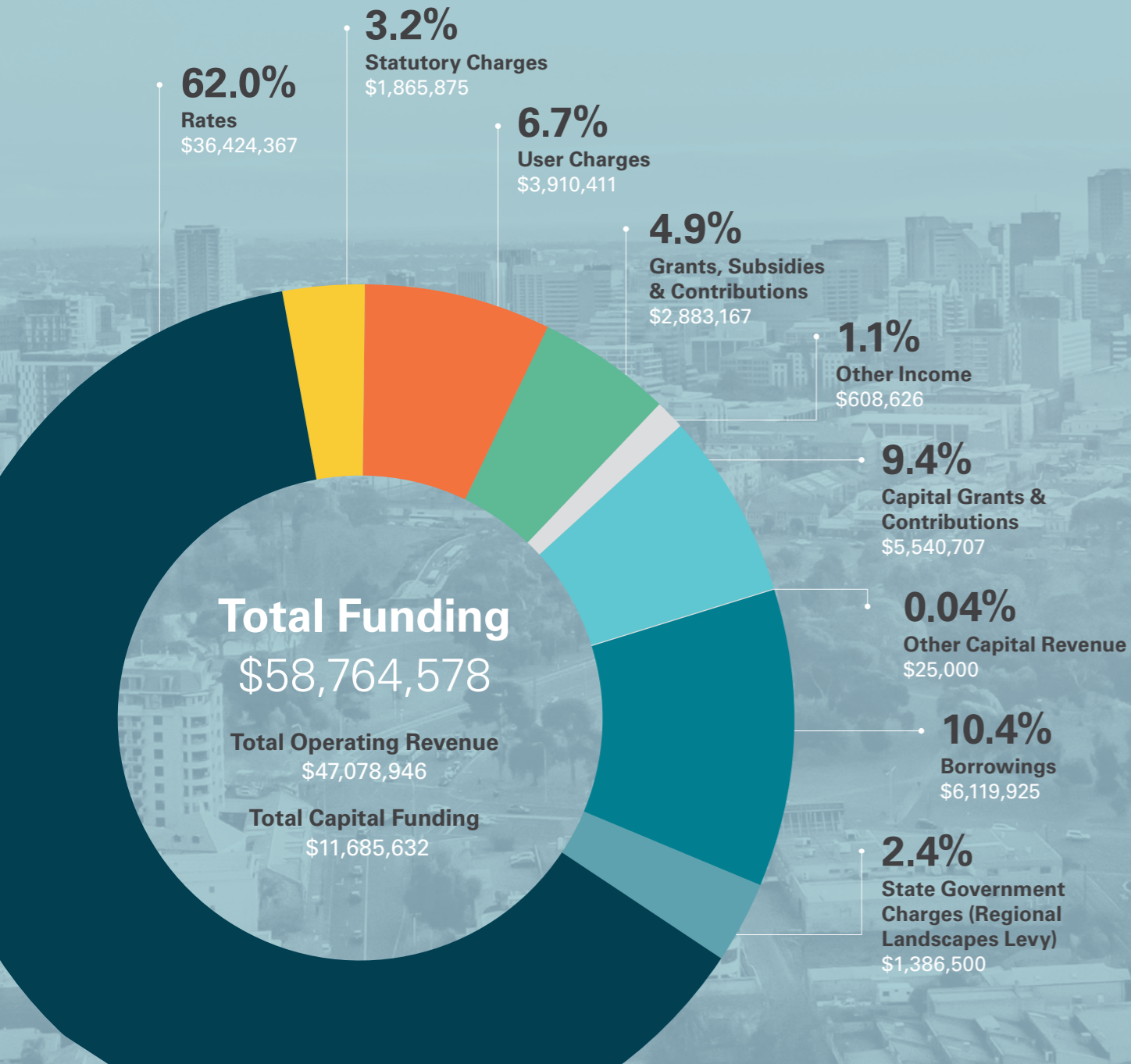
Expenditure and Investment



Revenue & Expenditure

The 2021–2022 Annual Business Plan and Budget focuses on ensuring that the Council can maintain and improve its existing service standards while appropriately funding new projects and initiatives in a sustainable way.

How Council services are funded

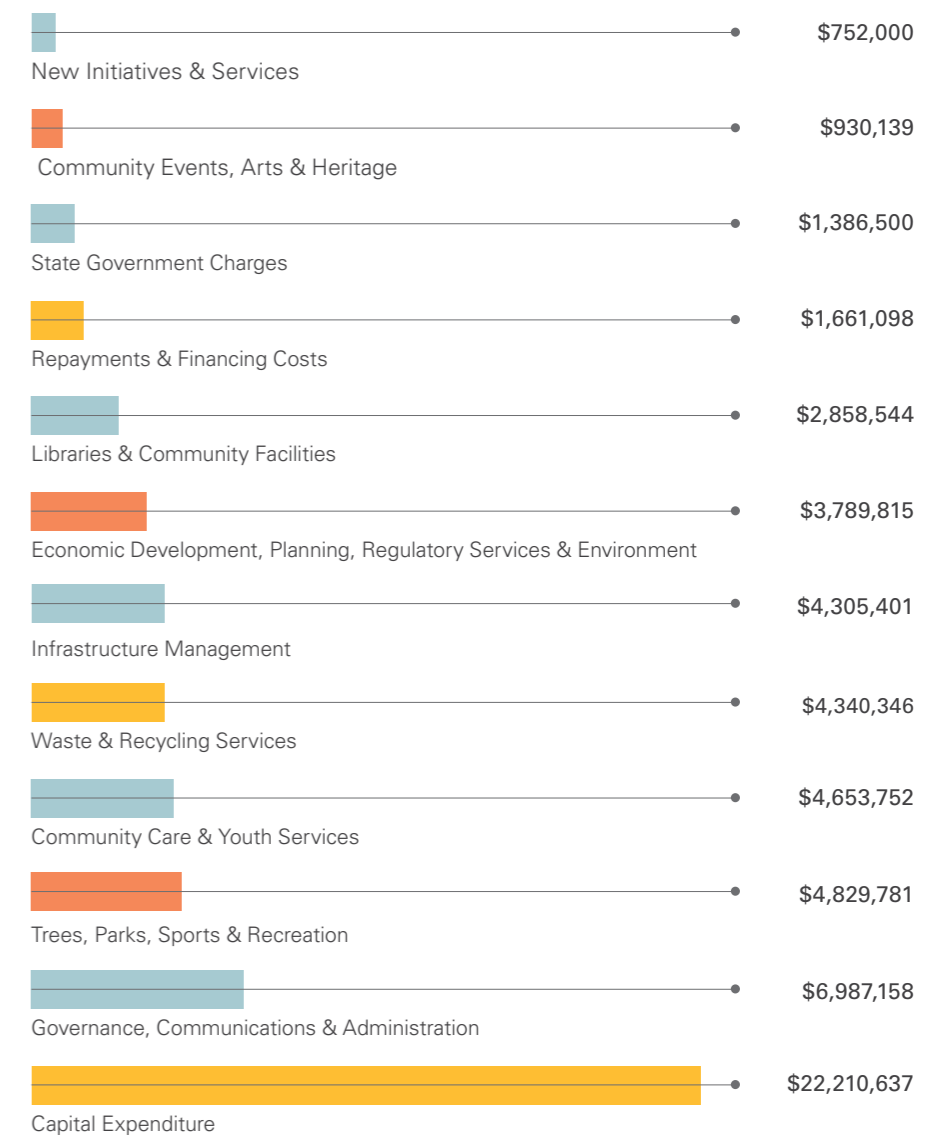


How the funds are spent

Total Expenditure \$58,705,168

Total Operating Expenditure \$35,563,433

Total Capital Expenditure \$23,141,735



Appendix 1

2021–2022

Key Initiatives & Projects

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Infrastructure Management						
* ● ● ●	St Peters Street Streetscape Upgrade	<p>This project builds on the recent upgrades to the St Peters Precinct, which included Linde Reserve–Dunstone Grove, the St Peters Town Hall Complex and the Avenue of Honor from Payneham Road to Second Avenue. Once completed, St Peters Street will provide improved amenity and connection between the River Torrens Linear Park and other major focal points within the Precinct. The key features proposed include:</p> <ul style="list-style-type: none"> • A reduction in the overall paved road width; • Improved amenity and accessibility for pedestrians and cyclists; • Wider footpaths; • New tree planting and landscaping, including Water Sensitive Urban Design (WSUD) elements • Revitalised central median • Improved local storm water management, with seasonal storm water detention at Cliff Goodwin Reserve; and • Improved access and amenity of the open space adjacent to Eighth Avenue and the St Peters Billabong. <p>The estimated project cost is \$4.5 million, which includes civil infrastructure renewal works and storm water drainage works to the value of \$1.5 million. These elements have been accounted for in the recently adopted Infrastructure & Asset Management Plans.</p> <p>The Project is scheduled to be delivered over two financial years, with the estimated spend being incurred as follows:</p> <ul style="list-style-type: none"> • 2021–2022 - \$2.470 million • 2022–2023 - \$2.030 million <p>The Council has secured \$1.270 million as part of the Federal Governments Local Government and Community Infrastructure Program Extension.</p>	2,469,858	1,270,347	-	1,199,511

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Infrastructure Management Continued						
● ● ●	River Torrens Linear Park Shared Path Upgrade – Stage 2	<p>This project is a continuation of Stage 1 of the River Torrens Shared Path enhancement Project which was completed in 2019 and involves the reconstruction of the shared path along the River Torrens Linear Park, between the intersection of Battams Road/Ninth Street Royston Park and Twelftree Reserve, Collage Park. Once completed, pedestrian and cyclist capacity will be increase whilst improving safety and accessibility for all ages and abilities.</p> <p>The estimated project cost is \$2.975 million, which includes renewal works to the value of \$798,000. These elements have been accounted for in the recently adopted Infrastructure & Asset Management Plans</p> <p>The upgrade will be delivered over two financial years, with the total project cost estimated to be \$2.975 million.</p> <ul style="list-style-type: none"> • 2021–2022 - \$2.148 million • 2022–2023 - \$0.827 million <p>The Council has secured \$1.350 million as part of the State Governments Open Space & Places for People Program.</p>	2,148,267	1,350,000	-	798,267
* ● ● ●	Civil Infrastructure Capital Works Program	<p>Delivery of the 2021–2022 Civil Infrastructure Capital Works Program which encompasses the replacement and upgrade of selected segments of roads, footpaths and kerbs, in accordance with the “Whole-of-Life” allocation set out in the Council’s Roads, Footpaths & Kerbs Infrastructure & Asset Management Plan (2020).</p>	6,420,831	362,298	5,328,217	730,316

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Infrastructure Management Continued						
* ●	● Stormwater Drainage Program	Delivery of the 2021–2022 Stormwater Drainage Program which involves enhancement of the Council's drainage network. The Program includes the design and upgrade of the Council's trunk storm water drainage network as directed by the City Wide Floodplain Mapping project. The Program has been developed in accordance with the objectives and goals contained in the Council's Storm water Drainage Infrastructure & Asset Management Plan (2020)	2,646,000	-	2,646,000	-
+ ●	● Street Lighting Renewal and Upgrade	In response to street lighting non-compliances identified through a street lighting audit as well as resident complaints regarding inadequate street lighting, the Council will undertake design and construction works to ensure that non-compliant and inadequate street lighting within the City's streets are renewed or upgraded.	40,000	-	40,000	-
*	● Plant Replacement	Replacement of plant and vehicles utilised by City Services Field staff in the delivery of maintenance services associated with Council's assets.	105,000	-	87,000	18,000
+	● 40 kph Speed Limit Norwood and Kent Town	Subject to the community support which is currently being undertaken, the Council plans to implement a 40km/h speed limit are in Norwood and Kent Town. The proposed area excludes The Parade, The Parade West and Osmond Terrace.	25,000	-	25,000	-
*	● Private Laneways Conversion Project	To convert and upgrade two (2) private laneways per year to public roads in accordance with the Council's Private Laneways Policy. Each Laneway conversion is undertaken over two (2) years, with Stage 1 being the Public Road Conversion and Design and Stage 2 being the Capital Upgrade Works once the laneway has been converted to a public road. During the 2021–2022, Rosemont Lane, Norwood will be upgraded following the supported conversion to a Public Road in 2020–2021.	190,000	-	-	190,000
+	● Footpath Rectification Program	The project objectives is to address all currently identified defects within the footpath network, ensuring efficient and effective use of resources to complete the tasks to the desired outcomes and standards.	100,000	-	100,000	-

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Infrastructure Management Continued						
*	● Traffic Study	To ensure that the Council appropriately addresses resident concerns regarding traffic speeds and volumes, a traffic study is planned for the suburbs of Glynde, Payneham, Payneham South, and Trinity Gardens & St Morris - the area bound by Payneham Road, Glynburn Road, Portrush Road and Magill Road. The proposed traffic study would consider neighborhood traffic-related problems in the context of the local area as opposed to isolated locations as they arise.	15,000	-	15,000	-
* ●	● Cycling Plan 2021–2026 Year 1 Implementation	The Council's Citywide Cycling Action Plan was updated in 2021 with a list of priority actions to implement high priority cycling projects between 2021 and 2026. The delivery of the priority actions are based on: <ul style="list-style-type: none"> The completion of cycling routes partially established throughout the City; Critical safety issues and gaps in the cycling network; Works to be undertaken can be integrated into existing Capital Works Programs; and Encourage and promote people to cycle more frequently. During 2021–2022, the Council will upgrade the Marden Bikeway by improving the connection between Beasley Street Marden and the off-road path through Marden Senior Collage. Works will include the installation of a cyclist ramp on Beasley Street and the widening of the path from Beasley Street through to the pedestrian crossing on Lower Portrush Road. In addition, the Council will deliver a Cyclist Education and Promotion campaign, which includes promotion of Ride to Work day, bike maintenance workshops and improved bike parking across the City.	25,000	-	5,000	20,000

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Trees Parks, Sport & Recreation						
* ● ● ●	Payneham Swimming Centre Redevelopment	<p>The full redevelopment of the Payneham Memorial Swimming Centre, as per the Council's Swimming Centres Strategy and endorsed Concept Plans. The key features proposed include:</p> <ul style="list-style-type: none"> Refurbishment of the main 50 metre pool in its current location with provision for a roof to be constructed at a later date; Replacement of the existing gravity fed sand filtrations system, with a new Neptune Defender Filtration System; New Plant Room to service the 50m Pool, new 25m Pool and the Aquatic Recreational Equipment and Facilities; New semi-enclosed eight lane 25 metre outdoor Lap Pool and Learn to Swim Pool with all-weather lid; New two (2) story sports and leisure centre providing pool facilities, administration, and café, gym/dry pool training space, clubrooms and multi-use function areas, New leisure pools with interactive water play and high platform water slides integrated with the building; zero depth splash pad; The installation of shade, barbeques and picnic facilities on grassed embankment. <p>The Council has secured \$5.6 million in grant funds from the State Governments Local Government Infrastructure Partnership Program to assist in funding the water elements of the project.</p> <p>The complete redevelopment is estimated to cost \$24 million, with project being delivered over two financial years, with the estimated spend being incurred as follows:</p> <ul style="list-style-type: none"> 2021-2022 - \$3.0 million 2022-2023 - \$21.0 million 	3,000,000	2,800,000	-	200,000
* ●	Recreation and Open Space Works Program	To deliver the Recreation & Open Space Works Program 2021-2022 ('the Program') which will see the replacement and upgrade of various assets as identified and as allowed for in the Council's Recreation & Open Space Infrastructure & Asset Management Plan (2020).	432,000	-	432,000	-

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Trees Parks, Sport & Recreation Continued						
* ● ● ●	Burchell Reserve Upgrade	<p>The redeveloped Burchell Reserve will establish a contemporary setting, whilst improving the amenity of the Reserve through new community tennis courts, seating, refurbished toilets and landscaping that would create a gathering point for the community and encourage social interaction.</p> <p>The key features proposed include:</p> <ul style="list-style-type: none"> a multipurpose court featuring two (2) community tennis courts, basketball and netball rings new toilets, shelter, barbeque and picnic facilities; play-space improvements and new equipment; new furniture, lighting and fencing; a ramp access to/from Sixth Avenue and internal paths; new tree planting and landscaping, including WSUD elements; and on-site storm water detention, cleaning and reuse. <p>The upgrade will be delivered over two financial years, with the total project costs estimated to be \$2.6 million</p> <ul style="list-style-type: none"> 2021-2022 - \$2.026 million 2022-2023 - \$0.574 million 	2,026,000	-	-	2,026,000
+ ●	Street Tree Planting	Increase the Council's Street Tree Planting program from 300 street trees to 500 street trees per annum	240,000	-	100,000	140,000
	Willow Bend Lighting Upgrade	The installation of thirteen (13) Solar powered bollard path lights at Willow Bend Reserve.	17,000	-	-	17,000

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Trees Parks, Sport & Recreation Continued						
* ● ● ●	Dunstan Adventure Playground Upgrade	<p>The Dunstan Adventure Playground is designated as one of four Regional Level Playgrounds within the City of Norwood Payneham & St Peters. The Dunstan Adventure Playground Redevelopment Project involves the design and construction of a new Playground, whilst maintaining some of the key elements that are well loved by the broader Adelaide community. The Upgrade includes the redesign of the current carpark, which is not adequate for the level of usage that the playground receives and the inclusion of toilets. Once completed, the Dunstan Adventure Playground will include:</p> <ul style="list-style-type: none"> new, contemporary play equipment, which maintains the 'Adventure' theme, a new carpark, split level embankment management, better integration with the River Torrens Linear Park Shared Path, a new toilet block; and fixed shade structures. <p>The project will be delivered over two financial years, with the total project cost estimated to be \$1 million</p> <ul style="list-style-type: none"> 2021–2022 - \$100,000 2022–2023 - \$900,000 <p>The Council has secured \$450,000 as part of the State Governments Open Space & Places for People Program</p>	100,000	-	-	100,000
	● Open Space Asset Condition Assessment	To undertake condition assessment of Council's recreation and open space infrastructure in accordance with the necessary and required financial and asset management principles.	50,000	-	50,000	-
	● ● Tree Management Software	To ensure the City's tree stock being managed strategically to industry standard, specifically with regards to the efficient documentation and scheduling of audit, and inspection of high risk/high value trees, the Council will implement public tree management software to assist the Council to effectively and efficiently managing its existing and future Tree Stock.	10,000	-	10,000	-

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Economic Development, Regulatory Services, Environment & Planning						
* ● ●	Eastside Business Awards	To recognise the best small businesses – retailers, restaurants, cafes, bars, venues and boutiques within the City of Norwood Payneham & St Peters	37,000	-	37,000	-
+	● ● Raising The Bar Adelaide	The event is aimed at making education a part of the City's popular culture by simply mixing learning and debate into a fun-night out.	35,000	-	35,000	-
+	● Dog & Cat Management Plan - Year 3 Implementation	<p>To implement an education campaign as required by the Council's 2019–2024 Dog & Cat Management Plan. The campaign will be implemented over the five (5) year life of the Plan, with 2021–2022 being the year 3 of the implementation plan. The purpose of the education campaign is to educate the community in relation to:</p> <ul style="list-style-type: none"> The new legislative requirements relating to microchipping and desexing of dogs and cats; and The general principles of responsible dog and cat ownership. <p>This year's program includes the Dogs Day Out event, which was deferred due to COVID-19.</p>	30,000	-	30,000	-
+	● ● Borthwick Park Creek Improvements	Second Creek is a major creek which traverses the City of Norwood Payneham & St Peters, and more specifically, a small section of Borthwick Park. It enters the City in the suburb of Marryatville, and runs through Kensington, Norwood, Stepney and St Peters before entering the River Torrens just downstream of the St Peters Billabong. For the most part, Second Creek has been channelised or placed into underground pipes and culverts. During 2019–2020, the Council developed a Concept Plan to improve the section of Second creek that passes through Borthwick Park. The delivery of the proposed improvements are aimed at improving water quality and creek accessibility from within Borthwick Park.	100,000	-	-	100,000

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Economic Development, Regulatory Services, Environment & Planning Continued						
+ ●	Energy and Water Audits	To undertake energy and water audits of the Council's top four (4) energy consuming facilities, which include Payneham Libraries & Community Facilities, St Peters Library, Works Depot, and the Payneham Community Centre to understanding the energy and water efficiencies that could be gained.	11,000	-	11,000	-
+ ● ●	Greening the Verges Program	In line with changes the Council's Verge Policy, the Greening of Verges is a trial program, where the Council will assist residents with approved Verge applications (subject to meeting eligibility criteria) by covering the cost of excavating compacted materials and supply and spread loam .	25,000	-	25,000	-
* ●	Urban Greening Program	A trial Program, which is aimed at encouraging residents to plant trees and natives within private land that increases, enhances and adds value to the City green cover including canopy and increases biodiversity and habitat. The project includes: <ul style="list-style-type: none"> The implementation of a Tree Incentive to citizens by giving vouchers towards purchasing a tree; A Native Plant Giveaway by giving a native plant pack (six seedlings/tube stock) to citizens on private property. 	12,500	-	12,500	-
+ ● ●	Resilient East Project	The Councils contribution to Resilient East, a regional partnership to strengthen the resilience of Councils and their communities to climate change impacts and demonstrates that the financial and legal risks of climate change are understood and managed.	7,000	-	7,000	-
+ ●	Transition to the SA Planning Portal	The Planning, Development and Infrastructure Act 2016 (the Act) requires the Department of Planning, Transport and Infrastructure (DPTI) to establish and maintain the SA Planning Portal website as part of new planning system, which came into effect on 19 March 2021. As part of the transition to the new system, the Council will undertake an audit of the Councils core development assessment process, delegations and approach to the assessment of Development Applications to ensure that the Council complies with the new planning system.	20,000	-	20,000	-

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Economic Development, Regulatory Services, Environment & Planning Continued						
+ ● ●	Smart City Plan - Year 1 Implementation	In December 2020, the Council endorsed a Smart City Plan and a Priority Action Plan. Implementation of the Smart City Plan objectives will commence in 2021–2022, with the delivery of the Year 1 Priority Actions, which are set out in the Smart City Plan, available at www.npsp.sa.gov.au	15,000	-	15,000	-
Libraries & Community Facilities						
* ●	Buildings Capital Works Program	To deliver the 2021–2022 Buildings Works Program for the upgrade of various Council building components, in meeting the strategies and objectives of the Council's Community Buildings Infrastructure & Asset Management Plan (2020).	1,032,500	-	1,032,500	-
	Annual Acquisition of Library Stock	The Annual acquisition of Library stock through the State Government Materials Grant Funding in order to replenish Library Service collections across the three Council Libraries.	209,013	120,360	81,653	7,000
+ ● ●	Children's Book Week	To deliver a program of events with local school students and families to celebrate Children's Book Week in August 2020.	2,500	-	2,500	-
Community Events, Arts & Heritage						
* ●	Major Community Event	Subject to the 2022 Tour Down Under being held, hosting a stage start and an associated event	105,000	-	-	105,000

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Community Services, Health, Aged & Youth Services						
+	● Youth Development Strategy	<p>A program of events and activities that will deliver the Council's Youth Development Strategy. Programs for 2021-2022 include:</p> <ul style="list-style-type: none"> • Sports Week: A week long program incorporating a come and try focus on a range sport options (i.e. basketball, netball, soccer, cricket) including some which may not be considered mainstream sports such as dodgeball, water polo, and bouldering (a form of rock climbing). Each activity will run a come and try for a group of young people with the intention to encourage on-going participation. • Youth Community Cooking: This program aims to provide young people with cooking skills, social interaction and a sense of community. Meals will be provided to those in need through the already established food drive with a not-for-profit community group. • Wheel Park: Host Wheel Park Events three (3) times per year during the January, April and October school holiday periods. Each event will have workshops for young people to participate in, as well as the opportunity to practice their riding skills on a flat, sealed surface. • Youth Skill Development: Three (3) new programs focused on skill development and being able to apply for work. These program include a Work Experience, Job Ready and School Advisory program. 	44,000	-	44,000	-
Governance Communications & Administration						
+	● Electronic Document Management System Upgrade	To upgrade the Council's Electronic Document Management System to the latest release, to take advantage of product improvements and bug fixes.	60,000	-	-	60,000

CityPlan 2030 Outcome	Project Name	Project Description	Funded by:			
			Project Expenditure \$	Grant Funding \$	Rate Revenue \$	Borrowings & Other Funding \$
Governance Communications & Administration						
*	● Biennial Community Survey	The Council commissions the survey every two years to measure community well-being and the level of community satisfaction with Council Services and facilities. The data collected also measures the Council's progress on achieving a number of the <i>CityPlan 2030</i> Targets.	30,000	-	30,000	-
*	● Annual Website Upgrades and Improvements	Annual upgrades and improvements to the City of Norwood Payneham & St Peters website, which focus on increasing responsive online tools and services to better service and engage with citizens, business and visitors.	10,000	-	10,000	-
+	● Culture and Business Excellence Development Program	Implementation of a number of key initiatives to drive continuous improvement and to improve the performance of the organisation.	13,000	-	13,000	-
+	● Digitisation of Council's Civil and Building Plans	To index, scan, uniquely identify and electronically store all the Councils' civil and building plans to ensure that they are easily retrievable electronically, with the hard copied plan subsequently being stored off-site and retained in accordance to the State Records Act and the Local Government General Disposal Schedule	20,000	-	20,000	-
+	● Meeting Room Audio Visual Upgrade	<p>Upgrade the Council's meeting rooms to:</p> <ul style="list-style-type: none"> • Include a 65" mobile interaction panel for use in all meeting rooms; • Replace the white board and projector with a wall mounted interactive panel and install a webcam and ceiling microphones in the main meeting room; and • Enable live streaming of Council meetings and participants to join remotely for the Council chambers. 	48,440	-	-	48,440

2021–2022 Civil Whole-of-Life Infrastructure Renewal Program

Suburb	Street	From	To
Felixstow			
Road Re-sealing	Pembury Grove	The Bend	Cardigan Avenue
Firle			
Footpaths	Glynburn Road	Seventh Avenue	Marian Road
Glynde			
Road Re-sealing	Davis Court	Davis Road	Davis Court - End
	Stempel Street	Edward Street	Glenora Court
	Sunbeam Road	Provident Avenue	Lewis Road
	Lewis Road	Avenue Road	Barnes Road
Kerb & Water Table	Barnes Road	Sunbeam Road	Lewis Road
Footpaths	Penna Avenue	Barnett Avenue	Glynburn Road
	Provident Avenue	Sunbeam Road	Barnett Avenue
	Provident Avenue	Barnett Avenue	Glynburn Road
Hackney			
Kerb & Water Table	Richmond Street	Hatswell Street	Torrens Street
Footpaths	Richmond Street	Hatswell Street	Torrens Street
Kensington			
Road Re-Sealing	Shipsters Road	Kensington Road	The Parade
	The Parade	Portrush Road	Shipsters Road
	Bishops Place	Regent Street	Shipsters Road
Kerb & Water Table	Bishops Place	Regent Street	Shipsters Road
Marden			
Road Re-sealing	Anne Street	Marden Road	Wear Avenue
	Buik Crescent	Tippett Avenue	Addison Avenue
	Tippett Avenue	River Street	Addison Avenue
	Wear Avenue	Payneham Road	Kent Street
	Addison Avenue	Broad Street	Battams Road
	Kent Street	Marden Road	OG Road

Suburb	Street	From	To
Marden Continued			
Kerb & Water Table	Addison Avenue	Broad Street	Battams Road
	Anne Street	Marden Road	Wear Avenue
	Buik Crescent	Tippet Avenue	Addison Avenue
	Kent Street	Marden Road	OG Road
	Tippett Avenue	River Street	Addison Avenue
	Wear Avenue	Payneham Road	Kent Street
Footpaths	Battams Road	Second Avenue	Addison Avenue
	Lower Portrush Road	Beasley Street	Council Boundary
Maylands			
Road Re-sealing	Stacey Court	South End	Janet Street
Norwood			
Road Re-sealing	Boswell Place	Brown Street	End
	Threlfall Avenue	Charles Street	Northern End of break
	Threlfall Avenue	Southern End of Break	Charles Street
Kerb & Water Table	Threlfall Avenue	Southern End of Break	Charles Street
Payneham			
Road Re-sealing	Arthur Street	Henry Street	Payneham Road
	Arthur Street	Marian Road	Rosella Street
	Henry Street	Arthur Street	Ashbrook Avenue
	Henry Street	Edward Street	Barnes Road
	Marian Road	Arthur Street	Ashbrook Avenue
Kerb & Water Table	Arthur Street	Henry Street	Payneham Road
	Arthur Street	Marian Road	Rosella Street
	Henry Street	Arthur Street	Ashbrook Avenue
	Henry Street	Edward Street	Barnes Road
	Marian Road	Arthur Street	Ashbrook Avenue

Suburb	Street	From	To
Royston Park			
Road Re-sealing	Battams Road	Second Avenue	Addison Avenue
Kerb & Water Table	Battams Road	Second Avenue	Addison Avenue
Footpath	Battams Road	Second Avenue	Addison Avenue
St Morris			
Road Re-sealing	Gage Street	Seventh Avenue	Gwynne Street
	Second Avenue	Gage Street	Green Street
Kerb & Water Table	Gage Street	Seventh Avenue	Gwynne Street
	Second Avenue	Gage Street	Green Street
St Peters			
Road Re-sealing	Fourth Avenue	Stephen Terrace	Winchester Street
	St Peters Street	Second Avenue	Eighth Avenue
	Sixth Avenue	Suburb Boundary	Lambert Road
Kerb & Water Table	Fourth Avenue	Stephen Terrace	Winchester Street
	St Peters Street	Second Avenue	Eighth Avenue
	Stephen Terrace	Payneham Road	First Avenue
Footpaths	Harrow Road	Second Avenue	Third Avenue
	St Peters Street	Second Avenue	Eighth Avenue
	Stephen Terrace	Payneham Road	First Avenue
Stepney			
Road Re-sealing	Henry Street	Stepney Street	Nelson Street
	Ann Street	Henry Street	Payneham Road
Kerb & Water Table	Ann Street	Henry Street	Payneham Road
	Henry Street	Stepney Street	Nelson Street
	Henry Street	The Bend	George Street

Suburb	Street	From	To
Stepney Continued			
Footpaths	Henry Street	Stepney Street	Nelson Street
	Henry Street	The Bend	George Street
	Union Street	Stepney Street	Nelson Street
Trinity Gardens			
Road Re-sealing	Canterbury Avenue	Albermarle Avenue	Lechfield Crescent
Kerb & Water Table	Canterbury Avenue	Albermarle Avenue	Lechfield Crescent

2021–2022 Stormwater Drainage Whole-of-Life Infrastructure Renewal Program

Location	Nature of Works	From	To
Trinity Valley	Stormwater Capacity upgrade	Linde Reserve, Stepney	Clifton Street, Maylands
Marryatville	Overland Flow Path and First Creek pedestrian bridge	The Crescent	Dean Grove
St Peters	Stephen Terrace Flow diversion	Stephen Terrace	
Various	Minor Drainage Designs		

Appendix 2

Measures of Success

Measures of Success

The measure of the Council's success is driven by the achievement of the objectives outlined in *CityPlan 2030*.

A set of performance indicators have been developed to monitor our progress against these objectives and are reported on in our Annual Report. In addition to the *CityPlan 2030* indicators, the Council also measures its achievements through the following non-financial and financial Indicators;

Non-Financial Indicators

Program Delivery

To ensure that the Council delivers on the Strategic Objectives set out in the *CityPlan 2030*, various projects and initiatives must be delivered. During 2020–2021, the Council approved 22 Capital Projects and 21 Service Initiatives. The Council's performance against the 2020–2021 programs is detailed on the following page.

For 2021–2022, the Council has proposed 14 Capital Projects and 19 Service Initiatives projects. Progress on these projects will be reported in the 2021–2022 Annual Report and 2022–2023 Annual Business Plan.

Financial Indicators

When evaluating activities undertaken during any given financial year, the Council considers a number of factors, one being the future financial sustainability of the Council.

A series of financial indicators have been developed by local government to assist in determining whether a council is financially sustainable or moving to a position of financial sustainability.

Financial indicators which are used by the Council to measure performance and financial sustainability are;

Operating Surplus/(Deficit) Ratio

The Council's long term sustainability is dependent upon ensuring that, on average over time, the operating expenses are less than the associated revenues.

As the major source of income for the Council is rates revenue, Operating Surplus ratio measures operating surplus/ (deficit) as a percentage of total operating revenue. This indicator represents the percentage by which the major controllable income source varies from the day to day operating expenditure.

In 2021–2022, the forecast operating surplus is \$471,000, resulting in an Operating Surplus ratio of 1.0%.

Net Financial Liabilities Ratio

A Council's indebtedness must be managed to ensure its liabilities and associated costs are met without impinging on the financial sustainability of the Council.

Net Financial Liabilities ratio measures the extent of what is owed by the Council less any liquid assets (i.e. cash or receivables) of the Council are met by its operating revenue.

Where the ratio is increasing, it indicates a greater amount of the Council's operating revenues is required to service its financial obligations. For 2021–2022, it is anticipated the net Financial Liabilities ratio of the Council will be 52.2%.

Debt Servicing Ratio

Debt servicing ratio measures the extent Council's commitment to interest expense and loan repayments is met by general rate revenue. For 2021–2022, it is anticipated that 4.6% of the Council's general rate revenue will be committed to service the interest and principal repayments on its borrowings.

Asset Sustainability Ratio

Asset Sustainability Ratio measures whether the Council is renewing or replacing existing physical assets (roads, footpaths, buildings etc.) at the same rate the stock of assets is wearing out. The ratio is calculated by measuring capital expenditure on renewal or replacement of assets, relative to the planned expenditure outlined in the Council's Asset Management Plans.

In 2021–2022, the Council has planned to spend \$13.5 million on asset renewal compared to the Asset Management Plan spend of \$13.7 million.

The Council can accelerate or reduce asset expenditure over time to compensate for prior events, or invest in assets by spending more now so that it costs less in the future to maintain. On a three (3) year rolling average, the asset sustainability ratio of 92.9%.

Non-Financial Indicators 2020–2021 Program Delivery

CityPlan 2030 Outcome	Project Description	Status
Infrastructure Management		
* ●	Civil Infrastructure Capital Works Program	✓
* ●	Drainage Program	✓
* ●	Payneham Oval Precinct Parking	✓
+ ●	Street Lighting Renewal and Upgrade	✓
* ●	Private Laneways Conversion Project	✓
* ●	Plant Replacement Program	✓
+ ●	Rectification of Footpath Defect	✓
* ● ●	Stephen Street, Norwood Streetscape Upgrade	–
* ● ●	St Peters Street Upgrade	✓
+ ● ●	Condition Assessment of Storm water Drainage Infrastructure / Irrigation System / Linear Park Cliff Face	✓
Trees, Parks, Sport & Recreation		
* ●	Recreation and Open Space Works Program	✓
* ● ●	Hannaford Reserve Masterplan	●
* ●	Payneham Memorial Swimming Centre Main Pool Covers	✓
+ ●	Street Tree Planting	✓
Economic Development, Regulatory Services Environment & Planning		
+ ●	Dog & Cat Management Plan Education Campaign	✓
+ ●	Business Readiness for New Planning System	✓
+ ●	Traffic & Integrated Transport Investigations and Initiatives	✓
* ●	Second Creek Outlet Upgrade	–
* ● ●	Borthwick Park Creek Improvements Detail Design and Construction	–
* ● ● ●	George Street Upgrade	●
* ● ● ●	The Parade Masterplan Detail Design	–
+ ●	Resilient East Implementation	✓
+ ●	Sustainable Garden Awards Program 2020	✓
+ ●	Emissions Reduction Plan	✓
+ ● ●	Raising The Bar Adelaide	✓
+ ● ●	Eastside Business Awards	✓

✓ Completed – In Progress ● Not Yet Started
 ● Social Equity ● Cultural Vitality ● Economic Prosperity ● Environmental Sustainability
 * Assets – New, Upgrades and Renewal + New Service and Program Initiatives

CityPlan 2030 Outcome	Project Description	Status
Community, Health, Aged & Youth Services		
+ ● ●	Age Friendly Wayfinding Walking Route Pilot	–
+ ● ●	Canvas Youth Art Exhibition	✓
Libraries & Community Facilities		
* ●	Buildings Capital Works Program	✓
* ● ●	Annual Acquisition of Library Stock	✓
+ ● ●	Children's Book Week	✓
* ● ● ●	Don Pyatt Community Hall Chairs	–
* ● ●	Norwood Library Strategic Review and Concept Plan	–
Community Events, Arts & Heritage		
* ● ●	Major Public Art Funding Program	✓
* ●	Permanent Signage for Promotion of Council Events and Consultations	✓
+ ● ●	2021 Tour Down Under and Community Event (cancelled due to COVID-19)	●
+ ●	Christmas Movie on the Oval	✓
+ ●	Concerts in the Park	✓
Governance, Communications & Administration		
+ ●	Authority Content Migration to Councils EDMS, Objective ECM	–
+ ●	Objective ECM Consulting Services Program (CSP)	✓
* ●	Corporate Uniform	✓
* ●	Organisational Culture Survey (Human Synergistic)	✓
* ●	Annual Website Upgrades and Improvements	✓
* ●	Civica Authority BIS Upgrade	✓

✓ Completed – In Progress ● Not Yet Started
 ● Social Equity ● Cultural Vitality ● Economic Prosperity ● Environmental Sustainability
 * Assets – New, Upgrades and Renewal + New Service and Program Initiatives

Financial Ratios

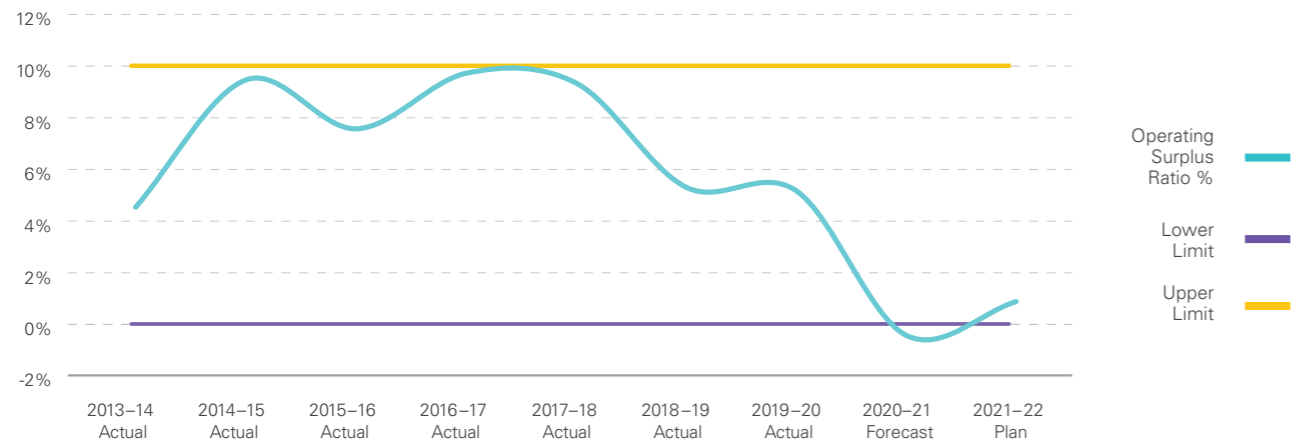
To ensure that it delivers on its financial goals, the Council has committed to achieving a number of financial outcomes.

The Council's performance against these outcomes are detailed below.

Outcome 1: A balanced budget

The Council's services and programs, including depreciation of infrastructure and assets, are fully funded and the costs are shared equitably between current and future ratepayers.

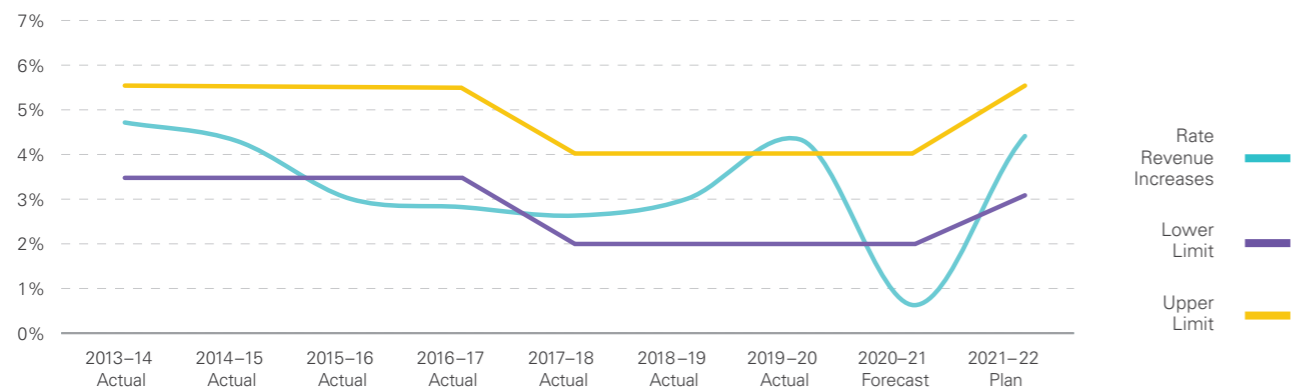
Operating Surplus Ratio %



Outcome 2: Rate Stability

Annual rate collections are fair and equitable for residents and ratepayers with the aim to keep rate revenue increases stable over the medium term.

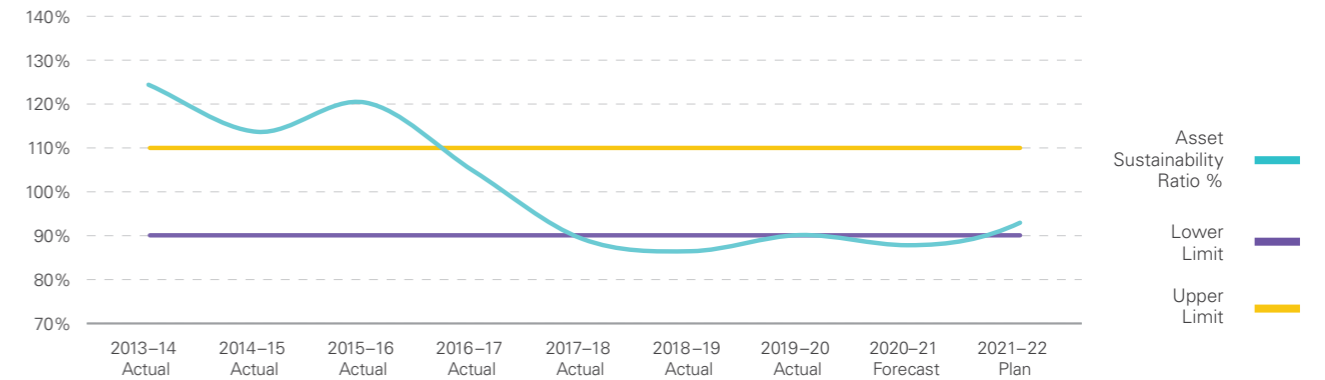
Rate Revenue Increase



Outcome 3: Infrastructure and Asset Management

Maintain infrastructure and assets in line with the Council's Whole-of-Life Infrastructure Framework to achieve the outcomes and objectives, as set out in *CityPlan 2030*.

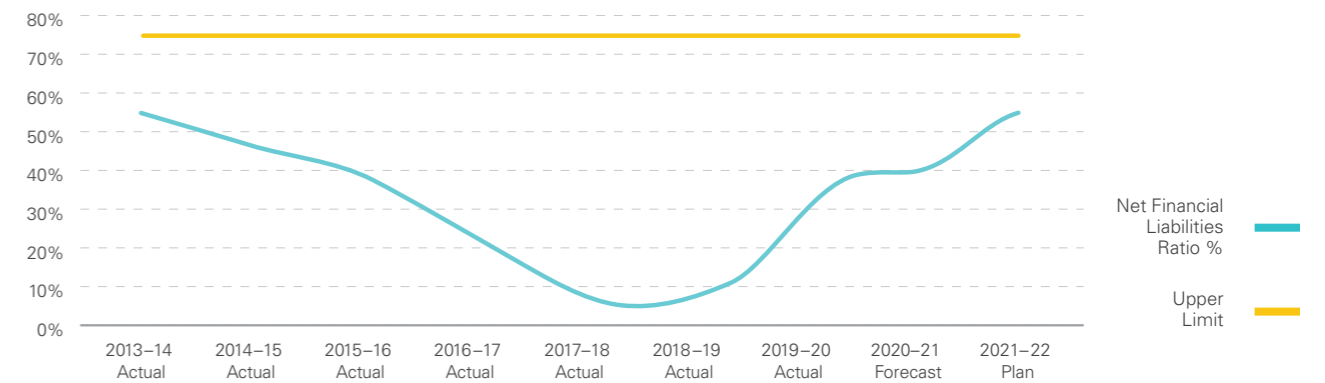
Asset Sustainability Ratio %



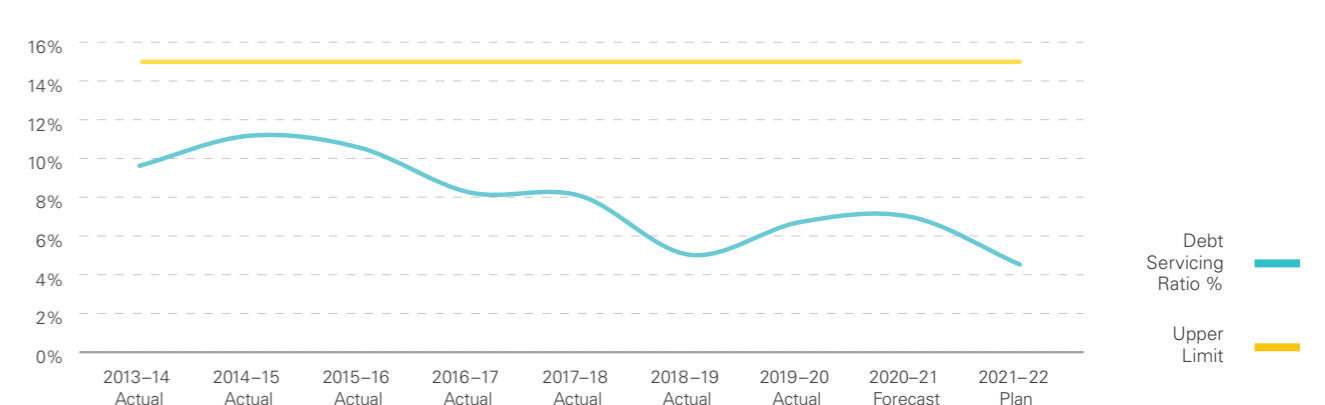
Outcome 4: Debt Management

Prudent use of debt to invest in new long term assets, to ensure intergenerational equity between current and future users.

Net Financial Liabilities Ratio %



Debt Servicing Ratio %



Appendix 3

Financial Statements

Statement of Comprehensive Income for the year ended 30 June 2022	Proposed 2021–2022	Forecast 2020–2021	Actual 2019–2020	Actual 2018–2019	Actual 2017–2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Income					
Rates	37,811	36,278	36,181	34,845	33,947
Statutory charges	1,866	1,662	1,595	1,760	1,819
User charges	3,910	3,545	3,408	3,701	3,443
Grants, subsidies and contributions	2,883	2,907	2,959	3,152	3,198
Investment income	111	28	88	206	251
Other income	498	782	1,527	1,013	1,072
Net loss joint ventures and associates	2	-	28	35	42
Total Income	47,081	45,201	45,786	44,711	43,772
Expenses					
Employee costs	16,116	15,305	14,050	13,739	13,074
Materials, contracts and other expenses	18,921	18,420	18,937	18,774	17,527
Finance costs	730	614	405	489	600
Depreciation, amortisation and impairment	10,640	9,734	9,503	8,984	8,285
Net loss joint ventures and associates	203	319	515	346	193
Total Expenses	46,610	44,393	43,411	42,331	39,680
	471	808	2,375	2,380	4,092
Operating Surplus (Deficit)	25	27	(1,529)	(1,207)	(910)
	5,541	2,581	744	1,131	1,741
Net gain (loss) on disposal or revaluation of assets	-	-	-	24	-
Amounts specifically for new or upgraded assets	6,037	3,416	1,590	2,327	4,923
Physical resources received free of charge	-	-	-	24	-
Net Surplus (Deficit) transferred to Equity Statement	4,641	2,439	1,590	2,327	4,923
Other Comprehensive Income					
Changes in revaluation surplus - infrastructure, property, plant and equipment	2,000	2,000	3,542	32,993	(150,421)
Share of other comprehensive Income - joint ventures and associates	-	-	13	9	(12)
Total Other Comprehensive Income	2,000	2,000	3,555	33,001	(150,433)
Total Comprehensive Income	8,037	5,416	5,145	35,329	(145,510)

Pursuant to S123(10)(b) of the Local Government Act 1999 and Clause 7 of the Local Government (Financial Management) Regulations 2011, as detailed in the Statement of Comprehensive Income, the projected Operating Income (\$47.079m) is sufficient to meet the projected Operating Expenditure (\$46.470m) for the 2021–2022 Financial Year.

Statement of Financial Position for the year ended 30 June 2022	Proposed 2021–2022	Forecast 2020–2021	Actual 2019–2020	Actual 2018–2019	Actual 2017–2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Assets					
Current Assets					
Cash and cash equivalents	1,359	2,980	9,177	12,152	15,812
Trade and other receivables	2,772	2,478	2,889	2,945	2,475
Total Current Assets	4,132	5,458	12,067	15,097	18,287
Non-current Assets					
Financial Assets	45	45	105	136	159
Equity accounted investments in Council businesses	2,546	2,463	2,463	2,890	3,196
Infrastructure, property, plant and equipment	519,457	490,296	476,469	473,423	437,409
Other non-current Assets	-	10,829	17,891	6,119	3,715
Total Non-current Assets	522,048	503,632	496,929	482,569	444,478
Total Assets	526,179	509,091	508,995	497,666	462,765
Liabilities					
Current Liabilities					
Trade and other payables	5,175	3,088	7,310	6,272	5,462
Borrowings	946	931	1,651	1,781	1,858
Short-term provisions	2,961	3,388	3,135	2,752	2,761
Total Current Liabilities	9,082	7,408	12,095	10,805	10,081
Non-current Liabilities					
Long-term borrowings	16,660	9,486	10,357	5,388	6,513
Long-term provisions	1,160	1,160	1,160	1,203	1,129
Liability - equity accounted Council businesses	1,838	1,635	1,397	1,429	1,529
Total Non-current Liabilities	19,658	12,280	12,913	8,020	9,171
Total Liabilities	28,739	19,688	25,008	18,825	19,252
Net Assets	497,440	489,403	483,987	478,842	443,513
Equity					
Accumulated Surplus	66,278	60,241	56,825	55,222	52,886
Asset Revaluation Reserve	431,162	429,162	427,162	423,620	390,627
Total Equity	497,440	489,403	483,987	478,842	443,513

Statement of Cash Flows for the year ended 30 June 2022	Proposed 2021–2022	Forecast 2020–2021	Actual 2019–2020	Actual 2018–2019	Actual 2017–2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Cash Flows from Operating Activities					
Receipts					
Rates - general and other	37,517	36,572	36,107	34,696	33,670
Fees and other charges	1,866	1,662	1,646	1,694	1,786
User charges	3,910	3,545	3,297	4,014	4,542
Investment receipts	111	28	88	204	252
Grants utilised for operating purposes	2,883	2,907	3,677	2,744	2,835
Other income	498	782	1,474	1,244	1,324
Payments					
Employee costs	(16,543)	(15,052)	(13,486)	(14,322)	(13,668)
Contractual services and materials	(16,834)	(20,487)	(19,030)	(17,593)	(15,381)
Finance payments	(730)	(614)	(407)	(489)	(615)
Net Cash provided by (or used in) Operating Activities	12,677	9,343	13,368	12,191	14,746
Cash Flows from Investing Activities					
Receipts					
Amounts specifically for new or upgraded assets	5,541	556	1,165	1,049	1,742
Sale of replaced assets	25	27	58	9	790
Repayments of loans by community groups	-	-	43	13	21
Payments					
Expenditure on renewal/replacement of assets	(11,653)	(10,800)	(8,919)	(9,009)	(6,589)
Expenditure on new/upgraded assets	(15,319)	(3,651)	(13,175)	(6,615)	(2,673)
Capital contributed to associated entities	(81)	(81)	(81)	(96)	(132)
Net Cash provided by (or used in) Investing Activities	(21,487)	(13,949)	(20,909)	(14,649)	(6,841)
Cash Flow from Financing Activities					
Receipts					
Proceeds from Borrowings	8,120	-	6,500		
Payments					
Repayments of Borrowings	(931)	(1,591)	(1,934)	(1,202)	(2,045)
Net Cash provided by (or used in) Financing Activities	7,189	(1,591)	4,566	(1,202)	(2,045)
Net Increase (Decrease) in cash held	(1,621)	(6,197)	(2,975)	(3,660)	5,860
Cash and cash equivalents at beginning of period	2,980	9,177	12,152	15,812	9,953
Cash and cash equivalents at end of period	1,359	2,980	9,177	12,152	15,812

Statement of Changes in Equity for the year ended 30 June 2022	Proposed 2021–2022	Forecast 2020–2021	Actual 2019–2020	Actual 2018–2019	Actual 2017–2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Accumulated Surplus					
Balance at end of previous reporting period	60,241	56,825	55,222	52,886	47,975
Net Surplus/(Deficit) for year	6,037	3,416	1,590	2,327	4,923
Share of other comprehensive income	-	-	-	-	(12)
Balance at end of period	66,278	60,241	56,812	55,213	52,886
Asset Revaluation Reserve					
Balance at end of previous reporting period	429,162	427,162	423,620	390,627	541,048
Gain on revaluation of infrastructure, property, plant and equipment	2,000	2,000	3,542	32,993	(150,421)
Balance at end of period	431,162	429,163	427,162	423,619	390,627
Total Equity at end of reporting period	497,440	489,404	483,974	478,842	443,513

Uniform Presentation of Finances for the year ended 30 June 2020	Proposed 2021–2022	Forecast 2020–2021	Actual 2019–2020	Actual 2018–2019	Actual 2017–2018
	\$'000	\$'000	\$'000	\$'000	\$'000
Income	47,081	45,201	45,786	44,711	43,772
less Expenses	(46,610)	(44,393)	(43,411)	(42,331)	(39,680)
Operating Surplus(Deficit)	471	808	2,375	2,380	4,092
less Net Outlays on Existing Assets					
Capital expenditure on renewal and replacement of existing assets	11,653	10,800	8,919	15,624	9,262
Depreciation, amortisation and impairment	(10,640)	(9,734)	(9,503)	(8,984)	(8,285)
Proceeds from sale of replaced assets	(25)	(27)	(58)	(9)	(790)
	988	1,038	(642)	6,631	186
less Net Outlays on New and Upgraded Assets					
Capital expenditure on new and upgraded assets (including investment property and real estate developments)	15,319	3,651	13,175	6,615	2,673
Amounts received specifically for new and upgraded assets	(5,541)	(556)	(1,165)	(1,049)	(1,742)
Asset Received Free of Charge	-	-	-	(24)	-
	9,778	3,095	12,010	5,542	931
Net Lending/(Borrowing) for Financial Year	(10,295)	(3,325)	(8,992)	(9,793)	2,975

Statement of Comprehensive Income for the year ended 30 June 2022	Proposed 2021–2022	Forecast 2021–2022	Forecast 2020–2021	Actual 2019–2020	Actual 2018–2019	Actual 2017–2018
	\$'000	Indicator	Indicator	Indicator	Indicator	Indicator

Operating Surplus Ratio						
Operating Surplus	471	1.0%	1.8%	5.2%	5.3%	9.3%
Total Operating Revenue	47,081					

This ratio expresses the Operating Surplus as a percentage of total Operating Revenue.

Net Financial Liabilities Ratio						
Net Financial Liabilities	24,563	52.2%	31.4%	28.0%	8.0%	1.8%
Total Operating Revenue	47,081					

This ratio expresses the extent of Operating Revenue required to meet all monies owed by the Council Net financial liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses).

Asset Sustainability Ratio						
Net Asset Renewals	13,549	99%	77%	99%	109%	79%
Infrastructure & Asset Management Plan required expenditure	13,724					

This ratio measure the extent existing assets are being renewed compared to the Infrastructure & Asset Management Plan Net asset renewals is defined as capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets

Rolling three-year average	92.1%	86.6%	90.4%	86.7%	89.6%
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Appendix 4

Rating Policy

Rating Policy

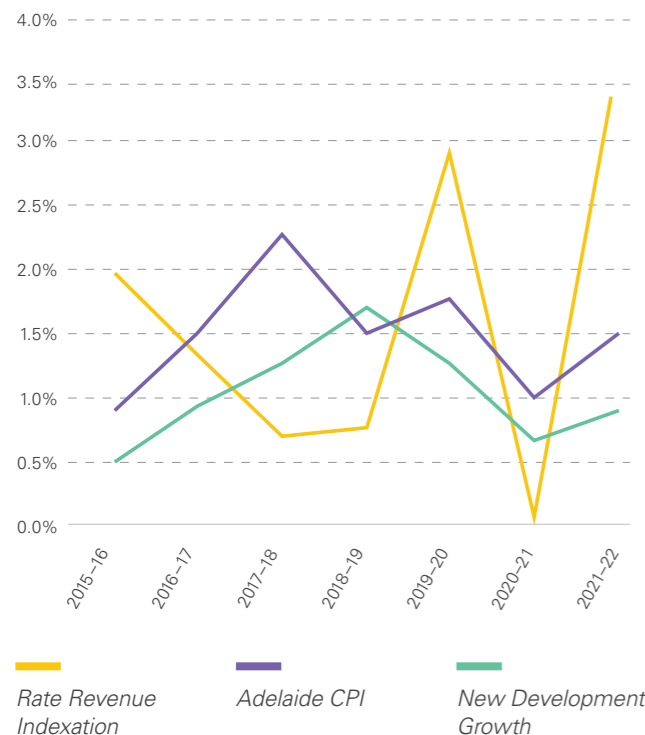
Method Used to Value Land

The Council has continued to use Capital Value as the basis for valuing land within the City of Norwood Payneham & St Peters. It is considered that this method of valuing land provides the fairest method of distributing the rates across all ratepayers on the following basis:

- Property value is a good indicator of wealth and Capital Value, which closely approximates the market value of a property, provides the best indicator of overall property value;
- The equity principle of taxation requires that ratepayers of similar wealth pay similar taxes and ratepayers of greater wealth pay more tax than ratepayers of lesser wealth; and
- The distribution of property values throughout the City of Norwood Payneham & St Peters is such that only just over one third of residential ratepayers will pay more than the average rate per property.

Information received from the Valuer General indicates a number of changes in the City’s property values to date. 0.9% of the increase can be attributed to growth related to new development within the City to date.

Graph 3
Rate Revenue Increase



Differential General Rates

The *Local Government Act 1999* allows council's to apply differential rates based on the use of the land, the locality of the land or the use and locality of the land. The City of Norwood Payneham & St Peters applies differential rates on the basis of land use.

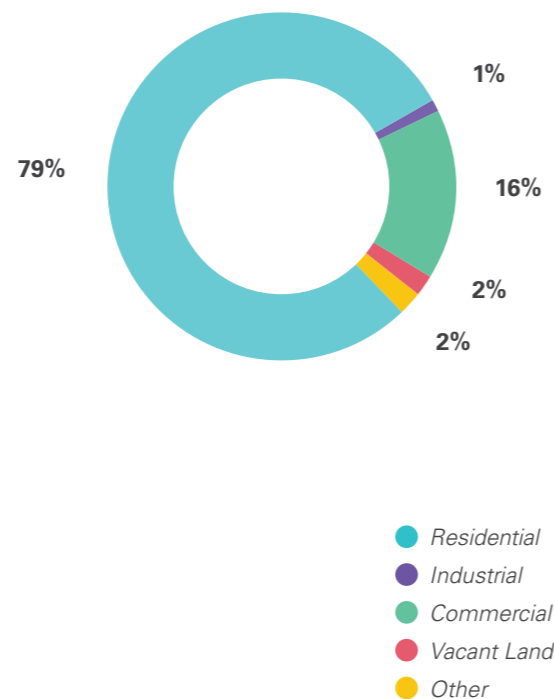
Definitions of land use are prescribed by regulation and are categorised as follows for rating purposes:

- Residential
- Commercial – Shops
- Commercial – Office
- Commercial – Other
- Industrial – Light
- Industrial – Other
- Primary Production
- Vacant Land; and
- Other

The City of Norwood Payneham & St Peters applies differential rates on the basis of land use whereby non-residential properties have an increased rate-in-the-dollar of an additional 20% of the rate-in-the-dollar which is applied to residential properties.

Based on information provided by the Valuer General to date, the payment of rates will be distributed across the difference categories as detailed in Graph 4 below.

Graph 4
Rate Revenue by Land Use



Minimum Rate

Pursuant to the *Local Government Act 1999*, a council may impose a minimum amount which is payable by way of rates. Where two or more adjoining properties have the same owner and are occupied by the same occupier, only one minimum rate is payable by the ratepayer. Where a council imposes a minimum rate it must not apply to more than 35% of properties in the Council area.

The Council has set a minimum rate of \$1,068. The minimum rate will be applied to 5,996 (29.8%) of all rateable properties.

In determining the minimum rates, the Council is ensuring that all rateable properties make a base level contribution to the costs of:

- Administering the Council’s activities;
- The provision of the physical infrastructure that supports each property and is available for use by all ratepayers; and
- Services provided that are available for use by all ratepayers (e.g. Libraries, parks and gardens).

The Parade Precinct Separate Rate

The Council has determined to raise a Separate Rate, for the purposes of promoting and enhancing business viability and employment generation within The Parade Precinct. The Parade Precinct Separate Rate is levied against all commercial properties located along The Parade between Fullarton Road and Portrush Road, and the revenue raised will only be used for this purpose.

Proposed Rate Increases for 2021–2022

To fund the activities proposed within the 2021–2022 Annual Business Plan and to ensure that the Council continues to provide the level of services required and expected by the community, the Council estimates that it will require an additional \$1.556 million in general rate income.

Based on the initial valuations which have been received from the Valuer-General, this will result in an increase in the 'cents-in- the-dollar'.

The average residential property will be required to pay \$1,563 and the average commercial property will be required to pay \$2,649.

Regional Landscape Levy

Pursuant to the *Landscape South Australia Act 2019*, the Council is required to collect funds on behalf of the State Government, for the operations of the Green Adelaide Board.

The Council collects the funds through a separate rate levied as the Regional Landscape Levy and is applicable to land within its area of the Green Adelaide Region.

In 2021–2022, the Council will collect \$1.386 million for the payment of the Regional Landscape Levy. The Council is acting as a revenue collector and as such does not retain this revenue, but simply forwards it through to the Green Adelaide Board.

Rate Capping

Rate Capping is provided in the form of a Rebate or Remission of Rates above an approved threshold. In the 2020–2021 Budget, the Council has determined that rates will be capped (subject to certain conditions) at two times the rate revenue increase in set in the Annual Budget. This means that the maximum increase in rates for individual properties will be 8.7% for the 2021–2022 Financial Year.

Remission and Postponement of Rates

Section 182A of the *Local Government Act 1999*, provides the option for South Australian Senior Card Holders to apply to postpone part of their council rates on a long-term basis. The deferred amount is subject to a monthly interest charge, with the accrued debt being payable on the disposal or sale of the property.

For complete details on these items and additional information please refer to the Rating Policy and Rebate Policy which is available online at www.npsp.sa.gov.au.

Council Facilities

The Council's Principal Office is located at:

Norwood Town Hall
175 The Parade, Norwood

Additional sites of operation include:

Council Works Depot
Davis Road, Glynde

Norwood Library
110 The Parade, Norwood

St Peters Library
101 Payneham Road, St Peters

Payneham Library & Community
Facilities Complex (Tirkandi)
2 Turner Street, Felixstow

Payneham Community Centre
374 Payneham Road, Payneham

Cultural Heritage Centre
101 Payneham Road, St Peters

Norwood Swimming Centre
Phillips Street, Kensington

Payneham Memorial Swimming Centre
OG Road, Felixstow

The Council also operates two unique entities:



St Peters Child Care Centre
42–44 Henry Street, Stepney

Norwood Concert Hall
175 The Parade, Norwood

Additional Copies

The 2021–2022 Annual Business Plan can be viewed online
at www.npsp.sa.gov.au

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

Telephone 8366 4555
Email townhall@npsp.sa.gov.au
Website www.npsp.sa.gov.au
Socials  /cityofnpsp  @cityofnpsp



City of
Norwood
Payneham
& St Peters

6.4 INTERNAL CONTROL AND RISK MANAGEMENT ASSESSMENT

REPORT AUTHOR: Management Accountant
GENERAL MANAGER: General Manager, Corporate Service
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A201433
ATTACHMENTS: A - C

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with an update on the status of the Council's major risks and the assessment of the Council's Internal Controls.

BACKGROUND

The 2019-2020 Audit Committee Work Program requires the Committee to:

- a. *Identify whether weaknesses in internal controls have been previously identified, e.g. by management or Council's external auditor, and if so whether action has been taken to have them addressed:*
 - *consider the range of documented internal control policies and procedures; and*
 - *whether they are being followed.*
- b. *Develop and monitor the delivery of the Council's Strategic Internal Audit Plan by:*
 - *meeting with the Council's Internal Auditors to discuss any points of concern raised by the Internal Auditor, as part of the delivery of the Strategic Audit Plan;*
 - *assessing the appropriateness of the Council's response to matters raised in the Internal Audit Reports; and*
 - *annually review the appropriateness of the Council's three (3) year Strategic Internal Audit Plan.*
- c. *Review Management's assessment of Council's major risks.*
- d. *Establish whether locally appropriate strategies exist to minimise the likelihood of occurrence and adverse consequence for obvious and major risks. Consider:*
 - *whether an assessment has been undertaken to identify foreseeable events with potentially catastrophic consequences and actions established to minimise their likelihood and effect*
 - *whether a business continuity plan has been developed in case of major damage to key Council properties or other, (e.g. computer, assets);*
 - *whether there are significant risks that have been identified by Council's insurers that have not been reasonably addressed and therefore could jeopardise insurance cover in this regard; and*
 - *adequacy of insurance coverage.*

At its meeting held on 15 October 2010, the Audit Committee requested that Risk Management be a standard item on its agenda and that a brief report be prepared for each meeting confirming that the risks remain current and that the identified existing controls remain in place.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Additional funding may be required to complete the work which has been requested by the Audit Committee, depending on the nature and timeframes which are set for any further work required to be undertaken.

EXTERNAL ECONOMIC IMPLICATIONS

Nil

SOCIAL ISSUES

Nil

CULTURAL ISSUES

Nil

ENVIRONMENTAL ISSUES

Nil

RESOURCE ISSUES

Refer to Financial Implications above.

RISK MANAGEMENT

The risks identified to be managed are contained in **Attachment B**.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Where Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

Risk Management Assessment

Following the risk review and risk workshop held on 11 September 2019, eight (8) strategic risks and thirteen (13) operational risks were identified. Upon review of the nature of the risks and the existing controls which are in place, five (5) strategic risks and three (3) operational risks were identified with a target risk greater than the residual risk. To reduce the risk to the target risk rating, a number of treatment plans were identified to mitigate against the risks. The status of the risks requiring additional mitigation strategies and controls is contained in **Attachment A**.

Internal Audit

The Council has in place a three (3) year Strategic Internal Audit Plan (the Plan) which, following the recommendation of the Audit Committee, was adopted by the Council on 4 November 2019.

Contract Management was identified as part of the risk review undertaken in September 2019, as an Operational Risk that required a treatment plan to reduce the residual risk, which was rated "High". To address this risk and in-line with the 2020-2022 Internal Audit Plan, the Council has undertaken a review of the Councils process to Contract Management with a view to implement a Contract Management Framework, similar to the Procurement Framework implemented in 2019.

The scope of the review included three stages:

- Stage 1: Health Check, which involved a review of the current contract management process in place;
- Stage 2: Gap Analysis which identifies areas of improvements; and
- Stage 3: Contract Management Framework Development Recommendations.

The report, which provides a road map for the Council to undertake to develop a Contract Management Framework is contained in **Attachment B**.

It was identified as part of the Health Check that the Council does not have a specific Contract Management Policy. A draft policy has been prepared, which is contained in **Attachment C** for consideration and endorsement.

OPTIONS

Nil

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

1. That the report be received and noted.
2. That the Audit Committee recommends to the Council that the Contract Management Policy as contained in **Attachment C** be adopted.

Attachment A

Internal Control and Risk Management Assessment

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

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City of
**Norwood
Payneham
& St Peters**



City of
Norwood
Payneham
& St Peters

IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
<p>1. Community Expectations</p> <p>The Council is not delivering what the community expects or delivering what has been promised. This can be over or under servicing. The Council is (or should not) delivering certain services and/or projects as the community are (or not) wanting, needing or expecting.</p>	<p>High 9</p> <p>Intolerable without treatment</p>	<p>Substantial 14</p> <p>Tolerable with continual review</p>	<p>Medium 19</p> <p>Tolerable with periodic review</p>	<ul style="list-style-type: none"> Development of Service Standards for key services 	<p>Street and Footpath Sweeping review undertaken during 2019-2020, and a new Street & Footpath Sweeping Program introduced in April 2020.</p> <p>Footpath Defect Identification Program undertaken in 2018-2019. Footpath Defect Rectification Program developed and is being undertaken over a period of two years, commencing in 2019-2020.</p> <p>Since the commencement of the program, the Council has rectified 1,797 of the 2547 identified footpath defects. This represents 9,747 sqm of footpath paving.</p> <p>The Council has developed a Service Excellence Framework, designed to identify a single agreed service philosophy and expected standards of service, which is aligned to the Organisational Values. Individual departments are developing Service Excellence Plans.</p> <p>Street and Footpath Sweeping Program available on the Councils' Website.</p> <p>Letter box affected residents when undertaking programmed street tree pruning and civil infrastructure renewal programs.</p>
				<ul style="list-style-type: none"> Develop a multi-channel approach to communicate service standards 	



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IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
				<ul style="list-style-type: none"> Development of standard responses or FAQ for sensitive issues and significant projects and changes Policies supporting business practice are regularly reviewed and up dated where appropriate and widely communicated to ensure such policies are administered on a balanced and consistent basis. 	<p>Frequently Asked Questions developed for COVID-19 Rate deferral.</p> <p>Policy review program and associated framework has been developed. All Council policies have been reviewed and considered by the Council with the exception of the Tree Policy, which has been put on hold pending the development of the Tree Strategy.</p>
2. Non-delivery of a project or not delivery the right project.	High 9 Intolerable without treatment	Substantial 14 Tolerable with continual review	Medium 19 Tolerable with periodic review	<ul style="list-style-type: none"> Develop a Corporate Plan, which focusses on the priority in the medium term (i.e. 3 years) that links to the Strategic Plans (I.e. City Plan 2030, Long Term Financial Plan, Asset Management Plans) Implement a common project management system across the organisation Develop a Project reporting framework, with the focus on what needs to go back to Council (i.e. Strategy & Direction) and what is dealt with at Administration Level (Operational). 	<p>At its meeting held on 7 September 2020, the Council resolved to establish a Regional Capital Projects Committee.</p> <p>The purpose of the Committee is to assist the Council in the development of Regional Capital Projects which are referred to the Committee by the Council.</p> <p>The Committee is charged with making recommendations to the Council regarding actions, including studies associated with the development of masterplans and concepts as required for Regional Projects.</p>



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
3. Elected Member conduct Elected Members (EMs) micro-manage business or communicate inappropriate message.	Substantial 13 Tolerable with continual review	Medium 19 Tolerable with periodic review	Low 23 Acceptable with Periodic review	<ul style="list-style-type: none"> Undertake Culture and Values development programs, similar/consistent to the Staff program (Top down, one organisation) Establish Elected Member “group norms”. Develop and implement ongoing/regular training & awareness programs 	
4. Lack of innovation and forward planning Lack of forward planning in project priorities and consideration of innovative outcomes in asset management.	High 9 Intolerable without treatment	Medium 19 Tolerable with periodic review	Low 24 Acceptable with Periodic review	<ul style="list-style-type: none"> Infrastructure & Asset Management Plans prepared as a forward planning tool rather than a legislative compliance activity Development of a Corporate Plan which provides medium term plan for service priorities and projects Reinforce the inclusion of future impacts, when preparing Funding submissions Encourage consideration of innovation and use of emerging technologies when considering proposals and designs Include, value add and innovation in design solutions and consider in procurement activities. 	<i>Infrastructure & Asset Management Plans have been reviewed and adopted by the Council.</i>



IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
<p>5. Lack of Organisational and Departmental Strategy</p> <p>Organisation wide or departmental decisions made without reference to an agreed organisational direction and strategy.</p>	<p>Extreme 5 Intolerable</p>	<p>Substantial 13 Tolerable with Continual review</p>	<p>Low 24 Acceptable with Periodic review</p>	<ul style="list-style-type: none"> Development of a Corporate Plan which provides medium term plan for service priorities and project priorities which link to the Council's suite of Strategic documents (City Plan 2030, LTFP, ABP, IAMP) Grant Funding Applications, to be supported with business case and funding submissions prior to applying for the funds 	<p>The mid-term review of the <i>CityPlan 2030</i> and update of the Councils <i>Long Term Financial Plan</i> and <i>Infrastructure & Asset Management Plans</i> and <i>2021-2022 Annual Business Plan & Budget</i> has been completed and adopted by the Council.</p> <p>Recent Funding applications have been based on projects proposed within the Long Term Financial Plan</p>
<p>6. Contract management</p> <p>Insufficient management of contracts</p>	<p>Extreme 4 Intolerable</p>	<p>High 9 Intolerable without treatment</p>	<p>Low 24 Acceptable with Periodic review</p>	<ul style="list-style-type: none"> Finalisation of the Contract Management Framework and associated measurement and monitoring tools Annual Refresher training for staff who manage contracts Induction program be enhanced for staff with contract management responsibilities 	<p>Internal Audit Review undertaken. High level Roadmap developed and templates provided to assist in the development of the Framework.</p>
<p>7. Contractor management</p> <p>Incorrect contractor management in service/project delivery.</p>	<p>Extreme 4 Intolerable</p>	<p>High 9 Intolerable without treatment</p>	<p>Low 24 Acceptable with Periodic review</p>	<ul style="list-style-type: none"> Increase awareness of WHS Contractor Chapter in WHS Manual or develop/enhance a Contractor Management Framework Development of associated Contractor management and Performance measurement and monitoring tools / templates to ensure consistent application across the organisation 	



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IDENTIFIED RISKS REQUIRING TREATMENT PLANS

Risk	Inherent Risk	Residual Risk	Target Risk	Treatment Plan	Status
8. Business and commercial awareness	Extreme 5 Intolerable	Substantial 14 Tolerable with Continual review	Low 21 Acceptable with Periodic review	<ul style="list-style-type: none"> Refresher Training to be incorporated in the Corporate Training Calendar 	

Attachment B

Internal Control and Risk Management Assessment

City of Norwood Payneham & St Peters
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July 2021

City of Norwood Payneham &
St Peters

Contract Management Framework
Report

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13 July 2021

Sharon Perkins
General Manager, Corporate Services
City of Norwood Payneham & St Peters
PO Box 204
KENT TOWN SA 5071

Dear Sharon

Report – Contract Management Framework

Please find attached our report on the Contract Management Framework for the City of Norwood Payneham & St Peters.

We would like to take this opportunity to thank management and staff for the assistance provided to us during the course of our project.

If you have any queries, please feel free to contact me on 08 8372 7900 at any time.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Papa', with a long horizontal flourish extending to the right.

David Papa
Partner

Enclosure

Version history	Date
Draft report issued	25/6/2021
Final report issued	13/7/2021
Final report Executive Management approval	
Final report Audit Committee presentation	

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Executive summary

Contracting in many local councils involves a significant level of expenditure and resources. Contracting activity ranges from straightforward procurements such as the provision of advisory services or goods through to complex long-term projects. It may include an oral or a written contract.

To support its operations, the City of Norwood Payneham & St Peters (Council) purchased \$31m goods and services with or without a contract document from 1 July 2019 to 3 June 2020¹ (its total expenses \$43m and non-current assets \$497m according to the Annual Report 2019-20).

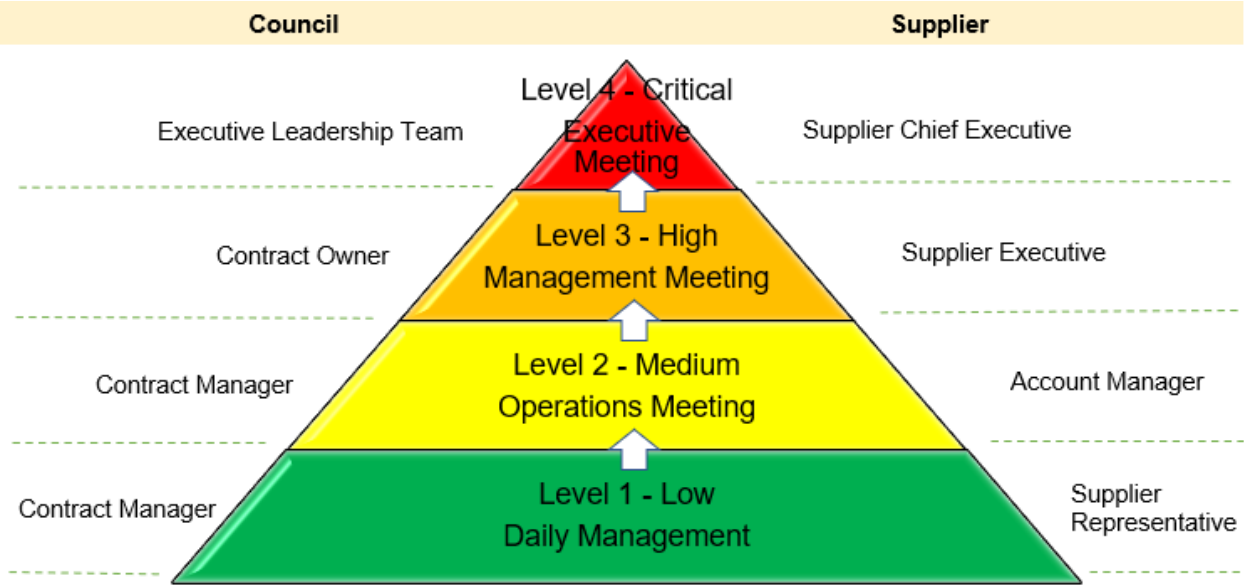
Council established a core Procurement Framework, made of the Procurement Policy and Guidelines, the ONENPSP Procurement Central (for templates and forms), and the Procurement Specialist (i.e., the Financial Services Manager). The Procurement Framework aids the Council in achieving value for money in the purchasing activities.

Contract management is a critical part in the procurement cycle that starts before a contract is signed. It focuses on managing the rights and obligations of parties within the contract and ensuring that goods and services are delivered accordingly. A Contract Management Framework (CMF) provides a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers. Therefore, commitments and obligations from buyers and suppliers are met, by delivering value for money outcomes and managing inherent risk.

Contract management in the Council is mostly decentralised and partially replaced by contractor management due to lack of a CMF. Consequently, the relevant improvement opportunities are identified, such as,

- introducing contract tiers (Figure 1 & Appendix 2),
- defining roles and responsibilities (Appendix 3),
- defining activities commensurate with tiers and roles (i.e., RACI Matrix) (Appendix 4 & 5), and
- improving records management to reflect monitoring and reporting, and contract variations approval (Appendix 6 & 7).

A high level contract management approach is suggested and presented in the figure below, including the contract management levels, key stakeholders from both Council and Supplier(s) and issue escalation hierarchy.



¹ Council's Internal Audit Report of Procurement Post Implementation dated August 2020.

With consideration given to the better practice (i.e., the Queensland Government Procurement – Contract Management Framework), the PMBOK Guide (Project Management Body of Knowledge), the Council’s Procurement Policy and Procurement Policy Guidelines, and Risk Management Framework (in draft) and Policy, we recommended a structure for CMF (Table 2), including the key templates and tools (Appendix 6) and a policy (Appendix 7), for the Council Administration to consider.

We have developed a high level road map for the Council (for details, refer to Figure 5).



Once a CMF is in place, Council should benefit in value for money, risks mitigation, and maximised end-user satisfaction from improving management and recording of contract activities.

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1. Introduction

A CMF provides a clear and standardised approach to managing and administering contracts for goods and services purchased from suppliers. Good contract management benefits the City of Norwood Payneham & St Peters (Council) in value for money, robust risk management, and maximised outcomes to end-users.

The CMF

- Comprises both organisational and transactional requirements to apply to specific contracts
- Outlines the key processes and activities
- Includes plans, policies, procedures, guidelines, checklists, training, reports, audits, and software etc.

Therefore, commitments and obligations from buyers and suppliers are clear and met, by delivering value for money outcomes and managing supply related risk.

Bentleys SA has been engaged by the Council to assist them to develop a Contract Management Framework (CMF) in May 2021. The CMF is linked to the existing Procurement Framework.

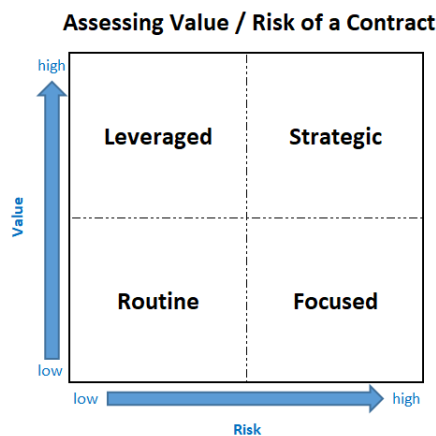
2. Scope of CMF

The CMF includes the life cycle activities, such as

- Contract set-up – initiation and planning of the contract management process
- Contract management – administration and management of contracts
- Contract close-out – finalisation or transition of contracts.

The CMF considers the contract tiers based on their value and risk to identify the key activities to focus on for a particular contract (refer to Figure 1 below and for details, refer to Appendix 2).

Figure 1: CMF contract tiers



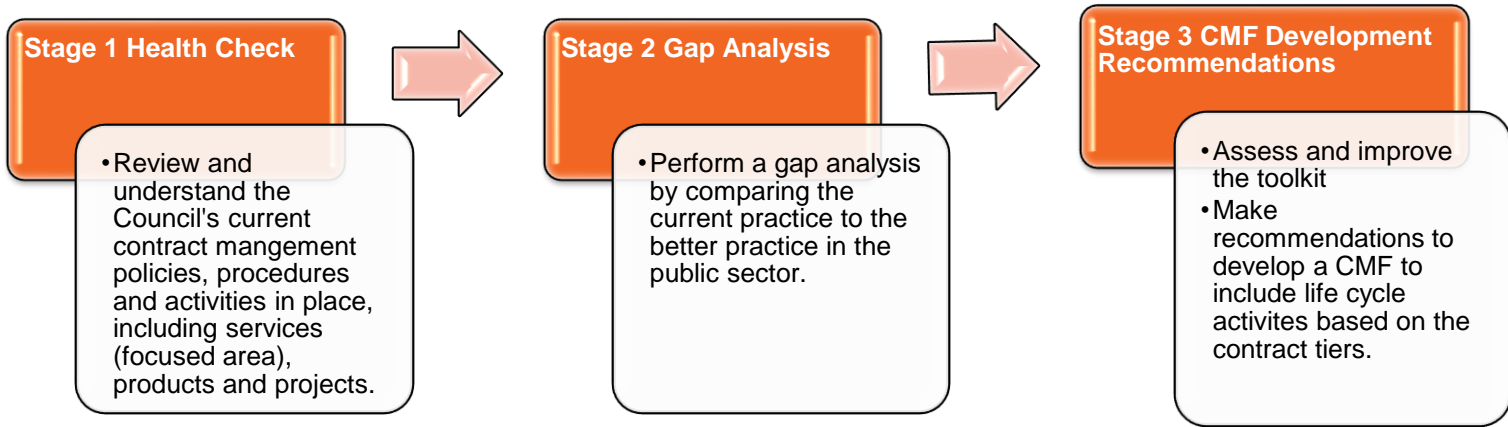
Source: Queensland Government Procurement – Contract Management Framework.

Out of scope – this CMF excludes contractor management and procurement related activities unless specifically referred to in this report.

3. Methodology

In order to assist the development of an effective and proactive CMF, we undertook a staged methodology detailed in Figure 2 on the next page.

Figure 2: CMF Development Methodology



3.1 Stage 1 Health Check

There was no relevant Council policies or procedures existing for contract management. Consequently, contract management in the Council is substantially decentralised.

We undertook four (4) investigative interviews with the individual Contract Managers (called Project Managers in Council) in the following different business areas (Table 1) to understand their contract types, values, and risks, based on which the Council contracts are categorised into four (4) tiers. We also gathered raw data and forms in use where possible.

Table 1: Council contracts overview

Business areas	Contract types	Contract value	Contract risk	Contract tiers
City Services	90% are service contracts of maintenance and cleaning; and 10% are contract with East Waste Management Authority – \$6m in total contracts.	Street sweeping – \$1m per annum	Medium to low	Leveraged
		<ul style="list-style-type: none"> • Programmed works, e.g., line marking and lawn mowing – \$20-50k per annum • Ad hoc weeds or treescapes 		Routine
City Assets	Renewal and maintenance contracts of all asset classes based on the useful life, e.g., building, civil infrastructure (kerb, footpath, road reseal), drainage (stormwater), open space (reserve, playground, BBQ, shelters), management of trees (tree planting programs), tennis court re-constructions.	Building maintenance, and open space – high frequency low value	Medium to low	Routine
		Civil infrastructure – \$3.5m per annum		Leveraged
		Significant renewal contracts for all assets including the drainage upgrade – up to \$2.5-3m per annum	High	Strategic
Community Care Services	Panel contracts of domestic assistance and home maintenance services for senior people according to the Commonwealth Home Support Program (CHSP).	<ul style="list-style-type: none"> • Domestic assistance and personal care – panel of 4 suppliers for 2 years – \$420k per annum in total • Home maintenance – panel of 6 suppliers for 2 years – \$120k per annum in total • Transport and shopping contract of \$130k for a year. 	High	Focused
Strategic Project	Strategic projects including (master design) professionals and construction works.	Contract values vary from \$5k to \$20m. 25% are big projects of \$2-3m each. For lower value contract, they are normally the design part of a strategic project.	High	Strategic

We have also given consideration to the following relevant frameworks:

Procurement Framework

- The administration of the Procurement Framework, including policy, guidelines and processes, directly affects contract management capability as a contract has been established through the procurement process (Figure 3).

Figure 3: Contract Management Scope

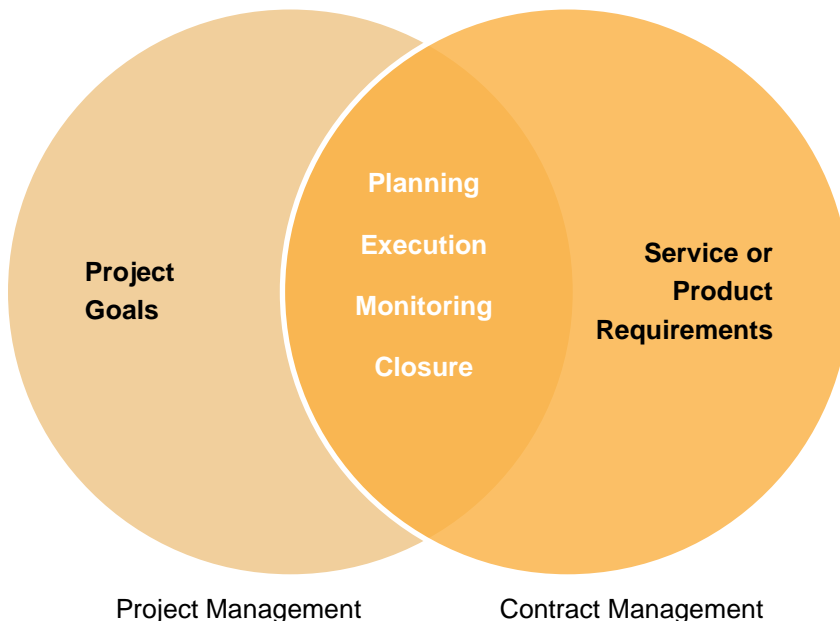


- An internal audit of Procurement Post Implementation conducted in June 2020 found that Council has a central-led Procurement Framework that should support effective contract management.
- The Procurement Policy and Guidelines classify the procurement activities by value and risk, which should set up the baseline for the CMF, i.e., contract tiers. Based on different contract tiers, key contract management activities can be identified to focus on (for details of recommended CMF phases and key steps, refer to Appendix 4).

Project Management

- Project Management is the art and science of achieving defined project goals, on time and within budget. A project may involve no contract or several separate and / or related contracts.
- Contract Management is the art of achieving the mutual satisfaction of two parties, or sometimes more, whose objectives are dissimilar but closely linked. Basically a contract covers commitments and obligations to ensure the requirements of the buyer party and the remuneration of the supplier party are aligned. A long term contract may include a few stages, which may require Project Management for each stage.
- Sound Contract Management is an essential subset of a large project, and likewise, sound Project Management is also an essential subset of a large contract (Figure 4). Therefore, we observed that the Project Management tools and templates are implemented by the Strategic Project team to manage large capital work contracts. With good contract management in place, project success becomes more likely.

Figure 4: Project Management and Contract Management



3.2 Stage 2 Gap Analysis

As an outcome of Stage 1 Health Check, the following gaps due to lack of an organisation-wide framework have been identified, which may have an impact on the Council's contract management outcomes:

- **Inconsistency of contract management approaches.** Although consistent processes and templates are used within the business area (e.g., City Assets), different templates are used to manage contracts among four (4) business areas reviewed. The key activities are not performed consistently, such as; develop and finalise contract management plan (Step 1.3 in Appendix 4); manage contract extension or renewal or variation (Step 2.4 in Appendix 4); and contract close-out/transition (Step 3.3 in Appendix 4).
- **Contract management activities based on value and risk (Step 1.1 in Appendix 4) are not formalised to ensure a systematic and efficient approach is taken.** It was noted that weekly and/or monthly monitoring of large capital work and ad hoc (or by exception) monitoring of weeds or tree pruning are both in place effectively to suit the contract nature. However, the processes have not been formalised to demonstrate a transparent and consistent approach across the Council for all Contract Managers to identify the key activities to focus on based on the contract value and risk.
- **Contract management roles are not clearly defined.** The key role of Contract Manager is commonly shared by a Project Manager. The other two (2) key roles of Contract Owner and Contract Administrator are either missing or partially in place.
- **Contract management is partially replaced by contractor management due to different understanding.** Interviews and review of templates provided found that the broad understanding of managing performance from a contract (Step 2.1 in Appendix 4) is managing contractor performance. Contractor management includes activities such as validating and updating required certification, insurance details, WHS frameworks, and risk frameworks etc. For example, in addition to the inspection of contracted work, the City Services and City Assets business areas have risk assessment and audits done largely on contractor worksite safety and environment. As a result, there is an inconsistent or non-existent assessment of the value and quality of the contract delivery of service or goods.
- **Missing records in system due to lack of clearly articulated framework.** For example, the contract documentation is not retained in the consolidated contract folder "Contracting – Contract Management" within Objective ECM. Instead, the documents may be retained within the individual project folder in Objective ECM or with the Contract Manager(s) locally.
- **Lack of engagement between Contract Manager(s) and Contract Administrator.** Interviews found that Contract Manager(s) do not necessarily know how to use the Objective ECM effectively, although the Contract Administrator (i.e., the Records Management team) has the relevant knowledge.

3.3 Stage 3 CMF Development Recommendations

Based on the Health Check and Gap Analysis in the stages above, we recommend the following to be considered in the CMF development.

A Procurement and Contract Advisory Unit (PCAU)

This new PCAU is recommended to oversee the integrity of procurement and contract management and assist the Contract Managers to fulfill their responsibilities, including:

- Developing and maintaining policy and guidelines
- Providing advice and training
- Managing the contract register; and
- Preparing reports for internal and external audiences.

PCAU is ideally the subject matter expert(s) of procurement and contract management. With consideration given to the requirements of the Council's Procurement Policy and Procurement Policy Guidelines, the Finance Services Manager may be the key person of this workgroup rather than recruiting a new employee.

Monitoring and reporting by Contract Managers

While the monitoring activities are currently in place, such as minutes of meetings or records of email or telephone communications, there are potential improvements in the documentation of decisions and communication commensurate with the value and risk of the contracts.

Contract variations

Contract variations include an extension to the duration of the contract, addition of services, increased pricing, changes to personnel, and/or reporting requirements. It is important to retain signed documentation showing the agreement of both parties prior to the expiry of the contract.

Key components of a CMF

To summarise the recommendations above, the key components are recommended with consideration given to the better practice (i.e., the Queensland Government Procurement – Contract Management Framework), the PMBOK Guide (Project Management Body of Knowledge), the Council's Procurement Policy and Procurement Policy Guidelines, and Risk Management Framework (in draft) and Policy. For details, refer to Table 2 below.

Table 2: Key components of a CMF

Component categories	Key components	Reference
Scope	Contract management has been established through the procurement process. The CMF includes: <ul style="list-style-type: none"> • Contract set-up • Contract management • Contract close-out. 	Figure 3
Contract tiers	Routine Leveraged or focused Strategic	Figure 1 Table 1 Appendix 2
Roles and responsibilities	Contract Owner Contract Manager Contract Administrator Procurement and Contract Advisory Unit (PCAU)	Appendix 3
Phases and key steps (incl. a Responsibility Assignment Matrix)	<p>1. Contract set-up</p> <p>1.1 Classify contract based on value and risk (Template 1 or 2)</p> <p>1.2 Confirm contract management roles (Template 1 or 2)</p> <p>1.3 Finalise contract management plan (Template 1 or 2)</p> <p>1.4 Set-up information management structure</p> <p>1.5 Conduct kick-off meeting (Template 3)</p> <p>2. Contract management</p> <p>2.1 Manage performance (Template 4 & 5)</p> <p>2.2 Contract administration (Template 4 & 5)</p> <p>2.3 Manage complaints (Template 4 & 5)</p> <p>2.4 Manage contract extension or renewal or variation (Template 6 & 7)</p> <p>3. Contract close-out</p> <p>3.1 Final performance review</p> <p>3.2 Lessons learned</p> <p>3.3 Contract close-out/transition (Template 8)</p>	Appendix 4 Appendix 5
Templates and tools	Template 1 - Contract Management Plan	Appendix 6

Component categories	Key components	Reference
	Template 2 - Contract Management Checklist Template 3 - Contract Kick-off Meeting Minutes Template 4 - Contract Performance Review Meeting Template 5 - Contract Risk Register Template 6 - Contract Review Report (Extension Renewal Approval) Template 7 - Contract Variation Approval Template 8 - Contract Close-out Checklist	

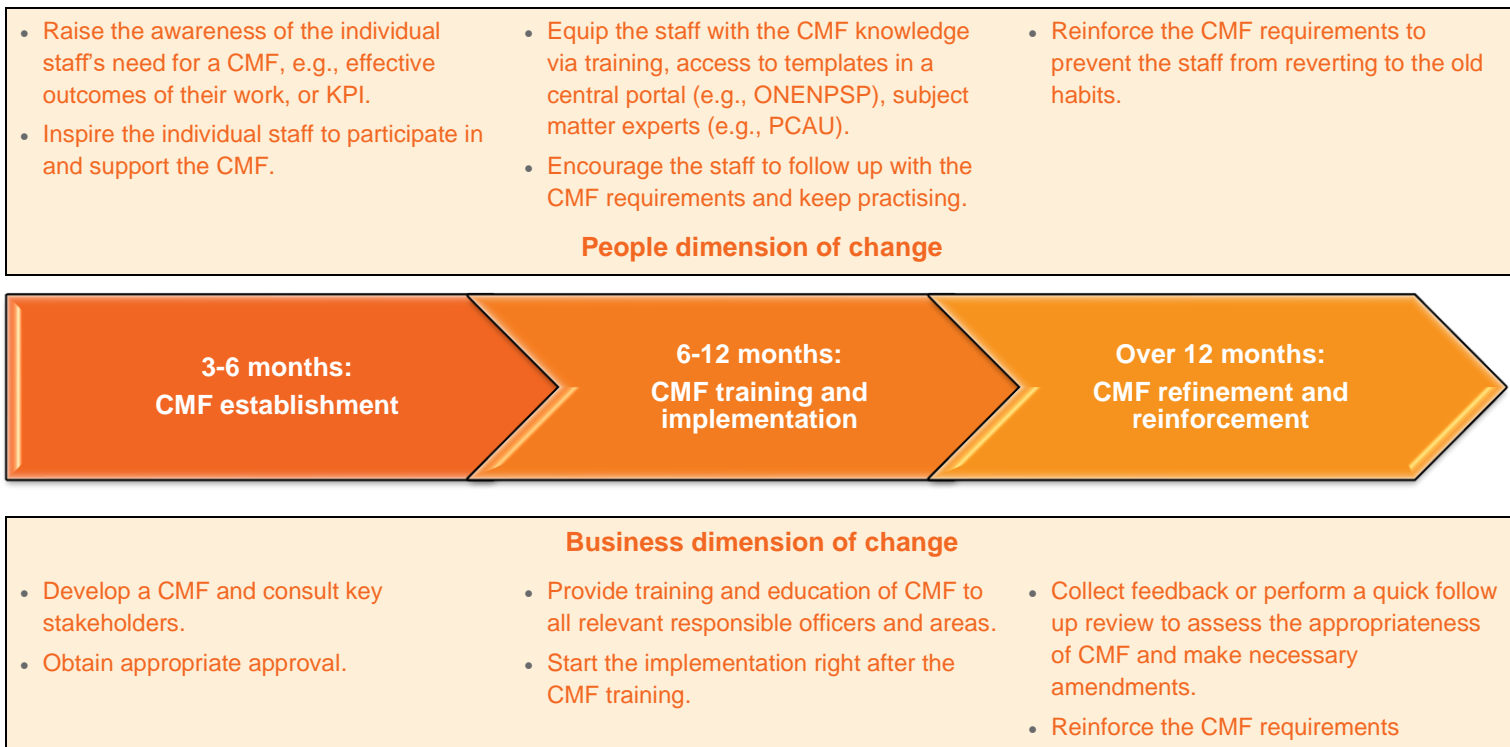
Contract Management Policy

To govern the management and administration of contracts entered into by the Council and minimise the exposure to the contractual risks, a Contract Management Policy is recommended as well (Appendix 7).

4. Road map to roll out a CMF

We have developed a high level road map for the Council (Figure 5).

Figure 5: High level road map to roll out a CMF



5. Acknowledgement

We appreciate the assistance and co-operation received from management and staff of the City of Norwood Payneham & St Peters in completing this project.

Appendix 1 – Documents accessed and consultation

Documents provided by Council and accessed include:

- Annual Report 2019-20
- Procurement Policy
- Procurement Policy Guidelines
- Risk Management Policy
- Risk Management Framework (in draft)
- City Services Contract Worksheet 2021
- City Services Contractor Audit example
- City Services Minor Works WHS Contractor Induction Brochure
- City Services monitoring documentation, including meeting minutes, phone calls and email correspondences
- City Assets Capital Works Programs 2020-2021, including civil infrastructure, building, drainage, recreation and open space
- City Assets Contractor Management templates, including contract control, contract control inspection, construction inspection test plan, construction request for information, construction non-conformance report, variation order approval, and construction defects identified
- Community Care Services Contract Listing
- Domestic Assistance & Personal Care Services Agreement Helping Hand
- Home Maintenance & Modification Orana Services Agreement
- Home Support Shopping Services Helping Hand Services agreement
- Community Care Services 6 monthly contract reviews , examples of meeting agenda and minutes
- Strategic Project Management Plan Structure

We would like to extend our appreciation to the following individuals who participated in, and provided information during this project.

- Sharon Perkins, General Manager Corporate Services
- Andrew Alderson, Financial Services Manager, Corporate Services
- Chris McDermott, Manager City Services
- Craig Taylor, Supervisor City Services
- Rosanna Busolin, Manager Community Care Services, Governance & Community Affairs
- Antonietta Spiniello, Records Coordinator
- Keke Michalos, Manager Economic Development & Strategic Project, CEO Office
- Jared Barnes, Strategic Projects Coordinator
- Paul Mercorella, Acting Manager City Assets.

Appendix 2 – Contract tiers

With consideration given to the better practice (i.e., the Queensland Government Procurement – Contract Management Framework), the Council's Procurement Policy and Procurement Policy Guidelines, and Risk Management Framework (in draft) and Policy, contracts can be classified as either routine, leveraged, focused or strategic.

Contract tiers	Description
Routine	Low value, low risk contracts. Usually transactional in nature. Minimum contract management activities are recommended.
Leveraged or focused	<p>Either of higher value, or higher risk than routine contracts. A contract management plan is normally required although judgement can be exercised as to which aspects of the contract require more focused management. For example:</p> <ul style="list-style-type: none"> • The priority for managing contracts that are high risk will be to focus on contract management activities that will help minimise risk, e.g., closely monitoring performance against KPIs, regular reporting and meetings with the supplier etc. to pro-actively address any issues about performance. • For contracts that are high value (but low risk), the focus will be on how to leverage the value as much as possible (e.g., monitoring spend, leakage, application of rebates, volume discounts etc.)
Strategic	High value (e.g., \$100 001+), high risk contracts. Most amount of rigour and attention are required to manage the contracts.

Appendix 3 – Roles and responsibilities

With consideration given to the better practice (i.e., the Queensland Government Procurement – Contract Management Framework), the Council's Procurement Policy and Procurement Policy Guidelines, the essential roles and responsibilities are identified and listed below. Where necessary, the same person could be delegated with one, two or all of the roles.

Roles and responsibilities	Description
Contract Owner	<ul style="list-style-type: none"> • Accountable for the budget/cost to fund the contract • Approve contract payments and variations with appropriate delegation • Appoint contract management team and roles • Recommended to be a senior employee from the business who is impacted by the contract outcomes.
Contract Manager	<ul style="list-style-type: none"> • Take the ownership for the contract • Directly responsible for providing management and direction to the contract team, including monitoring contract performance and compliance • Ensure all services and contractual obligations, Service Level Agreements and Key Performance Indicators are executed and achieved • Recommended to be a representative within the business unit with the relevant commercial skills.
Contract Administrator	<ul style="list-style-type: none"> • Support CMs to use the records management system (e.g., Objective ECM) to retain key documents and capture milestones over the contract management lifecycle • Recommended to be the representative(s) from the record management area.
Procurement and Contract Advisory Unit (PCAU)	<ul style="list-style-type: none"> • Oversee the integrity of procurement and contract management • Assist the Contract Managers with tools and templates to understand and fulfil their responsibilities • Develop and maintain policy and guidelines • Provide advice and training • Manage the contract register • Prepare reports for internal and external audiences • Recommended to be the subject matter expert(s) of the procurement and contract management.

Appendix 4 – Phases and key steps

Adapted from the better practice (i.e., the Queensland Government Procurement – Contract Management Framework).

Phase	Step	Contract tier		
		Routine	Leveraged or focused	Strategic
1. Contract set-up	1.1* Classify contract based on value and risk	Required	Required	Required
	1.2 Confirm contract management roles	Required	Required	Required
	1.3 Finalise contract management plan	Checklist	Required	Required
	1.4 Set-up information management structure	Recommended	Required	Required
	1.5 Conduct kick-off meeting	Optional	Recommended	Required
2. Contract management	2.1 Manage performance	Recommended	Required	Required
	2.2 Contract administration	Recommended	Required	Required
	2.3 Manage complaints	Required	Required	Required
	2.4 Manage contract extension or renewal or variation	Required	Required	Required
3. Contract close-out	3.1 Final performance review	Optional	Recommended	Required
	3.2 Lessons learned	Optional	Recommended	Recommended
	3.3 Contract close-out/transition	Required	Required	Required

Notes:

* Traditionally, the first step should be “Contract hand-over”. However, this step is not relevant to the Council as the procurement process is handled by individual Department under the current central-led Procurement Framework. This means, the Contract Manager has already been involved from the procurement process all the way through to the contract management.

Appendix 5 – Responsibility Assignment Matrix

The CMF Responsibility Assignment Matrix (RAM) describes the various roles in completing the relevant CMF activities/steps. It is also known as RACI Matrix, meaning Responsible, Accountable, Consulted, and Informed according to the A Guide to the Project Management Body of Knowledge (PMBOK Guide).

The following table illustrates the different roles within a RACI Matrix. A role may be performed by many people or one person can perform multiple roles. For example, Council has several staff who perform the role of Contract Manager, and the person who is able to perform the role of Contract Manager may also be able to perform the role of Contract Owner.

Role distinction	Description
Responsible (R)	Those who do the work to complete the task and achieve the outcome required.
Accountable (A)	The one ultimately answerable for the decision making (sign off / approval) and completion of the task. There must be only one accountable specified for each task or deliverable.
Consulted (C)	Those whose opinions are sought, typically subject matter experts. There is two-way communication.
Informed (I)	Those who are updated on progress, often on completion of the task. There is one-way communication.

The following table presents the recommended CMF RAM / RCI Matrix:

CMF activities	PCAU [@]	Contract Owner	Contract Manager	Contract Administrator	Supplier	Key users [#]
1.1 Classify contract based on value and risk	C	I	R/A			
1.2 Confirm contract management roles	C	A	R	I		I
1.3 Finalise contract management plan	C	I	R/A		C	C
1.4 Set-up information management structure			A	R		
1.5 Conduct kick-off meeting	C	C	R/A	I	C	C
2.1 Manage performance	C	I	R/A		C	C
2.2 Contract administration			A	R		
2.3 Manage complaints		A	R		C	C
2.4 Manage contract extension or renewal or variation	C	A	R	I	C	C/I
3.1 Final performance review	C	A	R		C	C
3.2 Lessons learned	C	C	R/A	I	C	C
3.3 Contract close-out/transition	C		R/A	I	I	I

Notes:

[@] PCAU oversees the integrity of procurement and contract management and assist the Contract Managers to fulfill their responsibilities (Appendix 3).

[#] Key users can be legal, human resources, customer service team, procurement and finance team for their own particular needs.

Appendix 6 – Templates and tools

The templates and tools have been adapted from the better practice (i.e., the Queensland Government Procurement – Contract Management Framework).

Template 1 - Contract Management Plan

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3. Pricing model	3
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3.2 <i>Insurances</i>	4
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4. Relationship structure	4
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4.2 <i>Roles and responsibilities</i>	5
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1. Introduction

This document describes how contract(s) between the City of Norwood Payneham & St Peters (“**Council**”) and *[insert name(s) of supplier(s)]* for the supply of *[insert the services / goods]* will be managed.

2. Scope of goods/services

The Council has contracted the supplier(s) to provide *[insert brief description of the scope of goods / services]*.

This CMP describes how the following contract(s) (Table 1) will be managed:

Table 1: Contract Details

Supplier name / ABN	Contract title and no.	Start date	End date	Review date
<i>[insert]</i>	<i>[insert]</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>
<i>[insert]</i>	<i>[insert]</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>
<i>[insert]</i>	<i>[insert]</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>

The scope of services to be performed in the contract(s) can be outlined as follows:

- provision of *[XXXXXX goods / services]*
- management of *[XXXXXX personnel / equipment / logistics / supply chain]*
- maintain and manage *[XXXXXX reporting / measurements / account management / risk]*
- deployment of *[XXXXXX technology / innovation]*
- process *[XXXXXX payments / bill of material / help desk]*
- *[control quality of production and finished goods / services]*
- *[rationalise and continuously improve processes, make recommendations for improvements, suggest re-specification, etc., to ensure the organisation receives best fit services for its money, and that best meet the organisation’s requirements]*
- *[provide subject-matter expertise in the scope of services covered by this / these contracts]*
- *[identify and alert the organisation of changes to demand expectations and any other influences that materially change the expected service requirements]*
- *[manage and maintain any third party relationships required to ensure the delivery of the required goods/services]*
- maintain and provide accurate billing.

This CMP helps manage the relationship between the organisation and the supplier. KPIs have been agreed for the supplier(s) to meet in providing the *[goods / services]* (see Section 0).

3. Pricing model

This section details the pricing structure of the contract – it may include the price for goods and services, the price cap of the contract (if any) and price review periods.

- *[base fee]*
- *[fee for service]*
- *[volume price points]*
- *[gain / pain share arrangements]*

- *[appendix catalogue unit prices]*
- *[detail any derivatives – e.g., foreign exchange / exposure to volatile pricing etc.]*
- *[detail process for pricing review e.g., annual, index linked etc.]*
- *[service debits / service credits]*
- *[total cost of ownership]*
- *[price drivers]*

3.1 Payment terms

[insert payment terms]

3.2 Insurances

All insurances required under the contract are listed below:

Table 2: Insurance details

Insurance type	Insurer and policy no.	Limit of liability	Expiry date	Review date
<i>e.g. Professional Indemnity</i>	<i>[insert]</i>	<i>e.g. \$10M</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>
<i>e.g. Public and Products Liability</i>	<i>[insert]</i>		<i>DD/MM/YY</i>	<i>DD/MM/YY</i>
<i>e.g. Works Insurance</i>	<i>[insert]</i>		<i>DD/MM/YY</i>	<i>DD/MM/YY</i>

A copy of the certificates of currency of insurances are kept *[insert location or attach copies to this CMP]*.

The insurance review process is conducted during the contract meetings (see Section 0).

3.3 Bank guarantees or other securities

Bank guarantees or other securities required under the contract are listed below:

Table 3: Security details

Insurance type	Security provider (e.g. name of Bank)	Limit of security	Expiry date	Review date
<i>e.g. Professional Indemnity</i>	<i>[insert]</i>	<i>e.g. \$10M</i>	<i>DD/MM/YY</i>	<i>DD/MM/YY</i>
<i>e.g. Public and Products Liability</i>	<i>[insert]</i>		<i>DD/MM/YY</i>	<i>DD/MM/YY</i>
<i>e.g. Works Insurance</i>	<i>[insert]</i>		<i>DD/MM/YY</i>	<i>DD/MM/YY</i>

The original security documents are kept *[insert name of custodian & location]* and a copy is kept *[insert location or attach copies to this CMP]*.

4. Relationship structure

4.1 Key contact information

The contact information of responsible persons associated with this contract is listed in Table 4 and Table 5 (next page).

Table 4: Council key contact information

Council				
Name	Title	Address	Phone	Email
[insert]	[insert]	[insert]	[insert]	[insert]

Table 5: Supplier key contact information

[Insert Supplier Name]				
Name	Title	Address	Phone	Email
[insert]	[insert]	[insert]	[insert]	[insert]

4.2 Roles and responsibilities

The roles and responsibilities of the Council and the supplier in managing contracts under this CMP are described in the roles and responsibilities matrix in **Appendix A**.

The roles and responsibilities matrix outlines the roles of individuals against various tasks or deliverables. In the matrix:

- Responsible means those responsible to do the work to complete the task and achieve the outcome required.
- Accountable means the one ultimately answerable for the decision making (sign off / approval) and completion of the task. There must be only one accountable specified for each task or deliverable.
- Consulted means those whose opinions are sought, typically subject matter experts. There is two-way communication.
- Informed means those who are updated on progress, often on completion of the task. There is one-way communication.

5. Communication plan

This section outlines the internal communication plan for the organisation to operationalise / implement the contracts.

The communication plan may:

- Address how stakeholders / customers will be informed about the establishment of the contract(s), including how to buy goods/services under the contract(s).
- Address how stakeholders identified in the roles and responsibilities matrix will be informed of their involvement in the contract management process.
- Informing stakeholders / customers about who they should contact for further information, or to provide feedback about the goods/service.
- Identify who is responsible for carrying out these tasks, and by when.

6. Meetings

This section contains a summary of the purpose, attendees, frequency and format of various contract meetings. The meetings proposed in Table 6 and Table 7 (next page) are a guide to the types of meetings that you might arrange to manage the contract.

Table 6: Meeting schedule

Meeting	Purpose	Supplier attendees	Organisation attendees	Frequency
Executive meeting	To discuss information to support decision-making at the executive level	<i>[Insert names and titles]</i> Typically, supplier executive and supplier account manager attends.	<i>[Insert names and titles]</i> Typically, the chief procurement officer, the head of the organisational area that 'owns' the contract and the contract manager attends.	<i>[Insert meeting frequency]</i> Typically, six-monthly, annual or as required.
Management meeting	To discuss information to support management level decisions	<i>[Insert names and titles]</i> Typically, supplier account manager attends.	<i>[Insert names and titles]</i> Typically, contract manager and senior organisation natural owner attends.	<i>[Insert meeting frequency]</i> Typically, monthly, quarterly or six-monthly or as required.
Operations meeting	To review current operational status of contract and determine whether improvements required	<i>[Insert names and titles]</i> Typically, daily supplier contact attends.	<i>[Insert names and titles]</i> Typically, contract manager, natural owner and contract users attend.	<i>[Insert meeting frequency]</i> Typically, weekly or monthly or as required.

Table 7: Meeting focus

Meeting	What is usually covered at the meeting?
Executive meeting	<ul style="list-style-type: none"> • Supplier/contract information for strategic, high risk and critical to business contracts • Key financials • Key performance data • Escalated issues • High (and extreme) risks
Management meeting	<ul style="list-style-type: none"> • High level review of performance against KPIs • Review operational issues and establish action plan • Agree any process/policy changes • Identify events that may impact service • Identify if any penalties or bonuses apply
Operations meeting	<ul style="list-style-type: none"> • Review status of contract progress • Review performance against KPIs • Identify/review issues and areas for management attention • Review change requests and manage change control process

7. Transition management

The Contract Manager is responsible for the smooth transition in of the new supplier(s) and transition out of the existing supplier(s). The level of detail regarding transition in and out is dependent on the procurement activity.

[Where the supplier has developed a transition plan as part of the tender process, incorporate the document here.]

[Where a transition plan needs to be developed, incorporate details specific to managing transition here.]

8. Key Performance Indicators (KPIs)

8.1 Objectives

The objectives of formulating KPIs are to:

- Document and manage the key measures of performance for the operational services to enable the supplier to focus on the operational deliverables that are important to the organisation.
- Set goals for performance for both parties which reflect the need to deliver the agreed KPIs and the interdependencies between the parties in meeting KPIs.
- Provide a mechanism for calculating service debits/credits or liability share arrangements for suboptimal performance against KPIs or for awarding bonuses that may be payable for excellence.

8.2 Contract KPIs

The KPIs specified in the contract(s) are listed below in Table 8.

Table 8: KPIs

Field	Area the KPI falls into (e.g. cost, service, quality etc.)
KPI name	<i>[Name of KPI being measured]</i>
Purpose	<i>[Description of why KPI is being measured]</i>
Performance target	<i>[Description of what KPI is measuring]</i>
Measurement calculation	<i>[How to measure KPI]</i>
Responsibility	<i>[Who is responsible for measuring performance against the KPI? Where is the data coming from to measure performance?]</i>
Acceptable score	<i>[The minimum acceptable score that the Council will accept from the supplier. This should be discussed and agreed with the supplier. Where an acceptable score is unknown, measure the agreed KPI for a minimum of three months then use the scores achieved by the supplier as a basis to agree an acceptable score.]</i>
Score this month	<i>[The score the supplier has achieved in the month being measured]</i>
Variance from acceptable score	<i>[Difference between the “acceptable score” and the “score this month”]</i>
Historical tracking	<i>[Historical tracking of each KPI to enable KPI trends to be viewed each month (i.e., is the suppliers performance improving or getting worse?)]</i>

8.3 KPI reporting

KPI reports are created and adapted to reflect meeting schedule requirements and ad-hoc reporting requirements. Reports can be compiled using the supplier scorecard and minutes from meetings. The report should track specific service failures with actions discussed in the supplier meeting and minuted for action or monitoring in subsequent supplier meetings.

These provide a formal record of actual performance levels provided to the organisation over the previous period for all KPIs. The reporting includes the KPIs and the following information:

- Areas of service issues or failures and immediate actions taken to minimise the impact to customers in the event of a service failure.
- Areas where issues have been resolved.
- Planned actions to prevent further occurrences of similar problems – both from the supplier and the Council.
- Additional actions discussed.
- Value-added services provided.
- Continuous improvement activities undertaken by the supplier.

- Other information about significant events affecting the supplier.

The contract manager reviews the reports and escalates internally where necessary.

8.4 Customer satisfaction

Internal customer satisfaction is measured and used as part of the reporting process when reviewing supplier performance.

[Insert how often customer satisfaction will be measured, how and how often. For example, will the Council conduct a customer survey? Will the supplier conduct annual independent surveys of customers?]

9. Savings/benefits tracking

Benefits tracking (price monitoring and compilation of other quantitative and qualitative data) takes place each *[quarter]*. The Contract Manager develops and manages the benefits/savings tracking framework, and will:

- Specify which benefits tracking method will be used
- Communicate the contract baseline for price and non-price benefits and how incremental changes will be measured, for example:
 - how savings against the contract pricing baseline will be calculated
 - how incremental changes against the contract non-price baseline of benefits will be calculated
 - how often benefits will be measured (usually quarterly)
 - how data will be verified and analysis conducted.

10. Escalation process

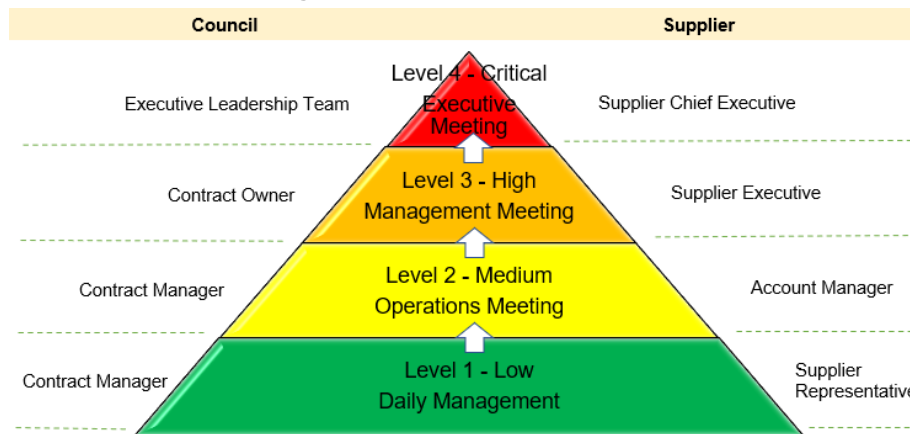
The purpose of the escalation process is to achieve an overview of:

- The escalation process
- Those involved and their tasks
- Responsibilities and deadlines.

Log all problems and queries regarding the goods or services provided by the supplier in an issues log. The contract manager owns the issues log. Issues could come from the organisation, third party providers, supplier personnel or through the reporting process.

Each issue is logged in the issues log with a responsible party assigned to manage the issue. If issues are not resolved in the required timeframe they are escalated to the supplier account manager and contract manager via the management and executive meetings to oversee/escalate as per the escalation process flow in Figure 1 (next page).

Figure 1: Escalation process flow



As the issue priority escalates it is escalated to a different management level to resolve. Once issues are resolved their resolution is logged in the issues log. The following defines the escalation process flow:

- If the Contract Manager cannot resolve an issue within *[insert]* days, the issue is escalated to the Contract Owner. The issue is set out in the minutes and included on the agenda of the management meeting.
- If Contract Owner cannot resolve an issue after referral, the issue is escalated within *[insert]* days to the Executive Leadership Team (ELT). The issue is set out in the minutes and included in the agenda of the ELT meeting.
- The ELT has final responsibility to resolve any matters escalated to it. The ELT is called together on a *[six monthly]* basis or as required to resolve service issues.
- An issue can be immediately classed as “critical” and raised to the ELT if required.

11. Risk management

The contract(s) (and consequently supplier relationship) has been assessed as *[Leveraged, Focused / Strategic]* using the value / risk matrix.

A risk assessment has been completed for the goods/services purchased under the contract(s). *[If a risk assessment has been completed specific to this contract / supplier then insert “A risk assessment has been completed for the specific contract(s) / supplier(s) that are the subject of this CMP.”]*

A copy of the risk assessment is included in **Appendix B**.

The Contract Manager is responsible for reviewing the risk assessment, in particular to assess any changes to the supplier’s financial health, disaster recovery plans, or other risk categories identified as moderate to high in impact or likelihood. This review takes place at least once a year, and preferably more frequently for key and critical suppliers.

12. Contract term and extension options

[This contract / These contracts] are for an initial term of *[insert period]*.

If there are no extension options in the contract insert “*There are no extension options in the contract.*”

If there are extension options in the contract insert: “There are extension options in the contract of *[insert details, e.g. two x two years]*. Steps should be taken at least *[six]* months before the expiry date of the initial term to assess whether the extension option should be exercised.

If a contract extension or renewal is proposed, then a **contract review plan** must be completed (at the time the extension or renewal is requested). If an extension is granted, it must then be managed as a contract variation, as set out in Section **Error! Reference source not found.**

13. Contract variation

13.1 Contract variation process

[Insert the agreed variation process with the supplier here. This process ensures all proposed variations are subject to the consideration of the key elements, including historical performance, technical specification, business needs, commercial impact, pricing, risk, associated KPIs, and organisational financial and procurement delegations.]

13.2 Contract variations agreed or in progress

The table on the next page lists all the agreed / in progress contract variations

Table 9: Contract variations

Contract number	Variation description	Date raised	Status	Date agreed / rejected	Additional comments
<i>[insert]</i>	<i>This may be a minor change to the contract or CMP</i>	<i>[DD/MM/YY]</i>	<i>[e.g. in progress/ agreed/ rejected]</i>	<i>[DD/MM/YY]</i>	<i>[insert]</i>

The Contract Manager reviews the CMP on a regular basis to ensure that it continues to reflect services provided. Where changes to existing services or processes are identified and subsequently approved, the guide will be amended. The Contract Manager will ensure this document is maintained and published as directed and version control is up to date.

Appendix A – Roles and responsibilities

		Responsible	Accountable	Consulted	Informed
Contract administration	Update contract database	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Communicate contract changes	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Manage contract reporting	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Contract management	Own contract through life	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Ongoing management of supply	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Approve contract variations	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Contract extensions, renewals or terminations	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Performance delivery	Manage operational delivery	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Collate KPI outcomes	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Lead supplier performance reviews	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Service quality (if relevant)	Check service quality	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Maintain specifications	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Approve alternate work methods	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Governance framework (if relevant)	Chair Steering Committee	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	[Insert other requirements]	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Contract management plan	Prepares CMP	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Reviews and approves CMP	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Communicates CMP	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Communication (optional)	Train/communicate with stakeholders about contract and CMP	[Insert name]	[Insert name]	[Insert name]	[Insert name]

Appendix B – Risk assessment

[Adopt the Council's Procurement Policy, Procurement Policy Guidelines, Risk Management Policy and Risk Management Framework (in draft) for value and risk assessment.

Possible questions to further consider in risk assessment:

Q1: Do the specifications of the goods/services require customisation? If yes, higher the customisation, higher the rating.

Q2: Is the goods/services critical to the Council and/or its core operations? If yes, higher the severity, higher the rating.

Q3: Is the goods/services being purchased from a competitive market? If no, higher the rating.

Q4: Would there be a significant interruption to the Council's core operations if the supplier(s) defaults? If yes, higher the rating.

Q5: What level of confidence to stakeholders have that the required outcome(s) will be delivered? If none or low, higher the rating.]

Template 2 - Contract Management Checklist

Contract Management Checklist (CMC)

Contract Management Checklist (CMC)	
Contact overview	
Contract name / ID #	[insert]
Contract Manager	[insert]
Contract Owner	[insert]
Supplier name & ABN	[insert]
Scope of the contract	[insert]
Estimated contract value	[insert]
Contract term	[insert]
Extension options	[insert]
Review date	[insert]
CMC distribution list	[insert]
Pricing structure	[insert]
Supplier's contact	
Name	[insert]
Position	[insert]
Phone	[insert]
Fax	[insert]
Mobile	[insert]
Email	[insert]
Internet	[insert]
KPIs	
1	[insert]
2	[insert]
3	[insert]
Meeting schedule	
1	[six monthly]
2	[quarterly]

Contract Management Checklist (CMC)	
3	<i>[monthly]</i>
4	<i>[fortnightly]</i>
Other contract items	
<i>[insert]</i>	
Contract variations	
Date	Details
<i>[insert details]</i>	<i>[insert details]</i>
Appendix	
A	<i>[Roles and responsibilities (RACI)]</i>

Appendix A – Roles and responsibilities (RACI)

The roles and responsibilities of the Council and the supplier in managing contracts under this CMC are described in the roles and responsibilities matrix below. In the matrix:

- Responsible (R) means those responsible to do the work to complete the task and achieve the outcome required
- Accountable (A) means the one ultimately answerable for the decision making (sign off / approval) and completion of the task. There must be only one accountable specified for each task or deliverable.
- Consulted (C) means those whose opinions are sought, typically subject matter experts. There is two-way communication.
- Informed (I) means those who are updated on progress, often on completion of the task. There is one-way communication.

		Responsible	Accountable	Consulted	Informed
Contract administration	Update contract database	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Communicate contract changes	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Manage contract reporting	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Contract management	Own contract through life	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Ongoing management of supply	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Approve contract variations	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Contract extensions, renewals or terminations	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Performance delivery	Manage operational delivery	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Collate KPI outcomes	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Lead supplier performance reviews	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Service quality (if relevant)	Check service quality	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Maintain specifications	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Approve alternate work methods	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Governance framework (if relevant)	Chair Steering Committee	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	[Insert other requirements]	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Contract management checklist	Prepares CMC	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Reviews and approves CMC	[Insert name]	[Insert name]	[Insert name]	[Insert name]
	Communicates CMC	[Insert name]	[Insert name]	[Insert name]	[Insert name]
Communication (optional)	Train/communicate with stakeholders about contract and CMC	[Insert name]	[Insert name]	[Insert name]	[Insert name]

Template 3 - Contract Kick-off Meeting Minutes

Contract Kick-off Meeting

Meeting schedule		
Subject	<i>[insert contract name]</i>	
Date / time	<i>[insert]</i>	
Location	<i>[insert]</i>	
Council representative(s)	<i>[insert name(s) and position(s)]</i>	
Supplier representative(s)	<i>[insert name(s) and position(s)]</i>	
Apologies	<i>[insert name(s) and positions(s), Council / Supplier]</i>	
Attachments		
1	<i>[insert]</i>	
2	<i>[insert]</i>	
3	<i>[insert]</i>	
Actions		
Item No.	Action by and date	Description of discussions
		Contract governance
<i>[insert]</i>	<i>[insert]</i>	<i>Confirm key personnel and responsibilities of both the Council and Supplier personnel</i>
		<i>Key items for Transition Plan for the incoming Supplier</i>
		<i>Contract management plan</i>
		<i>Leadership and commitment</i>
		<i>Key objectives</i>
		<i>Manpower, resources and competence assurance</i>
		<i>Planning</i>
		<i>Implementation and monitoring</i>
		<i>Standards, procedures and document control</i>
		<i>Management review and audits</i>
		Commercial
		<i>Contract scope, specifications and drawings</i>
		<i>Goods and services</i>
		<i>Financial control (authorities and processes)</i>

Contract Kick-off Meeting

		<i>Variations and changes</i>
		<i>Claims and disputes</i>
		<i>Incentives and penalties</i>
		Operational
		<i>Health, safety and environment</i>
		<i>Timeline including milestones</i>
		<i>Planned value of work</i>
		<i>Resources (manpower, materials, equipment)</i>
		<i>Key opportunities</i>
		Performance
		<i>Monitoring and schedule (meetings, field visits, inspections, reviews, audits)</i>
		<i>Recording and reporting formats</i>
		<i>KPI review meetings</i>
		<i>KPI monitoring, recording and reporting process</i>
		<i>Performance and relationship management process</i>
		Relationship
		<i>Organisation, reporting and escalation process</i>
		<i>Issuing and authorising instructions and variations</i>
		<i>Resolving claims and disputes</i>
		<i>Technical, operational, commercial contacts</i>
		Procure to Pay (purchasing)
		<i>Purchase order/service entry</i>
		<i>Invoice format/completeness/receipt and processing</i>
		<i>Payment terms</i>
		<i>Procure to Pay contact information</i>
		<i>[insert other description details]</i>

Signatures			
For Supplier		For Council	
Name	<i>[insert]</i>	Name	<i>[insert]</i>
Position	<i>[insert]</i>	Position	<i>[insert]</i>
Date	<i>[insert]</i>	Date	<i>[insert]</i>
Signature	<i>[insert]</i>	Signature	<i>[insert]</i>

Template 4 - Contract Performance Review Meeting

Contract performance review meeting

Meeting schedule	
Subject	<i>[insert]</i>
Date / time	<i>[insert]</i>
Location	<i>[insert]</i>
Council representative(s)	<i>[insert name(s) and position(s)]</i>
Supplier representative(s)	<i>[insert name(s) and position(s)]</i>
Apologies	<i>[insert]</i>

Meeting agenda

Description	Duration	Responsible
Introduction and agenda	<i>[insert]</i>	<i>CO/CM</i>
1. Contract details	<i>[insert]</i>	<i>CM</i>
2. Status of action items	<i>[insert]</i>	<i>CM</i>
3. Deliverables, milestones and payment schedule	<i>[insert]</i>	<i>CM</i>
4. Health, safety and environment	<i>[insert]</i>	<i>CM</i>
5. KPI, service level and scorecard review	<i>[insert]</i>	<i>CM</i>
6. Issues to be addressed	<i>[insert]</i>	<i>CM/Supplier</i>
7. Benchmark and best practices	<i>[insert]</i>	<i>Supplier/CM</i>
8. Performance improvement plans	<i>[insert]</i>	<i>CM/Supplier</i>
9. Other business	<i>[insert]</i>	<i>CM</i>
10. Action items for next meeting	<i>[insert]</i>	<i>CM</i>
11. Next meeting	<i>[insert]</i>	<i>CM</i>

Meeting minutes

1. Contract details				
Contract name / ID #	<i>[insert]</i>			
Supplier name	<i>[insert]</i>			
Contract summary	<i>[Brief description of the goods / services covered by the contract.]</i>			
Contract term	<i>[Insert contract commencement and term of contract e.g. "3 years commencing on DD/MM/YY".]</i>			
Contract status	<i>[Overview of current contract status including spend against contract, expiry dates, recent variations or extension, etc.]</i>			
2. Status of action items				
Action items	Status			
1 <i>[insert action]</i>	<i>[insert description]</i>			
2 <i>[insert action]</i>	<i>[insert description]</i>			
3 <i>[insert action]</i>	<i>[insert description]</i>			
3. Deliverables, milestones and payment schedule				
Deliverables / milestones	Delivery date	Status	Payment amount	Payment date
1	<i>date</i>		<i>[\$insert]</i>	<i>DD/MM/YY</i>
2				
3				
4				
4. Health, safety and environment				
<i>[Describe relevant issues and actions.]</i>				
5. KPI, service level and scorecard review				
KPI	Target	Rating	Comments	
<i>[insert details]</i>	<i>[insert details]</i>	<i>[e.g. acceptable or not acceptable]</i>	<i>[insert if any]</i>	
6. Issues to be addressed				
<i>[Describe relevant risks, outstanding issues, or complaints.]</i>				

7. Benchmark and best practices		
<i>[Any relevant leading practices identified.]</i>		
8. Performance improvement plans		
<i>[Describe any opportunities for improvement/innovation on either customer or supplier side.]</i>		
9. Other business		
<i>[Describe any key business updates or other information that should be noted during the performance review.]</i>		
10. Action items for next meeting		
Action items	Due date	Person responsible
<i>[insert]</i>	<i>DD/MM/YY</i>	<i>[insert]</i>
11. Next meeting		
<i>[Insert when]</i>		

Template 5 - Contract Risk Register

Template 6 - Contract Review Report
(Extension Renewal Approval)

Contents

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- 1. Recommendation3**
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 - 2.2 Background to the establishment of the contract3*
 - 2.3 Value and risk assessment.....3*
- 3. Contract value4**
- 4. Performance4**
 - 4.1 Supplier feedback.....4*
 - 4.2 Stakeholder feedback.....4*
 - 4.3 Key Performance Indicators (KPIs)4*
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- 7. Benchmarking4**
- 8. Value for money5**
- 9. Improvements to contract terms5**
 - 9.1 Improvements to date5*
 - 9.2 New improvements5*
- 10. Continuous improvement initiatives.....6**
- 11. Risk and mitigations.....6**
- 12. Ongoing contract management.....6**
 - 12.1 Contract manager6*
 - 12.2 Contract management plan6*
- 13. Endorsement7**

1. Recommendation

The existing contract(s) between the City of Norwood Payneham & St Peters (“Council”) and *[insert name(s) of supplier(s)]* for *[insert the goods / services]* are due to expire on *[insert the date]*. There is an option in the contract to extend for a further *[insert number]* years. There is a continuing business need for the *[insert the goods / services]*. Feedback on the supplier’s performance and a review of performance against KPIs has confirmed that *[insert name(s) of supplier(s)]* has provided excellent service in accordance with its contractual obligations. Market analysis (including benchmarking activities) also confirm that the pricing offered by the supplier is highly competitive and represents excellent value for money. It is not likely that better value for money will be obtained by going back to market for the *[insert the goods / services]*.

On that basis it is recommended that *[insert role / position of person who has the delegation]* approve:

- The extension of *[insert the contract # between Council and Supplier]* for *[insert the goods / services]* to *[insert the date]*.
- Variations are made to the *[insert the name of contract]* as identified in Section **Error! Reference source not found..**

2. Background

2.1 Contract term and extension options

Table 1: Contract term and extension options

Supplier name / ABN	<i>[insert]</i>
Contract title and no.	<i>[insert]</i>
Start date of original contract	<i>[insert]</i>
End date of original contract	<i>[insert]</i>
Are there extension options in the contract?	Yes <input type="checkbox"/> No <input type="checkbox"/>
Will this extension/renewal result in: (select all that apply)	<input type="checkbox"/> An extension of time <input type="checkbox"/> Increase in costs (spend) <input type="checkbox"/> Change to the original scope

2.2 Background to the establishment of the contract

[Insert background information about this contract / arrangement, including the nature of goods / services purchased under the contract and the contract objectives, and the circumstances under which the contract was established (if relevant).]

2.3 Value and risk assessment

The contract(s) (and consequently supplier relationship) has been assessed as *[Leveraged, Focused / Strategic]* using the value / risk matrix.

A risk assessment has been completed for the goods / services purchased under the contract(s). *[Refer to the Contract Risk Register and provide a brief description of the risk associated.]*

3. Contract value

Table 2: Contract value

Original approved contract value	[\$insert]
Estimated annual spend under contract	[\$insert]
Estimated total spend under contract to date	[\$insert]
Forecast spend under contract extension / renewal period	[\$insert]

[Insert comments on leakage and/or usage where relevant.]

4. Performance

4.1 Supplier feedback

[Explain how and when the feedback was obtained and who was involved. Provide the feedback here (good, bad or otherwise).]

4.2 Stakeholder feedback

[Explain how and when the feedback was obtained and who was involved. Provide the feedback here (good, bad or otherwise). Include the concerns and suggestions for improvement where relevant and capture them in Section 9.]

4.3 Key Performance Indicators (KPIs)

[This part is critical. Insert analysis of the supplier(s) performance against KPIs via reference to the previous reports, performance review meeting minutes, and relevant data etc.]

[If performance issues (or concerns) have been identified, what actions are being taken or will need to be taken to address those issues as part of the extension/renewal?]

5. Demand analysis

[Demonstrate a legitimate business need for the goods / services under the contract going forward.]

[If there are any changes to the requirements under the contract (e.g. new products, updated specifications etc.), insert the details.]

6. Market analysis

[Demonstrate the contract extension / renewal will result in value for money, reduced contractual risks, and/or maximised end-user satisfactory.]

[Porter's Five Forces approach (1. Competition in the market, 2. Potential of new entrants, 3. Power of suppliers, 4. Power of customers, and 5. Threat of substitute products) or any market analysis tool can be used here.]

7. Benchmarking

[Demonstrate whether value for money is achieved from competitive pricing under the contract. Identify whether pricing needs to be renegotiated as part of the extension / renewal.]

8. Value for money

[Describe why / how extending/renewing this contract(s) achieves value for money for Council, including:

- how the contract/arrangement helps achieve Council objectives and outcomes (e.g. advancing the economic, environmental and social objectives, supporting the long-term wellbeing of the community)*
- how the contract/arrangement promotes the principles of the Procurement Policy*
- how cost savings are achieved through the contract / arrangement*
- what any non-cost factors are important (e.g. effective management of risk, fitness for purpose, quality, delivery, service, support, sustainability impacts)*
- improvement opportunities that are recommended to be incorporated into the extended term (see Section 9.)]*

9. Improvements to contract terms

9.1 Improvements to date

Improvements that have already been identified and incorporated in the contractual arrangements to date are listed in Table 3 below:

Table 3: Improvements to date

Improvements to date	Benefit to the Council/supplier
<i>[insert]</i>	<ul style="list-style-type: none"> <i>• [insert streamlined process by resulting in time and cost savings for both the customer and supplier</i> <i>• Reduced red tape by</i> <i>• Reduced cost to the customer by</i> <i>• Improved quality of service / service delivery by ...]</i>
<i>[insert]</i>	<i>[insert]</i>
<i>[insert]</i>	<i>[insert]</i>

9.2 New improvements

In addition, the following improvements (Table 4) have been identified and will be incorporated into the extended / renewed contract(s) (if approved), which will enhance the value proposition under this contract/arrangement. These improvements will be documented in a Deed of Variation.

Table 4: New improvements

Improvements to date	Benefit to the Council/supplier
<i>[insert]</i>	<i>[insert]</i>
<i>[insert]</i>	<i>[insert]</i>
<i>[insert]</i>	<i>[insert]</i>

10. Continuous improvement initiatives

Table 5: Continuous improvement initiatives

Continuous improvement initiative	Who is responsible?	Time to implement initiative	Due date	Outcome
[insert]	[insert]	[insert]	[DD/MM/YY]	[insert]

[Those opportunities might relate to improvements in:

- internal processes / procedures (e.g. streamlining current processes, improving demand management, addressing other inefficiencies that are negatively impacting the supply arrangement); or
- arrangements between the Council and supplier, where some further work needs to be done before the “requirement” can be clearly defined and the necessary changes to the contract identified and agreed with the supplier.]

11. Risk and mitigations

[If any new risks are identified or the risk profile has changed, explain the changes here.]

Table 6: Continuous improvement initiatives

Risk	Mitigation strategy	Responsible
[insert]	[insert]	[insert]

12. Ongoing contract management

12.1 Contract manager

The contract manager for this contract / arrangement is [insert name, position].

12.2 Contract management plan

[Explain how customer satisfaction, supplier performance and value for money will continue to be monitored as part of the contract management plan.

Make reference to the person responsible and the documentation of contract management plan if required.]

13. Endorsement

The people identified below as responsible for preparing and endorsing this request for an extension / renewal confirm the following:

- We confirm there is a valid business need for this extension / renewal.
- We have reviewed market conditions, explored the available procurement options and determined that this extension/renewal is the most appropriate option.
- We confirm that this extension or renewal will continue to deliver outcomes which are consistent with, or improve achievement of, the objectives of the original contract.
- We confirm that we have reviewed market conditions and pricing, and the cost associated with this extension/ renewal is comparable to market rates.
- We confirm that the supplier(s) is / are performing satisfactorily under the existing contract arrangements.
- We confirm that a contract management plan has been put in place / updated for this extension or renewal.
- We confirm that this extension / renewal represents value for money for Council.

Prepared by	Endorsed by
<i>[signature]</i> <i>[insert name]</i> <i>[insert position]</i> <i>Date:</i>	<i>[signature]</i> <i>[insert name]</i> <i>[insert position]</i> <i>Date:</i>

Approved / Not approved	Comments
<i>[signature]</i> <i>[insert name]</i> <i>[insert position]</i> <i>Date:</i>	

Template 7 - Contract Variation Approval

Contract Variation Approval

General information	
Contract name	[insert]
Reference number	
Council name	[insert]
ABN	
Email	
Phone	
Supplier name	[insert]
ABN	
Email	
Phone	
Contract variations	
1	[insert]
2	[insert]
3	[insert]

Council Use	
Prepared by	Endorsed by
[signature] [insert name] [insert position] Date:	[signature] [insert name] [insert position] Date:
Approved / Not approved	Comments
[signature] [insert name] [insert position] Date:	

Supplier's agreement			
Name of supplier	<i>[insert]</i>		
Name of authorised representative	<i>[insert]</i>	Date	<i>[DD/MM/YY]</i>
Position of authorised representative	<i>[insert]</i>	Name of witness	<i>[insert]</i>
Signature of authorised representative	<i>[insert]</i>	Signature of witness	<i>[insert]</i>

Template 8 - Contract Close-out Checklist

Contract Close-out Checklist

Contact overview	
Contract name / ID #	[insert]
Contract Manager	[insert]
Contract Owner	[insert]
Supplier name & ABN	[insert]
Scope of the contract	[insert]
Estimated contract value	[insert]
Contract term	[insert]

Close-out activities

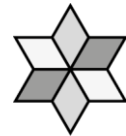
Activity	Completed Yes/ No/ N/A
Operational close-Out activities	
All access cards have been returned.	
Completion of work / services and payment (inclusive of invoices) has been achieved in accordance with the contract.	
Handover / Acceptance Certificate has been issued.	
Performance close-out activities	
KPI documentation has been updated and finalised.	
Post contract performance report prepared and approved.	
Feedback between customer and supplier on contract performance and relationship has been provided.	
Compliance close-out activities	
Close-out quality assurance and control review process has been conducted with the supplier and all remedial actions taken.	
Compliance with contractual terms, quality assurance and product standards has been confirmed.	
All defects and non-conformances have been rectified (e.g., Defect Correction Plan completed).	
Commercial close-out activities	
Confirmed all obligations have been fulfilled.	
Final Completion Certificate has been issued.	
Close-out of all claims (insurance, warranties, guarantees) have been documented.	

Activity	Completed Yes/ No/ N/A
Retention monies have been considered and, where appropriate, released.	
Performance securities (e.g. insurances, bank guarantees and warranties) are still valid and indicate date for termination/release.	
Final account statement has been agreed and closed (including invoice payment).	
Relationship close-out activities	
Communication plan had been agreed and implemented.	
Supplier, key-users / stakeholders / security have been informed about termination or contract expiry.	
Administration close-out activities	
Lessons learned session has been conducted.	
Contracts and relevant key documents have been completed and archived. Contract management systems have been updated to record contract status.	
Additional notes / comments	
[insert]	

Approvals			
Prepared by		Approved by	
Name	[insert]	Name	[insert]
Position	[insert]	Position	[insert]
Date	[insert]	Date	[insert]
Signature	[insert]	Signature	[insert]

Appendix 7 – Contract Management Policy

A Contract Management Policy has been developed to assist Council to communicate its requirements and advises to all employees involved on the management of contracts with suppliers of goods and services.



City of
Norwood
Payneham
& St Peters

NAME OF POLICY: Contract Management Policy

POLICY MANUAL: Governance

BACKGROUND

This Policy outlines the City of Norwood Payneham & St Peters (the “Council”) requirements and advises to apply to all employees of the Council involved on the management of contracts with suppliers of goods and services.

In accordance with Section 49 of *the Local Government Act 1999 (Act)*, Council employees must refer to this Policy when managing and administering contracts for goods and services.

Section 49 of the Act, requires the Council to prepare and adopt policies in respect to contracts and tenders covering the following:

- the contracting out of services
- competitive tendering and the use of other measures to ensure that services are delivered cost-effectively
- the use of local goods and services.

In addition, Section 49 (a1) of the Act, requires the Council to develop and maintain policies, practices and procedures which are directed towards:

- obtaining value in the expenditure of public money
- providing for ethical and fair treatment of participants
- ensuring probity, accountability and transparency in all operations.

POLICY STATEMENT

The objective of this policy is to govern the management and administration of contracts entered into by the Council and minimise the exposure to the contractual risks.

This policy provides guidance on the review of the Council’s contracts prior to any extension or renewal action, to ensure the outcomes are maximised.

This Policy therefore seeks to:

- support the achievement of value for money outcomes by ensuring that all parties to the contract meet or exceed their obligations in line with the contract performance measures, timeframes and expected deliverables
- minimise the risks to the Council and community
- hold the supplier to account
- prevent misunderstandings about the contract scope
- promote innovation and improvement in supplier performance
- assist in developing the capability of both the supplier and the Council
- assist with achieving the contract outcomes in a timely manner.

POLICY SCOPE

This Policy applies to all contracts entered into by the Council.

Contracts in this Policy range from straightforward procurements such as the provision of advisory services or goods through to complex long-term projects.

This Policy provides benefits to the contracts from low value low risk to high value high risk.

However, this Policy does not cover:

- non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
- the disposal of land and other assets owned by the Council; or
- the purchase of property by the Council.

KEY DEFINITIONS

Contracts

A contract is a legally binding agreement that sets out the rights and duties of the parties involved. Typical contracts entered into by the Council include the provision of building maintenance, construction of civil works, supply of goods and materials and consultancy services on issues such as engineering design, industrial relations, town planning, local enforcement and community engagement.

Contract Management

The Contract Management is the process of pro-actively managing and administering a contract to mitigate contractual risks and maximise outcomes. It focuses on managing the rights and obligations of parties within the contract and ensuring that goods and services are delivered accordingly.

Contract Management Framework

The Contract Management Framework outlines the key processes and activities for the contract life cycle to be undertaken to achieve effective outcomes. The framework demonstrate a transparent and consistent approach across the Council for all Contract Managers to identify the key activities to focus on based on the contract value and risk.

Contract Manager

The Contract Manager is the person nominated to be responsible for the management of the day-to-day matters of a contract. They are responsible for monitoring contract performance and compliance; and ensure all services and contractual obligations, Service Level Agreements and Key Performance Indicators are executed and achieved.

KEY PRINCIPLES

The following key principles underpin all contract management activities which are undertaken by the Council:

- **Value for Money** is about achieving the best outcome at the most appropriate price through ongoing contract performance reviews and innovation etc. This includes taking into account fit-for-purpose, whole-of-life cost, timeliness, flexibility to adapt to the needs of the project/supply, quality of product, sustainability, intangible costs/benefits, service, support and warranty.
- **Risk Management** ensures that appropriate risk management practices are in place for contract management activities including risk identification, assessment, and implementation of controls

and/or treatments. Contractual risks are reduced through the robust contract management practices.

- **Compliance with Statutory Obligations** refers to the obligation to comply with all legal and common law obligations.
- **Privacy and Confidentiality** requires that all commercial information provided is to be treated as confidential. Confidential government, user, client and supplier information is to be handled appropriately throughout the contract management process in accordance with confidentiality and privacy clauses contained in the contract.
- **Probity, Ethical Behaviour, Accountability and Transparency** requires that Council Administration are honest and fair in commercial dealings, and behave in accordance with the highest ethical standards. Practices and actions that strengthen probity, ethical behaviour, accountability and transparency include:
 - maintaining a written record of all decisions, contract management meeting outcomes, key discussions with suppliers and significant contract management issues including approvals and the rationale for decisions made
 - undertaking supplier audits and accessing supplier information where necessary
 - undertaking site visits to verify contract undertakings and outcomes
 - establishing processes for identifying, declaring and managing conflicts of interest
 - providing regular reports on supplier performance to Executive Leadership Team and oversight committees where relevant
 - the use of a gift register.
- **Stakeholders Satisfaction** is about implementing effective contract management strategies to manage the needs and expectations of internal and external stakeholders who may include end users, customers or clients, managers, sponsors, suppliers, technical or functional experts or advisers. The type and frequency of interaction and communication with stakeholders will vary according to the value, risk and complexity of the contract.

TRANSACTIONAL REQUIREMENTS

Contract set-up

The contract set-up allows the Contract Manager to classify the contract depending on its value and risks, define the Contract Management Plan, key roles and responsibilities for managing and administering a contract. A proper contract set-up delivery the following planning activities:

- Clear roles and responsibilities
- Effective Contract Management Plan
- Information management structure
- Contract kick-off meeting.

Contract management

Ongoing contract management over its life enables a successful contract delivery.

Regular scheduled contract management meetings with the supplier are important to monitor contract activities and to discuss improvement opportunities. The supplier's performance is measured and the relevant data is collected and retained. Where inadequate supplier's performance or dispute is identified, appropriate and immediate actions should be addressed and undertaken.

Formal contract reviews are an important aspect of managing the contract. All contracts are to be reviewed on a regular basis commensurate with its value, risk, complexity and length. Any contract variations to the original contract must be approved in writing in accordance with the contract and by the appropriate delegate.

Information in the contract management database will be maintained to ensure that it remains current. All Council contracts nearing expiry will undergo review and renewal in a timely manner.

Contract close-out

At the conclusion/expiry of a contract, it is important to formally close-out the contract to mitigate risks in the following areas:

- Open contract obligations and liabilities
- Financial exposure
- Contractual claims
- Operational impacts if transition is not managed.

PUBLIC CONSULTATION

Where a purchase requires community consultation, the consultation process must be conducted in accordance with the Council's Community Consultation Policy.

WORK HEALTH AND SAFETY

The Council will only engage Contractors and Suppliers who are able to maintain the required level of Work Health and Safety which is acceptable to the Council for the contract which they are engaged to undertake. As a minimum, this will be compliance with all applicable legislation, regulations, project requirements, standards and Council policies, and as specified in terms and conditions of contractual arrangements.

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Corporate Services, telephone 8366 4585.

RELATED LEGISLATION AND REFERENCE

- *Local Government Act 1999*
- *State Records Act 1997*
- Council Contract Management Framework
- Council Procurement Policy
- Council Procurement Policy Guidelines
- Council Risk Management Framework
- Council Risk Management Policy
- Council Community Consultation Policy.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on [\[DD MM YYYY\]](#).

This Policy was adopted by the Council on [\[DD MM YYYY\]](#).

TO BE REVIEWED

[\[MM YYYY\]](#)

Attachment C

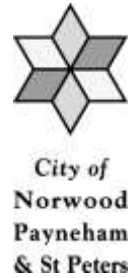
Internal Control and Risk Management Assessment

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

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



City of
**Norwood
Payneham
& St Peters**



NAME OF POLICY: Contract Management Policy

POLICY MANUAL: Governance

BACKGROUND

This Policy outlines the City of Norwood Payneham & St Peters (the “Council”) requirements and applies to all employees of the Council involved in the management of contracts with suppliers of goods and services.

In accordance with Section 49 of the *Local Government Act 1999 (Act)*, Council employees must refer to this Policy when managing and administering contracts for goods and services.

Section 49 of the Act, requires the Council to prepare and adopt policies in respect to contracts and tenders covering the following:

- the contracting out of services
- competitive tendering and the use of other measures to ensure that services are delivered cost-effectively
- the use of local goods and services.

In addition, Section 49 (a1) of the Act, requires the Council to develop and maintain policies, practices and procedures which are directed towards:

- obtaining value in the expenditure of public money
- providing for ethical and fair treatment of participants
- ensuring probity, accountability and transparency in all operations.

POLICY STATEMENT

The objective of this Policy is to govern the management and administration of contracts entered into by the Council and to minimise the exposure to contractual risks.

This Policy provides guidance on the review of the Council’s contracts prior to any extension or renewal action, to ensure the outcomes are maximised.

This Policy therefore seeks to:

- support the achievement of “value for money” outcomes by ensuring that all parties to the contract meet or exceed their obligations in line with the contract performance measures, timeframes and expected deliverables;
- minimise the contractual risks to the Council and community;
- hold the supplier of goods and services to account;
- prevent misunderstandings about the contract scope;
- promote innovation and improvement in supplier performance;
- assist in developing the capability of both the supplier and the Council; and
- assist with achieving the contract outcomes in a timely manner.

POLICY SCOPE

This Policy applies to all contracts entered into by the Council.

Contracts in this Policy range from straightforward procurements such as the provision of advisory services or goods through to complex long-term projects.

This Policy provides benefits to the contracts from low value low risk to high value high risk.

However, this Policy does not cover:

- non-procurement expenditure such as sponsorships, grants, funding arrangements, donations and employment contracts; or
- the disposal of land and other assets owned by the Council; or
- the purchase of property by the Council.

DEFINITIONS

Contracts

A contract is a legally binding agreement that sets out the rights and duties of the parties involved. Typical contracts entered into by the Council include the provision of building maintenance, construction of civil works, supply of goods and materials and consultancy services on issues such as engineering design, industrial relations, town planning, local enforcement and community engagement.

Contract Management

The Contract Management is the process of pro-actively managing and administering a contract to mitigate contractual risks and maximise outcomes. It focuses on managing the rights and obligations of parties within the contract and ensuring that goods and services are delivered accordingly.

Contract Management Framework

The Contract Management Framework outlines the key processes and activities for the contract life cycle to be undertaken to achieve effective outcomes. The framework demonstrate a transparent and consistent approach across the Council for all Contract Managers to identify the key activities to focus on based on the contract value and risk.

Contract Manager

The Contract Manager is the person nominated to be responsible for the management of the day-to-day matters of a contract. They are responsible for monitoring contract performance and compliance and ensuring that all services and contractual obligations, Service Level Agreements and Key Performance Indicators are executed and achieved.

KEY PRINCIPLES

The following key principles underpin all contract management activities which are undertaken by the Council:

- **Value for Money** is about achieving the best outcome at the most appropriate price through ongoing contract performance reviews and innovation etc. This includes taking into account fit-for-purpose, whole-of-life cost, timeliness, flexibility to adapt to the needs of the project/supply, quality of product, sustainability, intangible costs/benefits, service, support and warranty.

- **Risk Management** ensures that appropriate risk management practices are in place for contract management activities including risk identification, assessment, and implementation of controls and/or treatments. Contractual risks are reduced through the robust contract management practices.
- **Compliance with Statutory Obligations** refers to the obligation to comply with all legal and common law obligations.
- **Privacy and Confidentiality** requires that all commercial information provided is to be treated as confidential. Confidential government, user, client and supplier information is to be handled appropriately throughout the contract management process in accordance with confidentiality and privacy clauses contained in the contract.
- **Probity, Ethical Behaviour, Accountability and Transparency** requires that Council Administration are honest and fair in commercial dealings, and behave in accordance with the highest ethical standards. Practices and actions that strengthen probity, ethical behaviour, accountability and transparency include:
 - maintaining a written record of all decisions, contract management meeting outcomes, key discussions with suppliers and significant contract management issues including approvals and the rationale for decisions made
 - undertaking supplier audits and accessing supplier information where necessary
 - undertaking site visits to verify contract undertakings and outcomes
 - establishing processes for identifying, declaring and managing conflicts of interest
 - providing regular reports on supplier performance to Executive Leadership Team and oversight committees where relevant
 - the use of a gift register.
- **Stakeholders Satisfaction** is about implementing effective contract management strategies to manage the needs and expectations of internal and external stakeholders who may include end users, customers or clients, managers, sponsors, suppliers, technical or functional experts or advisers. The type and frequency of interaction and communication with stakeholders will vary according to the value, risk and complexity of the contract.

POLICY

CONTRACT MANAGEMENT REQUIREMENTS

Contract Management set-up

The contract management set-up allows the Contract Manager to classify the contract depending on its value and risks, which defines the Contract Management Plan and the key roles and responsibilities for managing and administering a contract.

Contract set-up is undertaken to deliver the following planning activities:

- Definition of clear roles and responsibilities
- An effective Contract Management Plan
- Establishment of an information management structure
- Contract kick-off meeting.

The scope of the Contract Management set-up is dependent upon the contract classification. The requirements, as per the contract classification, is set out in Contract Management Framework

Contract management

Ongoing contract management over the life of the contract enables the successful delivery of the contract outcomes.

The Contract Manager is responsible for;

- scheduling regular contract management meetings with the supplier to monitor contract activities and to discuss improvement opportunities; and
- measuring the supplier's performance and retain the relevant data and information collected.

Where inadequate supplier's performance or dispute is identified, appropriate and immediate actions should be undertaken, by the Contract Manager, to address deficiencies.

Formal contract reviews are an important aspect of managing the contract. All contracts are to be reviewed on a regular basis commensurate with its value, risk, complexity and length. Any contract variations to the original contract must be approved in writing in accordance with the contract and by the appropriate delegate.

Information in the contract management database will be maintained to ensure that it remains current. All Council contracts nearing expiry will undergo review and renewal in a timely manner and prior to the contract expiration date.

Contract close-out

At the conclusion/expiry of a contract, it is important to formally close-out the contract to mitigate risks in the following areas:

- Open contract obligations and liabilities
- Financial exposure
- Contractual claims
- Operational impacts if transition to new arrangements is not managed.

The scope of the Contract close-out is dependent upon the contract classification. The requirements as per the contract classification is set out in Contract Management Framework

PUBLIC CONSULTATION

Where the delivery of the contract requires community consultation, the consultation process must be conducted in accordance with the Council's Community Consultation Policy.

WORK HEALTH AND SAFETY

The Council will only engage Contractors and Suppliers who are able to maintain the required level of Work Health and Safety which is acceptable to the Council for the contract which they are engaged to undertake. As a minimum, this will be compliance with all applicable legislation, regulations, project requirements, standards and Council policies, and as specified in terms and conditions of contractual arrangements.

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Corporate Services, telephone 8366 4585.

RELATED LEGISLATION AND REFERENCE

- *Local Government Act 1999*
- *State Records Act 1997*
- Council Contract Management Framework
- Council Procurement Policy
- Council Procurement Policy Guidelines
- Council Risk Management Framework
- Council Risk Management Policy
- Council Community Consultation Policy.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on [\[DD MM YYYY\]](#).

This Policy was adopted by the Council on *[DD MM YYYY]*.

TO BE REVIEWED
[MM YYYY]

DRAFT

6.5 2021-2022 INSURANCE COVERAGE AND 2020-2021 INSURANCE CLAIMS

REPORT AUTHOR: Management Accountant
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4541
FILE REFERENCE: qA75186/A199905
ATTACHMENTS: A-B

PURPOSE OF REPORT

The purpose of this report is to provide the Audit Committee with information regarding the Council's 2021-2022 Insurance Coverage and details of the insurance claims which have been made against the Council for the 2020-2021 Financial Year.

BACKGROUND

The Council's Insurance Coverage is placed with Local Government Risk Services (LGRS). LGRS was established to manage and service the unique insurance and risk management needs of Local Government in South Australia. LGRS comprises of number of self-managed funds, namely the Asset Mutual Fund, Mutual Liability Scheme and Workers compensation scheme.

Claims which are made against the Council are assessed by the Council's Insurers, the Local Government Risk Services, under one of the following insurance policies;

- Public Liability (Mutual Liability Scheme); or
- Asset Mutual Fund (includes Motor Vehicle Claims).

Both the Local Government Mutual Liability Scheme (Mutual Liability) and the Local Government Asset Mutual Fund (Asset Mutual Fund), are self-insured funds managed and operated by Local Government Risk Services. The Mutual Liability Scheme is an indemnity scheme that has been established pursuant to Schedule 1, Part 1 2(1) (a) of the *Local Government Act 1999* and provides unlimited civil liability. The Asset Mutual Fund has been established pursuant to Schedule 1, Part 1 2(1) (c) of the *Local Government Act 1999*.

It should be noted that the Mutual Liability Scheme is not a commercial insurance policy, but rather provides civil liability cover to Councils based on negligence, not merely as to whether damage or injury has occurred.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Insurance Coverage

For the 2021-2022 Financial year, the value of insurance premiums is \$1,534,148. The breakdown of premiums for each policy is set out in Table 1 below:

TABLE 1: INSURANCE PREMIUMS

Policy	Premium \$
Workers Compensation Scheme (Workers Compensation)	662,807
Mutual Liability Scheme (Public Liability Insurance)	399,559
Asset Mutual Fund (Asset Insurance)	336,518
Income Protection Fund	214,036
Journey Insurance	13,579
General & Products Liability	9,272
Personal Accident	1,769
Total	1,637,540

Both the Workers Compensation Scheme and Mutual Liability Scheme provide performance rebates based on prior year's performance of the Council's claims performance and audits and the overall performance of the funds. The performance bonuses received for the 2021-2022 financial year are \$211,436 from Workers Compensation Scheme and \$117,482 from the Mutual Liability Fund. Net of performance bonuses, the 2021-2022 insurance cost is \$1.309 million.

Insurance Claims

For the 2020-2021 financial year, the Council paid insurance excess payments of \$19,851 on claims finalised during the year. The excess payments relates to eleven (11) Motor Vehicle claims, three (3) Public Liability claims and sixteen (16) Asset claims.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Nil

RISK MANAGEMENT

Having in place appropriate insurance policies is a key element of the Council's Risk Management framework. Pursuant to Section 142 (1) of the *Local Government Act 1999*, the Council must take out and maintain insurances to cover civil liabilities.

The Council is a member of the Local Government Association Mutual Liability Scheme, which constitutes insurance for the purposes of Section 142 of the Act.

The Council insures other risks with Local Government Risk Services.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Not Applicable.
- **Other Agencies**
Not Applicable.

DISCUSSION

2021-2022 Insurance Coverage

The Council has in place the following insurance policies, which have been renewed for the 2021-2022 Financial year.

LGA Asset Mutual Fund

The Asset Mutual Fund provides coverage for Council owned properties including but not limited to, Buildings, Structures, Plant, Machinery, Contents of every description, Motor Vehicles and Mobile Plant. Cover for the Council's property and contents under the Asset Mutual Fund, are required to be at replacement value of the respective assets in a condition and construction in an "as new state".

Under the current policy, damage to roads, footpaths and kerbing infrastructure is not covered by the Asset Insurance Policy. Neither this Council, nor any other Council in the South Australia, purchases insurance for their respective Civil Infrastructure Network. The basis for this decision is that due to the significant value of the Civil infrastructure Network which Local Government is responsible for, the increase in premium cost would significantly outweigh the likely cost of any claim and therefore is uneconomical to cover.

Income Protection Fund

The Income Protection Fund provides Income Protection and Capital benefits coverage to the City of Norwood, Payneham & St Peters for and on behalf of staff. The scope of the cover under this Policy includes:

- Capital Benefits for Death and Permanent Total Disablement (Accidents other than Journey claims); and
- weekly benefits for All Illness or Injury (not covered by the Workers Compensation Scheme).

General and Products Liability

The General & Products Policy provides coverage to the City of Norwood, Payneham & St Peters on behalf of:

- all uninsured *ad hoc* or occasional hirers of Norwood Concert Hall and *other* Council owned or controlled facilities;
- all regular user groups (as declared) of Council owned or controlled facilities; and
- skip bins placed on Council land.

for Death or Personal Injury and Loss or Damage to Property happening during the Period of Insurance and caused by an occurrence in connection with the hire of the Council facility.

It should be noted that the General and Products Liability for ad-hoc hirers and declared regular hirers, is only available to hirers who would not otherwise have liability insurance, (i.e. small community groups, private hires such as family gatherings).

Additional cover is also provided to the Staff Social Club, participants of the Norwood Christmas Pageant and buskers who are permitted to operate within the City and who would not otherwise have liability insurance.

Personal Accident

Personal Accident Insurance provides coverage for Death and Total or Partial Disablement for the Insured Parties listed below, whilst engaged in any activity directly or indirectly connected with or on behalf of the City of Norwood, Payneham & St Peters (i.e. undertaking official duties) including travel to and/or from any such activity. Persons covered by the Policy are:

- a. Elected Members and their accompanying Partners/Spouses.
- b. Employees and their accompanying Partners/Spouses, (excluding claims where the employee is entitled to benefits under any Workers Compensation legislation)
- c. Volunteers whilst engaged in any voluntary work directly or indirectly connected with or on behalf of the Council, including individual members of any Trust or Committee formed by Council.
- d. Persons whilst engaged in any Government Labour Market, Training or Job Creation Projects.
- e. Members of the Council's Development Assessment Panel and Audit Committee.

Journey Injury

Journey Injury Insurance provides coverage for Bodily Injury to Employees whilst engaged in a journey to and from their place of residence and place of work and between a place of training and place of work. The cover has been extended to provide coverage for Bodily Injury to Employees for private travel, whilst they are driving or riding as a passenger in a registered motor vehicle or motorcycle, bicycle or wheelchair on a public thoroughfare; or riding as a fare paying passenger in any form of public transport including but not limited to trains, trams, buses and taxis or any properly licensed aircraft travelling over recognised air routes.

A summary of each insurance policy is contained in **Attachment A**.

Public Liability

The Council is a member of the Local Government Mutual Liability Fund. This covers the Council's risk associated with people tripping over on footpaths, falling trees, etc. This cover is unlimited and the policy is an all Civil Liability cover and takes into account public liability, professional indemnity, director and officer indemnity and any other action in which the Council may be sued. The Local Government Association Mutual Liability Scheme (LGAMLS) is not a commercial insurance policy, but provides civil liability cover to Councils based on negligence, not merely as to whether damage or injury has occurred.

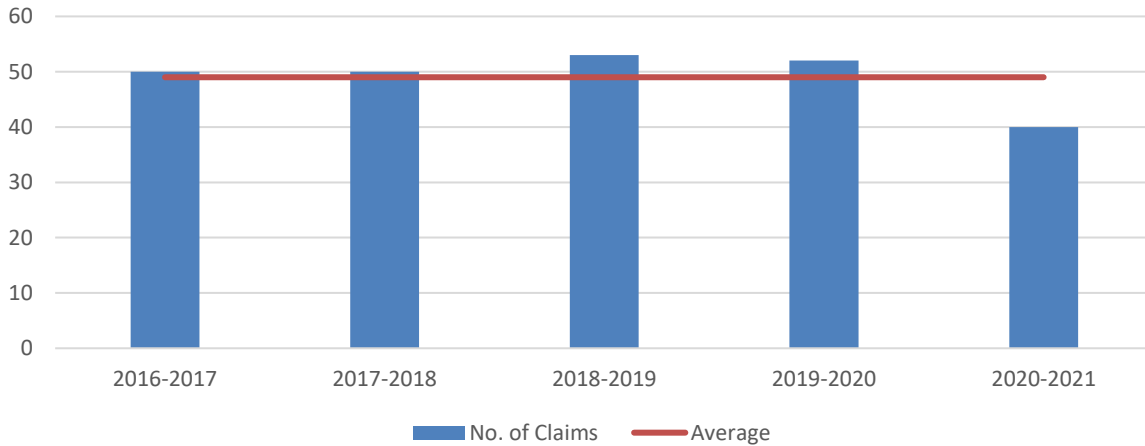
Workers Compensation

The Council is a member of the Local Government Workers Compensation Scheme. This is a self-funded Scheme which provides cover for employees injured in a work related accident.

2020-2021 Insurance Claims

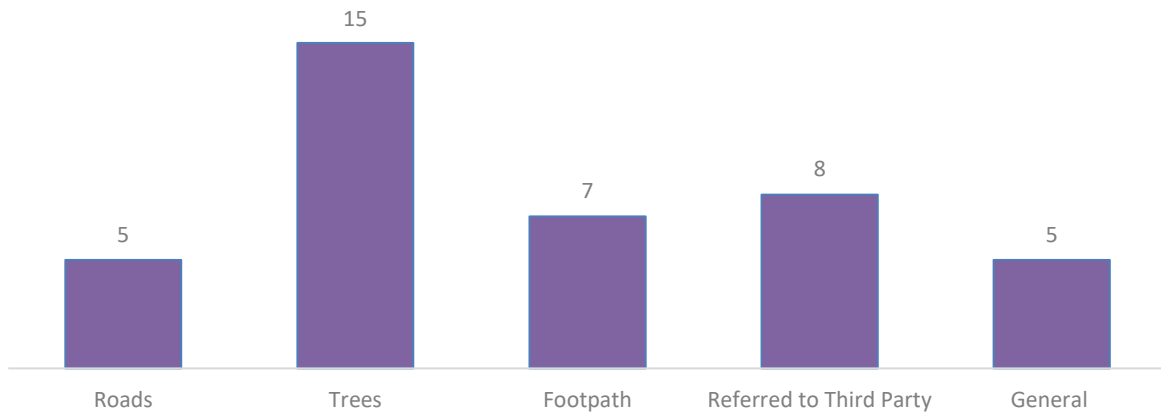
For the 2020-2021 financial year, forty (40) claims were lodged against the Council under the Mutual Liability Scheme. As illustrated in Figure 1 below, the number of claims lodged in 2020-2021 is below the five (5) year average of 49 claims.

FIGURE 1: NUMBER OF PUBLIC LIABILITY CLAIMS



The nature of the claims, is illustrated in Figure 2 below. For the 2020-2021 Financial year the reduction in the number of claims have been driven by footpath claims associated with trips and falls and damage which is alleged to have been caused by street trees.

FIGURE 2: NATURE OF CLAIMS FOR 2020-2021



It should be noted that Councils are afforded immunity from civil liability under the *Civil Liability Act 1936*. Pursuant to Section 42 of the *Civil Liability Act 1936*, a road authority is not liable in tort for failure to maintain, repair, or renew a road or to take action to avoid or reduce the risk of harm that results from the failure to maintain, repair or renew a road. The definition of a road also includes bridges, alleys, laneways, carparks, footpaths and any structure associated with a road. In this instance, Local Government can claim immunity for public liability claims that are associated with the Council roads, footpaths and kerbs. Unless the loss is a result of negligence on the Council’s behalf, the Council will claim the immunity afforded by the Act.

In addition, the *Local Government Act 1999*, provides Councils with immunity from liability for damage and loss to property caused by street trees (or trees on reserves). Pursuant to Section 245 of the *Local Government Act 1999*, the Council is not liable for damage which results from planting a tree in a road or the existence of a tree growing in the road. Having said that, if the Council has been made aware of a risk of damage that a street may pose and the Council fails to take action, the Council may be liable for damage and or loss.

Of the claims which have been lodged during 2020-2021, twenty-four (24) claims were denied, with thirteen (13) being denied through the application of Section 245 of the *Local Government Act 1999* and eleven (11) denied under Section 42 of the *Civil Liability Act 1936*. Of the remaining sixteen (16), eight (8) were referred to third parties as the claim either related to damage or loss that occurred on non- Council owned property, or was caused by persons other than the Council, (i.e. contractors engaged by the Council), one (1) was denied due to no evidence being presented which identified that the Council was responsible for the damage. One (1) claim was settled for a damage to vehicle resulting from a stormwater drain cover.

Six (6) claims are still in the process of being investigated and assessed.

Details of the claims are contained in **Attachment B**.

With respect to claims under the Asset Mutual Fund, thirty-three (33) claims have been made. The breakdown of the claims is detailed in Table 2 below;

TABLE 2: ASSET MUTAL FUND CLAIMS

Nature of Claim	Number of Claims
Damage or loss to Council owned Property	21
Motor Vehicle Claims	
• Collided with Parked Car	1
• Collided with Stationary Object (i.e. pole, gate etc.)	3
• Sideswiped by third party vehicle	4
• Collision with third party vehicle	3
• General	0

OPTIONS

Not Applicable.

CONCLUSION

Nil

COMMENTS

Nil

RECOMMENDATION

That the report be received and noted.

Attachment A

2021-2022 Insurance Coverage and 2020-2021 Insurance Claims

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

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



City of
**Norwood
Payneham
& St Peters**

Summary of Insurance Policies Year Ended 30 June 2022



City of
Norwood
Payneham
& St Peters

Policy Name	What is covered	Fund Limit	Limit of Liability	Deductible
			\$	\$
Local Government Asset Mutual Fund	Council property including but not limited to Buildings, Structures, Plant, Machinery, Contents of every description, Motor Vehicles and Mobile Plant	Material Loss or Damage, Loss of Revenue, Rent and Additional Expenditure except exclusions (Exceptions are listed as Attachment 1)	50,000,000	1,000
	Machinery Breakdown	Machinery Breakdown	350,000	500
		Boilers, Pressure Vessels	100,000	500
		Spoilage of Stock	10,000	500
	Computer and Electronic Equipment	Computer Equipment	910,000	500
		Data Carrying Media	7,000	500
		Reinstatement of Records	20,000	500
		Increased Cost of Working	20,000	500
	Cyber Security & Data Protection	Incident Response	2,000,000 any one claim and 4,000,000 in the aggregate	25,000
		Business Interruption	2,000,000 any one claim and 4,000,000 in the aggregate	>25,000 or 12 hours (the waiting hours)
		Data Systems Recovery	2,000,000 any one claim and 4,000,000 in the aggregate	25,000
		Cyber Extortion	2,000,000 any one claim and 4,000,000 in the aggregate	25,000
		Privacy & Network Security Liability	2,000,000 any one claim and 4,000,000 in the aggregate	25,000
		Sublimits:		
		- Consumer Redress Fund	2,000,000	
		- Payment Card Loss (applicable to PCI compliant entities only)	1,000,000	
		- Regulatory Fines	2,000,000	
		Media Liability	2,000,000 any one claim and 4,000,000 in the aggregate	25,000
	Motor Vehicle		Market Value/Up to 32,500,000	500
Events Cancellation	Council Events Cancellation	Norwood Christmas Pageant	49,000	
		Twilight Carol	26,000	
		Concerts in the Park	45,000	
General and Products Liability	Principally Uninsured ad hoc or occasional hirers of Norwood Concert Hall	General Liability/Product Liability	20,000,000	500
	Principally Uninsured ad hoc or occasional hirers of Council owned facilities in the Council area and skip bins on Council land	General Liability/Product Liability	20,000,000	500
	Principally Uninsured regular hirers of DON Pyatt Hall	General Liability/Product Liability	20,000,000	250
	Principally Uninsured buskers on Council Land	General Liability/Product Liability	20,000,000	1,000
	Up to 63 uninsured stallholders & entertainers at the Council organised Christmas parade or event	Public Liability/Product Liability	20,000,000	500
	Uninsured Council Social Club Committee	Public Liability/Product Liability	20,000,000	-



City of
Norwood
Payneham
& St Peters

Summary of Insurance Policies Year Ended 30 June 2022

Policy Name	What is covered	Fund Limit	Limit of Liability	Deductible
			\$	\$
Personal Accident	Elected Members under 90 Year Old	Death	500,000	The first Nil of each and every accident claim or series of claims and the first \$Nil of every sickness claim or series of claims arising out of the one Event
		Permanent Total Disablement	500,000	
		Capital Benefits including incurable paralysis, Loss of sight, Loss of limbs and Incurable insanity	500,000	
	Other Insured People under 90 Years Old	Death	300,000	The first Nil of each and every accident claim or series of claims and the first \$Nil of every sickness claim or series of claims arising out of the one Event
		Permanent Total Disablement	300,000	
		Capital Benefits including incurable paralysis, Loss of sight, Loss of limbs and Incurable insanity	300,000	
	Insured People at 90 Years or Older	Death	10,000	The first Nil of each and every accident claim or series of claims and the first \$Nil of every sickness claim or series of claims arising out of the one Event
		Permanent Total Disablement	10,000	
		Capital Benefits including incurable paralysis, Loss of sight, Loss of limbs and Incurable insanity	10,000	
	Salary/Wage earners	Weekly Injury	100% of average weekly income up to a maximum of \$3,000 per week up to 156 weeks	The first Nil of each and every accident claim or series of claims and the first \$Nil of every sickness claim or series of claims arising out of the one Event
Salary/Wage earners	Temporary Partial Disablement	75% of average weekly income up to a maximum of \$2,250 per week up to 156 weeks	The first Nil of each and every accident claim or series of claims and the first \$Nil of every sickness claim or series of claims arising out of the one Event	
Journey Injury	All Employees	Death & Capital Benefits	100,000	the first Nil of each and every loss or series of losses arising out of any one event
		Weekly Benefits	100% of weekly earnings (as defined) up to a maximum Weekly benefit of \$5,000 payable for 104 weeks from the date of injury	

Summary of Insurance Policies Year Ended 30 June 2022



City of
Norwood
Payneham
& St Peters

Policy Name	What is covered	Fund Limit	Limit of Liability	Deductible
			\$	\$
Local Government Income Protection Fund	City of Norwood, Payneham & St Peters for and on behalf of staff.	Death and Permanent Total Disablement	15,000	
		Temporary total disablement	100% of gross weekly basic wage payable for up to 104 weeks from the date of accident or illness except Psychological Illness claims which are payable for a maximum period of 26 weeks only	
		Temporary Partial Disablement	A minimum of 25% of gross weekly basic wage payable for up to 104 weeks from the date of accident or illness except Psychological Illness claims which are payable for a maximum period of 26 weeks only	
		Workers Compensation Top up Benefit - Temporary total disablement:	Up to 100% of weekly basic wage payable for up to 104 weeks from the date of accident or illness except Psychological Illness claims which are payable for a maximum period of 26 weeks only	
		Workers Compensation Top up Benefit - Temporary Partial disablement:	Up to 100% of weekly basic wage payable for up to 104 weeks from the date of accident or illness except Psychological Illness claims which are payable for a maximum period of 26 weeks only	
		Illness or Injury resulting in Weekly Benefits Claim		10 Working Days
		Non-Professional Football Claim		20 Working Days
		Psychological Illness Claims		20 Working Days

Attachment B

2021-2022 Insurance Coverage and 2020-2021 Insurance Claims

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

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



City of
Norwood
Payneham
& St Peters

2020-2021 CLAIMS MUTUAL LIABILITY SCHEME

Date	Description of claim	Status	Nature of Claim	Basis for Denial
1 July 2020	Damage to parents property by street tree roots at a property on Harrow Road St Peters	Claim denied	Tree	Section 245 - Local Government Act
19 July 2020	Damage to fence & gate by fallen tree branch at a property on Edward Street, Norwood	Claim denied	Community Land	Section 244 - Local Government Act
15 July 2020	Damage to vehicle on stormwater drain cover a property on Hackett Terrace, Marryatville	Claim finalised, \$170.00 paid to Claimant	General	
27 July 2020	Damage to vehicle by fallen tree branch outside a property on Ashbrook Avenue, Payneham	Claim denied	Tree	Section 245 - Local Government Act
29 July 2020	Fall on footpath sign legs outside a property on The Parade, Norwood	Claimant redirected to Contractor	Referred	
15 March 2010	Flood mitigation works	Claim lodged via Member Centre	General	
1 January 2020	Damage to sewer pipes by tree roots at a property on Third Avenue, St Morris	Claim denied	Tree	Section 245 - Local Government Act
19 August 2020	Damage to property by blocked stormwater pipe at a property on Theresa Street, Norwood	Claim denied	Stormwater & Road	Section 209 - Local Government Act & Section 42 - Civil Liability Act
10 May 2017	Damage to paving by tree roots at a property on Aveland Avenue, Trinity Gardens	Claim denied	Tree	Section 245 - Local Government Act
1 August 2020	Fall on rubber matting at Dunstone Grove Playground	Claim denied	Playground	Council not at fault
28 August 2020	Damage to vehicle on kerbing outside a property on Shelley Street, Firlie	Claim denied	Footpath	Section 42 - Civil Liability Act
24 August 2020	Damage to bike on Beulah Road, Norwood	Claim referred to Contractor	Referred	
18 October 2019	Fall on footpath opposite a property on Angas Street, Kent Town	Claim denied	Footpath	Section 42 - Civil Liability Act
12 October 2020	Damage to property by street trees at a property on George Street, Payneham	Claim denied	Tree	Section 245 - Local Government Act

2020-2021 CLAIMS MUTUAL LIABILITY SCHEME

Date	Description of claim	Status	Nature of Claim	Basis for Denial
9 October 2020	Damage to pipe by street tree roots at a property on Ashbrook Avenue, Payneham South	Claim denied	Tree	Section 245 - Local Government Act
15 October 2020	Fall on footpath at a property on Hampden Street, Firle	Claim denied	Footpath	Section 42 - Civil Liability Act
12 October 2020	Damage to vehicle due to missing Stop Sign on corner of Lewis & Barnes Road, Glynde	Claim denied	Road	Section 42 - Civil Liability Act
16 October 2020	Damage to property by fallen tree branch at a property on Willow Bend, Marden	Claim denied	Tree	Section 245 - Local Government Act
20 October 2020	Damage to vehicle on stormwater lid outside a property on Gwynne Street, Firle	Claim denied	Road	Section 42 - Civil Liability Act
1 December 2020	Damage to fence outside a property on Janet Street, Evandale	Claim denied	General	Council Emergency Order to owner to repair or demolish wall
11 December 2020	Fall on Footpath outside the Marryatville Hotel at a property on Kensington Road, Kensington	Claim denied	Footpath	Section 42 - Civil Liability Act
22 July 2020	Damage to Windscreen by Street Sweeper outside a property on Fourth Avenue, St Peters	Claim referred to contractor	Referred	
8 January 2021	Damage to vehicle by fallen tree branch outside a property on Breaker Street, St Morris	Claim Denied	Tree	Section 245 - Local Government Act
24 December 2020	Damage to vehicle on kerbing at a property on King William Street, Kent Town	Claim Denied	Road	Section 42 - Civil Liability Act
1 February 2021	Damage to property by street tree at a property on Arthur Street, Payneham	Claim Denied	Tree	Section 245 - Local Government Act
4 February 2021	Broken windscreen from fallen tree branch outside a property on Payneham Road, Felixstow	Claim Denied	Tree	Section 245 - Local Government Act

2020-2021 CLAIMS MUTUAL LIABILITY SCHEME

Date	Description of claim	Status	Nature of Claim	Basis for Denial
12 December 2020	Damage to roof by fallen tree branch during removal at a property on Church Avenue, Norwood	Redirected to Contractor	Referred	
10 February 2021	Damage to vehicle by fallen tree branch at Regent Street, Hackney	Redirected to Housing SA	Referred	
7 February 2021	Injury to foot near the basket swing at Payneham Oval Playground	Claim lodged via Member Centre	General	
1 June 2018	Damage to property by Council Contractors at a property on Second Avenue, St Peters	Claim denied by LGAMLS, Claimant redirected to Contractor	Referred	
27 February 2021	Fall on footpath outside a property on Percival Street, Norwood	Claim Denied	Footpath	Section 42 - Civil Liability Act
28 March 2021	Fall on footpath outside a property on The Parade/ Norwood	Claim Denied	Footpath	Section 42 - Civil Liability Act
19 April 2021	Fall on footpath outside a property on Alexander Street, Evandale	Claim Denied	Footpath	Section 42 - Civil Liability Act
29 April 2021	Damage to Fence a property on Marian Road Firle	Claim lodged via Member Centre	General	
29 April 2021	Damage to Carport as a result of bitumen works	Redirected to Contractor	Referred	
26 April 2021	Damage to vehicle by fallen tree branch at Payneham Oval Car Park	Claim Denied	Tree	Section 244 - Local Government Act
27 April 2021	Fall on Stormwater Drain Pit Lid outside a property on OG Road, Marden	Redirected by LGAMLS to DPTI	Referred	
9 May 2021	Damage to property by London Plane Tree outside a property on Flinders Street, Kent Town	Claim lodged via Member Centre	Tree	
20 May 2021	Damage to vehicle from sap from street tree outside a property on Loch Street, Stepney	Claim Denied	Tree	Section 245 - Local Government Act
26 May 2021	Fall on tree debris at Oriel Lane, College Park	Claim lodged via Member Centre	Tree	

6.6 FINANCE POLICIES

REPORT AUTHOR: Accountant
GENERAL MANAGER: General Manager, Corporate Services
CONTACT NUMBER: 8366 4585
FILE REFERENCE: qA75186/A198855
ATTACHMENTS: A - D

PURPOSE OF REPORT

The purpose of this report is to present to the Audit Committee finance policies which have been reviewed, for consideration and endorsement prior to being presented to the Council for adoption.

BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to:

- carry out its activities in an efficient and orderly manner to deliver on its objectives;
- ensure adherence to management policies;
- safeguard the Council's assets; and
- secure (as far as possible) the accuracy and reliability of the Council's records.

The Audit Committee Work Program requires the Audit Committee to review the appropriateness of the range and content of the Council's financial policies and practices.

RELEVANT STRATEGIC DIRECTIONS & POLICIES

Not Applicable.

FINANCIAL AND BUDGET IMPLICATIONS

Not Applicable.

EXTERNAL ECONOMIC IMPLICATIONS

Not Applicable.

SOCIAL ISSUES

Not Applicable.

CULTURAL ISSUES

Not Applicable.

ENVIRONMENTAL ISSUES

Not Applicable.

RESOURCE ISSUES

Not Applicable.

RISK MANAGEMENT

Documentation of policies relating to the Council's financial transactions improves transparency and ensures consistent treatment over subsequent reporting periods, subject to changes in Accounting Standards and or legislation.

CONSULTATION

- **Committee Members**
Not Applicable.
- **Community**
Not Applicable.
- **Staff**
Nil
- **Other Agencies**
Not Applicable.

DISCUSSION

In accordance with the Finance Policy Timetable, a review of finance policies, as contained in **Attachment A** to **D**, has been undertaken. Following the review, the proposed amendments to the policies, as detailed in Table 1 below, are presented to the Committee for consideration and recommendation to the Council for adoption, subject to any amendment which may be considered appropriate by the Audit Committee.

TABLE 1: PROPOSED POLICY AMENDMENTS

Policy	Details of Proposed Amendment
Asset & Land Disposal Policy (Attachment A)	No changes are recommended.
Asset Impairment Policy (Attachment B)	No changes are recommended
Asset Revaluation Policy (Attachment C)	No are changes recommended
Salaries and Wages Administration Policy (Attachment D)	The Council's Municipal Officers Enterprise Agreement and Local Government Employees Enterprise Agreement are renegotiated every three years. The policy has been updated to reflect the current Enterprise Agreements; <ul style="list-style-type: none">• The City of Norwood Payneham & St Peters Municipal Officers Enterprise Agreement (No.8); and• The new City of Norwood Payneham & St Peters Local Government Employees Enterprise Agreement (No.8)

OPTIONS

The Policies can be recommended to the Council for adoption with or without amendment.

CONCLUSION

To ensure compliance with Section 125 of the Act, the Council must have in place appropriate policies, practices and procedures which assist the Council to carry out its activities in an efficient and orderly manner. It is important to ensure that the policies adopted by the Council are regularly reviewed to ensure that they reflect the current operating environment and continue to meet the Council's overall objectives.

COMMENTS

Nil

RECOMMENDATION

1. That the Audit Committee notes that the following policies have been reviewed and notes that no amendments are recommended.
 - Asset & Land Disposal Policy;
 - Asset Impairment Policy;
 - Asset Revaluation Policy.

2. That the Audit Committee notes that the Salaries and Wages Administration Policy has been reviewed and notes that minor administrative amendments are recommended.

3. That the Audit Committee recommends to the Council that the following policies be adopted.
 - Asset & Land Disposal Policy (**Attachment A**);
 - Asset Impairment Policy (**Attachment B**);
 - Asset Revaluation Policy (**Attachment C**);
 - Salaries & Wages Administration Policy (**Attachment D**).

Attachment A

Finance Policies

Disposal of Land and Assets

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

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City of
**Norwood
Payneham
& St Peters**



City of
Norwood
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& St Peters

NAME OF POLICY: Disposal of Land and Assets

POLICY MANUAL: Finance

BACKGROUND

Pursuant to Section 49 (a1) of the *Local Government Act 1999* (the Act), the Council must develop and maintain policies, practices and procedures directed towards:

- obtaining value in the expenditure of public money; and
- providing for ethical and fair treatment of participants; and
- ensuring probity, accountability and transparency in all disposal processes.

In addition, pursuant to Section 49 (1) (d) of the Act, the Council must adopt a policy regarding the disposing of Land and Assets.

In accordance with these requirements, this Policy seeks to:

- defines the methods by which Land and Assets are disposed of;
- demonstrates accountability and responsibility of Council to ratepayers;
- will be fair and equitable to all parties involved;
- enables all processes to be monitored and recorded; and
- ensures that the best possible outcome is achieved for the Council.

This Policy does not cover:

- property which is sold by the Council for the non-payment of rates; or
- disposal of goods which are not owned by the Council, such as abandoned vehicles.

DEFINITIONS

In this Policy, unless the contrary intention appears, these words have the following meanings:

- **Asset** means any physical item that the Council owns and that has at any time, been treated pursuant to the *Australian Accounting Standards* as an 'asset', and includes Major Plant and Equipment and Minor Plant and Equipment. It does not include financial investments or finance related activities, trees or land.
- **Land** includes Community Land, vacant land, operational land, road reserves, any legal interest in land, and any other land-related assets, including all buildings (community and operational) on land.

- **Major Plant and Equipment** includes all major machinery and equipment owned by the Council. It includes all trucks, graders, other operating machinery and major plant items. It does not include Minor Plant and Equipment.
- **Minor Plant and Equipment** includes all minor plant and equipment which is owned by the Council. It includes all loose tools, store items, furniture, second hand items removed from Major Plant and Equipment (such as air conditioners, bricks and pavers) and surplus bulk items (such as sand and gravel).

KEY PRINCIPLES

The Council must have regard to the following principles when disposing of any Land and Assets which it proposes to undertake:

- *Encouragement of open and effective competition*
- *Obtaining Value for Money*

Value for Money is not restricted to price alone. An assessment of value for money must include consideration of (where applicable):

- the contribution to the Council's Long Term Financial Plan and Strategic Management Plans;
 - any relevant direct and indirect benefits to the Council, both tangible and intangible;
 - efficiency and effectiveness;
 - the costs of various disposal methods;
 - internal administration costs;
 - risk exposure; and
 - the value of any associated environmental benefits.
- *Ethical Behaviour and Fair Dealing*
The Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.
 - *Probity, Accountability, Transparency and Reporting*
 - *Ensuring compliance with all relevant legislation, including the following:*
 - [Local Government Act 1999](#) (SA)
 - [Real Property Act 1886](#) (SA)
 - [Land and Business \(Sale and Conveyancing\) Act 1994](#) (SA)
 - [Development Act 1993](#) (SA)
 - [Retail and Commercial Leases Act 1995](#) (SA)
 - [Residential Tenancies Act 1995](#) (SA)
 - [Strata Titles Act 1988](#) (SA)
 - [Crown Land Management Act 2009](#) (SA)
 - [Community Titles Act 1996](#) (SA)
 - [Roads \(Opening and Closing\) Act 1991](#) (SA)
 - [Land Acquisition Act 1969](#) (SA).

POLICY

Considerations prior to the disposal of Land and Assets

Any decision to dispose of Land and Assets will be made after considering (where applicable) the following:

- the usefulness of the Land or Asset;
- the current market value of the Land or Asset;
- the annual cost of maintenance of the Land or Asset;
- any alternative future use of the Land or Asset;

- any duplication of the Land or Asset or the service provided by the Land or Asset;
- any impact which the disposal of the Land or Asset may have on the community;
- any cultural or historical significance of the Land or Asset;
- the positive and negative impacts which the disposal of the Land or Asset may have on the operations of the Council;
- the Council's long term plans and strategic directions set by the Council;
- the remaining useful life, particularly of an Asset;
- a benefit and risk analysis of the proposed disposal;
- the results of any community consultation process;
- any restrictions on the proposed disposal;
- the content of any Community Land Management Plan; and
- any other relevant policies of the Council.

Disposal methods

Disposal of Land

- Council Land may only be disposed of by resolution of the Council.
- Where the Land forms or formed a road or part of a road, the Council must ensure that the Land is closed under the *Roads Opening and Closing Act 1991 (SA)*, prior to its disposal.
- Where Land is classified as Community Land, the Council must:
 - undertake public consultation in accordance with the Act and the Council's Public Consultation Policy; and
 - ensure that the process for the revocation of the classification of Land as Community Land has been concluded prior to its disposal; and
 - comply with all other requirements under the Act in respect of the disposal of Community Land.
- Where the Council proposes to dispose of Land through the grant of a leasehold interest, the Council must comply with its obligations under the Act, including its Public Consultation obligations set out Section 202 of the Act.
- The Council will, where appropriate, dispose of Land through one of the following methods:
 - Open Market Sale - advertisement for disposal of the Land through the local paper and where appropriate, a paper circulating in the State, or by procuring the services of a licensed real estate agent and/or auctioneer (following compliance with the Council's Procurement Policy);
 - Expressions of Interest - seeking expressions of interest for the Land;
 - Select Tender - seeking tenders from a selected group of persons or companies;
 - Open Tender - openly seeking bids through tenders, including public auction;
 - By Negotiation – with owners of land adjoining the Land or others with a pre-existing interest in the Land, or where the Land is to be used by a purchaser whose purpose for the Land is consistent with the Council's strategic objectives for the Land.
- Selection of a suitable disposal method will include consideration of (where appropriate) the following:
 - the number of known potential purchasers of the Land;
 - the original intention for the use of the Land;
 - the current and possible preferred future use of the Land;
 - the opportunity to promote local economic growth and development;

- delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the disposal;
 - the total estimated value of the disposal; and
 - compliance with statutory and other obligations.
- The Council will not dispose of Land to any Elected Member or employee of the Council or contractor engaged by the Council, who has been involved in any process related to a decision to dispose of the Land and/or the establishment of a reserve price.
 - If Land is to be auctioned or placed on the open market or disposed of by an expression of interest process, then (unless the Council resolves otherwise) one (1) independent valuation must be obtained for the purpose of establishing the reserve price for the Land. The independent valuation must be obtained no more than six (6) months prior to the proposed disposal of the Land.
 - If Land is to be disposed of via a select tender or direct sale, then (unless the Council resolves otherwise), a minimum of two (2) independent valuations must be obtained to ensure that an appropriate market value is obtained. The independent valuation must be made no more than 6 months prior to the proposed disposal.
 - The Council will seek to dispose of Land at or above current market valuation by whichever method is likely to provide the Council with a maximum return, unless there are reasons for the Council to accept a lesser return which is consistent with the Council's overall strategic direction. These reasons must be documented in writing.
 - If the disposal of the land is not to be on the open market, the disposal should be at or above the current market valuation (with due regard to all associated costs to achieve the transaction or such other amount as the Council resolves).

Assets disposal

- The sale of Assets (both Major Plant and Equipment and Minor Plant and Equipment), will be the responsibility of the relevant General Manager who is responsible for those Assets.
- The Council will, where appropriate, dispose of Assets through one of the following methods:
 - Trade-in – trading in equipment to suppliers;
 - Expressions of Interest – seeking expressions of interest from buyers;
 - Select Tender – seeking tenders from a selected group of persons or companies;
 - Open Tender – openly seeking bids through tenders; or
 - Public Auction – advertisement for auction through the local paper and, where appropriate, a paper circulating in the State, or procuring the services of an auctioneer (following compliance with the Council's Procurement Policy).
- Selection of a suitable method will include consideration of (where appropriate) the following:
 - the public demand and interest in the Asset;
 - the method most likely to return the highest revenue;
 - the value of the Asset and whether it is Major Plant and Equipment or Minor Plant and Equipment;
 - the costs of the disposal method compared to the expected returns; and
 - compliance with statutory and other obligations.
- Elected Members and employees of the Council will not be permitted to purchase Assets unless the purchase is via an open tender process or a public auction and the tender submitted or bid made is the highest.
- Purchasers of Assets must be required to agree in writing that prior to purchasing any Asset, no warranty is given by the Council in respect of the suitability and condition of

the Asset for the purchaser and that the Council will not be responsible for the Asset in any respect following the sale.

Exemptions to this Policy

This Policy contains general guidelines which are required to be followed by the Council in its disposal activities. There may be emergencies, or disposals in which a tender process will not necessarily deliver best outcome for the Council and where other market approaches may be more appropriate. In certain circumstances, the Council may, after approval from the Council, waive application of this Policy and pursue a method which will bring the best outcome for the Council. The reasons for waiving application of this Policy must be in writing.

REVIEW PROCESS

This Policy will be reviewed within 24 months from the date on which the Policy was adopted.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Corporate Services telephone 8366 4585.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 25 May 2015.
This Policy was adopted by the Council on 1 June 2015.
This Policy was endorsed by the Audit Committee on 24 July 2017.
This Policy was adopted by the Council on 7 August 2017.
This Policy was endorsed by the Audit Committee on 14 August 2019.
This Policy was adopted by the Council on 2 September 2019.
This Policy was endorsed by the Audit Committee on 26 July 2021.
This Policy was adopted by the Council on.

TO BE REVIEWED

July 2023

Attachment B

Finance Policies

Asset Impairment

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

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City of
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NAME OF POLICY: Asset Impairment

POLICY MANUAL: Finance

BACKGROUND

Section 11(1) of the *Local Government (Financial Management) Regulations 2011* (the Regulations), requires a council to “ensure that all accounting records, accounts and financial statements are prepared and maintained in accordance with all relevant Australian Accounting Standards”.

In addition, Part 4 Section 13 of the Regulations requires that the Financial Statements of a Council “must be in accordance with the requirements set out in the Model Financial Statements” and under Part 1 Section 4 b (4) of the Regulations, the approval of the Minister is required for any alteration to the Model Financial Statements.

According to AASB 136 Impairment of Assets (AASB 136), “if, and only if, the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset shall be reduced to its recoverable amount”.

This Policy has been prepared by the Council in order to provide direction to Council staff in managing the financial records and accounts and when preparing the Financial Statements.

Separate Asset Accounting Policies have been prepared for:

- Asset Capitalisation & Depreciation;
- Asset Revaluation

KEY PRINCIPLES

This Policy refer to the Regulations and AASB 136

DEFINITIONS

Impairment Loss: The amount by which the carrying amount of an asset exceeds it recoverable amount.

Value in Use: The present value of the future cash flows expected to be derived from an asset.

Carrying Amount: The amount at which an asset is recognised after deducting any accumulated depreciation (amortisation) and accumulated impairment losses.

Recoverable Amount: The higher of its fair value less cost to sell and its value in use.

Fair Value Less Cost to Sell: The amount obtainable from the sale of an asset in an arm’s length transaction between knowledgeable, willing parties, less the costs of disposal.

POLICY

1. The Australian Accounting Standards require the Council to assess, at each reporting date (30 June each year), whether there is any indication that assets under its control may be impaired (i.e. the assets will not last its useful life or deliver economic benefits).

If any such indication exists, the Council shall estimate the recoverable amount of the asset.

In determining if an asset is impaired, the Council will consider, as a minimum, the following:

- a) External sources of information
 - during the period, an asset's market value has declined significantly more than would be expected as a result of the passage of time or normal use;
 - significant changes with an adverse effect on the Council have taken place during the period, or will take place in the near future, in the technological, market, economic or legal environment in which the Council operates or in the market to which an asset is dedicated; and
 - market interest rates or other market rates of return on investments have increased during the period, and those increases are likely to affect the discount rate used in calculating an asset's value in use and decrease the asset's recoverable amount materially.
- b) Internal sources of information
 - evidence available of obsolescence or physical damage of an asset;
 - significant changes with an adverse effect on the Council have taken place during the period, or are expected to take place;
 - the manner in which asset used or expected to be used in the future; and
 - an increase in unplanned maintenance expenditure.

2. Recognition of Impairment Loss

Where the *carrying amount* of an asset exceeds its *recoverable amount*, the Council will estimate the *recoverable amount* and recognise the *impairment loss* in the Council's Annual Financial Statements.

If the asset has been revalued previously, the impairment loss will be offset against the Revaluation Reserve to the amount available in the Reserve.

Should circumstances change the impairment loss can be reversed in the subsequent years.

REVIEW PROCESS

This Policy will be reviewed within 36 months of the adoption date of the Policy or when a change in the accounting standard or legislation occurs beforehand.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

ADOPTION OF THE POLICY

This policy was endorsed by the Audit Committee on 11 December 2008.

This Policy was adopted by the Council on 20 January 2009.

This policy was endorsed by the Audit Committee on 27 July 2015.

This Policy was adopted by the Council on 3 August 2015.

This policy was endorsed by the Audit Committee on 23 July 2018.

This Policy was adopted by the Council on 6 August 2018.

This policy was endorsed by the Audit Committee on 26 July 2021.

This Policy was adopted by the Council on.

TO BE REVIEWED

July 2024

Attachment C

Finance Policies

Asset Revaluation

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

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City of
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City of
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& St Peters

NAME OF POLICY: Asset Revaluation

POLICY MANUAL: Finance

BACKGROUND

Section 11(1) of the *Local Government (Financial Management) Regulations 2011* (the Regulations), requires a council to “ensure that all accounting records, accounts and financial statements are prepared and maintained in accordance with all relevant Australian Accounting Standards”.

According to the Accounting Standard *AASB 116 Property, Plant and Equipment* (AASB 116), “an entity shall choose either the cost model or revaluation model as its accounting policy and shall apply that policy to an entire class of property, plant and equipment.

This Policy has been prepared for the purposes of providing direction to Council staff in managing the financial records and accounts and when preparing the Annual Financial Statements.

KEY PRINCIPLES

This Policy refers to the Regulations, AASB 116 and *AASB 13 Fair Value Measurement* (AASB 13)

POLICY

The Council will review and revalue assets in accordance with the timeframes set out in Table 1 below.

TABLE 1: ASSET REVALUATION TIMEFRAME

Assets Class	Measurement after Recognition	Revaluation Frequency	
		Independent Valuations	Internal Valuations
Land	Revaluation Model	Every 5 years	Annually by an appropriate index
Building & Other Structure	Revaluation Model	Every 5 years	Annually by an appropriate index
Plant & Equipment	Cost Model	Not required	Not required
Furniture & Fittings	Cost Model	Not required	Not required
Infrastructure Assets	Revaluation Model	Every 5 years	Annually by an appropriate index
Library Books	Cost Model	Not required	Not required
Open Space Assets	Revaluation Model	Every 5 years	Annually by an appropriate index

Revaluation of Assets will be undertaken by Asset Class over a rolling five (5) year period.

All assets within an asset class will be revalued at the same time in accordance with AASB 116 and AASB 13.

Initial Revaluation

- If the *carrying amount* of a *class of asset* is increased as a result of the initial revaluation, the net revaluation increase shall be credited directly to Equity, on the Statement of Financial Position, under the heading of Asset Revaluation Reserve.
- If the *carrying amount* of a class of asset is decreased as a result of initial revaluation, the net revaluation decrease shall be debited directly to the Statement of Comprehensive Income.

Subsequent Revaluation

- If the *carrying amount* of a class of asset is increased as a result of subsequent revaluation, the net revaluation increase shall be recognised in the Statement of Comprehensive Income to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the Statement of Comprehensive Income.
- If the *carrying amount* of a class of asset is decreased as a result of subsequent revaluation, the net revaluation decrease shall be recognised in Equity to the extent that it reverses a net revaluation increase of the same class of assets previously credited into the Asset Revaluation Reserve.

Revaluation increases and revaluation decreases relating to individual assets within a class of property, plant and equipment shall be offset against one another within that class but shall not be against assets in different asset classes. For example, a revaluation increase in Building Assets cannot be offset against a revaluation decrease of Civil Infrastructure Assets.

The useful life and depreciation method applied to an asset shall, be reviewed at least at the end of each annual reporting period and if there has been a significant change in the expected pattern of consumption of the future economic benefits embodied in the asset, the useful life or depreciation method shall be adjusted to reflect the changed pattern. Such a change shall be accounted for as a Change in an Accounting Estimate in accordance with *AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*.

DEFINITIONS

Cost Model: After recognition as an asset, an item of property, plant and equipment shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation Model: After recognition as an asset, an item of property, plant and equipment whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

Class of Assets: A class of property, plant and equipment is a grouping of assets of a similar nature and use in an entity's operations.

Depreciation: The systematic allocation of the depreciable amount (cost less residual value) of an asset over its useful life.

Impairment Losses: The amount by which the carrying amount of an asset exceeds its recoverable amount.

Carrying Amount: The amount at which an asset is recognised after deducting any accumulated depreciation and accumulated impairment losses.

Fair Value: The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction.

Replacement Cost. The cost measured by reference to the lowest cost as which the gross future economic benefits of that asset could currently be obtained in the normal course of business.

Depreciated Replacement Cost. The current replacement cost of an asset less, where applicable, accumulated depreciation calculated on the basis of such cost to reflect the already consumed or expired future economic benefits of the assets.

REVIEW PROCESS

This Policy will be within 36 months of the adoption date of the Policy or in event of any significant change in legislation or Accounting Standards.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's Financial Services Manager, telephone 8366 4548.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 11 December 2008.

This Policy was adopted by the Council on 20 January 2009.

This Policy was endorsed by the Audit Committee on 27 July 2015.

This Policy was adopted by the Council on 3 August 2015.

This Policy was endorsed by the Audit Committee on 23 July 2018.

This Policy was adopted by the Council on 6 August 2018.

This Policy was endorsed by the Audit Committee on 26 July 2021.

This Policy was adopted by the Council on.

TO BE REVIEWED

July 2024

Attachment D

Finance Policies

Salaries and Wages Administration

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

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City of
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City of
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& St Peters

NAME OF POLICY: Salaries & Wages Administration

POLICY MANUAL: Finance

BACKGROUND

Pursuant to Section 125 of the *Local Government Act 1999*, the Council must ensure that appropriate policies, practices and procedures of internal control are implemented and maintained in order to assist the Council to carry out its activities in an efficient and orderly manner to achieve its objectives, to ensure adherence to management policies, to safeguard the Council's assets and to secure (as far as possible) the accuracy and reliability of the Council's records.

DISCUSSION

The City of Norwood Payneham & St Peters values its employees and recognises that to ensure employee satisfaction and staff morale is maintained, the payment of salaries and wages and associated employee entitlements, are paid in accordance with their conditions of employment.

This Policy applies to the payment of salaries and wages to staff employed by the City of Norwood Payneham & St Peters, in the following employment categories:

- Full-time employees;
- Part-time employees;
- Fixed-term contract employees; and
- Casual employees.

KEY PRINCIPLES

All employees will be paid in accordance with the provisions outlined in the following Enterprise Agreements:

- City of Norwood Payneham & St Peters Municipal Officers Enterprise Agreement No. [78, 20172019-2022](#);
- City of Norwood Payneham & St Peters Local Government Employees Enterprise Agreement No. [68, 20142020-20172023](#); or
- Set out in any individual contracts of employment

Employees engaged on Fixed Term Contract will be paid in accordance with the provisions of their Contract of Employment.

The intent of this Policy is to provide guidance in respect to the payment of salary and wages to Council employees.

POLICY

The employment of new employees must be undertaken and must be approved in accordance with the Council's Recruitment Policy, prior to being added to the Council's Payroll System.

No adjustments will be made to employee records, (ie. names, addresses, bank account, deduction details) without receipt of written authorisation from the employee.

Adjustments made to salary or wage rates must be in-line with the Council's Re-classification Policy.

Records will be maintained in respect to all employees of Council showing the following:

- hours worked and the rate of pay;
- gross salary or wages;
- tax and details of all other payments and deductions;
- sick, Annual, Long Service and other leave available and taken;
- allocation of time worked on jobs (where applicable);and
- superannuation deductions.

Salaries and wages will be paid fortnightly, on the basis of hours of attendance recorded on an approved time sheet, except for employees on standard weekly hours.

All salaries and wages calculated via a timesheet, are required to be submitted fortnightly to the Payroll Officer and must be:

- signed by the employee;
- signed by the supervisor/manager.

All claims for payment of overtime must be authorised by the relevant Manager before being paid.

All claims for Time-off-in-Lieu for hours worked outside ordinary time, must be authorised by the relevant Manager before the hours are worked.

All Annual Leave and Long Service Leave must be applied for in writing by employees and authorised by their Supervisor/Manager prior to commencement of leave, in accordance with the respective policies.

All Sick Leave must be authorised by the relevant Supervisor/Manager as soon as practical after the period of absence and will be paid in accordance with the relevant Enterprise Agreement.

The Council will **not** make payments of cash advances against salaries or wages earned but unpaid. The Council may make cash advances against accrued Leave entitlements, where Leave has been approved.

Payroll reports must, prior to processing, be reviewed for unusual rates, salary amounts or employee names and evidenced as reviewed by the General Manager, Corporate Services or the Manager, [Finance/Financial Services](#).

REVIEW PROCESS

The Council will review this Policy within 24 months of the adoption date of the Policy.

INFORMATION

The contact officer for further information at the City of Norwood Payneham & St Peters is Council's General Manager, Corporate Services telephone 8366 4585.

ADOPTION OF THE POLICY

This Policy was endorsed by the Audit Committee on 26 March 2012.
This Policy was adopted by the Council on 2 April 2012.
This Policy was endorsed by the Audit Committee on 25 February 2013.
This Policy was adopted by the Council on 4 March 2013.
This Policy was endorsed by the Audit Committee on 28 July 2014.
This Policy was adopted by the Council on 4 August 2014.
This Policy was endorsed by the Audit Committee on 27 July 2015.
This Policy was adopted by the Council on 3 August 2015.
This Policy was endorsed by the Audit Committee on 24 July 2017
This Policy was adopted by the Council on 7 August 2017
This Policy was endorsed by the Audit Committee on 14 August 2019
This Policy was adopted by the Council on 2 September 2019
This Policy was endorsed by the Audit Committee on 26 July 2021
This Policy was adopted by the Council on ~~2 August 2021~~

TO BE REVIEWED

July 2023

7. CONFIDENTIAL REPORTS
Nil

8. OTHER BUSINESS
(Of an urgent nature only)

9. NEXT MEETING
Monday 25 October 2021

10. CLOSURE