



Yorke Peninsula Council

NOTICE OF MEETING

Notice is hereby given that the next ordinary meeting of Council's

AUDIT COMMITTEE

will be held on Wednesday 27th May 2015
in the Minlaton Council Chamber,
57 Main Street, Minlaton commencing at 3pm

For: David Harding
DIRECTOR CORPORATE AND
COMMUNITY SERVICES

A G E N D A

ITEM 1 YORKE PENINSULA COUNCIL – AUDIT COMMITTEE

- 1.1 Welcome by Chairperson
- 1.2 Present
- 1.3 Apologies/Leave of Absence
- 1.4 Minutes of previous meeting – for confirmation:
Audit Committee meeting held on 11th February 2015.
- 1.5 Questions without Notice

1.6 Conflict of Interest

CONFLICT OF INTEREST

Members are reminded of the requirements for disclosure by Members of direct or indirect pecuniary benefit or detriment and non-pecuniary benefit or detriment in accordance with Section 73 of the Local Government Act in items listed for consideration on the Agenda. Section 74 of the Local Government Act 1999 requires that Members declare any interest and provide full and accurate details of the relevant interest to the Council prior to consideration of that item on the Agenda.

Each Member of a Committee has a duty to vote at all meetings unless excepted by legislation.

The major exception being where a Member has a conflict of interest.

ITEM 2 REPORTS

- | | |
|--|-----------------|
| 1. Audit Committee 2015 Work Plan | pages 3 - 5 |
| 2. Draft 2015/16 Annual Business Plan | pages 6 - 39 |
| 3. March 2015 Budget Review | pages 40 - 55 |
| 4. Long Term Financial Plan Update | pages 56 - 57 |
| 5. Caravan Park Business Cases | pages 58 - 97 |
| 6. Internal Audit Activity Report | pages 98 - 118 |
| 7. Internal Controls Project Update | pages 119 - 122 |
| 8. Risk Management Report | pages 123 - 136 |
| 9. Asset Management Update | page 137 |
| 10. Audit Committee Self-Assessment | pages 138 – 144 |
| 11. Disposal of Land and Other Assets Policy Review | pages 145 - 154 |
| 12. Changes to AASB116 – Revaluation of Non-Current Assets | pages 155 - 156 |

ITEM 3 GENERAL BUSINESS

ITEM 4 NEXT MEETING

Wednesday 24th June 2015
Minlaton Council Chamber at 3pm

ITEM 5 CLOSURE

DIRECTOR CORPORATE AND COMMUNITY SERVICES

1. AUDIT COMMITTEE 2015 WORK PLAN

(File Ref: 9.14.1.6)

INTRODUCTION

To consider the proposed 2015 Audit Committee Work Plan.

RECOMMENDATION

That the Audit Committee endorse the updated 2015 Audit Committee Work Plan.

COMMENT

As stated in clause 2 of the Audit Committee Terms of Reference, 23 February 2010, the objective of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of risk, related to financial reporting and audit initiatives, the internal control system and the audit functions and to act as a source of advice to Council and the Chief Executive Officer in relation to these matters.

The Committee will:

- enhance the communication between the external auditor and the Council;
- assist the management of financial and other risks to ensure the protection of Council assets;
- monitor the effectiveness of audit and reviewing functions and;
- enhance the integrity of the financial reporting of the Council.

The Terms of Reference are to be read in conjunction with Chapter 8 of the Local Government Act 1999.

The adoption, and constant review, of an Audit Committee Work Plan assists in ensuring the objectives of the Audit Committee are achieved.

Changes to be endorsed include:

- Change of meeting date to 27 May
- Inclusion of Internal Controls Update for May meeting
- Inclusion of verbal update following Interim External Audit visit

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The orderly and timely review of Council's major financial timetable and reports, internal audit activities and financial reports by the Audit Committee strengthens the credibility of the completed work and reduces risk to Council.

**YORKE PENINSULA COUNCIL AUDIT COMMITTEE
2015 WORK PLAN**

Meeting	Item	Comments
<p>Wednesday 11th February</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Approve new Audit Committee Work Plan • Interim External Audit Date • Internal Audit Activity Report • Internal Controls Project Update • Review Final Audit Letter • Risk Management Update • Long Term Financial Plan update • 2015/2016 Budget Timetable • Second Quarter 14/15 Budget Review • Asset Management Update • EDRMS System Update • Audit Committee Self-Assessment Draft 	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>
<p>Wednesday 27th May</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Review draft Annual Business Plan • 2015/2016 Budget Update • Third Quarter 14/15 Budget Review Update • LTFP Update • 2015/2016 Capital Budget Update • Internal Audit Activity Report • Internal Controls Project Update • Asset Revaluation Requirements update • Asset Management Update • Risk Management Update • Interim External Audit Update - Verbal 	
<p>Wednesday 24th June</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Endorse Annual Business Plan & 2015/2016 Budget • Formal Interim External Audit Visit Update • LTFP Update • Rates Options 2015-2016 Update • Internal Audit Activity Report • Assessment Project • Asset Management Update • Risk Management Update 	
<p>Wednesday 23rd September</p> <p>Minlaton Council Chamber at 3pm (Subject to Balance Date Audit dates)</p>	<ul style="list-style-type: none"> • LTFP Update • Internal Audit Activity Report • Internal Controls Project Update • Approve FY16 Internal Audit Plan • External Audit Activity Update • Review 2014-2015 Financial Statements • Review Required Asset Revaluations • EDRMS System Update • Asset Management Update • Risk Management Update 	

<p>Wednesday 28th October</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Recommendation to Council regarding 2014/2015 Financial Statements • Recommendation to Council regarding First Quarter 15/16 Budget Review • Asset Management Update • Risk Management Update • Internal Audit Activity Report 	
<p>Wednesday 9th December</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> • Receive Final Financial Statements and Auditors Report to Council • Receive June 2015 Budget Review • Receive First Quarter 14/15 Budget Review • Review 2015 Audit Committee Work Plan • Consider 2016 Audit Committee Work Plan Draft • LTFP Update • Asset Management Update • Risk Management Update • Internal Audit Activity Report • Internal Controls Project Update 	

As required:

- Policy Reviews
- Asset Management Plan Endorsements

DIRECTOR CORPORATE & COMMUNITY SERVICES

2. DRAFT 2015/2016 ANNUAL BUSINESS PLAN

(File Ref: 9.14.1.6)

INTRODUCTION

Each year an Annual Business Plan (ABP) is developed. This document explains the context in which the budget has been developed, provides information on what Council plans to achieve in the coming financial year and describes how this will be funded.

RECOMMENDATION

That the Audit Committee receive the draft Annual Business Plan, including the draft budget for the financial year ending 30th June 2016, as endorsed for public consultation by Council at its meeting on 13 May 2015.

COMMENT

The Draft Annual Business Plan (ABP) copy attached.

The draft ABP has been developed taking into account legislative requirements, the Strategic Plan, the draft 2015-2016 budget and using the Long Term Financial Plan as a guide.

The ABP sets out all capital projects and the budgeted statutory financial statements for the 2015/2016 financial year. In addition, the ABP details actions from the Strategic Plan which will be achieved during the coming financial year.

The key assumptions made in the development of the draft operational budget were:

- Inflation assumed to be 2.6%;
- No change in service levels other than acceleration of renewals of Council's unsealed road network.

The draft capital budget is detailed in the ABP. It includes a total of \$7.706m invested in renewal of assets and \$3.479m for the purchase of new assets. Major capital expenditure includes:

- \$5.336m for renewal of existing Council owned roads;
- \$1.371m for sealing of previously unsealed roads and footpaths (including \$1.124 m for Clinton Road, subject to \$749,100 funding approval);
- \$800,000 to complete the final stage of the 50% grant funded Walk the Yorke project;
- \$1.088m for replacement of plant (\$899,000 net after trade in allowances) and \$175,000 for the purchase of new plant and equipment;
- \$396,000 (\$152,000 after trade in allowances) for the replacement of Council vehicles;
- \$270,000 for the continued upgrade and improvement of CWMS systems;
- \$356,000 for structural repairs and rejuvenation of Council buildings;
- \$175,000 for the implementation of a complying Electronic Document Record Management System;
- \$165,000 for the upgrade of Council IT infrastructure and telephone systems;
- \$100,000 to fund a feasibility study for the Marion Bay boat ramp (50% grant funded);

- \$80,000 for remedial work at Formby Bay (\$62k grant funded)
- \$60,000 for the upgrade of essential fire hose systems at Marion Bay Caravan Park;
- \$30,000 for the development of a Minlaton Concept Plan in conjunction with Minlaton Progress (50% community funded);
- \$35,000 for the provision of public/disabled toilet facilities at Port Clinton;
- \$45,000 for toilet facilities at Berry Bay
- \$27,500 for improvement of storm water harvesting schemes;
- \$27,000 for upgrades of Council water schemes;
- \$23,000 for tourism specific equipment initiatives;
- \$15,000 for Visitor Information Centre merchandising upgrades.

The Draft Budget has been prepared taking in to account reductions in discretionary grants available and incorporating “once off” increases of \$580,000 in capital receipts for Roads to Recovery programs and in anticipation of funding of \$749,100 for Clinton Road gaining approval.

The key notable attributes of the operating budget include:

- Operating income of \$26.690m, up 1.36% from the 13/14 Adopted Budget (\$26.332m)
- Operating expenses (excluding depreciation) of \$20.750m, up 1.80% from the 13/14 adopted budget (\$20.383m)
- Depreciation of assets of \$8.700m down 4.95% from the 13/14 Adopted Budget (\$9.153m)

Elected Members will be provided with detailed budget documents under separate cover.

Advertisements have been placed in the YP Country Times and on Council’s website informing the public that copies of the draft ABP are available from Thursday 14th May 2015 for public comment. Copies will be sent to all Progress Associations and will be available to the general public at all Council office front counters.

Written submissions will close on Wednesday 3rd June and in conjunction with the June meeting of Council, the opportunity will be provided for public presentations to Council.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Strategic Plan

Key Theme: Corporate Governance and Leadership
2. Organisational Efficiency and Resource Management

Strategic Goal: 2.1 Financially sustainable organisation

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The 2015/2016 budget is consistent with the Long Term Financial Plan and Council’s key financial direction of reducing the operating deficit and dedicating funds to the renewal of assets, consistent with Council’s Infrastructure and Asset Management Plan.

2015-2016 ANNUAL BUSINESS PLAN

DRAFT



Gleasons Landing

Sustainable, Governance, Leadership, Engaged



Bluff Beach—John Walker



Port Giles—Viterra

Our Vision

To be a thriving peninsula, proud of our heritage, lifestyle and diverse, vibrant communities.

Message from the Mayor



The Annual Business Plan has been prepared to provide the community with a picture of the proposed projects the Yorke Peninsula Council plans to achieve in 2015/2016. This planning process provides an opportunity for community engagement in identifying priorities for Council projects and services for the forthcoming financial year.

The Annual Business Plan for 2015/2016 has been prepared using the Long Term Financial Plan (LTFP) as a guide and a key focus is to continue with the acceleration of renewal of road infrastructure.

Some key projects that have been included in the Annual Business Plan for 2015/2016 are:

- Capital expenditure on renewal of existing Council roads estimated at \$5.335 million incorporates \$3million on a planned road renewal acceleration programme;
- Capital expenditure in sealing of current unsealed (open surface) roads estimated at \$1.371 million, including \$1.124 million for the Clinton Road development project subject to \$749,100 funding approval;
- Completion of the “Walk the Yorke” Project - \$800,000 with 50% grant funding from Australian Government ;
- \$270,000 for Continued upgrade and development of Community Wastewater Management Systems (CWMS)
- \$60,000 to upgrade essential fire hose systems at Marion Bay Caravan Park
- Capital expenditure for structural repairs and rejuvenation of Council buildings
- Planned upgrades to existing Stormwater Harvesting Schemes
- Toilet facility upgrades with \$35,000 for provision of disabled toilet facilities at Port Clinton and \$45,000 for toilet facilities at Berry Bay

The November 2014 Council Elections saw the Council gaining 5 new and enthusiastic Elected Members who have undertaken extensive induction, district tours and training to enable them to effectively meet the challenges that lie ahead, to make decisions that are the responsibility of Elected Members representing the community.

Council is always mindful of the balance required to deliver community expectations whilst ensuring financial sustainability and compliance with the adopted goals of the Long Term Financial Plan (LTFP).

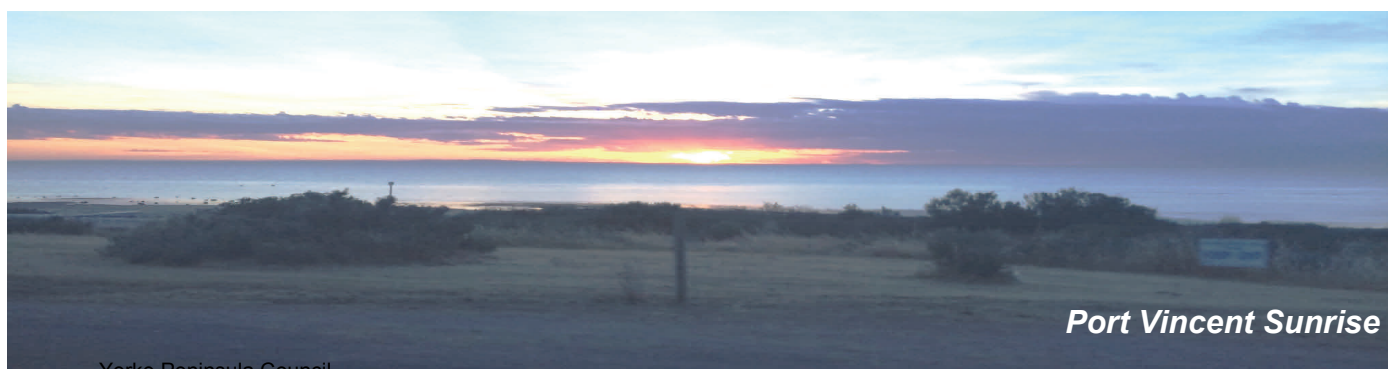
Council encourages community engagement in the Annual Business Planning Process and looks forward to receiving your feedback.

I commend the Annual Business Plan 2015/2016 to you.

Ray Agnew OAM
MAYOR

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Port Vincent Sunrise

Introduction

The development of Council's Annual Business Plan is an important part of our planning process. It links Council's Strategic Plan with the budget planning process. This assists Council to achieve its goals whilst ensuring the best possible mix of services, infrastructure and facilities for its communities.

This year's budget development has been measured against the adopted Long Term Financial Plan (LTFP) and also recognises the requirement for increased road infrastructure renewals by providing for a \$3 million injection over and above "normal" spending in this area. A detailed plan for the injection of these funds will be finalized late in 2015 in conjunction with a review of the 10 year road construction and maintenance plan.

The decision by the Federal Government to cease Financial Assistance Grants (FAG's) Supplementary Road Funding for South Australia from 1 July 2014 continues to impact significantly on Council's budget along with their decision to freeze all FAG's General Purpose Grant Funding at 2013/14 levels until 2017/18. It is estimated these funding decisions have resulted in reductions of \$450,000 in funding for the 2015/16 financial year.

Funding to be received in 2015/16 has been aided by the announcement that Council will receive a "double" allocation from the Roads to Recovery program in for this year only, which sees Council benefit by \$580,000. Council has also made application for Special Roads funding to enable significant progress on Clinton Road with expenditure planned at \$1,124,000 pending Federal Government funding of \$749,100 which has been included in this budget but is yet to be given final approval.

As indicated in the LTFP the 2015/16 budget looks to ensure Council's primary focus is on renewal of existing assets, in particular road infrastructure. In addition to the \$3 million injection in to roads the 2015/16 budget has allocated \$4,900,000 to renewal of assets including a further \$2.335 million for road renewals, \$1.454m for renewal of plant and equipment, \$270,000 to address the "concrete cancer" issues at the Maitland Town

Hall, \$160,000 to rejuvenate caravan park infrastructure in Council owned parks and replacement of essential computer and telephone systems totaling \$165,000.

Expenditure on new assets has been limited to \$3.479m including the Clinton Road \$1.124m commitment mentioned earlier and the \$800,000 final stage of the exciting Walk the Yorke project which is 50% grant funded.

Council has also undertaken to implement an Electronic Document Record Management System during the 2015/16 year at a cost of \$175,000 to ensure compliance with record keeping legislation

A further feature of the budget is the planned increased in expenditure for 2015/16 (\$633,000) in the area of tree trimming on rural roads (\$516,000 in 2014/15) whilst staffing costs are forecast in line with LTFP forecasts and existing Enterprise Bargaining Agreements.

Council has also committed an extra \$55,000 to assist much needed youth programs in the district.

Council is committed to a full review of transportation infrastructure and Council building assets as part of its enhanced asset management strategy. A major portion of this work was completed in 2013/14 and early 2014/15 resulting in a significant decrease in depreciation expense to \$8.488m in the 2014/15 Revised Budget (Adopted Budget forecast \$9.153m) with depreciation of \$8.700m in 2015/16.

The 2015/16 Budget forecasts a cash positive result for the year of \$450,000 after adjusting for the \$3m accelerated road renewal program and made possible only due to the "double" Roads to Recovery funding mentioned above.

The LTFP is currently under review to reflect the latest decisions of Council and changes to key economic drivers such as lower CPI and will be presented as soon as practicable for public consultation following adoption of the 2015/16 Budget by Council in July 2015. Council is also committed to consideration of the sale of vacant land in the future as a further financial strategy.

Introduction

Council has committed a total of \$11.185m in capital expenditure, which includes:

- \$5.335m for renewal of existing Council owned roads;
- \$1.371m for sealing of previously unsealed roads and footpaths (including \$1.124 m for Clinton Road, subject to \$749,100 funding approval);
- \$800,000 to complete the final stage of the 50% grant funded Walk the Yorke project;
- \$1.088m for replacement of plant (\$899,000 net after trade in allowances) and \$175,000 for the purchase of new plant and equipment;
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- \$27,500 for improvement of storm water harvesting schemes;
- \$27,000 for upgrades of Council water schemes;
- \$23,000 for tourism specific equipment initiatives;
- \$15,000 for Visitor Information Centre merchandising upgrades.



Par Lake walking trail

Our Vision and Strategic Goals

Our Vision

To be a thriving peninsula, proud of our heritage, lifestyle and diverse, vibrant communities. A great place to live, work and play.

Our Strategic Plan – Key Themes

Sustainable Communities

Sustainable Infrastructure—delivering and facilitating the provision of Infrastructure that is sustainable and supports our growth.

Progressive and Sustainable Development—providing a Development Plan that facilitates growth whilst safeguarding our environmental assets and community lifestyle.

Our Economy—encouraging and supporting a strong diverse economy that will provide employment opportunities for our community, including our youth.

Economical Growth through Sustainable Industrial Development—managing the impact of major industry growth on Council assets and resources while at the same time enabling maximum benefit to our community.

Corporate Governance and Leadership

Progressive Communities through Strategic Planning—informed decision making; setting the direction to meet the current and future needs of our communities.

Organisational Efficiency & Resource Management—delivering efficient and effective services through strategic leadership of our people.

Community Engagement

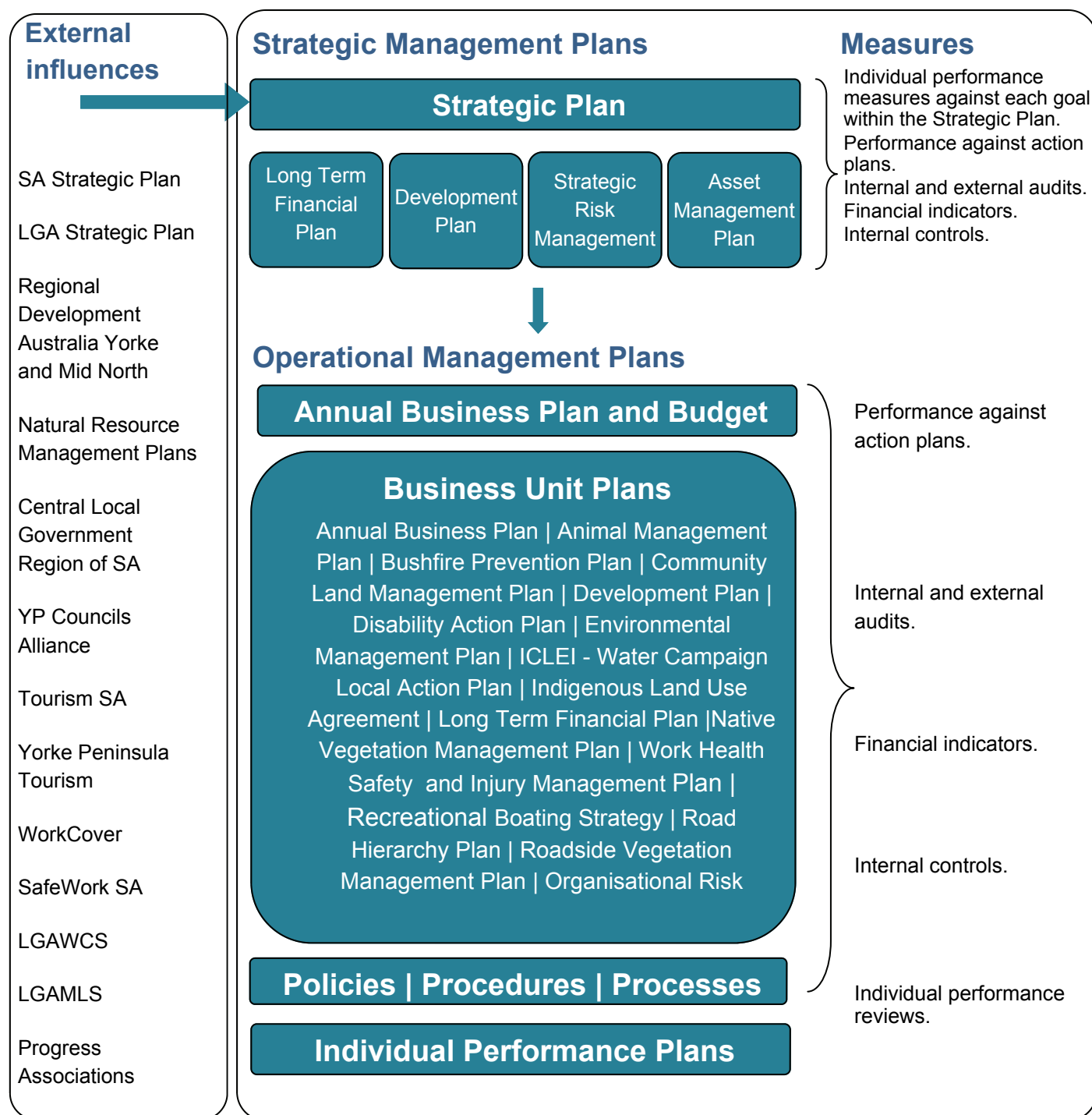
Vitality and Connection—encouraging optimistic and thriving communities through positive participation in community life.

Sense of Ownership—facilitate a sense of community ownership through public participation and authentic communication with our community.



Corny Point

Strategic Planning Framework



The Strategic Plan has been developed in consultation with our communities and stakeholders. It guides Council activities at the highest level, outlining our priorities, and what Council needs to do over the next four years to achieve its goals.

The Annual Business Plan has been developed based on the goals and activities outlined in the Strategic Plan. This process ensures that the Strategic Plan goals will be achieved over the period of the plan.

Influences and Priorities

Current Economic Environment

In developing the Annual Business Plan, Council has identified pressures and potential impacts on its financial performance and budgeting.

Funding levels from both State and Federal Governments continue to decrease; the exception being the grant funding for the Walk the Yorke project, a “double” Roads to Recovery grant for 2015/16 only and anticipated special roads funding for the continued development of Clinton Road.

In particular the cessation of Supplementary Road Grants in the Federal Budget will impact local government in South Australia significantly, with approximately \$18m per annum no longer provided in funding - Yorke Peninsula Council estimates the impact of these cuts is around \$375,000 in 2015/16. The Federal Governments decision to also freeze General Purpose Grants at 2013/2014 levels for the next 3 financial years will also impact Council income by approximately \$75,000 in 2015/16

The Local Government general consumer inflation rate is around 2.6% and all budget estimates have been developed with regard to this key factor.

The economy continues to be negatively affected by ongoing uncertainty and instability of global financial markets. The decrease in the local economy has, once again, not seen a corresponding reduction in costs. Some services, for example cleaning contracts, along with costs incurred for water and power, continue to increase at higher than CPI and Council is investigating strategies to control these costs.

Cost pressures for requirements relating to legislation, industry and accounting standards also continue to increase. These include:

- Fire prevention in Council owned caravan parks
- Valuation of building assets;
- Road infrastructure revaluations.

Budget Strategy

The Long Term Financial Plan (LTFP) will continue to direct future Annual Business Plans. The key goal of the LTFP is to ensure that Council is in a position to continue to provide services, without dramatically increasing the cost of those services.

It assumes:

- Minimal change in the level or number of services provided;
- A “Financial Sustainability” increase in general rates to existing ratepayers of 3% above CPI continuing in 2015/2016 to align Council’s rating levels with the Local Government average;
- Increased spending on asset renewals to ensure Council maintains current service levels to the community;
- Spending on new assets in line with the “limited new services” strategy of the LTFP.

Setting the Rates

Rates of all types continue to be the major source of operating income for Council making up approximately 75% (73% in 2014/2015) of operating income.

Each year the impact of rates increases is reviewed in line with Council’s strategic plan. In 2015-16 the income from general rates from existing ratepayers will increase by 5.6%.

The structure of the rating system will remain the same as 2014/2015:

- Continued use of a fixed charge;
- Differential rates for various land use categories have been maintained, retaining a similar percentage of total revenue for each category whilst allowing for any growth;
- A comprehensive set of rebates.

A detailed explanation of the rates structure is described later in this Plan.

Operating Budget

Operating Income

\$M	%	Type	Description
20.08m	73.5%	General Rates and Service Charges	General rates on properties as well as service charges (i.e. sewerage and refuse/recycling charges).
0.39m	1.7%	Statutory charges set by State Government	Fees and charges set by State Government regulation and received by the Council for regulatory functions undertaken such as assessment of development and building applications and dog control management.
2.97m	11.3%	User Pay Charges set by Council	Charges for the Council's fee based facilities and services such as caravan parks, community halls, cemeteries.
2.63m	11.1%	Grants and Subsidies	Council seeks to attract as much grant funding from other tiers of government as possible, thereby reducing the reliance on other revenue streams.
0.62m	2.4%	Investment, Reimbursements & Other Income	Interest received on Council's internal cash reserves and deposits. Reimbursements for work undertaken and Other Income.

Operating Expenditure

\$M	%	Type	Description
7.92m	26.9%	Employee Costs	All labour related expenses such as wages and salaries, and on-costs such as allowances, leave entitlements and employer superannuation.
5.75m	19.5%	Contractual Services	Payments for external provision of services. (incl Waste)
6.65m	22.6%	Materials & Others	Payments for physical goods such as water, fuel, energy, road materials, office consumables, stationery, insurances, postage, telephone, government levies, contributions and donations.
8.70m	29.5%	Depreciation	Annual consumption of Council's fixed assets (e.g. infrastructure, equipment, buildings etc) over their useful lives.
0.43m	1.5%	Finance Costs	Costs of financing Council's activities through borrowings or other types of financial accommodation.

Total Expenditure

Breakdown of Expenditure by Function (excluding Depreciation)

David

%	Function	Description
9.5%	Road Maintenance	Expenses relating to the cost of maintaining Council's road network, including materials and labour related expenses.
16.7%	Renewal of Roads	Expenses relating to the cost of redeveloping Council's road network, including materials and labour related expenses.
4.3%	Sealing of Formed Roads	Expenses relating to the cost of resealing Council's unsealed road network, including materials and labour related expenses.
6.7%	Community Asset Maintenance	General maintenance costs, including materials and labour related expenses.
8.8%	Refuse Collection & Disposal	Contractual and local expenses, including materials and labour related expenses.
8.0%	Capital expenditure on existing assets	Capital expenses relating to existing community assets, including materials and labour related expenses (excluding roads).
4.2%	Caravan Park Operation	Expenses relating to the cost of running Council owned caravan parks, including labour related expenses.
3.5%	New Assets	Capital expenses relating to the cost of providing new assets, including materials and labour related expenses (excluding roads & Walk the Yorke).
3.3%	Development Services	Expenses relating to the cost of planning and development, including labour related expenses.
2.4%	Community Support	Expenses relating to libraries, tourism and other community support programs, including materials and labour related expenses.
4.3%	Finance and Corporate Service	Expenses relating to finance and corporate service administration, including labour related expenses.
2.2%	CWMS and Water Schemes	Expenses relating to the cost of running water and waste-water management schemes, including materials and labour related expenses.
3.9%	Governance	Expenses relating to governing the organisation, including organisational compliance, public liability insurance and Elected Member related expenses.
2.4%	NRM Levy	A compulsory levy payable to the Northern and Yorke Natural Resources Management Board.
2.7%	Information Services	Expenses incurred in providing information technology, including labour related expenses.
4.3%	Executive Services	Expenses relating to Human Resources, Payroll, Staff Training, Work Health & Safety, Risk Management and Internal Audit.
0.8%	Asset Management	Asset Management Systems, Asset Management Plans & Asset Condition Assessments
2.5%	Special Projects	Walk the Yorke Project - 50% Grant Funded.

Continuing Services

All Councils have mandatory legislative responsibilities which include requirements pursuant to:

- Local Government Act;
- Development Act;
- Public Health Act;
- Work, Health & Safety Act; and the
- Natural Resources Management Act.

Responsibilities include:

- Regulatory activities, such as maintaining voters' rolls and supporting the elected members of Council
- Setting rates, preparing an annual budget and determining longer term strategic management plans for the area
- Management of basic infrastructure including roads, footpaths, parks, public open space, street lighting and storm water drainage
- Street cleaning and rubbish collection
- Development planning and control, including building safety assessment
- Various environmental health services
- Protection of natural resources
- Animal management

The Yorke Peninsula Council also provides further important services and programs to support the needs of the community, including:

- Library services
- Leisure Options
- Community Transport
- Recreational reserves
- Playgrounds
- Community events
- Camping reserves
- Boat ramps
- Beach access facilities
- Walking trails
- Cemeteries
- Civic and community halls
- Recycling facilities
- Tourist facilities
- Sporting facilities
- Fire prevention
- Support for youth services

Council will continue to re-evaluate all service areas to achieve service excellence.

Further information on Council's services can be found on the website www.yorke.sa.gov.au



Project & Capital Works Budget

Over the past four years Council has been developing Infrastructure and Asset Management plans. These plans identify costs required to ensure that assets will be able to be maintained in a sustainable condition over the

long term. There will always be a community desire for the provision of new and upgraded assets, however it is important that priority is given to the replacement and renewal of existing assets.

Capital Works Program 2014-15	New/Upgrade	Renewal/ Replacement
Council Capital Works Program	\$3,478,572	\$7,706,042
Community Wastewater Management Systems		
Various Schemes	117,000	153,000
Water Schemes		
Hardwicke Bay	14,000	
Marion Bay	13,000	
Tourism Infrastructure		
Visitor Info Centre Point of Sale & Visual Merchandising etc	15,000	7,000
Tourist Photographic Scenic Frames	15,000	
Road Infrastructure		
Reseal Allocation		130,000
Rubble Raising	200,000	
Unsealed - McCauley Road		116,752
Unsealed - Nalyappa Road		123,880
Unsealed - North South Road		111,398
Unsealed - Saint Road		101,002
Unsealed - McFarlane Road		76,800
Unsealed - Brutus Road		184,430
Unsealed - Daly Head Road		219,206
Unsealed - Dump Road		137,017
Unsealed - Old Coast Road		156,316
Unsealed - Old Port Vincent Road		175,749
Unsealed - Recluse Road		95,375
Unsealed - South Coast Road		189,949
Unsealed - Waterloo Bay Road		50,129
Unsealed - Wattle Point Road		84,564
Unsealed—Harmer Road		88,996
Unsealed—Weavers Road North		111,660
Unsealed—Cutline Road		67,322
Unsealed Polkinghorne Road		89,997
Footpath adjacent Edithburgh Caravan Park		5,000
Footpath outside Edithburgh Deli and Newsagency		20,000
Accelerated Road Renewal (additional injection)		3,000,000
Sealed - Clinton Road (subject to funding approval)	1,124,000	
Sealed—Fourth Street Arthurton	80,003	
Sealed—Bramley Road Edithburgh	79,069	
Footpath—Maitland	50,000	
Footpath—Fifth Street Ardrossan	18,000	

Project & Capital Works Budget

Capital Works Program 2014-15	New/Upgrade	Renewal/ Replacement
Stormwater		
Minlaton	27,500	
Edithburgh	40,000	
Foreshore		
Walk the Yorke (Grant Funding \$400,000)	800,000	
Marion Bay Boat Ramp Feasibility Study (50% Grant Funded)	100,000	
Public Infrastructure		
Disability Access	20,000	
Landfill Rehabilitation		25,000
Leisure Options Building Upgrades		5,000
Formby Bay Infrastructure (75% Grant Funded)	80,000	
Minlaton Concept Plan (50% Community Funded)	30,000	
Weaners Flat Reserve Long Vehicle Parking and Dump Point	17,000	
Council Buildings		
Public/Disabled Toilet—Port Clinton	35,000	
Public Toilet—Berry Bay	45,000	
Halls		
Maitland Town Hall - Concrete Cancer,		270,000
Minlaton Town Hall - Salt Damp		24,000
Machinery		
Equipment - Minor Plant		30,000
Plant and Machinery Purchases	175,000	1,058,000
Administration		
Equipment - Office	10,000	5,000
Computer Equipment & Software	44,000	115,500
Electronic Document Management System	175,000	
Council Telephone System	27,000	50,000
Admin Vehicle Replacements		396,000
Business Improvement Infrastructure	25,000	
Caravan Parks		
Marion Bay Caravan Park - Various	95,000	67,000
Port Vincent Caravan Park	8,000	25,000
Point Turton Caravan Park		105,000
Yorke town Caravan Park		10,000
Other Caravan Parks - Various		25,000

Rating

Property rates are Council's main source of income. They are used to provide the funds to deliver services and maintain infrastructure required by the community.

Property value is the major determinant of how much each individual ratepayer contributes to general rates. Rates paid do not directly relate to the services used by each ratepayer. In general, the higher the value of the property the higher the rates paid.

Like most other Councils, Yorke Peninsula Council uses capital value provided by the State Valuer-General to value all properties.

In applying the principles of taxation, it is important that the five principles of taxation (equity, benefit, ability to pay, efficiency and simplicity) are balanced against the policy objectives of taxation - that is the need to raise revenue and the effects of the tax upon the community.

In determining how rates are applied, Council uses a differential rating system with a fixed charge. Differential rates are applied depending on the use to which the land is put - whether it be residential, commercial, primary production, etc. The fixed charge is a declared amount all ratepayers contribute in addition to differential rates which are applied directly against property capital value.

The rate-in-the-dollar to be applied each year is determined during the annual budget process. Put simply, the differential rate is calculated by dividing the required rates income by the total rateable capital value for the Council area, after accounting for the total fixed charge contribution from all properties. During this process the impact on all sections of the community is carefully considered and adjustments are made to correct obvious inequities.

Based on the principal use of each property, Council rates properties in six different categories.

For the financial year 2015/2016 the rates determination looks like this:

In 2015/2016 general rates will increase by an average of approximately 5.6%. The rates payable

Category	Revenue
Residential	TBA
Commercial	TBA
Industrial	TBA
Primary Production	TBA
Vacant Land	TBA
Other	TBA

for individual properties will vary from the average according to individual property valuations. For example, for a ratepayer with a residential property with a value of \$250,000, the increase is approximately \$TBA and for a primary producer with a property valuation of \$750,000, the increase will be approximately \$TBA.

Fixed Charge

Council has set a fixed charge rather than a minimum rate for the 2015/2016 year. The fixed charge will be set at \$TBA and will be levied uniformly on all non-contiguous assessments. The fixed charge is levied against the whole of an allotment (including land under a separate lease or licence) and only one fixed charge is levied against two or more pieces of adjoining land (whether intercepted by a road or not) if these are owned by the same owner. The reasons for imposing a fixed charge are:

- It is appropriate that all rateable properties make a contribution to the cost of administering the Council's activities;
- It is appropriate that all rateable properties make a contribution to the cost of creating and maintaining the physical infrastructure that supports each property; and
- A fixed charge system generally creates a lesser burden on lower valued properties than a minimum rate system would.

Rating

Waste Collection and Recycling

In May 2012 the State Government introduced regulations that determine how Council charges for its Waste Collection service based on distance from collection points. These regulations impact only on the rural 2 bin service offered by Council.

The regulations state that:

- A property which has a collection point within 500m of their primary access point will be charged the full service charge;
- Properties whose collection point is between 500m and 2km from their primary access point will pay 75% of the full service charge;
- Properties whose collection point is between 2km and 5km from their primary access point will pay 50% of their full service charge;
- Properties whose collection point is more than 5km to their primary access point will not pay a service charge unless a service is requested, and an appropriate service charge has been negotiated with Council.

For the purpose of the regulations a collection point is defined as the point on a waste collection route closest to the property's primary access point. The primary access point is defined as the same point as the rural property address for a property.

The service charge is set to recover the full cost of providing the Waste & Recycling Service.

The 3 Bin service is not offered to rural ratepayers.

The annual charges for 2015/2016 will be:

Service	Distance from rural collection point	Charges \$
3 Bins	(Not offered to rural properties)	\$260.00
2 Bins	Within 500m	\$240.00
2 Bins	500m to 2km	\$180.00
2 Bins	2km to 5km	\$120.00

Natural Resource Management Levy

The Yorke Peninsula Council falls within the Northern & Yorke Natural Resources Management Board area and as such Council is required, pursuant to the Natural Resources Management Act 2004, to raise funds by way of a levy to assist in funding the operations of the Board. The levy is imposed as a separate rate upon all properties within the area of the Board.

Council remits all revenue collected under this Act to the Board.

The amount to be raised in 2015/2016 is to be \$757,000, increasing from \$738,463 in 2014/2015.

Any queries regarding the NRM Levy should be directed to:

Northern & Yorke NRM Board

Board Offices 41-49 Eyre Road

PO Box 175 CRYSTAL BROOK SA 5523

Phone: (08) 8636 2361 Fax: (08) 8636 2371

Email: board@nynrm.sa.gov.au

Website: www.nynrm.sa.gov.au

Community Wastewater Management Schemes

Council operates 16 Community Wastewater Management Schemes (CWMS) that are situated in townships and holiday settlements throughout the district.

The income and costs of the schemes are regularly reviewed and Council's policy is to ensure that all schemes are financially sustainable.

The CWMS annual fees for 2015/2016 are \$460 for occupied properties and \$350 for unoccupied properties.

Water Charges

To enable communities to have access to a secondary water supply, Council maintains water supply schemes to three communities.

Service charges are raised each year to cover the cost of operating the schemes. In addition, charges for water usage are made.

For each water scheme, Council maintains a separate financial reserve to ensure that money received from the property owners, is only used for the water scheme for which they contributed.

Fees for the Water Schemes operated by Council for 2015/2016 are:

Location	2015-2016 fees
Black Point	\$180
Hardwicke Bay	\$180
Balgowan	\$160

Rating

Rate Capping

This opportunity provides relief when a ratepayer is levied an increase in rates greater than 17.5% (after considering other rebates) and ensures no ratepayer pays any more than a 17.5% increase on the previous year in rates. This rebate does not apply where:

- The increase is due to an increase in valuation as a result of improvements valued at greater than \$15,000 or due to a rectification of an “error of fact”;
- The increase is a result of a change in land use;
- Ownership of the property has changed since 30 June 2014;
- The increase is applicable to land use categories of commercial, industrial, vacant land and other.

Postponement of rates

In accordance with provisions of the Local Government Act 1999 (the Act), persons who hold a current Seniors Card will be eligible to postpone any amount in excess of \$500 (\$125 per quarter), less any concession entitlement. Interest will accrue on postponed balances as per Section 182A (12) of the Act (i.e. with a premium of 1% over the cash advance debenture rate).

Hardship

Any ratepayer experiencing difficulties in meeting rates payments, or experiencing financial hardship, will be able to access payment plans tailored to meet the particular circumstances. All arrangements are strictly confidential.

Port Clinton



Curramulka Township

Appendices

Statutory Financial Statements

Budgeted Comprehensive Income Statement

Budgeted Balance Sheet

Budgeted Statement of Changes in Equity

Budgeted Cash Flow Statement

Budgeted Uniform Presentation of Finances

Budgeted Financial Ratios

Full Cost Attribution Statement



Surfers Beach boardwalk

Budgeted Comprehensive Income Statement

	2015/2016 Budget \$'000	2014/2015 Revised Budget \$,000
Rates	\$20,084	\$19,103
Statutory Charges	\$387	\$381
User Charges	\$2,969	\$2,897
Grants Subsidies Contributions	\$2,626	\$3,073
Investment Income	\$205	\$121
Reimbursements	\$353	\$536
Other Income	\$66	\$268
TOTAL REVENUES	\$26,690	\$26,379
Employee Costs	\$7,924	\$7,663
Materials Contracts & Other Expenses	\$12,399	\$12,523
Depreciation	\$8,700	\$8,488
Finance Costs	\$427	\$374
TOTAL EXPENSES	\$29,450	\$29,048
OPERATING DEFICIT BEFORE CAPITAL AMOUNTS	\$2,760	\$2,669
Gain/(Loss) on Asset Disposals	\$15	\$63
Amounts Received Specifically for New Assets	\$2,319	\$1,249
NET DEFICIT	\$426	\$1,357

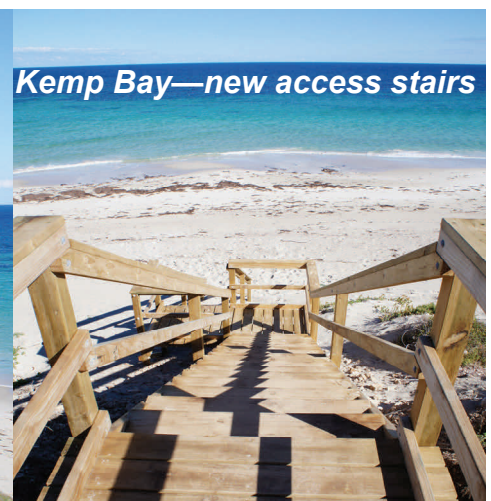
Barley Crop—Belinda Redding

Budgeted Balance Sheet

	2015/2016 Budget \$'000	2014/2015 Revised Budget \$'000
Current Assets		
Cash and Cash Equivalents	\$1,827	\$4,534
Trade and Other Receivables	\$1,280	\$1,287
Investments and Other Financial Assets	\$0	\$0
Inventories	\$923	\$723
TOTAL CURRENT ASSETS	\$4,030	\$6,544
Non-Current Assets		
Financial Assets	\$866	\$485
Infrastructure, Property, Plant and Equipment	\$327,698	\$325,798
Other Non-Current Assets	\$0	\$384
TOTAL NON-CURRENT ASSETS	\$328,564	\$326,667
TOTAL ASSETS	\$332,594	\$333,211
Current Liabilities		
Trade and Other Payables	2,094	\$2,152
Borrowings	\$533	\$575
Provisions	\$1,392	\$1,219
Other Current Liabilities	\$0	\$0
TOTAL CURRENT LIABILITIES	\$4,019	\$3,946
Non-Current Liabilities		
Borrowings	\$6,583	\$7,116
Provisions	\$646	\$554
TOTAL NON-CURRENT LIABILITIES	\$7,229	\$7,670
TOTAL LIABILITIES	\$11,248	\$11,616
NET ASSETS	\$321,346	\$321,595
Equity		
Accumulated Surplus	-\$5,171	-\$4,745
Asset Revaluation Reserve	\$325,196	\$325,019
Other Reserves	\$1,321	\$1,321
TOTAL EQUITY	\$321,346	\$321,595

Budgeted Statement of Changes in Equity

	Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
2015/2016 Budget				
Accumulated Surplus brought forward	-\$4,745	\$325,019	\$1,321	\$321,595
Net Surplus/(Deficit) for Year	-\$426			-\$426
Gain on Revaluation of Infrastructure, Property, Plant and Equipment		\$177		\$177
Transfers between Reserves	\$0	\$0		\$0
Total Equity at end of Budget Year	-\$5,171	\$325,196	\$1,321	321,346



Kemp Bay—new access stairs

Budgeted Cash Flow Statement

	2015/2016 Budget \$'000	2014/2015 Revised Budget \$'000
Cash Flows from Operating Activities		
Receipts		
Operating Receipts	\$26,485	\$26,058
Investment Receipts	\$180	\$93
Payments		
Operating Payments to Suppliers and Employees	-\$20,134	-\$20,344
Finance Payments	-\$427	-\$374
NET CASH USED PROVIDED BY OPERATING ACTIVITIES	\$6,104	\$5,433
Cash Flows from Investing Activities		
Receipts		
Amounts Specifically for New or Upgraded Assets	\$2,319	\$1,249
Sale of Replaced Assets	\$377	\$353
Repayments of Loans by Community Groups	\$54	\$54
Payments		
Expenditure on Renewal/Replacement of Assets	-\$7707	-\$5,531
Expenditure on New/Upgraded Assets	-\$3279	-\$4,979
Loans to Community Groups	-\$0	-\$0
NET CASH USED IN INVESTING ACTIVITIES	-\$8,236	-\$8,854
Cash Flows from Financing Activities		
Receipts		
Proceeds from Borrowings	\$0	\$6,000
Payments		
Repayment of Borrowings	-\$575	-\$736
NET CASH USED IN FINANCING ACTIVITIES	-\$575	\$5,264
NET INCREASE/(DECREASE) IN CASH HELD	-\$2,707	\$1,843
CASH AT BEGINNING OF REPORTING PERIOD	\$4,534	\$2,691
CASH AT END OF REPORTING PERIOD	\$1,827	\$4,534

Budgeted Uniform Presentation of Finances

	2015/2016 Budget \$'000	2014/2015 Revised Budget \$'000
Income	-\$26,690	-\$26,379
Less Expenses	\$29,450	\$29,048
Operating Deficit before Capital Amounts	\$2,760	\$2,669
Less Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	\$7,707	\$5,531
Less Depreciation, Amortisation and Impairment	\$8,700	-\$8,488
Less Proceeds on Sale of Assets	-\$377	-\$353
	-\$1,370	-\$3,310
Less Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	\$3,479	\$4,979
Less Amounts received specifically for New and Upgraded Assets	-\$2,319	-\$1,249
	\$1,160	\$3,730
NET(LENDING) / BORROWING FOR FINANCIAL YEAR	\$2,550	\$3,089



Budgeted Financial Ratios

	2015/2016 Budget \$'000	2014/2015 Revised Budget \$'000
Operating Surplus/(Deficit) \$'000	-\$2,760	-\$2,669
Operating Surplus Ratio	-13.7%	-14.0%
Net Financial Liabilities \$'000	7,637	\$5,310
Net Financial Liabilities Ratio	28.6%	20.1%
Interest Cover Ratio	0.8%	1.0%
Asset Sustainability Ratio	84.3%	61.0%
Asset Consumption Ratio	61.9%	62.8%



Full Cost Attribution Statement

	Income \$'000	Expenses \$'000	Net (Surplus)/Deficit \$'000
Executive Services			
Risk Administration	\$0	\$321	\$321
Elected Members	\$0	\$434,	\$434
Governance	0	\$613	\$613
Human Resources	-\$27	\$113	\$86
	-\$27	\$1,481	\$1,454,
Assets & Infrastructure Services			
Asset Co-Ordinator	\$0	\$336	\$336
Administration	\$0	\$140	\$140
Works	\$0	\$8,702	\$8,702
Operations	\$0	\$8,487	\$8,487
Infrastructure	\$0	\$1,444	\$1,444
	\$0	\$19,109	\$19,109
Development Services			
Administration	\$0	\$1,171	\$1,171
Building & Development	-\$245	\$490	\$245
Environmental Health	-\$47	\$286	\$239
General Inspectors	-\$278	\$473	\$195
Council Building Assets	-\$67	\$1,473	\$1,406
	-\$637	\$3,893	\$3,256
Corporate & Community Services			
Administration	-\$68	\$183	\$115
Finance	-\$25,855	\$1,284	-\$24,571
Corporate Services	-\$2,625	\$3,126	\$501
Information Services	-\$19	\$67	\$48
YP Community Transport	\$0	\$62	\$62
YP Leisure Options	-\$156	\$246	\$90
	-\$28,723	\$4,968	-\$23,755
Total	-\$29,387	\$29,451	\$64



Yorke Peninsula Council

STRATEGIC PLAN 2012-2015

REVISED OCTOBER 2013



Delivering the Strategic Plan

SUSTAINABLE COMMUNITIES

1. SUSTAINABLE INFRASTRUCTURE

1.1 Provide infrastructure assets that are sustainable & safe

Key Actions to achieve our goal	Our Performance measures
Advocate and work with the State Government to improve the quality of arterial roads on Yorke Peninsula.	Ongoing - Number of initiatives collaboratively established, planned and managed.
Develop and implement a rationalisation program for identified roads.	Rationalisation program developed and implemented for identified roads by December 2015.

1.2 Effective expansion of water and power supplies

Advocate service providers and other authorities to maintain and improve water and power infrastructure and service delivery.	Ongoing - Number of initiatives to improve water and power infrastructure delivery.
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Brentwood Cemetery, Native Orchids— Robyn Clasohm

2. PROGRESSIVE & SUSTAINABLE DEVELOPMENT

2.1 Streamline Development Assessment Process

Key Actions to achieve our goal	Our Performance measures
Implement development application processes that are efficient, streamlined, customer focused and provide clear direction for all planning and development issues in line with State Planning principles.	Development application processes developed and implemented .
Undertake zone boundary reviews and incorporate into revised Development Plan Amendment for Maitland, Minlaton, Warooka & Yorketown.	Zone boundary reviews completed and incorporated into revised Development Plan Amendment - Maitland, Minlaton, Warooka & Yorketown.



3. OUR ECONOMY

3.1 Sustainable economic growth

Key Actions to achieve our goals	Our Performance measures
Work in partnership with Yorke Peninsula Tourism and the Regional Development Australia Yorke and Mid North to identify ways Council can support tourism and business growth.	Ongoing - Number of joint initiatives that support tourism and business growth.
Identify and support initiatives for tourism related development including indigenous communities.	Ongoing - Number of joint initiatives that support the development of indigenous tourism.
Partner and build positive relationships with YP Tourism, Regional Development Australia Yorke and Mid North, government agencies and other key stakeholders.	Ongoing - Increase in the number of joint initiatives for economic development.

3.2 Increase access to employment opportunities for our communities

Work with Regional Development Australia Yorke and Mid North and major industries to undertake a study to identify skills required to support business needs.	Ongoing - Number of joint initiatives opportunities identified.
Support training and skills initiatives of the Yorke Region Employment and Skills Formation Network that will enhance skills required in tourism, agriculture and business.	Ongoing - Number of joint initiatives developed that will enhance skills, development in tourism, agriculture and business.



Rainbow over Farm Crop

4. ECONOMIC GROWTH THROUGH SUSTAINABLE INDUSTRIAL DEVELOPMENT

4.1 Manage the impact of major industry and business growth on Council assets and Infrastructure

Key Actions to achieve our goals	Our Performance measures
Work with major industries and businesses in developing strategies to facilitate improvement to roads, drainage and other Council infrastructure required to support major industry.	Ongoing - Number of strategies collaboratively developed through consultative processes.
Identify the financial resources required to manage the increased costs associated with the establishment of major industry within the district.	Ongoing - additional financial resources required identified based on market pressures and development time frames.

4.2 Encourage and advocate for infrastructure to support major industry growth on the Yorke Peninsula

Work with major industries in advocating and lobbying State and Federal Governments for transport infrastructure, including roads and ports to support major industry.	Ongoing - Number of initiatives collaboratively established, planned and managed.
Work with major industries and State and Federal Governments to identify transport corridors that will facilitate freight movements and provide ready access to Ports.	Ongoing - Number of transport corridors collaboratively identified, planned, established and managed.



Ardrossan Cliffs—V Hibovesky

SUSTAINABLE COMMUNITIES	4. ECONOMIC GROWTH THROUGH SUSTAINABLE INDUSTRIAL DEVELOPMENT	
	4.3 Realise the benefits for our Community created through major industry and business growth	
	Key Actions to achieve our goals	Our Performance measures
	Work with Regional Development Australia Yorke and Mid North to support and encourage existing and new industries that support major industry to establish in the Yorke Peninsula Council area.	Ongoing - Number of new industries established on the Yorke Peninsula.
	Work with Regional Development Australia Yorke and Mid North to increase access to employment opportunities for our communities through supporting and advocating for training and skills initiatives focused on the major industry and business growth.	Ongoing - Number of training and skill initiatives provided.
	Work with major industry employers and businesses to employ local people.	Ongoing - Number of local people employed by major industries.
CORPORATE GOVERNANCE & LEADERSHIP	Work with major industry and business to provide support for community groups, programs and social infrastructure.	Ongoing - Number of programs provided to support community groups, programs and social infrastructure. Social infrastructure, supporting all age groups within the community, delivered.
	1. PROGRESSIVE COMMUNITIES THROUGH STRATEGIC PLANNING	
	1.1 Strong, proactive leadership	
	Key Actions to achieve our goals	Our Performance measures
	We will continue to develop relevant, dynamic and sustainable strategic plans and policies based on informed decision making through authentic communication with our community and key stakeholders.	Current and relevant strategic plans and policies in place. 2016-201 Strategic Plan adopted by January 2016
	1.2 Knowledgeable and skilled decision makers	
	We will continue to provide Elected Members and staff with opportunities to develop knowledge and skills to support them in their decision making.	Fully developed Training Needs Analysis and integrated Training Plan in place through up to date induction documentation and performance reviews.

2. ORGANISATIONAL EFFICIENCY AND RESOURCE MANAGEMENT

2.1 Financially sustainable organisation

Key Actions to achieve our goals	Our Performance measures
Identify alternative income streams within acceptable levels of risk in order to diversify Council's income base.	Ongoing - Alternative income streams identified and incorporated into Council's Long Term Financial Plan.

2.2 Efficient, effective and professional organisation

Review Council's Long Term Financial Plan to ensure long term financial sustainability	Long term financial plan reviewed and adopted by Council by November 2015.
Work with neighbouring councils and the YP Alliance through regular, ongoing meetings to identify opportunities to work together to improve our effectiveness.	Ongoing - Number of joint initiatives identified.

2.4 Effective Risk Management

Maintain a current Organisation Risk Management Plan, incorporating WHSW&IM and internal controls.	No identified non-conformances from external audit program.
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Salt Lake at Yorketown



1. VITALITY & CONNECTON

1.1 Develop and facilitate ongoing partnerships and relationships with Progress Associations, Tidy Towns and other key community groups

Key Actions to achieve our goals	Our Performance measures
Develop and implement a public participation plan to facilitate authentic communication with our community and provide the opportunity for the public to have input into the decisions that affect them.	Communication engagement strategy developed, including a process for regular, credible reporting to the community available for public consultation by May 2015 and adopted by Council by July 2015..
Support and encourage Country Health SA in developing, implementing and maintaining a youth program. Participate in YP Youth Workers Network and annual youth event.	Successful annual youth events.

1.2 Offer a range of accessible community facilities, programs, events and activities.

Review Council services and programs to ensure they best meet the needs of our community.	Current policies, procedures and processes in place that meet the needs of the community.
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2. SENSE OF OWNERSHIP

2.2 Our communities are well informed

Key Actions to achieve our goals	Our Performance measures
We will provide easily accessible information to our community on key issues, strategic plans, programs and initiatives.	Community Engagement Strategy adopted. Undertake a full review of all communication avenues including social media by September 2015.



Old Plough Mount Rat - Belynda Redding

DIRECTOR CORPORATE & COMMUNITY SERVICES

3. MARCH 2015 BUDGET REVIEW

(File Ref: 9.14.1.6)

INTRODUCTION

To consider the third quarter review of Council's 2014/2015 adopted budget.

RECOMMENDATION

That the Audit Committee receive the March 2015 Budget Review changes report endorsed by Council at its meeting on 13 May 2015 as presented in the March 2015 Budget Review – Summary of Changes and the attached financial reports. (Uniform Presentation of Finances, Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and Financial Ratios Report).

COMMENT

As required under Local Government (Financial Management) Regulations 2011, Council staff in all Directorates have completed a review of the adopted budget and made adjustments incorporating approved rollovers, approved Council amendments and reviewed changes based on the financial results to 31st March 2015.

March 2015 review changes:

- The Net Operating Deficit reduced by \$687,811 after allowing for a reduction in depreciation of \$664,833 following revaluations of transportation infrastructure assets and Council building assets.
- Capital receipts increased by \$50,500 after higher than anticipated trade in allowances on administration vehicles and plant.
- Capital expenditure reduced by \$851,795 following the deferment of \$1m in accelerated road renewal expenditure until 2015/2016.
- Overall borrowings reduced by \$925,273.

The major variations for the quarter are summarised below:

Revenue:

1. Increase in general revenue of approximately \$34k in Human Resource Traineeship rebates received.
2. Increase in Grant funding, \$17,600 received for youth "Leap Program".
3. Increase in proceeds on sale of plant and admin vehicles \$71k.
4. Increase in general reimbursements of \$22k.
5. Increase in finance reimbursements of \$39k.
6. Decrease in general revenue of approximately \$55k after review of Development Services income.
7. Decrease in expected Caravan Park income of \$89k.
8. Decrease of \$70k Foreshore Protection grant income, overestimated in adopted budget.

8. Decrease of \$70k Foreshore Protection grant income, overestimated in adopted budget.

Expense:

1. Decrease in road renewal acceleration program of \$1m (deferred until 2015/16 financial year).
2. Decrease of approximately \$49k in Development Services expenditure.
3. Decrease of \$47k capital expenditure Weaners Flat Boardwalk/Trail included as rollover in September review and also included in Adopted Budget.
4. Decrease of \$50k for Port Vincent Cemetery review project not being undertaken.
5. Decrease of \$40k Port Rickaby fire hose reels project not being undertaken as does not remove 3 metre separation requirement for fire prevention.
6. Increase in capital on Rogues Point Seawall project expenditure of \$87k approved by Council.
7. Increase in Youth Program expenditure of \$17,600 (grant funded).
8. Increase in fleet vehicle management \$71k (offset by increased proceeds on sale).
9. Increased expenditure in HR projects of approximately \$34k to offset rebates received.
10. \$51k transferred from Office general expenditure to IT/Business Improvement Capital (projects brought forward).
11. \$120k transferred from jetties maintenance to road reseals as per Council resolution.
12. \$86k transferred from general roads/boat ramp maintenance and Executive Services to Roadside Vegetation (Tree Trimming).
13. Reduction in road infrastructure depreciation (non-cash adjustment) after receipt of Conquest reports detailing expired road assets of approximately \$665k.

Other minor reallocations of income and expenditure have also been made during the review which when netted off do not materially change the revised Net Borrowings. A summarised list of changes proposed has also been included for Elected Members information.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Strategic Plan

Key Theme:	Corporate Governance and Leadership
	2. Organisational Efficiency and Resource Management
Strategic Goal:	2.1 Financially sustainable organisation

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Regular Budget Reviews, at least in accordance with Local Government (Financial Management) Regulations 2011 requirements, contribute significantly to both Financial and Risk Management procedures.

Yorke Peninsula Council
March 2015 Budget Review - Summary of Changes

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change Increase/ (Decrease) \$</div> </div>	<div>Reason for Change</div>
Executive Services			
Income			
Youth Income	(17,600)		"Leap Program" Grant Funding
HR Reimbursements	(1,852)		Increase in reimbursements
Traineeship Grants	(3,000)		Increase in Grants
Traineeship Reimbursements	(29,100)		Increase in reimbursements
Exec Services Net Change - Income	0	(51,552)	
Operating Expenses			
Election Expenses Other	(10,208)		Completion of budget line
Election Expenses Salaries	3,160		Completion of budget line
RDA Contribution	(3,704)		Completion of budget line
Youth contractual	17,600		Leap Program - grant funded
HR Administration	41,952		Expenditure matching income increases + \$8k transferred for trainees/casuals
Elected Members Allowances	(13,625)		Adjusting Members Allowances
Elected Members Seminars	(3,000)		Less than expected expenditure
Elected Members Contractual	(5,000)		Less than expected expenditure
Elected members Food and Misc	(6,000)		Less than expected expenditure
Elected Members Travel	(4,000)		Less than expected expenditure
Exec Services Materials	(5,000)		Less than expected expenditure
Exec Services Consultants	(5,000)		Less than expected expenditure
Exec Services Net Change - Operating Expenses	62,712	7,175	
Capital Expenditure			
Exec Services Net Change - Capital Expenditure	0	0	
Total increase/(decrease) - Executive Services		(44,377)	

Yorke Peninsula Council
March 2015 Budget Review - Summary of Changes

Assets and Infrastructure Services

Operating Expense

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Stormwater maintenance contractual		(8,000)		Transfer to Footpaths
Stormwater maintenance other		(2,500)		Transfer to Footpaths
Footpath maintenance materials	10,500			Increase in project costs
Boat ramp maintenance contractual		(30,000)		Transfer to Roadside Vegetation
Sealed Roads maintenance contractual		(20,000)		Transfer to Roadside Vegetation
Roadside Vegetation contractual	86,000			Increase in project costs
Jetties maintenance contractual		(120,000)		Transfer to Reseals as per Council Resolution
Boat Ramp Ticket Machine maintenance	7,600			Replacement of machine via insurance claim
Cemeteries maintenance other	30,000			Transfer survey costs budget from capital
Parks and Gardens general maintenance wages		(3,000)		Transfer trainee wages to HR
Whale Retrieval - Wages	5,153			Whale Retrieval unplanned
Whale Retrieval	20,000			Whale Retrieval unplanned
Whale Retrieval	5,982			Whale Retrieval unplanned
Whale Retrieval	32			Whale Retrieval unplanned
Whale Retrieval	918			Whale Retrieval unplanned
Unleaded Fuel		(5,000)		Whale Retrieval unplanned
Depot Maintenance Contractual		(2,500)		Whale Retrieval unplanned
Depot Plant Materials	7,500			Whale Retrieval unplanned
Parks & Reserves Wages		(5,153)		Whale Retrieval unplanned
Unleaded Fuel		(25,982)		Whale Retrieval unplanned
Parks & Reserves Other		(32)		Whale Retrieval unplanned
Parks & Reserves Plant Hire		(918)		Whale Retrieval unplanned
Assets & Infrastructure Net Change - Operating Expenses	173,685	(223,085)	(49,400)	

Yorke Peninsula Council
March 2015 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
<u>Capital Expenditure</u>				
Reseals contractual	120,000			Transfer from Jetties Maintenance as per Council Resolution
Maitland CWMS capital materials		(10,000)		Transfer to purchase Infrastructure Co-ordinator vehicle
General Capital Projects contractual	87,063			Rogues Point Seawall Construction as per council resolution
road infrastructure capital new and upgraded	15,768			adjustments for project completions
road infrastructure capital renewal		(16,768)		adjustments for project completions
Works vehicles materials	1,000			additional cost on works vehicle purchase
Weaners Flat Trail		(47,252)		Incorrect adjustment for grant in Sept 2014
Reseals Contractual		(1,000,000)		Transfer acceleration to 2015/16 Budget
Assets & Infrastructure Net Change - Capital Expenditure	223,831	(1,074,020)	(850,189)	
Total increase/(decrease) - Assets & Infrastructure			(899,589)	

Yorke Peninsula Council

March 2015 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Development Services				
Income				
Building and Planning Fees	25,610			Lower than expected fees
Training Levy contributions received	1,000			Adjustment to income expected
Land Division fees	4,000			Adjustment to income - hall unavailable
Town Planning	23,000			Adjustment to income expected
Section 105 Notice reimbursements		(1,138)		Lower than expected applications
Dog control income		(2,100)		Lower than expected inspections
Inspection fees/health reimbursements	952			Lower than expected development applications
Septic Tank administration fees	14,000			Lower than expected development applications
Boat Ramp fees		(600)		Adjustment to development applications allocations
Bush Camping fees		(9,000)		Higher than expected expiation fees
General expiations		(750)		Higher than expected expiation fees
Port Vincent House		(500)		Higher than expected Rent Income
Yorke town House		(1,440)		Higher than expected Rent Income
Hall Hire Fees and Charges	3,000			Lower than expected hall fees and charges
Minlaton Hall Hire		(1,200)		Higher than expected hall hire fees
Development Services Net Change - Income	71,562	(16,728)	54,834	
Operating Expenses				
Legal Costs Incurred		(17,000)		Transferred to IT consultants
Section 30 Review		(4,358)		Project completed
Township DPA's		(7,835)		expenditure adjustments
Fire control administration		(2,100)		expenditure adjustments
Dog control administration		(1,899)		expenditure adjustments
Development administration		(3,937)		expenditure adjustments
Building Fire Safety Committee		(2,457)		expenditure adjustments
Construction Industry Training Levy		(1,000)		expenditure adjustments
Maitland Hall - Contractual	8,500			Higher than expected building maintenance
Maitland Hall - Materials	2,000			Higher than expected building maintenance
Maitland Hall - Contractual	1,000			Higher than expected amenities maintenance
Unallocated Halls Maintenance		(11,500)		Offset Maitland Hall expenses
Port Vincent House - materials		(450)		Less than expected building maintenance
Port Vincent House - materials		(500)		Less than expected general maintenance
Yorke town House - Contractual		(750)		Less than expected building maintenance
Yorke town House - Materials		(1,100)		Less than expected building maintenance
Yorke town House - Other		(500)		Less than expected building maintenance
Yorke town House - Materials		(1,100)		Less than expected building maintenance
Health Inspection - Contractual		(400)		Adjusting Health Expenditure

Yorke Peninsula Council
March 2015 Budget Review - Summary of Changes

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change Increase/ (Decrease) \$</div> </div>	<div>Reason for Change</div>
Health Inspection - Materials	(986)		Adjusting Health Expenditure
Health Inspection - Freight	(300)		Adjusting Health Expenditure
Health Inspection - Advertising	(360)		Adjusting Health Expenditure
Health Inspection - Other	(500)		Adjusting Health Expenditure
Health Inspection - Utilities	(1,000)		Adjusting Health Expenditure
Development Services Net Change - Operating Expenses	11,500	(48,532)	
Capital Expenditure			
Development Services Net Change - Capital Expenditure	0	0	
Total increase/(decrease) - Development Services		6,302	

Yorke Peninsula Council

March 2015 Budget Review - Summary of Changes

Corporate and Community Services

Income

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Foreshore Protection	50,000			Grant Income estimated incorrectly in adopted budget
Foreshore Protection	20,000			Contributions estimated incorrectly in adopted budget
Insurance reimbursements		(7,600)		Boat Ramp Ticket Machine insurance claim
Gross proceeds Major Plant		(17,000)		Higher than expected trade on Grader
Vehicle Reimbursements	3,000			Staff Reimbursements ceased
Gross proceeds on sale - fleet vehicles		(53,500)		Increased trade-in revenue offsetting increase in vehicle replacements
Finance - rates levied		(9,022)		various minor adjustments
Finance - contributions received		(3,696)		various minor adjustments
Finance - water usage charges		(26,257)		increase in water usage revenue
Insurance reimbursements		(6,006)		various minor adjustments
private works reimbursements		(4,900)		various minor adjustments
Finance - user charges		(3,922)		various minor adjustments
ATO Fuel Rebate		(5,000)		greater than expected reimbursement
interest received from other bank accounts	2,000			less than expected interest revenue
Point Turton Caravan Park income	40,000			expected reduction in income
Marion Bay Caravan Park income	29,000			expected reduction in income
Tourism Income - Harvest Corner	20,000			reduction in Harvest Corner rental income
Corp & Comm Services Net Change - Income	164,000	(136,903)	27,097	

Operating Expenses

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Visitor Information Centre salaries		(5,000)		Transfer salaries to HR
Council Office Expenses contractual		(57,200)		transfer to IT and Business Improvement capital
Council Office Expenses administration	11,250			administration increases
Finance administration		(27,600)		offset rates admin increases
Rates administration	21,000			administration increases
Audit Committee professional services		(13,000)		transfer to IT operating projects
insurance claims settlement		(11,500)		transfer to IT operating projects
IT professional services	43,000			IT operating projects
Marion Bay Caravan Park Management		(7,250)		reduction in management fees
Yorke town Caravan Park Management	27,000			increase management fees
Point Turton Caravan Park Management		(10,000)		reduction in management fees
Port Rickaby House		(4,000)		maintenance costs not required
Port Vincent Marina		(1,500)		maintenance costs not required
YP Visitor Information Centre	500			various minor adjustments
IT administration	4,200			various minor adjustments
IT consultants	17,000			transfer from Development
Depreciation review - Transport Infrastructure Expired Assets		(664,833)		
Corp & Comm Services Net Change - Operating Expenses	123,950	(801,883)	(677,933)	

Yorke Peninsula Council
March 2015 Budget Review - Summary of Changes

	<div> <div>Increase Deficit/ Capital Exp \$</div> <div>Decrease Deficit/ Capital Exp \$</div> </div>	<div> <div>Net Change Increase/ (Decrease) \$</div> </div>	<div>Reason for Change</div>
<u>Capital Expenditure</u>			
fleet vehicles	71,594		Vehicle replacements adjustments offset by trade-in values
Office equipment	18,000		purchase compactus
Business Improvement Capital	15,000		fuel management system
IT equipment	18,000		IT routers
IT equipment		(4,200)	project completion
Cemeteries Capital		(50,000)	Port Vincent Cemetery Review not undertaken
Pt Rickaby Caravan Park		(40,000)	fire hose reels not undertaken, transfer to other projects
Cemeteries capital		(30,000)	transfer to operating - surveys
Corp & Comm Services Net Change - Capital Expenditure	122,594	(124,200)	
Total increase/(decrease) - Corporate & Community Services		(652,442)	
Overall increase/(decrease) for March Budget Review		(1,590,106)	

Yorke Peninsula Council
March 2015 Budget Review - Summary of Changes

	Increase Deficit/ Capital Exp \$	Decrease Deficit/ Capital Exp \$	Net Change Increase/ (Decrease) \$	Reason for Change
Summary				
Decrease /(Increase) in Operating Income		80,879		
Increase/(Decrease) in Operating Expenses		(768,690)		
Net Increase/(Decrease) in Operating Deficit			(687,811)	
Net Decrease/(Increase) in Capital Amounts Received		(50,500)		
Net Increase/(Decrease) in Deficit after Capital Receipts			(738,311)	
Increase/(Decrease) in Spending on New Capital Items		(1,015,621)		
Increase/(Decrease) in Spending on Renew of Capital Items		163,826		
Net Increase/(Decrease) in Capital Expenditure			(851,795)	
Overall increase/(decrease) for March Budget Review			(1,590,106)	
Adjust reduction in Depreciation (Non-Cash)			664,833	
Net Increase/(Decrease) in Borrowings			(925,273)	

Yorke Peninsula Council

Budgeted Statement of Comprehensive Income 2014/2015 - March Budget Review

Rates
Statutory Charges
User Charges
Grants Subsidies Contributions
Investment Income
Reimbursements
Other Income

TOTAL REVENUES

Employee Costs
Materials Contracts & Other Expenses
Depreciation
Finance Costs

TOTAL EXPENSES

OPERATING DEFICIT BEFORE CAPITAL AMOUNTS

(Gain)/Loss on Asset Disposals
Amounts Specifically for New Assets

NET DEFICIT

2014/2015 Budget	Full Year To Date Adjustments	2014/2015 Revised Budget
-\$19,094	-\$9	-\$19,103
-\$450	\$69	-\$381
-\$2,941	\$44	-\$2,897
-\$2,870	-\$203	-\$3,073
-\$121	\$0	-\$121
-\$344	-\$192	-\$536
-\$156	-\$112	-\$268
-\$25,976	-\$403	-\$26,379
\$7,670	-\$7	\$7,663
\$12,335	\$188	\$12,523
\$9,153	-\$665	\$8,488
\$378	-\$4	\$374
\$29,536	-\$488	\$29,048
\$3,560	-\$891	\$2,669
-\$40	-\$23	-\$63
-\$1,156	-\$93	-\$1,249
\$2,364	-\$1,007	\$1,357



Agriculturally rich - Naturally beautiful

Yorke Peninsula Council

Budgeted Uniform Presentation of Finances 2014/2015 - March Budget Review

Income

Less Expenses

Operating Deficit before Capital Amounts

Less Net Outlays on Existing Assets

Capital Expenditure on renewal and replacement of Existing Assets

Less Depreciation, Amortisation and Impairment

Less Proceeds on Sale of Assets

Less Net Outlays on New and Upgraded Assets

Capital Expenditure on New and Upgraded Assets

Less Amounts received specifically for New and Upgraded Assets

NET(LENDING) / BORROWING FOR FINANCIAL YEAR

2014/2015 Budget	Full Year To Date Adjustments	2014/2015 Revised Budget
-\$25,976	-\$403	-\$26,379
\$29,536	-\$488	\$29,048
\$3,560	-\$891	\$2,669
\$6,498	-\$967	\$5,531
-\$9,153	\$665	-\$8,488
-\$280	-\$73	-\$353
-\$2,935	-\$375	-\$3,310
\$4,746	\$233	\$4,979
-\$1,156	-\$93	-\$1,249
\$3,590	\$140	\$3,730
\$4,215	-\$1,126	\$3,089

Yorke Peninsula Council

Budgeted Balance Sheet 2014/2015 - March Budget Review

	2014/2015 Budget \$'000	Full Year To Date Adjustments \$'000	2014/2015 Revised Budget \$'000
Current Assets			
Cash and Cash Equivalents	\$3,259	\$1,275	\$4,534
Trade and Other Receivables	\$1,168	\$119	\$1,287
Investments and Other Financial Assets	\$20	-\$20	\$0
Inventories	\$887	-\$164	\$723
TOTAL CURRENT ASSETS	\$5,334	\$1,210	\$6,544
Non-Current Assets			
Financial Assets	\$447	\$38	\$485
Infrastructure, Property, Plant and Equipment	\$279,040	\$46,758	\$325,798
Other Non-Current Assets (Receivables)	\$0	\$384	\$384
TOTAL NON-CURRENT ASSETS	\$279,487	\$47,180	\$326,667
TOTAL ASSETS	\$284,821	\$48,390	\$333,211
Current Liabilities			
Trade and Other Payables	\$1,984	\$168	\$2,152
Borrowings	\$510	\$65	\$575
Provisions	\$936	\$283	\$1,219
TOTAL CURRENT LIABILITIES	\$3,430	\$516	\$3,946
Non-Current Liabilities			
Borrowings	\$6,921	\$195	\$7,116
Provisions	\$315	\$239	\$554
TOTAL NON-CURRENT LIABILITIES	\$7,236	\$434	\$7,670
TOTAL LIABILITIES	\$10,666	\$950	\$11,616
NET ASSETS	\$274,155	\$47,440	\$321,595
Equity			
Accumulated Surplus	-\$4,708	-\$37	-\$4,745
Asset Revaluation Reserve	\$278,069	\$46,950	\$325,019
Other Reserves	\$794	\$527	\$1,321
TOTAL EQUITY	\$274,155	\$47,440	\$321,595

Yorke Peninsula Council

Budgeted Cash Flow Statement 2014/2015 - March Budget Review

Cash Flows from Operating Activities

Receipts

Operating Receipts

\$25,855

\$203

\$26,058

Investment Receipts

\$121

-\$28

\$93

Payments

Operating Payments to Suppliers and Employees

-\$19,898

-\$446

-\$20,344

Finance Payments

-\$378

\$4

-\$374

NET CASH USED PROVIDED BY OPERATING ACTIVITIES

\$5,700

-\$267

\$5,433

Cash Flows from Investing Activities

Receipts

Amounts Specifically for New or Upgraded Assets

\$1,156

\$93

\$1,249

Sale of Replaced Assets

\$280

\$73

\$353

Repayments of Loans by Community Groups

\$0

\$54

\$54

Payments

Expenditure on Renewal/Replacement of Assets

-\$6,498

\$967

-\$5,531

Expenditure on New/Upgraded Assets

-\$4,746

-\$233

-\$4,979

Loans to Community Groups

\$0

\$0

\$0

NET CASH USED IN INVESTING ACTIVITIES

-\$9,808

\$954

-\$8,854

Cash Flows from Financing Activities

Receipts

Proceeds from Borrowings

\$6,000

\$0

\$6,000

Payments

Repayment of Borrowings

-\$805

\$69

-\$736

NET CASH USED IN FINANCING ACTIVITIES

\$5,195

\$69

\$5,264

NET INCREASE/(DECREASE) IN CASH HELD

\$1,087

\$756

\$1,843

CASH AT BEGINNING OF REPORTING PERIOD

\$2,172

\$519

\$2,691

CASH AT END OF REPORTING PERIOD

\$3,259

\$1,275

\$4,534

Yorke Peninsula Council

Budgeted Statement of Changes in Equity 2014/2015 Revised Budget (March Budget Review)

Accumulated Surplus brought forward

Net Surplus/(Deficit) for Year

Gain on Revaluation of Infrastructure, Property, Plant and Equipment

Transfers between Reserves

Total Equity (revised) at end of 2014/2015 Budget Year

Accumulated Surplus \$'000	Asset Revaluation Reserve \$'000	Other Reserves \$'000	TOTAL EQUITY \$'000
- \$3,388	\$325,019	\$1,321	\$322,952
- \$1,357			- \$1,357
			\$0
			\$0
- \$4,745	\$325,019	\$1,321	\$321,595

Yorke Peninsula Council



Budgeted Financial Indicators 2014/2015 - March Budget Review

	2014/2015 Adopted Budget	2014/2015 Revised Budget
Operating Surplus/(Deficit) \$'000	-\$3,560	-\$2,669
Operating Surplus Ratio	-18.6%	-14.0%
Net Financial Liabilities \$'000	\$5,734	\$5,310
Net Financial Liabilities Ratio	22.1%	20.1%
Interest Cover Ratio	1.0%	1.0%
Asset Sustainability Ratio	66.0%	61.0%
Asset Consumption Ratio	61.0%	63.0%

DIRECTOR CORPORATE AND COMMUNITY SERVICES

4. LONG TERM FINANCIAL PLAN

(File Ref: 9.14.1.6)

INTRODUCTION

To provide an update on recent events and the likely impact on Council's Long Term Financial Plan.

RECOMMENDATION

That the report be received.

COMMENT

The Long Term Financial Plan (LTFP) has been used by Council to guide the development of the 2015/2016 draft budget and to assess major projects prior to formal consideration by Council.

The LTFP will not be formally reviewed until after the adoption of the 2015/2016 Annual Business Plan by Council however it is hoped that a revised LTFP will be adopted by Council by November 2015 or soon after.

In the LTFP adopted in 2012/2013 Council's aims were to achieve an Operating Surplus by year 10 of the LTFP and increase its Asset Sustainability Ratio to nearer the local government average of 80%. These aims remain at the forefront of Council's strategy to achieve long term financial sustainability however some major factors and drivers do require review in the revised plan. These include significant cuts to Financial Assistance Grants, the decline of general grant funding available from both State and federal governments, the continued spiralling costs of utilities (electricity and water) and a lower Local Government Cost Price Index (anticipated at 2.6% in 2015/2016; 3.2% forecast in 2014/2015)

Pending Council's adoption of the Annual Business Plan several other changes may be recommended with asset sales a likely initiative to offset some impacts of strategies over the next 10 years or so.

Alignment and reconciliation with revised Asset management Plans to be produced from the new asset system (Conquest) will also be a priority in the review.

The Annual Business Plan is subject to public consultation for 21 days from Thursday 14th May 2015 and results of that consultation will be presented to Council at its June meeting prior to adoption of the Annual Business Plan at Council's July meeting.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The LTFP is an important component of Councils strategic management plans and provides important guidance to Council decision making, especially in the area of financial sustainability.

DIRECTOR OF CORPORATE AND COMMUNITY SERVICES

5. COUNCIL CARAVAN PARK BUSINESS CASES

(File Ref: 9.1.14.6)

INTRODUCTION

Point Turton, Marion Bay and Port Vincent caravan parks have submitted business cases for the replacement of cabins and park rejuvenation projects which have been endorsed by Council at its meeting held on 13 May 2015.

RECOMMENDATION

That the Audit Committee receive for discussion, the business cases attached for the following projects:

- * \$400,000 – Point Turton Caravan Park Cabin Replacement Programme
- * \$350,000 – Marion Bay Caravan Park Cabin Replacement Programme
- * \$360,000 – Port Vincent Foreshore Caravan Park Upgrade Programme

COMMENT

Infrastructure in Council owned caravan parks has been a contentious issue in Budget considerations over many years with the perception that capital improvement/replacement requests by caravan parks were competing for capital funding with Council infrastructure projects.

In order to ensure a commercial, objective view of caravan park requirements it was decided to present Council with individual business cases outlining opportunities and benefits resulting from investment in caravan parks as commercial entities. Part of this strategy involves isolation of the commercial entity cash flows and the notion that each entity would finance their own developments via loan funds in the much the same manner as their independent competitors.

By doing so it was hoped that Council would view these development projects as commercial investments by commercial entities that would be effectively “self-funded” and not competing for limited capital funds with Council infrastructure projects.

The business cases also provide a clear guide for assessment of commercial viability in relation to each development and should therefore lead to decisions more aligned to business development.

The business cases were presented to the April Council Workshop to gauge the reaction of Elected Members to this strategy – these were presented separately to the Draft Capital Budget to further highlight the fact that caravan parks are commercial entities in their own right and that decisions in regard to upgrades and replacements should be viewed and decided on commercial factors such as competitiveness, improved profitability and ability to meet costs from commercial income.

Caravan Parks across Australia are continually looking for new and different initiatives to improve the services they offer and to stay ahead of customers’ expectations. With facilities such as high-tech playgrounds, jumping pillows, water parks and super deluxe cabins being standard at the majority of parks, it is essential that the Yorke Peninsula create opportunities to improve the level of services available.

The three requesting caravan parks currently return profits to Council of approximately \$600,000 per financial year. It is considered critical that all three Council managed caravan parks continue to improve and upgrade the basic facilities available, otherwise we are at risk of losing customers to our more progressive competitors.

To receive an optimal return on investment, Council are not only required to meet all current regulatory requirements, but to also offer environmentally sustainable services as well as providing attractive and modern facilities to stay relevant and competitive in a fierce economic environment.

Three Business Cases were tabled for consideration by Council. Two are requests to undertake basic upgrades to standard infrastructure and one is to enable Council to facilitate taking its highest earning park to the next level.

All three Business Cases were endorsed by Council and development will now commence subject to all relevant regulations and policies and reconciliation of estimates with actual quoted costs.

Once all requirements have been met and obtained any further required Council approvals, the costs, expected income etc will be incorporated in Councils revised budget for 2015/2016 most likely as a first quarter Budget Review item.

Copies of the three Business Cases are attached for the information of Audit Committee members.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Yorke Peninsula Regional Strategic Tourism Plan 2010

2011-2014 Regional Strategic Tourism Plan for Yorke Peninsula

Strategic Plan

Key Theme: Sustainable Communities
3. Our Economy

Strategic Goal: Sustainable Economic Growth

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

With profits expected to increase as a result of undertaking these projects, all interest and principal payments can be met by the respective caravan parks from either new or existing profits.

The breakdown of expected payback scenarios are as follows;

Point Turton Caravan Park

Interest and principal repayments on a 10 year, fixed interest, \$400,000 loan will be approximately \$50,000 per annum based on currently available rates.

Best case scenario

Extra Profit generated	\$74,382 pa
Payback Period	6 – 7 years (Including interest payments)

Worst case scenario

Extra Profit generated	\$18,975 pa
Payback Period	26 – 27 years (Including interest payments)

Marion Bay Caravan Park

Interest and principal repayments on a 10 year, fixed interest, \$350,000 loan will be approximately \$43,000 per annum based on currently available rates.

Best case scenario

Extra Profit generated	\$120,170 pa
Payback Period	3 – 4 years (Including interest payments)

Worst case scenario

Extra Profit generated	\$53,923 pa
Payback Period	7 - 8 years (Including interest payments)

Port Vincent Foreshore Caravan Park

Interest and principal repayments on a 10 year, fixed interest, \$360,000 loan will be approximately \$44,000 per annum based on currently available rates.

Best case scenario

Extra Profit generated	\$124,025 pa
Payback Period	3 - 4 years (Including interest payments)

Worst case scenario

Extra Profit generated	\$35,490 pa
Payback Period	12 - 13 years (Including interest payments)

Point Turton Caravan Park Cabin Replacement Program

Name of Caravan Park	Point Turton Caravan Park
Contact Person	Malcolm and Jenny Clifton
Email	park@pointturtoncp.com.au
Phone	8854 5222
Total Cost of overall project	(approx.) \$400,000.00 (Incl GST)

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1. EXECUTIVE SUMMARY

The Point Turton Caravan Park draws an income of approximately \$665,000 each financial year, and has consistently provided Council with in excess of \$200,000 clear profit annually for the past three years. Throughout this period there have been a number of capital funding requests to try to improve and upgrade the basic facilities available at the park, however the time has come where a significant cabin replacement programme needs consideration.

Currently there are six cabins across the top of the cliff overlooking the Point Turton Jetty. These cabins have one of the prime positions on the Yorke Peninsula, however due to their age and current condition they are not being occupied to their full potential.

It is proposed that these 6 cabins be replaced with 4 higher grade cabins to be funded via a 10 year loan with interest and principal repayments to be serviced from the projected earnings of the caravan park.

The total cost of replacing these cabins is estimated at \$400,000.

Interest and principal repayments on a 10 year, fixed interest, \$400,000 loan will be approximately \$50,000 p.a. based on currently available rates. With profits expected to increase as a result of replacing these cabins all interest and principal payments can be met by the caravan park from either new or existing profits.

Payback Scenarios

are as follows: (see Cost/Benefit Analysis below for further detail)

Best Case:

Extra profit generated	\$74,382 p.a.
Payback period	6 – 7 years (including interest payments)

Worst Case:

Extra profit generated	\$18,975 p.a.
Payback period	26 – 27 years (including interest payments)

2. BACKGROUND

The park managers are consistently fielding comments from their park patrons regarding the state of the cabins and it has reached a point where even visiting construction and maintenance workers refuse to stay in them. The cabins are maintained in pristine condition by the park managers, but the structures themselves have started to deteriorate to the point whereby the floors are so rotten that cleaning staff have reported 'losing' their mops to the outdoors when mopping close to the walls. Several local building contractors have visited the park to look at undertaking repairs on the current cabins, but have indicated that the structural integrity of the buildings is questionable and they are not able to repair what is there without it costing as much as it would to have the cabins replaced completely.

Further to this, a number of years ago, the Yorke Peninsula Council Building Fire Safety Committee identified that the six current cabins did not comply with legislative requirements in terms of meeting the required 3 meter separation distances. The Building Fire Safety Committee have the power to cease all occupancy of these buildings, however, due to the consistent promises that these cabins would be replaced they have, thankfully, not yet taken this action. Having the

current buildings repaired rather than replaced does not overcome the problem of the fire separation distances.

Both the Point Turton Caravan Park Upper Level Expansion and 10 year Plan [June 2012] and the Enterprise Connect Business Review Report [Michael Fethersonhaugh, June 2012] have highlighted the need for continual improvement in facilities at the Point Turton Caravan Park. As cabins are the main income stream for the Point Turton Caravan Park and have the highest demand for enquiries, it is imperative that Council offer a suitable product to the travelling public.

The majority of bookings at the Point Turton Caravan Park are repeat customers which reflects the need to continually improve and maintain customer services. Replacing these six cabins with four new cabins will reduce the number of cabins available, however by being able to increase tariffs on these cabins and the fact that the occupancy will be increased due to the higher standard of cabin, the turnover improved. Further to this, by only having to maintain four cabins rather than 6, maintenance costs will be significantly less, and due to the fact they are new, the required maintenance will also be less. Switching to instant hot water services will also ensure that the cabins are far more economical and compliant with sustainability practices.

The Point Turton Caravan Park is at risk of losing customers to more progressive competitors as surrounding caravan parks continue to grow and move with the times. Consumers are constantly expecting more for their money and the replacement of these cabins will improve the appearance of the park, provide complete disabled facilities, offer a higher standard of accommodation and also enable Council to receive optimal return on investment.

Project Objectives

The changing customer expectation is driving improvement in facilities offered in caravan parks. Not only meeting current legislative requirements but offering energy sustainability and quality of accommodation offered. The current cabins are in an extreme state of disrepair as they are over 20 years old and are rapidly becoming a serious safety issue and it is anticipated that within twelve months will be unable to be used at all. There is a potential liability issue for Council as the current cabins do not meet fire safety and disability access legislative requirements.

This project supports Council's Strategic and Economic tourism objectives as detailed in Council's Strategic plan through;

- Ensuring the park remains competitive in a fierce economic environment
- Increasing the attractiveness of the Caravan Park to tourist and families who visit Yorke Peninsula
- Ensuring tourism opportunities are maximised
- Increasing the profile and profitability of the Point Turton Caravan Park and in turn the Yorke Peninsula Council area

Further benefits include;

- Expectation this upgrade will raise the current Star Rating level
- Compliance with Minister's Specification 76A under the Development Act 1993 (3 meter separation)
- Replacement of substandard Council Assets
- To offer a higher standard of accommodation to Caravan Park patrons
- To avoid risk exposure from current dangerous cabins

The location of the cabins to be replaced is shown below;



Impact if the Project is not Approved

- The Building Fire Safety Committee have identified that the current cabins do not meet legislative requirements and
- Cabins are in an extreme state of disrepair and bookings are reducing as they are over 20 years old.
- Loss of income as eventually the cabins will become a safety issue and will not be able to be used at all.

Expected Benefits

- Increase in park income due to higher occupancy rates and higher tariffs
- Improved facilities
- Increase in Council Asset value

Performance Measurement

- Increase in income and therefore profit
- Increase in occupancy
- Recoup costs within 6 - 8 years
- Compliance with legislative requirements
- Increase in AAA Star Rating

Timelines and Reporting

Event	Date Finalised	Responsibility
Business Case and Loan Approval by Council	May 2015	YPC / PTCP
Development Approval	June 2015	YPC
Site Works to Commence	July 2015	Selected Builder
Installation of 4 Cabins	August 2015	Selected Builder
Occupancy	September 2015	PTCP

3. NEEDS ANALYSIS

There is an identified requirement for higher quality accommodation within the Point Turton Caravan Park. The Park Managers receive enquiries regularly regarding a higher standard of accommodation and often go to other areas of the Peninsula to obtain that level of accommodation which isn't available within Point Turton. e.g. Edithburgh, Stansbury and Ardrossan Caravan Parks which are run by Progress Associations.

Anecdotal evidence has been provided via face to face feedback from park patrons. RMS booking reports indicate a steady decline in occupancy levels for these particular dated cabins. Facebook and Trip Advisor comments have also indicated that the current cabins are sub-standard and it stands to reason that run down facilities will result in less repeat business. With an increase in families holidaying on the Yorke Peninsula with a higher income and less time, there is an increase number of families looking for cabin style accommodation. Similarly there are often seasonal workers looking for high standard accommodation.

The Caravan Industry Association of Australia have recently developed an economic benefit calculator for Caravan Parks to use when determining the value of economic activity generated by tourists staying in a commercial caravan holiday park and visiting the region within an annual period. Using this calculator, it is estimated that patrons of the Point Turton Caravan Park alone bring a total of \$1,668,032 in direct dollars spent which in turn adds a further \$1,326,395 to the economic income generated throughout the region.

The location of the cabins – overlooking the jetty is unique and is considered prime “holiday” real estate. The ability to offer high end accommodation will provide the caravan park with a much sought after holiday experience. There are no other caravan parks in Point Turton. The closest competitive caravan parks are located at Corny Point, Minlaton and Port Rickaby and these are run by organisations other than Council.

As there is currently waste disposal and water infrastructure on site, there will be no requirement for additional infrastructure, in fact, due to the fact that there will be two less cabins, there will be less waste created. It is also important to note that the changeover of hot water systems and use of energy efficient technologies available in today's market will ensure ongoing environmental sustainability and energy efficiencies. As the cabins are replacement and not new infrastructure, there will be minimal environmental impact.

4. CONSULTATION

The Yorke Peninsula Council Building Fire Safety Committee have identified that there is an issue with the three meter separation distances required under the Development Act. Planning and Development application will need to be lodged and through that process relevant consultation will occur.

The key stakeholders are Council, the Point Turton Caravan Park Managers and patrons utilising the park. Anecdotal data collected during the recent peak period, suggests that improved cabin accommodation would be well supported.

5. COST/BENEFIT ANALYSIS

The park will be losing one cabin, but replacing it with four higher standard cabins which will be able to be booked out at a higher cost. Currently the 6 cabins are sold for \$70 - \$75 per night. Over the past 12 months, occupancy has dropped to 50% and these cabins have only raised \$65,000.

Working on the following figures;

- 365 days per calendar year x 4 available cabins = 1,460 total available nights
 - o 50% Occupancy = 730 available nights
 - o 60% Occupancy = 876 available nights
 - o 75% Occupancy = 1,095 available nights
 - o 80% Occupancy = 1,168 available nights

By offering only 4 new cabins at the prices listed below, it is clear that there will still be an increase in revenue for the caravan park;

- @ \$100 per night 50% occupancy = \$ 73,000 per annum
- @ \$120 per night 50% occupancy = \$ 87,600 per annum
- @ \$110 per night 60% occupancy = \$ 96,360 per annum
- @ \$100 per night 75% occupancy = \$109,500 per annum
- @ \$110 per night 75% occupancy = \$120,450 per annum
- @ \$120 per night 75% occupancy = \$131,400 per annum
- @ \$100 per night 80% occupancy = \$116,800 per annum
- @ \$120 per night 80% occupancy = \$140,160 per annum

Additionally it is expected that there will be a 10% flow on effect in terms of additional people, children and linen charges. By adding an additional 10% to these figures

- @ \$100 per night 50% occupancy = \$ 73,000 p/a - Plus 10% = \$ 80,300
- @ \$120 per night 50% occupancy = \$ 87,600 p/a - Plus 10% = \$ 96,360
- @ \$110 per night 60% occupancy = \$ 96,360 p/a - Plus 10% = \$150,996
- @ \$100 per night 75% occupancy = \$109,500 p/a - Plus 10% = \$120,450
- @ \$110 per night 75% occupancy = \$120,450 p/a - Plus 10% = \$132,495
- @ \$120 per night 75% occupancy = \$131,400 p/a - Plus 10% = \$144,540
- @ \$100 per night 80% occupancy = \$116,800 p/a - Plus 10% = \$128,480
- @ \$120 per night 80% occupancy = \$140,160 p/a - Plus 10% = \$154,176

The cabin tariff will be dependent on the type and quality of cabin, fixtures and furnishings chosen

Further to the above figures, it is also predicted that there will be approximately \$10,000 savings per annum on gas, water, electricity and structural maintenance. If we are able to sell the existing 6 cabins for \$5,000 each, we could possibly raise \$30,000.

If we add the estimated \$10,000 of savings expected to the figures outlined on the following pages, we could then take \$40,000 off the loan amount.

If Council were to borrow \$400,000 for this particular project, this will give us plenty of excess to landscape, furnish etc. Based on a \$400,000 loan amount (\$40,000 to be paid back immediately), it would be reasonable to assume the following;

Best Case scenario, it will take approximately 5 - 6 years to pay off a loan of \$400,000.

80% Occupancy charging \$120 per night will earn \$154,176 (including 10% flow on)

- Minus \$65,000 currently receiving = \$ 89,176
- Plus \$10,000 in maintenance savings = \$ 99,176
- Minus Managers Commission (25%) = \$ 74,382

Gross expected increased profit per year = \$ 74,382

Worst Case scenario, it will take approximately 21 years to pay off a loan of \$400,000.

50% Occupancy charging \$100 per night will earn \$80,300 (including 10% flow on)

- Minus \$65,000 currently receiving = \$ 15,300
- Plus \$10,000 in maintenance savings = \$ 25,300
- Minus Managers Commission (25%) = \$ 18,975

Gross expected increased profit per year = \$ 18,975

All figures are based on average figures of quotes received and rounded up to cover for unexpected expenses.

Quotations

Option 1 - Quote received is all inclusive to supply 1 x cabin from; *(Based on supply of 4 cabins)*

Quotes received from;

- | | |
|--|----------|
| • Country Living Homes (excl. furnishings) | \$70,000 |
| • Kookaburra Homes (incl. furnishings) | \$73,673 |
| • Portabuilt (excl. furnishings) | \$96,349 |
| • Jayco (incl. furnishings) | \$56,496 |

All of the above include GST

Total cost of cabin build, delivery and furniture (approx.) \$80,000 per cabin (excl. GST)

Total cost for four cabins plus furniture, (approx.) \$320,000

Building and planning consent, fees are approximate as follows;

- | | |
|-----------------|---------|
| • lodgement fee | \$57.00 |
| • Planning fee | \$98.00 |
| • Building fee | \$38.00 |

Total cost of planning fees (approx.) \$193.00

Removal of existing cabins and preparation of site

Quotes received from;

- | | |
|-----------------|---------------|
| • Hart Brothers | \$4,800 + GST |
|-----------------|---------------|

Total cost of cabin removal (approx.) \$5,000

Electrical Work

Quotes received from;

- | | |
|--|---------------|
| • Tape Electrical (disconnect & reconnect) | \$3,800 + GST |
| • RWM Electrical (wiring new cabins only) | \$4,920 + GST |

Total cost of electrical work (approx.) \$4,500

Concrete pad / footings

Quotes received from;

- | | |
|--|----------------|
| • Hart Brothers (incl septic requirements) | \$14,411 + GST |
| • YP Earthworks (basic pad preparation) | \$6,160 + GST |

Total cost of concrete work (approx.) \$20,500

Plumbing or waste requirements.

Quotes received from ;

- | | |
|--|----------------|
| • Aitchisons (incl, septic requirements) | \$19,670 + GST |
|--|----------------|

Total cost of plumbing works required (approx.) \$20,000

TOTAL COST OF PROJECT: (approx.) \$370,000

Option 2 - Quote received for all inclusive to supply 2 x duplex cabins (4 in all), 2 of which are disability compliant)

Quotes received from ;

- | | |
|------------------------|------------------------------|
| • Country Living Homes | \$186,297 each including GST |
|------------------------|------------------------------|
- (includes all Council fees, electrical work, plumbing and waste requirements and built on site)*

Removal of existing cabins and preparation of site

Quotes received from;

- | | |
|-----------------|---------------|
| • Hart Brothers | \$4,800 + GST |
|-----------------|---------------|

Total cost of cabin removal (approx.) \$4,800

TOTAL COST OF PROJECT : (approx.) \$ 377,394

Expected repayments of \$50,000 per year over 10 years.

Insurance

These new cabins and their contents will need to be added to Council's Asset and Insurance Register and insured accordingly.

6. RISK ASSESSMENT

A comprehensive risk assessment has indicated that the risks associated with replacing the cabins are far more acceptable than not replacing the cabins.

The risks associated with NOT replacing the current cabins

The Risk <i>what can happen and how it could happen</i>	The Chances of an Incident Happening		Risk Level	Current Controls <i>What things do you have in place to ensure the risk is minimised?</i>	Possible Further Controls <i>(anything else you can do to further reduce the risk)</i>	Person Responsible for Control Option	Updated Risk Level
	Conseq.	Likelih.					
Fire impact	5	C	Ext.	Fire Hose Reels available Evacuation plans in place	Replacement of cabins Complete closure of cabins	YPC	High
Slips, trips and falls	3	C	High	Staff Awareness of Condition of Cabins Sensible footwear			
Injury due to poor condition	4	C	Ext	Staff Awareness Safe cleaning procedures in place	Replacement of cabins Complete closure of cabins	YPC	Low
Loss of Income	3	B	High	Already happening, try to offer heavy discounts to occupy	Replacement of cabins Complete closure of cabins	YPC	Low

The risks associated WITH installing 4 new cabins

The Risk <i>what can happen and how it could happen</i>	The Chances of an Incident Happening		Risk Level	Current Controls <i>What things do you have in place to ensure the risk is minimised?</i>	Possible Further Controls <i>(anything else you can do to further reduce the risk)</i>	Person Responsible for Control Option	Updated Risk Level
	Conseq.	Likelih.					
Loss of income	2	E	Low	Promotion Location New facility			
Electrical Fault	5	E	High	Testing and Tagging			
Lack of interest / bookings	3	E	Med	Appropriate promotional exposure			
Impact on other park patrons	2	E	Low	Installation undertaken with relevant requirements			
Poor quality Workmanship	3	E	Med	Engage reputable builders			

7. SUMMARY AND RECOMMENDATION

The replacement of these cabins will provide a much needed face lift for the Point Turton Caravan Park in addition to providing a safer environment for patrons and staff.

Approval of this project will enable Council to capitalise on the unique location offered at the Point Turton Caravan Park, which will in turn offer a higher end accommodation option to park patrons thus increasing turnover and profit for the Yorke Peninsula Council.

Should Council chose not to replace the current cabins, it is likely that they will not be able to be used within 12 months.

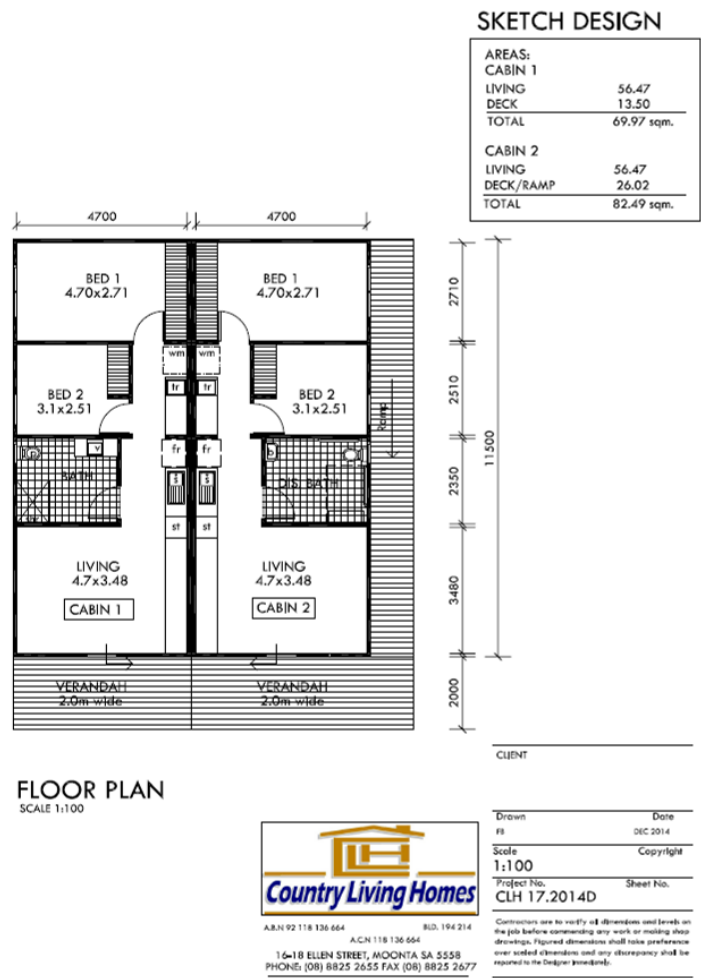
Recommendation

It is recommended that Council approve a loan of \$400,000 for the replacement of the six substandard cabins along the cliff top at the Point Turton Caravan Park with four new ones, two of which will be disabled compliant.

Appendix 1 – duplex cabin design



Example exterior picture of proposed cabin



Example floor plan of proposed cabin

Appendix 2 – Photographs of condition of current cabins



Separation distance of cabins significant fire issue
(current law requires a 3m separation)



non energy efficient hot water heating
(should be instant, not costly storage)



Aluminium roof line corroding
Timber roof truss rotten



Main structural frames eroding away
Floor support is failing



General age, wear and tear plus staining on the ceiling. Fretting in wet areas, weathering around wall base.



Tiny, 25 year old cabins
Do not meet current customer expectations



3 tier high bunk safety concerns
(noncompliant against current industry standard)

Marion Bay Caravan Park Cabin Replacement Program

Name of Caravan Park	Marion Bay Caravan Park
Contact Person	Chris and Jane Grant
Email	marionbaycp@yorke.sa.gov.au
Phone	(08) 88544094
Total Cost of overall project	(approx.) \$350,000.00 x 3 years = \$1,050,000 (Incl GST)

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1. EXECUTIVE SUMMARY

The Marion Caravan Park draws an income of approximately \$500,000 each financial year, and has consistently provided Council with a profit averaging \$80,000 at the end of each year. Recently there have been significant capital funding requests to try to improve and upgrade the basic facilities available at the park; however the time has now come where a significant cabin replacement programme needs consideration.

Due to the age and current condition of a number of park cabins, they are not being occupied to their full potential. It is recommended that Council consider replacing three of the worst cabins as a priority as soon as practicable, and then another three for each of the two years following (Total of 9 cabins).

The total cost of replacing four cabins is estimated at \$350,000.

Interest and principal repayments on a 10 year, fixed interest, \$350,000 loan will be approximately \$43,000 p.a. based on currently available rates. With profits expected to increase as a result of replacing these cabins all interest and principal payments can be met by the caravan park from either new or existing profits.

Payback Scenarios

are as follows: (see Cost/Benefit Analysis below for further detail)

Best Case:

Extra profit generated	\$120,170 p.a.
Payback period	3 – 4 years (including interest payments)

Worst Case:

Extra profit generated	\$53,923 p.a.
Payback period	8 – 9 years (including interest payments)

Whilst it is recommended that all 9 cabins be replaced it is requested that Council approve the first 4 cabin replacements at this stage and review the remaining 5 cabins based on results from the first 4 cabin replacements in a years' time.

2. BACKGROUND

The park managers are consistently fielding comments from their park patrons regarding the state of the cabins and it has reached a point where even visiting construction and maintenance workers refuse to stay in them. The cabins are maintained in pristine condition by the park managers, but the structures themselves have started to deteriorate to the point whereby the floors are so rotten that cleaning staff have reported 'loosing' their mops to the outdoors when mopping close to the walls. Several local building contractors have visited the park to look at undertaking repairs on the current cabins, but have indicated that the structural integrity of the buildings are questionable and they are not able to repair what is there without it costing as much as it would to have the cabins replaced completely.

As cabins are the main income stream for the Marion Bay Caravan Park, and have the highest demand for enquiries, it is imperative that Council offer a suitable product to the travelling public. All current economic reports highlight the requirement for continual improvement in facilities at Caravan Parks as the public are expecting more for their hard earned dollar.

The majority of bookings at the Marion Caravan Park are repeat customers which reflect the need to continually improve and maintain customer services. By replacing four cabins occupancy will be increased due to the higher standard of cabin, therefore the turnover will increase. Further to this,

switching to instant hot water services will also ensure that the cabins are far more economical and compliant with sustainability practices.

The Marion Bay Caravan Park is at risk of losing customers to more progressive competitors as caravan parks across the state continue to grow and move with the times. Consumers are constantly expecting more for their money and the replacement of these cabins will improve the appearance of the park, offer a higher standard of accommodation and also enable Council to receive optimal return on investment.

Project Objectives

Marion Bay Caravan Park currently have 17 cabins which they hire out to the public. Of these 17, there are nine which will require replacement within the next five years. It is recommended that Council consider taking out a loan to replace cabins over the next three to four years.

This project supports Council's Strategic and Economic tourism objectives as detailed in Council's Strategic Plan through;

- Ensuring the park remains competitive in a fierce economic environment
- Increasing the attractiveness of the product offered within the Caravan Park
- Ensuring tourism opportunities are maximised
- Increasing the profile and profitability of the Marion Bay Caravan Park and in turn the Yorke Peninsula Council area.

Further benefits include;

- Compliance with Minister's Specification 76A under the Development Act 1993 (3 meter separation)
- To replace substandard Council Assets
- To offer a higher standard of accommodation to Caravan Park Patrons therefore increasing the current star rating
- To avoid risk exposure from current dangerous cabins
- Current Cabins are in an extreme state of disrepair as they are over 20 years old
- Energy sustainability, eg. 5 star rating, with cooling heating and noise

Impact if the Project is not Approved

- Eventually the current cabins will become a Workplace Health and Safety Issue and will not be able to be used at all. This has already happened once, and temporary repairs were made to enable them to be hired.
- Park Patrons are already refusing to occupy these cabins and are sourcing alternate accommodation within the town, which is impacting considerably on the financial viability of the park in general.
- There is a liability exposure for the Council as the current cabins do not meet fire safety and disability access legislative requirements

Expected Outputs

- Increase in park income
- Improved facilities
- Increase in Council Asset value
- Increase in visitor numbers / occupancy

Performance Measurement

- Increase in income and therefore profit
- Increase in occupancy

- Recoup costs within 8 years
- Compliance with all legislative requirements
- Increase in AAA Star Rating

Timelines and Reporting

Event	Date Finalised	Responsibility
Business Case and Loan Approval by Council	February 2015	YPC / MBCP
Development Approval	March 2015	YPC
Site Works to Commence	May 2015	Selected Builder
Installation of 3 Cabins	June 2015	Selected Builder
Installation of 3 Cabins	June 2016	Selected Builder
Installation of 3 Cabins	June 2017	Selected Builder
Occupancy	August of each year	MBCP

3. NEEDS ANALYSIS

There is a requirement for higher quality accommodation within the Marion Bay Caravan Park. The Park Managers receive enquiries regularly regarding a higher standard of accommodation available within the Park. People are now turning to other areas of the Peninsula to obtain that level of accommodation which isn't available within the Marion Bay Caravan Park. Income to the Park is considerably compromised as a result of this, each year the cabins aren't replaced more potential income is lost.

RMS booking reports clearly highlight that there has been a steady decline in occupancy levels for these particular cabins over the past three years. Feedback from park patrons anecdotally and via social media channels is that the cabins are in are very substandard for this day and age, should this continue, the reputation of the facilities on offer is at stake as run down facilities will result in less repeat business.

With an increase in families holidaying on the Yorke Peninsula with a higher income and less time, there is an increase in the number of families looking for cabin style accommodation. Similarly there are seasonal workers who are also looking for accommodation. The closest available caravan parks are located at Corny Point and Point Turton. There are no other caravan parks within Marion Bay, and no other quality tourist accommodation.

As there is currently waste disposal and water infrastructure on site, due to these being replacement cabins, there will be no requirement for additional infrastructure. This will also mean that there will be minimal environmental impact. Further to this, it is important to note that the changeover of hot water systems and use of energy efficient technologies available in today's market will ensure ongoing environmental sustainability and energy efficiencies. By building new cabins to a 5 star energy rating which is the standard requirement in SA will further ensure exceptional energy efficiencies.

4. CONSULTATION

The key stakeholders are Council, the Marion Bay Caravan Park Managers and Patrons utilising the park. Anecdotal data collected from park patrons during the recent peak period, suggest that improved cabin accommodation would be well supported.

Representatives from the Yorke Peninsula Council and also a General Builder have identified that there is a serious issue with the structural integrity of the current buildings and that they are not viable to repair due to the astronomical cost, and inability to guarantee sustainability of the current structures.

A Planning and Development application will need to be lodged and consultation will be required in accordance with this process.

5. COST/BENEFIT ANALYSIS

Currently the 4 cabins are sold for \$90 per night. Over the past 12 months, occupancy has dropped to 37% and these cabins have only raised \$42,500.00.

Working on the following figures;

- 365 days per calendar year x 4 available cabins = 1,460 total available nights
 - o 40% Occupancy = 584 available nights
 - o 50% Occupancy = 730 available nights
 - o 60% Occupancy = 876 available nights
 - o 70% Occupancy = 1,022 available nights
 - o 75% Occupancy = 1,095 available nights
 - o 80% Occupancy = 1,168 available nights

By offering 4 new cabins at the listed prices below, it is clear that there will be an increase in revenue for the caravan park;

- | | | |
|---------------------|-----------------|---------------------|
| • @ \$130 per night | 40% occupancy = | \$75,920 per annum |
| • @ \$150 per night | 40% occupancy = | \$87,600 per annum |
| • @ \$130 per night | 50% occupancy = | \$94,900 per annum |
| • @ \$150 per night | 50% occupancy = | \$109,500 per annum |
| • @ \$130 per night | 60% occupancy = | \$113,880 per annum |
| • @ \$150 per night | 60% occupancy = | \$131,400 per annum |
| • @ \$130 per night | 70% occupancy = | \$132,860 per annum |
| • @ \$150 per night | 70% occupancy = | \$153,300 per annum |
| • @ \$130 per night | 75% occupancy = | \$142,350 per annum |
| • @ \$150 per night | 75% occupancy = | \$164,250 per annum |
| • @ \$130 per night | 80% occupancy = | \$151,840 per annum |
| • @ \$150 per night | 80% occupancy = | \$175,200 per annum |

Additionally it is expected that there will be a 10% flow on effect in terms of additional people, children and linen charges. By adding additional 10% to these figures;

- | | | |
|---------------------|---------------------------|----------------------------|
| • @ \$130 per night | 40% occupancy = \$75,920 | p/a - Plus 10% = \$83,512 |
| • @ \$150 per night | 40% occupancy = \$87,600 | p/a - Plus 10% = \$96,360 |
| • @ \$130 per night | 50% occupancy = \$94,900 | p/a - Plus 10% = \$104,390 |
| • @ \$150 per night | 50% occupancy = \$109,500 | p/a - Plus 10% = \$120,450 |
| • @ \$130 per night | 60% occupancy = \$113,880 | p/a - Plus 10% = \$125,268 |
| • @ \$150 per night | 60% occupancy = \$131,400 | p/a - Plus 10% = \$144,540 |
| • @ \$130 per night | 70% occupancy = \$132,860 | p/a - Plus 10% = \$146,146 |
| • @ \$150 per night | 70% occupancy = \$153,300 | p/a - Plus 10% = \$168,630 |

- @ \$130 per night 75% occupancy = \$142,350 p/a - Plus 10% = \$156,585
- @ \$150 per night 75% occupancy = \$164,500 p/a - Plus 10% = \$180,950
- @ \$130 per night 80% occupancy = \$151,840 p/a - Plus 10% = \$167,024
- @ \$150 per night 80% occupancy = \$175,200 p/a - Plus 10% = \$192,720

The cabin tariff will be dependent on the type and quality of cabin, fixtures and furnishings chosen.

Further to the above figures, it is also predicted that there will be approximately \$10,000 saving per annum on gas, water, electricity and structural maintenance.

If Council are able to sell the existing 4 cabins for \$5,000 each, we could possibly raise \$20,000.

If Council add the estimated \$10,000 of saving expected to the figures outlined on the following pages, Council could take \$30,000 off the loan amount.

If council were to borrow \$350,000 for this particular project, this will give us plenty of excess to landscape, furnish etc. Based on a \$350,000 loan amount, it would be reasonable to assume the following;

Best case scenario

It would take approximately 3 - 4 years to pay off a loan of \$350,000.

- 80% Occupancy charging \$150 per night will earn \$192,720 (including 10% flow on)
 - Minus \$42,492.50 currently receiving = \$150,227.50
 - Plus @ \$10,000 in savings = \$160,227.50
 - Minus managers commission (25%) = \$120,170.62
- Gross expected profit per year = \$120,170.62

Worst case scenario

It would take approximately 7 - 8 years to pay off a loan of \$350,000.

50% occupancy charging \$130 per night will earn \$104,390 (including 10% flow on)

- Minus \$42,492.50 currently receiving = \$61,897.50
 - Plus \$10,000 in savings = \$71,897.50
 - Minus managers Commission (25%) = \$53,923.15
- Gross expected profit per year = \$53,923.15

These figures do not include any loan administration fees.

All figures are based on Average figures of quotes received and rounded up to cover for unexpected expense.

Quotes received is all inclusive to supply 1 x cabin from; standard inclusions are as follows
(Based on supply of 4 cabins)

Quotes received from;

- Jayco (incl furnishings, freight) \$74,965
- Emac Systembuilt (incl furnishings) \$61,000

All the above include GST

Total cost of cabin build, delivery and furniture (approx.) \$75,000 per cabin.

Total cost for four cabins plus furniture, (approx.) \$300,000
(plus miscellaneous furnishings) \$ 30,000

Building and planning consent, fees are approximate as follows;

- Lodgement fee \$57
- Planning fee \$98
- Building fee \$38

Total cost of planning fees (approx.) \$193

Removal of existing cabins

Removal is up to the person with tender on the cabin.

Electrical work

Quotes received from;

- Dave Maitland (disconnect & reconnect) \$1,480

Total cost of Electrical Work (approx.) \$1,480

Concrete pad / footing

Quotes received from;

- Hart brothers (basic pad and footing requirement) \$5000
- Jayco (incl footings, freight and sitting) \$20,856

Total cost of basic pads and footings(approx.) \$5,000

Plumbing or waste requirements

Quotes received from;

- Aitchison (incl basic reconnection) \$11,880
- Bottom End Plumbing \$6,250

Total cost of plumbing (approx.) \$6,250

Crane hire

Quotes received from;

- Clare crane hire \$7,000

Total cost of crane hire (approx.) \$7,000

Total cost of site works required (approx.) \$19,923

TOTAL COST OF PROJECT : (approx.) \$349,923

Expected repayments of \$43,000 per year over 10 years.

Insurance

The new cabins and their contents would need to be included on Council's asset and insurance register and insured accordingly.

6. RISK ASSESSMENT

A comprehensive risk assessment has indicated that the risks associated with replacing the cabins are far more acceptable than not replacing the cabins.

The risks associated with NOT replacing the current cabins

The Risk what can happen and how it could happen	The Chances of an Incident Happening		Risk Level	Current Controls What things do you have in place to ensure the risk is minimised?)	Possible Further Controls (anything else you can do to further reduce the risk)	Person Responsible for Control Option	Updated Risk Level
	Cons eq.	Likel ih.					
Fire impact	5	C	Ext.	Fire Hose Reels available Evacuation plans in place	Replacement of cabins Complete closure of cabins	YPC	High
Slips, trips and falls	3	C	High	Staff Awareness of Condition of Cabins Sensible footwear			
Injury due to poor condition	4	C	Ext	Staff Awareness Safe cleaning procedures in place	Replacement of cabins Complete closure of cabins	YPC	Low
Loss of Income	3	B	High	Already happening, try to offer heavy discounts to occupy	Replacement of cabins Complete closure of cabins	YPC	Low

The risks associated WITH installing 4 new cabins

The Risk what can happen and how it could happen	The Chances of an Incident Happening		Risk Level	Current Controls What things do you have in place to ensure the risk is minimised?)	Possible Further Controls (anything else you can do to further reduce the risk)	Person Responsible for Control Option	Updated Risk Level
	Cons eq.	Likel ih.					
Loss of income	2	E	Low	Promotion Location New facility			
Electrical Fault	5	E	High	Testing and Tagging			
Lack of interest / bookings	3	E	Med	Appropriate promotional exposure			
Impact on other park patrons	2	E	Low	Installation undertaken with relevant requirements			
Poor quality Workmanship	3	E	Med	Engage reputable builders			

7. SUMMARY AND RECOMMENDATION

Summary

The replacement of these cabins will provide a much needed face lift for the Marion Bay Caravan Park in addition to providing a safer environment for patrons and staff.

Approval of this project will enable Council to capitalise on the unique bush location offered at the Marion Bay Caravan Park, which will in turn offer a higher end accommodation option to park patrons thus increasing turnover and profit for the Yorke Peninsula Council.

Should Council choose not to replace the current cabins; it is likely that they will not be able to be used within 5 years. Feedback from park patrons has included comments such as “It is a disgrace to the travelling public to be offering cabins like these”.

Recommendation

It is recommended that Council approve a loan of \$350,000 for the replacement of the 4 oldest cabins at the Marion Bay Caravan Park and revisit the need to replace a further 5 cabins in a year's time.

Appendix 1 – Photographs of current cabins

Bathrooms

The current bathrooms are tired and old out of date



Fibreglass cracking on the floors and soap holder in the showers



Water damage to walls and drain, rooms smell of mould and the floors are bendy



Daylight coming through the base of the shower



Mould on ceiling and rust from the screws

Kitchens

Then kitchens are also old and out of date, needing new stoves, cupboards etc



The back of the cupboards are all broken and the only way to fix them is to taking off the outside walls and shower out to fix this problem.

Damage to the walls

General Structural Issues



Water damage coming from the roof and down the inside of walls

Port Vincent Foreshore Caravan Park Rejuvenation and Upgrade:

Stage 1; Play Equipment

Stage 2, Oz Shack Installation

Stage 3, Deluxe Cabin

Name of Caravan Park Port Vincent Foreshore Caravan Park

Contact Person Shane and Louise Biddell

Email info@portvincentfcp.com.au

Phone 8853 7073

Total Cost of overall project (approx.) \$395,000.00 (Incl GST)

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1. EXECUTIVE SUMMARY

The Port Vincent Foreshore Caravan Park draws an annual income of approximately \$970,000 each financial year and has contributed an average of approximately \$340,000 clear profit to Council funds each financial year for the past three years. With a growing need to focus on provision of value for money, the Caravan Park Managers are requesting that Council invest in a solid financial future for the Caravan Park and install a state of the art play area and upgrade of accommodation provided. For this park to increase earning capacity and continue to be recognised as the premier park on the Yorke Peninsula, it is essential that Council support infrastructure to continue to attract visitors and remain competitive.

As this is the highest earning caravan park on the Yorke Peninsula, it is essential that Council support taking the Port Vincent Foreshore Caravan Park to the next level. It is hoped that the projects outlined herein will provide the advancement and development of the park to ensure it remains as Councils Premier Tourist Park. It is recommended that the following 3 projects be undertaken utilizing \$360,000 of loan funds over a 10 year period at current available fixed interest rates (4.4%, repayments approx. \$44,000 p.a.) with the loans to be fully serviced by the Caravan Park from expected profit gains as detailed.

Stage 1 – 2015 / 2016 Financial Year - Approximate Cost \$65,000

Clearing of an unused area and re-developing into a child-friendly zone including installation of a fenced jumping pillow and area for screening of outdoor movies. Painting and general maintenance works to make the area more attractive.

Installation of an Interactive Electronic Gaming System (NEOS) which is disabled friendly, a table tennis table, and outdoor chess amongst other child and family friendly initiatives.

Payback Analysis

It is anticipated that the inclusion of a state of the art play area could increase occupancy rates up to 15% during school holiday periods.

This level of occupancy could see annual revenue increase by as much as \$20,000 per annum resulting in a **payback period of approximately 4 years** (including interest payments).

Stage 2 – 2015 / 2016 FY Approximate Cost \$92,000

Installation of 2 Oz Shacks on sites which are currently not drawing any income

Redevelopment of 2 powered sites to allow installation of 2 further Oz Shacks on sites located at the front of the park.

Payback Scenarios

are as follows: (see Cost/Benefit Analysis below for further detail)

Best case scenario

It would be reasonable to assume

80% Occupancy, charging \$50 per night will earn	\$58,400 per FY
Minus Managers Commission (25% \$14,600)	= \$43,800
Gross expected profit per year	= \$43,800
Payback Period	= approx. 2 – 3 years

Worst case scenario

It would be reasonable to assume

50% Occupancy, charging \$40 per night will earn	\$29,120 per FY
Minus Managers Commission (25% \$7,280)	= \$21,840
Gross expected profit per year	= \$21,840
Payback Period	= approx. 5 – 6 years

Stage 3 – 2016/ 2017 FY – Approximate Cost \$200,000

Building and furnishing of a quality 6 Star Super Deluxe Cabin on a site which is in a prime location on the Point of the Caravan Park, offering uninterrupted sea views from both sides.

Payback Scenarios

are as follows: (see Cost/Benefit Analysis below for further detail)

Best case scenario

It would be reasonable to assume

80% Occupancy, charging \$250 per night will earn \$80,300 per FY (including 10% flow on)	
Minus Managers Commission (25% \$20,075)	= \$60,225
Gross expected profit per year	= \$60,225
Payback Period	= approx. 4 – 5 years

Worst case scenario

It would be reasonable to assume

50% Occupancy, charging \$200 per night will earn \$40,040 per FY (including 10% flow on)	
Minus Managers Commission (25% \$10,010)	= \$30,030
Gross expected profit per year	= \$30,030
Payback Period	= approx. 8 – 9 years

2. OVERVIEW OF PROJECT

The South Australian Tourism Commission have branded the Yorke Peninsula as ‘Families’ for the purposes of their marketing campaigns yet currently there are limited recreational facilities at the 20 caravan parks within the region. The Managers of the Port Vincent Foreshore Caravan Park are committed to remaining a market leader and staying ahead of the trend. There is a growing and very popular trend across the state to install jumping pillows, playground equipment and to offer a unique style of accommodation. We are aware that neighboring competitors have already contacted suppliers regarding the installation of jumping pillows, water parks, playground facilities and deluxe cabins.

The Park Managers receive regular enquiries regarding the availability of play equipment during the off-peak season, particularly a jumping pillow, which are already seen as an essential element to any quality Caravan Park. Further to the installation of the jumping pillow, the surrounding area will be completely grassed and beautified. Located alongside the camp kitchen area, this provides an attractive area for large groups, and can also be made available for local resident groups, birthday parties and school holiday events during the off season.

It is recommended that money be provided for a total upgrade of this area including the installation of a jumping pillow and an electronic NEOS Gaming System. This would provide revitalisation of an area within the Port Vincent Foreshore Caravan Park which is currently unused and an eyesore.

Installation of the Oz Shacks will be offering a unique style of accommodation which will take advantage of the current ‘glamping’ trend which is gaining momentum throughout the caravan and camping industry. Two of the Oz Shacks will be erected on sites which are currently not being used at all and therefore not drawing any income and the other two shacks will be installed on sites which are drawing minimum income.

The installation of an extremely high end Super Deluxe 6 Star Cabin is intended to offer that unique luxury beach accommodation experience which is currently not available at any caravan park on the Yorke Peninsula.

Design overview:

Stage 1 - Child Friendly Zone Development



Stage 2 - Installation of Oz Shacks



Stage 3 - Installation of Deluxe Cabin



Project Objectives

These three projects support Councils Strategic and Economic tourism objectives as set out in the Strategic Plan through;

- Ensuring the park remains competitive in a fierce economic environment
- Increasing the attractiveness of the Caravan Park to tourist and families who visit Yorke Peninsula
- Maximising the use of areas which are currently unattractive and unusable
- Ensuring tourism opportunities are maximised
- Promotion of a healthy and active lifestyle for children
- Offer alternative range of accommodation experiences not currently available on the Yorke Peninsula
- Capitalising on current market trends in the Caravan and Camping Industry
- Provision of a facility and activities which is accessible and safe for patrons and local residents
- Increasing the profile and profitability of the Port Vincent Foreshore Caravan Park and in turn the Yorke Peninsula Council area

Further benefits include:

- To improve the services offered by the Port Vincent Foreshore Caravan Park
- To raise the current Star Rating level

Impact if the Project is not approved

The Port Vincent Foreshore Caravan Park is at risk of losing customers to more progressive competitors. Consumers want more for their money in the current climate and the provision of children's activities are considered standard at the majority of caravan parks throughout Australia. For Council to receive optimal return on investment, it is critical that we remain competitive and maximise tourism opportunities and that we capitalise on resources available to

The area where the Oz Shacks will be located currently do not draw a significant income and should the Oz Shacks not be installed, these sites will continue to be underutilised and not gain revenue.

The site where the Deluxe Cabin is to be placed will continue to be a camping site and not maximise the potential of the foreshore location.

Expected Outputs

- Increase in visitor numbers / occupancy
- Improved park facilities
- Offer the driving travellers a unique accommodation experience
- Increase in Council Asset value
- Increase in park income
- Offer high end quality accommodation not available elsewhere on the Peninsula

Performance Measurement

- Increase in income
- Increase in profit
- Increase in occupancy
- Recoup costs within 5 years
- Compliance with legislative requirements
- Increase in AAA Star Rating

Timelines and Reporting

Event	Date commenced	Date Finalised	Responsibility
Business Case and Loan Approval by Council	May 2015	May 2015	YPC / PVFCP
Stage 1 – Installation of Playground Equipment	July 2015	August 2015	YPC / PVFCP
Stage 2 – Installation of Oz Shacks	August 2015	October 2015	YPC / PVFCP
Stage 3 – Installation of Deluxe Cabin	August 2016	October 2016	YPC / PVFCP

3. NEEDS ANALYSIS

There is ever increasing demand for higher quality accommodation and services at Caravan Parks throughout South Australia. It is well recognised within the industry that South Australia is well behind our neighbouring states in this regard. To ensure continued tourism progress, standards must be improved to ensure ongoing economic growth. Tourism is a key economic driver for the Yorke Peninsula region and a commitment to continuous improvement is vital to raise the standard of the accommodation we have on offer for our driving visitors

The Caravan Industry Association of Australia have recently developed an economic benefit calculator for Caravan Parks to use when determining the value of economic activity generated by tourists staying in a commercial caravan holiday park and visiting the region within an annual period. Using this calculator, it is estimated that patrons of the Port Vincent Foreshore Caravan Park alone bring a total of \$6,176,743 in direct dollars spent which in turn adds an additional \$2,665,089 to the economic income generated throughout the region.

It is critical that Council stay ahead of the competition to ensure the highest returns on investment achievable. Having the option of providing children's parties and family gatherings in this area, will also fill a current void within the local area. The re-vitalisation and aesthetic improvement of this area is a significant positive impact for the park and should be strongly considered and encouraged.

Further to the financial and economic benefits, there has been extensive research conducted which has identified that children often do not get the required amount of exercise to maintain a healthy lifestyle. A jumping pillow and possible subsequent installation of an interactive electronic playground (NEOS) will provide an outlet for active children and an opportunity for children and parents to interact together, thus building on and improving relationships. Furthermore, the NEOS system is suitable for use by those with disabilities, thus providing an additional drawcard for the Port Vincent Foreshore Caravan Park.

By offering both high end accommodation and low end accommodation the Port Vincent Foreshore Caravan Park is able to maximise potential income by catering to both lower spending travellers and the higher end executive luxury travel market. Evidence sourced by the Caravanning and Camping Industry indicates that travellers are continually looking for something 'different' when coming to Caravan Parks. They are over the standard box style cabins and want something a little more upmarket for their hard-earned money. Similarly those who love the idea of camping, but not the hassle that goes with erecting a tent want something which will stop them from getting wet in the rain without the high price of a cabin. 'Glamping' is a growing market which attracts those kinds of campers who are wanting to have an outdoor experience, but without the income to purchase a caravan, and therefore the Oz Shack offers an alternative.

There is significant anecdotal evidence to support that the types of facilities outlined above not only draw additional clients to the park but also encourage patrons to stay longer and re-visit during off-peak periods. It is essential that Council build on our Tourist facilities to ensure our visitors are returning more often and staying longer when they do holiday in our area.

4. CONSULTATION

The key stakeholders for this project include Yorke Peninsula Council, Port Vincent Foreshore Caravan Park Managers and patrons utilising the park.

The Yorke Peninsula Council Development Services Department have indicated that Development Approval is not required for jumping pillows, however the Oz Shacks and Deluxe Cabin will require planning approval, therefore prescribed consultation will be undertaken as part of this process.

Anecdotal evidence collected during the October School holidays indicates that this type of re-development would not only be strongly supported but is seen as being critical to the ongoing patronage of the Port Vincent Foreshore Caravan Park.

Customers have mentioned to park staff that competing caravan parks are planning to install high end play equipment and that they are considering re-locating to these parks. The development which is currently being undertaken at the Wallaroo North Beach Tourist Park is generating strong interest and patrons are considering changing where they holiday as a result. Should this occur, it will have a detrimental effect on the Yorke Peninsula Economy.

5. COST/BENEFIT ANALYSIS

Stage 1 – 2014 / 2015 FY Approximate Cost \$65,000

By installing a jumping pillow, the caravan park will lose a very small site [61], which is currently extremely limited in its hiring capacity. There were only 11 reservations for the last financial year and only earned \$3,685 in comparison to other sites with 50 reservations and earning incomes in excess of \$12,000. No sites will be lost by the installation of the NEOS, this will be placed on an un-used lawn area close to the camp kitchen.

To add a jumping pillow and recreational equipment will provide for an increase in the off-peak trade, particularly during July school holidays which currently run at 60% occupancy with an average income of \$13,068.

It is envisaged that this addition will raise occupancy as much as 10% – 15% without even considering the current powered site capacity thus raising the income potentially to \$15,030 which is well over the current earning capacity of the site which will be lost.

The financial break-down for the pillow installation will be as follows;

- NEOS Electronic Game \$40,000
- Jumping Pillow \$12,556 (Do it Yourself Installation) - *\$3,000 extra for them to install*
- PVFCP Logo on Pillow \$500 + GST
- Earthworks and area prep \$4,000 (Maximum) *(including delivery of sand for softfill surround)*
- Fencing 5,000 (Maximum)

TOTAL COST OF STAGE 1 \$62,056

The DIY Installation for the jumping pillow is apparently quite easy and includes a detailed manual and telephone and internet support on the day of the installation, and also includes a certification for insurance purposes. Fencing is not required, however it is considered worthwhile in this instance, particularly to assist with control of access.

Installation of the NEOS is fully included in the cost price.

The use of social media as well as print media to advertise the installation of the jumping pillow will generate interest and business. Both the NEOS and the jumping pillow are relatively low cost items as compared to a pool, with little or no ongoing maintenance, the case for installation of this style of quality play equipment is hard to ignore.

Stage 2 – 2015 / 2016 FY Approximate Cost \$92,000

One of the sites where is intended to locate one of the Oz Shacks is to be placed on, is no longer used due to the pumping station in close proximity, so it will be increasing income into the park that is the moment unused space.

For each of the other sites, currently the park has an average of 50% occupancy on sites and 70% in cabins. The Park Managers intend to ensure that the tariff is slightly higher than a powered site, but below cabin accommodation which is around 55%-60% occupancy. The charge would be around \$40.00 to \$45.00 a night; however, if furniture is included, it may be higher. It is estimated that the Oz Shack would pay for themselves within two years.

Quote received is all inclusive to supply 1 x 'The Family Plus' shack; standard inclusions are as follows:

- 3 x Double power points in brushed aluminium
- 4 x LED Internal stainless wall lights and switch in brushed aluminium
- 1 LED External stainless steel wall light and
- Vornado 3 Speed Oscillating Air Circulator Fan
- Rear window with Fly Screen and Black Out Roller Blind
- Locking Fly Screen Doors with Black Out Roller Blind
- Locking French Doors with Laminated Glass (Keyed Alike)
- 2 Coats of Exterior Oil

TOTAL COST OF SUPPLY: (approx.) \$21,260.00

Will also require building and planning consent, fees are approximate as follows;

- Lodgement fee - \$57.00
- Planning fee - \$98.00
- Building fee \$38.00

TOTAL PLANNING FEES : (approx.) \$193.00

Concrete pad footings and tie down connections (specifics still to be determined)

TOTAL PAD COSTS: (approx.) \$1,500.00

There are no plumbing or waste requirements.

TOTAL COST PER OZ SHACK: (approx.) \$22,953.00

TOTAL COST OF STAGE 2 (4 Shacks) : (approx.) \$91,812.00

Working on the following figures;

- 365 days per calendar year
 - o 50% Occupancy = 182 available nights
 - o 60% Occupancy = 219 available nights
 - o 75% Occupancy = 273 available nights
 - o 80% Occupancy = 292 available nights

By offering each Oz Shack as per the prices listed below, it is clear that there will be a significant increase in revenue for the caravan park.

- @ \$40 per night 50% occupancy = \$ 7,280 per annum

- @ \$50 per night 50% occupancy = \$ 9,100 per annum
- @ \$40 per night 60% occupancy = \$ 8,760 per annum
- @ \$50 per night 60% occupancy = \$10,950 per annum
- @ \$40 per night 75% occupancy = \$10,920 per annum
- @ \$50 per night 75% occupancy = \$13,650 per annum
- @ \$40 per night 80% occupancy = \$11,680 per annum
- @ \$50 per night 80% occupancy = \$14,600 per annum

Then if we times this by 4 as we plan to install 4 Oz Shacks

- @ \$40 per night 50% occupancy = \$ 29,120 per annum
- @ \$50 per night 50% occupancy = \$ 36,400 per annum
- @ \$40 per night 60% occupancy = \$ 35,040 per annum
- @ \$50 per night 60% occupancy = \$ 43,800 per annum
- @ \$40 per night 75% occupancy = \$ 43,680 per annum
- @ \$50 per night 75% occupancy = \$ 54,600 per annum
- @ \$40 per night 80% occupancy = \$ 46,720 per annum
- @ \$50 per night 80% occupancy = \$ 58,400 per annum

No flow on costs have been calculated for the Oz Shacks

Best case scenario

It would be reasonable to assume

- 80% Occupancy, charging \$50 per night will earn = \$58,400 per FY
- Minus Managers Commission (25% \$14,600) = \$43,800
- Gross expected profit per year = \$43,800

Worst case scenario

It would be reasonable to assume

- 50% Occupancy, charging \$40 per night will earn = \$7,280 per FY
- Minus Managers Commission (25% \$1,820) = \$5,460
- Gross expected profit per year = \$5,460

Stage 3 – 2016/ 2017 FY – Approximate Cost \$200,000

Building and furnishing of a quality 6 Star Super Deluxe Cabin on a site which is in a prime location on the Point of the Caravan Park, offering uninterrupted sea views from both sides.

Quote received is all inclusive to build and supply 1 Deluxe Cabin on site from Country Living Homes was \$164,035

Building Planning consent fees, electrical work, footings, plumbing and waste requirements all included

Fixtures and Furnishings will make up the remainder of the \$200,000.

Working on the following figures;

- 365 days per calendar year
 - o 50% Occupancy = 182 available nights
 - o 60% Occupancy = 219 available nights
 - o 75% Occupancy = 273 available nights
 - o 80% Occupancy = 292 available nights

By offering the deluxe cabin as per the prices listed below, it is clear that there will be a significant increase in revenue for the caravan park.

- @ \$200 per night 50% occupancy = \$ 36,400 per annum
- @ \$250 per night 50% occupancy = \$ 45,500 per annum
- @ \$200 per night 60% occupancy = \$ 43,800 per annum
- @ \$250 per night 60% occupancy = \$ 54,750 per annum
- @ \$200 per night 75% occupancy = \$ 54,600 per annum
- @ \$250 per night 75% occupancy = \$ 68,250 per annum
- @ \$200 per night 80% occupancy = \$ 58,400 per annum
- @ \$250 per night 80% occupancy = \$ 73,000 per annum

Additionally, it is expected that there will be a 10% flow on effect in terms of additional people, children and linen charges. By addition 10% to these figures;

- @ \$200 per night 50% occupancy = \$ 36,400 p/a - Plus 10% = \$ 40,040
- @ \$250 per night 50% occupancy = \$ 45,500 p/a - Plus 10% = \$ 50,050
- @ \$200 per night 60% occupancy = \$ 43,800 p/a - Plus 10% = \$ 48,180
- @ \$250 per night 60% occupancy = \$ 54,750 p/a - Plus 10% = \$ 60,225
- @ \$200 per night 75% occupancy = \$ 54,600 p/a - Plus 10% = \$ 60,060
- @ \$250 per night 75% occupancy = \$ 68,250 p/a - Plus 10% = \$ 75,075
- @ \$200 per night 80% occupancy = \$ 58,400 p/a - Plus 10% = \$ 64,240
- @ \$250 per night 80% occupancy = \$ 73,000 p/a - Plus 10% = \$ 80,300

Best case scenario

If Council were to borrow \$200,000 to fund the building of this cabin, it would be reasonable to assume
 80% Occupancy, charging \$250 per night will earn = \$80,300 per FY (including 10% flow on)
 Minus Managers Commission (25% \$20,075) = \$80,300
 Gross expected profit per year = \$60,225

Worst case scenario

If Council were to borrow \$200,000 to fund the building of this cabin, it would be reasonable to assume
 50% Occupancy, charging \$200 per night will earn = \$40,040 per FY (including 10% flow on)
 Minus Managers Commission (25% \$10,010) = \$40,040
 Gross expected profit per year = \$30,030

All figures are based on average figures of quotes received and rounded up to cover for unexpected expenses.

TOTAL COST OF STAGE 3 : (approx) \$200,000

TOTAL COST OF TOTAL PROJECT : (approx) \$360,000

As there is no direct income to be calculated from the playground rejuvenation, the following figures have been calculated in relation to the OZ Shacks and the Deluxe Cabin only.

Best Case Scenario

Oz Shacks \$43,800

Deluxe Cabin \$60,225

Total Expected Profit \$ 104,025

Worst Case Scenario

Oz Shacks \$5,460

Deluxe Cabin \$30,030

Total Expected Profit \$ 35,490

Insurance

The jumping pillow, fence and associated equipment will need to be added to Council's asset and insurance register. Studies show that injuries attributed to jumpers are substantially lower and less severe than other hard playground items.

The NEOS Outdoor Electronic Gaming System, the 4 new Oz Shacks and the Deluxe Cabin will need to be added to Council's asset and insurance register

6. RISK ASSESSMENT

The risks associated with installing the jumping pillow and NEOS are deemed to be negligible in comparison with the potential risks associated with NOT installing improved quality play equipment; which are long term significant reduction in patronage income. A safe play area will enable parents to relax whilst their children enjoy playing on the equipment, along with providing an opportunity for parents to be involved with their children's play if they wish.

Similarly the risks associated with building the Oz Shacks and the Deluxe Cabin are also minimal. Making sure that appropriate promotional exposure is undertaken and that the structures are built within relevant legislative requirements, there should be no foreseeable risks posed to Council.

7. SUMMARY AND RECOMMENDATION

Summary

A jumping pillow is a relatively low cost item with little to no ongoing maintenance costs and high patronage density for the area occupied and offers significant benefit to any caravan park. Installing an outdoor Electronic NEOS Gaming System offers a unique attraction and draw card for potential park patrons, particularly over the off peak months.

Redevelopment of this area will improve the overall appearance of the park and in turn offer a higher standard of facilities to maintain and attract visitors.

This area will provide a safe, clean and stimulating environment for park patrons to utilise all year round. Being located alongside the camp kitchen area will provide an opportunity for family celebrations as well as birthdays and special occasions, creating a new income stream for the park.

Installation of four unique 'glamping' Oz Shacks will offer a distinctive attraction for a growing market. For a smaller capital outlay, it is expected that the income generated will significantly contribute to the overall revenue of the caravan park.

Further to this, the building of a Deluxe Cabin will provide an exclusive high end accommodation choice for the more discerning traveller which is not currently available elsewhere on the Peninsula.

Recommendation

It is strongly recommended that Council approve a loan to be fully serviced by the Port Vincent Foreshore Caravan Park for the amount of \$360,000 to undertake all three rejuvenation projects over the next two years.

Appendix 1 – Playground Rejuvenation



Kangaroo Jumper, will also include Port Vincent Foreshore Logo on pillow



NEOS Electronic Gaming System

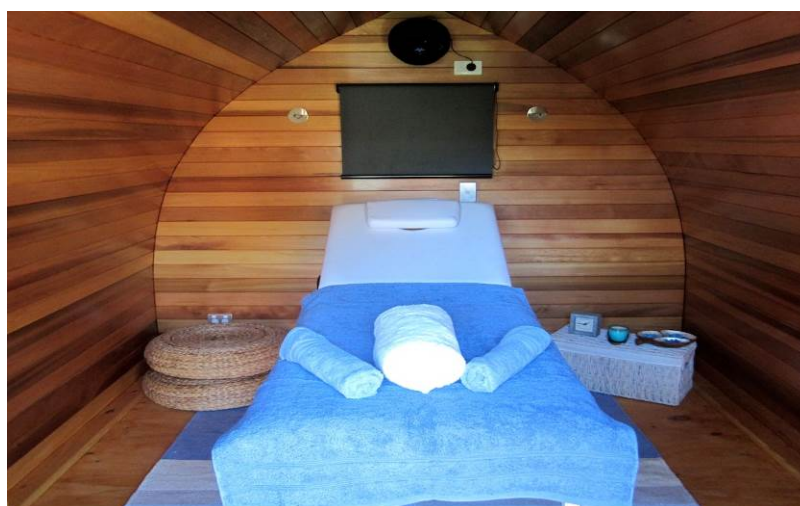


Area to be rejuvenated

Appendix 2 – Oz Shack Installation



Outside of Oz Shack



Example of Interior of Oz Shack

BUSINESS IMPROVEMENT OFFICER

6. INTERNAL AUDIT ACTIVITY REPORT

(File Ref: 9.14.1.6)

INTRODUCTION

The Business Improvement Officer presents an update on recent Internal Audit Activity.

RECOMMENDATION

That the report be received.

COMMENT

The objective of the Yorke Peninsula Council's ("Council") internal audit function is to enhance business performance by recommending improvements in process effectiveness, efficiency and economy.

This report provides an update on the implementation of proposed actions resulting from:

- Internal audit activities;
- Internal controls project; and
- External audit activities.

The latest status information has been provided by the officers responsible for the implementation.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 – Section 125 – Internal Control Policies
Council's Internal Audit Activity – Framework

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Internal audits will assist in the management of Council's financial and operational risks.

Internal Audit Activity Report (Feb 15 – April 15)

1. INTERNAL AUDIT PLAN

The following table highlights the status of audit projects:

No.	Project	Scope Overview	Project Status
1	Attractive Asset Review	Attractive assets to the Council include items such as mobile phones, laptops and artwork. This audit will focus on the processes to manage and secure attractive assets (particularly artworks) acquired by the Council.	Project Completed
2	Financial Management – Account Receivable	A review of key accounts receivable controls including receipting, banking, debtor follow up processes and general ledger reconciliations.	Audit commenced in Jan 2015.
3	Post Implementation Review - Asset System	A new asset management system is budgeted for the 2014 financial year; this review will be an assessment of the effectiveness of the implementation of the new system against the outlined objectives of the project.	Not started. Scheduled to commence in July 2015 once a few asset categories have been fully loaded and staff are actively using the system.
4	CSR Operational Review	A review to assess the processes relating to the customer service request (“CSR”) system, including allocation of jobs, follow up, completion / service levels and reporting to Council.	Not started. Will be completed prior to 30 June 2015.
5	WHS Legislation	To meet requirements of the Work, Health and Safety (WHS) Act 2012, a WHS project will be undertaken each year.	Project Completed
6	Petty Cash and Till Floats	Regular spot check of petty cash and till floats. The objective is to ensure that staff with custodian of till floats and petty cash floats are aware of their responsibilities and are discharging those responsibilities efficiently and effectively.	Project Completed
7	Council Direct Managed Caravan Park Spot Audits	Unannounced visit to Caravan Parks to confirm that utilised sites were correctly recorded in the online Reservation Management System (“RMS”), general maintenance and cleanliness of the parks and all WHS matters were addressed.	Project Completed

8	Independent verification of control self-assessment	Undertake annual random verification of staff's self-assessment ratings against the identified controls. (Controltrack)	Scoping completed. Project will initially review 8 controls - Inherent risk rating of extreme, controls reduce residual risk to low. Staff have assessed control as 5 (in all cases controls has been fully implemented and consistently and effectively applied).
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2. MANAGEMENT REQUESTS

Internal Audit function has attended to the following Management requests:

Request	Requestor	Audit Scope / Objective	Project Status
Bush Camping Review	Director Development Services	Audit of the key bush camping permit controls to determine areas for improvement. The review was limited to reviewing the current processes for Council staff and the local businesses that issue permits and collect fees on behalf of Council.	Project Completed
Financial Management – Payroll (carry forward from 13/14)		Audit of the procedures and internal controls relating to the fortnightly processing of the payroll. Processes include new payroll additions, terminations, pay rate changes, payroll changes and deductions.	Project Completed

3. IMPLEMENTATION OF AGREED ACTIONS (INTERNAL CONTROLS PROJECT, INTERNAL AUDIT AND EXTERNAL AUDIT)

An update on the implementation of proposed actions resulting from the following activities is provided in **Attachment B**:

- Internal controls project;
- Internal audits; and
- External audit.

The latest status information has been provided by the officers responsible for the implementation.



Implementation of Agreed Actions

This report provides an update on the implementation of proposed actions resulting from:

1. Internal audit activities;
2. Internal controls project; and
3. External audit activities.

The latest status and comment information has been provided by the officers responsible for the implementation.

1. Internal Audit Activities

Water Recovery Charges Review – June 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Usage Invoicing Spreadsheet	An independent review of the Water Supply Invoicing spreadsheets will be performed by Internal Audit after each roll over to ensure completeness and accuracy of the process.	Business Improvement Officer and DCCS	1/03/14	30/04/15	In Progress	The Finance section have developed and implemented new processes. Internal Audit will now conduct the independent review following next roll-over after end March 2015.

IT User Access Review – July 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. IT Security Policy and Procedure & User Guidelines	Agreed with recommendation: <ul style="list-style-type: none"> Develop a set of basic internal IT procedures Review and update the Internet and Email Policy and Guidelines for Computer Network Use to ensure they reflect current practices and the new procedures to be developed. 	Manager Information Services	30/08/13	31/05/15	In Progress	These requirements are part of the set of current projects to review and overhaul the IT policies and procedures. A draft IT policy was developed, however an alternate, more rigorous, long term approach for policy, procedure and guideline development has been initiated. An overarching framework has been identified and a suite of ISO and State Govt. compliant policies will be delivered by May 2015.
4. Network Administrator Access	As part of the upgrade to Active Directory in late 2013, IT will consider changing generic Administrator password, after attempting to identify services that are running using this account.	Manager Information Services	30/08/13	30/06/15	Completed	Administrator password change was completed as part of the active directory upgrade.

Accountability and Disclosure Audit – October 2013

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Give consideration of a central records management system that will also capturing emails to and from Elected Members	A centralised electronic records management system will be considered as part of the FY15 budget.	CEO	30/06/15	31/12/15	In Progress	<p>The IT Manager has commenced investigations of potential records management systems and a preferred option has been selected.</p> <p>Expenditure for the project was requested in the FY15 budget, however due to competing priorities the project did not proceed.</p> <p>The project has been put forward again for inclusion in the FY16 budget.</p>

Procurement, Part 1 Purchasing – February 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Purchase of Goods and Services Policy <div style="background-color: yellow; padding: 2px; display: inline-block;"> Risk Level High </div>	<p>A Project Team to address procurement issues has been established and the project will commence in March 2014.</p> <p>Draft procurement policies have been sought from the LGA and will be implemented as necessary.</p>	DC&CS	30/06/15		In Progress	<p>The revised Purchasing and Procurement Policy was endorsed by Council on 21/01/2015. The supporting workflows, forms and documentation will be completed by 30 June 2015 and implemented across Council.</p>

Leased Caravan Parks Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Minlaton Caravan Park Lease Agreement Risk Level Moderate	Management will review and renegotiate the Minlaton Caravan Park lease agreement in June 2015. Current known issues will be considered and addressed at that time.	DC&CS	30/06/15		Future Dated	N/A
2. Lack of consistency across Caravan Park lease agreements Risk Level Low	The current lease spreadsheet will be incorporated into the SharePoint application to ensure automation of key dates etc.	Property Tenure Officer	30/09/14	30/06/15	In Progress	SharePoint is implemented, roll-out and staff training will occur throughout March/April 2015.

Fuel Management Review – March 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Fuel Sheets Risk Level High	1. Agreed, a standard fuel sheet template will be developed (if it is considered that the current system will not be overhauled with an automated system). 2. Agreed the Director Corporate & Community Services will source system information and costs to be considered by CMT	1. Financial Accountant 2. DC&CS	31/12/14 30/09/14		1. Completed 2. On Hold	1. Outdoor workers are now using electronic fuel sheets. 2. On hold until alternate options can be sourced.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Fuel dip reading Risk Level Moderate	An independent fuel dip reading is performed on a six monthly basis by the Financial Accountant to verify the inventory.	Financial Accountant	30/09/14	28/02/15	Completed	First independent reading resulted in only slight variances identified - none higher than anticipated. This has now been included into the Financial Accountant's regular work program with the next reading scheduled for EOM April 2015.

Bush Camping Review – July 2014

Please note: Elected Members were briefed at a Council workshop held on 25 March 2015 regarding all recommendations, all subsequently endorsed by Council on 8 April 2015.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Timing of obtaining permits Risk Level High	1. Agreed, a policy that incorporates key points from the audit findings will be developed, including a communication plan to inform staff and the community. 2. Signage to be reviewed, costs identified and a budget submission is prepared for 2015/16 Annual Business Plan and budget. 3. Agreed, Council to contact local businesses in the known 'gap areas' (e.g. Pt Wakefield, Ardrossan, Stansbury, Pt Vincent, Pt Victoria etc.). 4. Further investigation to be undertaken to identify the costs, risks and benefits of alternate methods and a report prepared for Council's consideration. 5. Once new processes are implemented ensure that the Ranger educates and makes the bush camping public aware of new processes and change to culture.	1. Manager Developmt Services 2. Operations Manager 3. Manager Developmt Services 4. Manager Developmt Services 5. Manager Developmt Services	31/03/15 28/02/15 30/09/14 31/12/14 31/03/15	31/07/15 30/06/16 30/06/15 30/06/15 01/01/16	Future Dated Future Dated Future Dated Future Dated Future Dated	Funds included in the draft 2015/16 budget. Signage will be 'ongoing' as identified.
2. Charging, receipt, banking and reconciliation	1. Bush Camping Permit procedure to be developed to reflect current expectations and communicated to staff, Rangers, and	1. Manager Developmt Services	31/12/14	30/06/15	Future Dated	N/A

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Information collected on permits Risk Level Moderate	Consider suitable technology (e.g. hand held palm pilot, tablets) for the Rangers to document and issue bush camping permits. Investigate to identify the costs, risks and benefits and prepare a report for Council's consideration.	Manager Development Services	31/12/14	30/06/15	Future Dated	N/A
5. Obtaining permits – inconsistent information Risk Level Low	Review information on the Council and Visitor Information Websites and update appropriately to reflect the correct locations where permits can be obtained.	Corporate Services Officer	30/09/14	30/06/15	In Progress	Visitor Information Centre review and update their website on a regular basis. Work still to be completed on Council's website.
6. Review of Ranger responsibilities Risk Level Low	Review the role of the Rangers so that standardised duties are undertaken and work is allocated by geographic area. Also consider resource requirements of Rangers, particularly for weekend and peak times	Manager Development Services	31/03/15	31/12/15	Future Dated	N/A
7. Further opportunities for improvement Risk Level Low	1. Review the requirement of nominating a specific site and consider changing to a permit being applicable for any of the bush camping sites. 2. Review the rationale of non-fee and fee payable sites and if appropriate, set fees for all fifteen sites as part of the FY16 annual review of fees and charges (or an amendment to the 2015 Fees & Charges).	1. Manager Development Services 2. Corporate Services Officer	28/02/15 31/03/15	30/06/15 31/12/15	Future Dated	N/A

Payroll Review – July 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Payroll Procedures Risk Level Low	Payroll procedures reviewed and updated to reflect current practices.	Payroll Officer	30/06/15		Future Dated	N/A
2. Electronic Timesheets and Leave Requests Risk Level Low	Consideration or research into the Authority capabilities to automate / streamline the timesheet and leave request process.	Manager Org Development	30/06/15		In Progress	The timesheet project has been given to a consultant to develop suitable options for both indoor and outdoor staff. The on-line leave process has been set-up will be rolled-out to indoor staff in conjunction with the changes to the timesheet process.

Asset Management Maturity Audit – March 2014

Undertaken by Jeff Rodda & Associates (External Consulting Firm)

Please note: All road infrastructure will be addressed first. The aim is to complete all actions for the road in infrastructure category by 30 June 2015. Actions will then be removed from this list. Internal Audit will complete a follow up review of Asset Management in FY17 to ensure all asset categories have been completed in accordance with the agreed actions.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Strategic Longer Term Planning Risk Level Low	Ensure future plans indicate likely service level and risk trends resulting from adopted LTFP	DC&CS	30/09/15		Future Dated	Currently completed as best as possible, however with limited data. New AM system and the data available will improve LTFP.
	Consider including in the next update of the Strategic Plan commentary on the future outlook for infrastructure including any challenges/risks & ensure that Strategic Plan performance measures are aligned with the AMP service levels utilising state of the assets reporting.	Governance Officer	31/12/15		Future Dated	The review of Strategic Plan will commence in the 15/16 year and will consider wording in relation to the Asset Management.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
2. Annual Budget Risk Level Low	Include commentary in the budget to provide a statement of whether the budget will achieve the Strategic Plan objectives and sustain current service levels	DC&CS	TBA			
	Develop ongoing councillor and community engagement strategy on affordable service levels based on current LTFP	DA&I	TBA			
	Ensure that the depreciation projections in the LTFP are related to forecast movements in the asset base. To do this a reconciliation of the movements in Property, Plant and Equipment values is needed within the forecast	DC&CS	TBA			
3. Annual Report Risk Level Low	Include "state of the assets" reporting in annual report (& AMPs) to show service level trends e.g. % or assets at Poor/Fair/Good condition, function and capacity. This will provide an annual snapshot of service level trends.	Business Improvement Officer	30/11/15		Future Dated	This will be included in the Annual Report for the FY15 financial period, once the Asset Management System (AMS) has been in production for a full year.
4. AM Policy Risk Level High	Implement an Asset Management Policy. When policy has been developed, ensure it is communicated to all key stakeholders including a briefing to Council regarding their roles and responsibilities. The policy should include (but not limited to) the following: <ul style="list-style-type: none"> - Document methodology for determining asset lives, useful lives, conditions and financial reporting in an asset accounting policy as per Australian Infrastructure Management Guidelines - Develop business processes and documentation to ensure audit trail for financial transactions, asset register updates and annual reporting. This should be done as part of the CRV and new Asset Management System implementation process - Document an Asset Management Improvement Program. Annually review asset management maturity & conduct annual review of policy implementation by the Asset Management Team 	Asset Manager	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
	and Audit Committee - Training requirements for staff - Responsibilities for staff (i.e. Finance and Asset Management staff) - Reporting mechanisms and timeframes - Linkages to risk - Continuous improvement					
5. AM Strategy Risk Level Extreme	Implement an Asset Management Strategy (using templates provided). Strategy must identify 'critical' assets and includes risk management strategies for these assets. Strategy should also include specific actions to improve asset management capabilities, projected resource requirements & timeframes.	Asset Manager	30/06/15		Future Dated	
6. AM Plans Risk Level High	Update the Asset Management Plans (Optimal Scenario) and what will be done with available funding (Balanced Scenario) & complete risk management plans for the Balanced Scenario.	Asset Manager	30/06/15		Future Dated	AM Plans will be automated as part of the AMS implementation
	Complete service levels for AMPs using state of the assets reporting (condition / function / capacity) as per example provided by the consultants & ensure that service level targets for the next 10 years for each AMP are achievable and it is clear what Council can and cannot do within the budget constraints of the LTFP.	Asset Manager	30/06/15		In Progress	AM Plans will be automated as part of the AMS implementation. The data collection and analysis process has commenced with road categories.
7. Governance and Management Risk Level High	Identify if the Asset Management Team will continue, if so adopt charter for the Asset Management Team. The focus of the group should be on the implementation of Asset Management Improvement Program and to report risk and service level trends	Asset Manager	31/12/14		Future Dated	CMT is currently assessing the benefits of continuing with the Asset Management Team. Asset management will become an agenda item of future Managers meetings.
	Ensure whole of life costing is used for all capital upgrade/expansion projects with a feedback loop into the LTFP.	Asset Manager	30/06/15		Future Dated	
8. Levels of	Develop additional AMP scenarios as required to	Asset	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Service Risk Level High	align with the LTFP and show service outcomes and risk consequences of LTFP resourcing levels. Aim is to ensure the community service levels and targets in AMPs align with the SP and annual reporting	Manager				
9. Data and Systems Risk Level High	Provide a data improvement program as part of the asset management improvement program based on benefit/cost/risk. This should be done in conjunction with the development of the Asset Accounting Policy and Implementation of both the Authority CRV module and new Asset Management System. This process should determine the level of data required to meet both financial and asset management requirements	Asset Manager	30/06/15		In Progress	Aligned to the implementation of the Conquest system. Road category completed
	Ensure that the current register is kept up to date and asset condition is monitored & annually updated with 'useful lives' and reported as part of the annual review of the works program. Includes annual update of unit rates (replacement and renewal cost rates) based on the completed works program	Asset Manager	30/06/15		In Progress	Aligned to the implementation of the Conquest system. Road category completed

Attractive Assets Review – August 2014

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Acquisition and disposal processes of attractive assets Risk Level High	A standard process for the acquisition and disposal of assets is developed and deployed internally with training for staff	Manager Financial Services	30/06/15		Future Dated	
	As a checking mechanism, the Accounts Payable Officer to check whether newly acquired assets have been captured within the correct registers at the time of paying the invoice	Manager Financial Services	30/06/15		Future Dated	
2. Recording of attractive assets Risk Level Moderate	Incorporate all registers into a centrally managed register with plans to move this into the new Asset Management Software (Conquest) in the future. Focus on just those asset classes that are not already (or soon to be) loaded into Conquest.	Manager Financial Services	30/06/15		Future Dated	
	All assets meeting the threshold requirements are also immediately transferred into the Attractive Asset register, thereby bringing this register up to date	Manager Financial Services	30/06/15		Future Dated	
	All artworks are immediately recorded into the F&F asset register and also transferred into the Attractive Asset Register if they meet the threshold requirements.	Manager Financial Services	31/12/14		In Progress	All artworks have been captured in a separate document, in the process of being transferred to the Asset Register.
	Regular stocktakes of all categories of assets are planned and undertaken at least once every two years (some such as plant and machinery should be completed annually)	Manager Financial Services	31/12/15		Future Dated	
	Standard forms to assist the stocktakes are developed	Manager Financial Services	30/09/15		Future Dated	
3. Asset Management and Accounting Policy Risk Level Moderate	Council's current Asset Management and Accounting Policy is reviewed and updated taking into account the findings of this review	Manager Financial Services	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
4. Methodologies for tagging and monitoring the location of attractive assets	It is recommended that Council consider some marking or stamp to identify Council artworks.	Executive Assistant Director Corporate & Community Services	30/06/15			
Risk Level Moderate	Council investigates purchasing equipment required to 'tag' assets (e.g. bar code creation and readers) and if deemed appropriate, plan for resources to undertake tagging of all assets throughout Council.	IT Manager	31/12/15		In Progress	Ahead of schedule with approx. 75% of all assets tagged.

WHS Legislation Review – January 2015

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
1. Incident Reporting and Investigation	Periodically remind staff of the requirement to report incidents within 24 hours.	Risk Management Officer	31/03/15		In Progress	To be included in upcoming issue of Safety First Newsletter.
Risk Level Moderate	Update the Incident Register to show risk ratings.	Risk Management Officer	30/06/15		Future Dated	
	Determine who should be responsible for undertaking the risk assessments following an incident and then update procedures, booklets and forms accordingly.	Risk Management Officer	30/06/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
2. Identification of Corrective and Preventative Actions Risk Level Moderate	Develop a process to identify and report on systemic/repeated non-conformances thereby allowing the CMT to take appropriate action when required.	Risk Management Officer	30/06/15		Future Dated	
	Replace PDF version of the CAR with a protected live excel version.	Risk Management Officer	28/02/15		Completed	Live excel version now available to all staff.
	Guidelines are developed, endorsed and incorporated into existing procedures regarding appropriate timeframes for the implementation of corrective/ preventative actions based on risk ratings.	Risk Management Officer	30/06/15		Future Dated	
	Resolve all items on the CAR that are greater than 12 months old.	CEO	28/02/15		In Progress	To be discussed at upcoming WHS Annual System Review meeting.
	Implement a process to document decisions by the WHS Committee to permit continued exposures to any identified risks and forward to the CEO for formal ratification to retain the risk until it can be addressed.	Risk Management Officer	31/03/15		In Progress	Included as a regular agenda item in future WHS Committee meetings.
	Budget Managers ensure that all corrective / preventative actions that have been 'referred to next budget' are included in the budget preparations.	Risk Management Officer	31/05/15		In Progress	Included as part of the 2015/16 budget preparations.
	Chair of the WHS Committee will allocate more time on the agendas to facilitate deeper discussions regarding the development and resolution of issues.	Chair of WHS Committee	31/03/15		In Progress	Occurred at March WHS Committee meeting.

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
3. Assessing Effectiveness of Corrective and Preventative Actions Risk Level High	Provide advice to staff regarding how to correctly verify and report on the effectiveness of corrective / preventative actions via Tool Box meetings, Departmental meetings etc.	Risk Management Officer	30/06/15		Future Dated	
	Determine the best method (e.g. re-training key staff, updating relevant procedures and/or standard forms) to ensure that appropriate staff are assessing the effectiveness of controls and that the WHS Committee will report to CMT every six months on the effectiveness of controls.	Risk Management Officer	30/09/15		Future Dated	
4. Compliance with OHS&W Procedure Responsibility Booklets Risk Level Low	Administratively review all OSH&W Procedure Responsibility Booklets.	Risk Management Officer	30/06/15		Future Dated	
	Ensure that all SDS folders in all locations are reviewed and brought up to date where necessary.	Risk Management Officer	30/09/15		Future Dated	
	Finalise the Risk Assessment, Confined Space and Substance Registers and communicate with staff regarding the use and location of these registers.	Risk Management Officer	30/09/15		Future Dated	
5. Workplace Inspections Risk Level Low	Review all Workplace Inspection Checklist and update where appropriate (particularly areas where staff have difficulty in assessing).	Risk Management Officer	30/06/15		Future Dated	
	Conduct refresher training for HSR's on the procedures for accurately conducting workplace inspections.	Risk Management Officer	30/06/15		Future Dated	
	Workplace inspection for the Warooka office is completed.	Risk Management Officer	28/02/15		Completed	
	Specific in-house training for conducting workplace inspections is developed, included in the training and development calendar and run for all new HSRs (including hazard identification, risk assessments and controls).	Risk Management Officer	30/09/15		Future Dated	

Finding Name	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
6. Other Issues Risk Level Moderate	Ensure that the staff 'WHS Survey' is conducted and results reported to CMT and the WHS Committee. Also determine if an annual survey is an appropriate frequency (i.e. every 2 years may be more appropriate) and update references to frequency in all relevant procedures, forms etc.	Risk Management Officer	31/03/15		In Progress	WHS Survey included as part of overall staff (Insync) survey. Survey closed 20 March 2015. Results to be communicated when they become available.
	Consider utilising the Promapp software for future development of Standard Operating Procedures and determine the best method to facilitate direct involvement of key staff.	Risk Management Officer	31/12/15		Future Dated	
	Ensure that all Emergency Control Personnel and First Aider information is up to date in all locations (hard and soft copies) and will review the Incident Reporting and Investigation Register and ensure any incorrect dates are administratively corrected.	Risk Management Officer	31/03/15		Completed	

2. Internal Controls Project (Various Workshop Dates Held in Early 2014)

Risk Ref	Agreed Action	Responsible Officer	Due Date	Revised Due Date	Status	Comments
2.1.8	Investigate other resources in regards to existence of accounting policies, including other Councils and external audit.	Financial Accountant	31/08/13	30/06/15	In Progress	The revised date for this action has been extended until June 2015, this to allow time for the Finance department to collate all procedures into one document (or folder) to create a whole of Accounting and Finance Manual (rather than just individually). Work has commenced on this manual and the majority of finance processes have been completed.

3. External Audit Activities

March 2013 Half Year Management Letter

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Asset Management Plans	Council's Transport Asset Management Plan will be updated to reflect the results of the condition inspection and revaluation of assets. Once the Asset Management Plan has been updated, recommend Council updates the Long Term Financial Plan (LTFP) with updated capital works and depreciation forecasts.	Manager Assets	31/12/13	30/06/14	In progress	Please refer to Asset Management Maturity Audit actions listed above.
Asset Service Standards	Council should undertake a review and documentation of required service standards so that the Administration can plan for future capital works programs in the LTFP and annual budgets.	Manager Assets	30/06/14	30/06/14	In progress	Please refer to Asset Management Maturity Audit actions listed above.

4. LGA Mutual Liability and Workers Compensation Schemes - KPI Action Plan Audit

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Procedures and processes in place to identify, evaluate and control hazards	Provide training to carry out tasks, duties and responsibilities relating to hazard management system procedures with a focus on hazard reporting, plant, substance, pre purchase processes, the use of the hierarchy of control and the Corrective Action Register. (In line with the Implementation Schedule/ Training Program)	Risk Management Officer	31/10/15		In progress	Responsibility Booklets distributed to all staff and employee signature required once understood. Online procedural training through E3 Learning to be undertaken this year. Practical training sessions to be conducted with workgroups.
	Coordinate the review of existing Safe Operating Procedures and completion of additional ones resulting from risk assessments in consultation with relevant workers.	Risk Management Officer	31/12/15		In progress	Prioritised draft SOPS currently out for consultation and review, to be endorsed at June WHS Committee meeting. Also refer to Internal Audit - WHS Legislation - Compliance with OHS&W Procedure Responsibility Booklets, Action 3 and Action 2 under "Other Issues.

Finding Name	External Audit Finding	Responsible Officer	Due Date	Revised Due Date	Status	Comments
Legislative requirements are identified, documented, addressed and tested.	CMT to review the monitoring of inspections, testing and activities relating to legislation (specifically CMT's ability to demonstrate that corrective actions are being undertaken where scheduled events have not occurred).	Risk Management Officer	30/06/15		In progress	Reports submitted to CMT every 2 months. Workplace Monitoring Calendar reported at WHS Committee meetings Also refer to Internal Audit - WHS Legislation - Identification of Corrective & Preventative Actions, Action 1 and Workplace Inspections, Action 4.

BUSINESS IMPROVEMENT OFFICER

7. INTERNAL CONTROLS PROJECT UPDATE

(File Ref: 9.14.1.6)

INTRODUCTION

The Business Improvement Officer presents an update on the Internal Controls project.

RECOMMENDATION

That the Audit Committee endorse the Action Plans as provided within Attachment A.

COMMENT

For the Yorke Peninsula Council (YPC), the requirement to have an auditor provide an opinion on internal financial controls is mandatory from the 2015-16 financial year audit.

Following workshops with key staff, a total of 209 controls were established and uploaded into the ControlTrack system. To ensure we are adequately prepared for future auditing, a full round of assessments and reviews was completed In December 2014.

It should be stressed that this round of assessments was essentially a test prior to being a mandatory requirement.

The ControlTrack system requires staff to develop an Action Plan if the control is assessed at 3 or below.

Upon review of both the assessment results and the areas identified as requiring Action Plans, a total of 21 controls actually require an Action Plan due to genuine gaps within internal procedures. Outlines of the Actions Plans are provided as **Attachment A**.

All endorsed Action Plans will be completed prior to the 30 June 2015 to ensure that Council has satisfactorily addressed any shortcomings prior to 1 July 2015.

In addition, Internal Audit will commence a series of random audits to independently verify staff's self-assessments (refer Report 6 Internal Activity Report, Attachment A).

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999 - Sections 125, 126, 129 & 130

Local Government (Accountability Framework) Amendment Act 2009 –Schedule 1 cl. 2.

Local Government (Financial Management) Regulations 2011 r14 (e)

Australian/New Zealand Standard AS/NZS ISO 31000:2009

Institute of Internal Audit Standards

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Organisation	Yorke Peninsula Council			
Assessment	2014 Interim Assessment			
Assessment period	03/11/2014 - 30/06/2015			
Strategic Financial Planning				
General Ledger	Rating	Action plan	Responsible Officer	Status
General Ledger policies and procedures are appropriately created, updated & communicated to relevant personnel in the finance department. BPM Control Type: Core	3	Completion of finance manual by 30/6/15	Financial Accountant	In Progress Due date: 30/06/2015 Priority: Medium
Formal disaster recovery plan adopted by Council or Senior Executive. BPM Control Type: Core	2	BCP Plans currently being reviewed prior to adoption.	Risk Management Officer	In Progress Due date: 30/06/2015 Priority: High
All updates and changes to General Ledger programmes are authorised, tested and documented. BPM Control Type: Core	2	Review methodology of notifications and implement a structured flowchart to ensure specific procedure is followed when changes are implemented.	Information Technology Coordinator	Not started Due date: 30/06/2015 Priority: Medium
Statutory Reporting	Rating	Action plan	Responsible Officer	Status
Finance policies and manual is documented and regularly updated. BPM Control Type: Additional	3	Finance manual to be completed by 30/6/15	Financial Accountant	In Progress Due date: 30/06/2015 Priority: Medium
Management Reporting	Rating	Action plan	Responsible Officer	Status
Accounting Policies and Procedures are appropriately created, updated & communicated to appropriate personnel in the financial reporting department. Knowledgeable personnel monitor changes in guidance & regulations that affect the entity & make the appropriate changes to the entity's corporate accounting policies & procedures on a timely basis. BPM Control Type: Core	3	Finance Manual to be completed by 30/6/15	Financial Accountant	In Progress Due date: 30/06/2015 Priority: Medium
Management to confirm the accuracy of the information contained within their respective report. BPM Control Type: Core	3	Monthly reports are provided to Managers. Review PO142 Budget Reporting and Amendment Policy and include further details regarding responsibilities for ensuring accuracy of the budget information.	Manager Financial Services	Not started Due date: 30/06/2015 Priority: Low
Management review the exception reports on a regular basis and investigate all significant variances; evidence of review demonstrated must be provided. BPM Control Type: Core	3	Review PO142 Budget Reporting and Amendment Policy and include further details staff responsibility for investigating and explaining any significant variances. To be led by CEO - clear ramifications of non-compliance to be evident	Manager Financial Services	Not started 30/06/2015 Priority: Medium

Assets				
Petty Cash	Rating	Action plan	Responsible Officer	Status
Access (i.e. passwords or keys) to the cash floats and petty cash safes/registers is limited to authorised officers. BPM Control Type: Core	2	Investigate a method of safe/secure access for authorised officers only. Internal Audit currently conducts regular spot checks.	Manager Information Services	Not started Due date: 31/05/2015 Priority: High
Banking	Rating	Action plan	Responsible Officer	Status
All cash held securely in safe/registers with access restricted to appropriately designated personnel. BPM Control Type: Core	2	See above.	Manager Information Services	Not started Due date: 31/05/2015 Priority: High
Debtors	Rating	Action plan	Responsible Officer	Status
A listing of bad debt write-offs should be maintained. BPM Control Type: Additional	3	Separate register will be developed and implemented.	Manager Financial Services	Not started Due date: 30/06/2015 Priority: Low
Inventory	Rating	Action plan	Responsible Officer	Status
Subject to the relevant Council Procurement policy, a purchase order must be raised prior to ordering the goods from a supplier (within OLR system). BPM Control Type: Core	3	Training and reiteration of the appropriate policies and procedures will be undertaken with relevant staff as part of the rollout of the newly adopted Procurement Policy.	Director Corporate & Community Services	Not started Due date: 30/06/2015 Priority: High
The usability of inventory and level of inventory is assessed regularly including a review during physical inventory counts. BPM Control Type: Core	2	Review and update PO128 Asset Management and Accounting Policy to include management and staff responsibilities related to regular stocktake of major inventory.	Manager Financial Services	Not started Due date: 30/06/2015 Priority: Medium
Liabilities				
Accounts Payable	Rating	Action plan	Responsible Officer	Status
Purchase Orders must be raised for the purchase of goods and services in line with the Council's Procurement policy or over a predetermined amount where applicable. BPM Control Type: Core	3	Training and reiteration of the appropriate policies and procedures to be undertaken with relevant staff.	Governance Officer	Not started Due date: 30/06/2015 Priority: High
Accounts Payable	Rating	Action plan	Responsible Officer	Status
Statements received from suppliers are reconciled to the supplier accounts in the accounts payable sub-ledger regularly and differences are investigated. BPM Control Type: Core	1	Process required to show reconciliation of statements, to be completed by end of March 2015	Accounts Payable Officer	In Progress Due date: 31/03/2015 Priority: Low

Accounts Payable	Rating	Action plan	Responsible Officer	Status
Separation of accounts payable and procurement duties i.e. the Accounts Payable Officer has no delegation for raising purchase orders. BPM Control Type: Core	1	AP Officer access will be removed and delegation for orders to be arranged by responsible officers.	Accounts Payable Officer	In Progress Due date: 31/03/2015 Priority: High
Taxation	Rating	Action plan	Responsible Officer	Status
Accounting policies and procedures specify correct treatment for preparing the fringe benefit tax and goods & services taxation returns within any given financial year. BPM Control Type: Core	3	Completion of finance manual by 30/6/15	Financial Accountant	In Progress Due date: 30/06/2015 Priority: Medium
Revenue				
Grants	Rating	Action plan	Responsible Officer	Status
Council has a clear policy on Grant funding detailing assessment process, recognition, treatment, claim collection, community expectations and funding period and, disclosure of any conflicts of interest. BPM Control Type: Core	3	Procedure to be developed and endorsed.	Financial Accountant	Not started Due date: 30/06/2015 Priority: Low
User Pay Income - Fee for Service	Rating	Action plan	Responsible Officer	Status
Amounts charged are in accordance with the Council's Fees and Charges register. BPM Control Type: Core	3	To be added to the 2015/16 Internal Audit Plan to determine and review any instances overriding the adopted fees	Business Improvement Officer	Not started Due date: 31/01/2016 Priority: Low
Receipting	Rating	Action plan	Responsible Officer	Status
Cash is stored securely at all times including the duration of the cash management process. BPM Control Type: Core	3	Investigate a method of safe/secure access for authorised officers only. Internal Audit currently conducts regular spot checks.	Manager Information Services	Not started Due date: 31/05/2015 Priority: High
External Services				
Contracting	Rating	Action plan	Responsible Officer	Status
Commitments are not being made without funding being approved in the budget, this is managed through the OLR system. BPM Control Type: Core	2	System needs to be locked down so users cannot continue unless there are available funds (currently disabled).	Manager Information Services	Not started Due date: 30/06/2015 Priority: Medium
Within records, a contract register is maintained for contracts greater than \$150k. BPM Control Type: Core	1	Contract Register to be developed and requirement reiterated with staff.	Director Corporate and Community Services	In Progress Due date: 30/06/2015 Priority: Medium

RISK MANAGEMENT OFFICER

8. RISK MANAGEMENT (File Ref: 9.14.1.6)

INTRODUCTION

A draft Strategic Risk Management Plan 2015-2020 has been prepared (copy attached). Officers are seeking feedback and comments from the Audit Committee prior to employee consultation and ultimately a recommendation to Council for formal adoption.

RECOMMENDATION

The Audit Committee considers the draft Strategic Risk Management Plan and provide feedback and comments, prior to employee consultation.

COMMENT

The objective of the Yorke Peninsula Council's ("Council") Strategic Risk Management Plan is to provide an essential and coherent link between our strategic goals, our risk management policies, procedures and processes and our day to day activities. This Plan demonstrates Council's commitment, by detailing the risk management framework to be employed by all workers, contractors, committees, elected members and volunteers engaged in Council business.

The Strategic Risk Management Plan provides direction for an integrated and consistent approach to risk management at Council. The objectives of the Risk Management Policy and Procedure are to develop, implement and maintain an organisational risk management plan, incorporating Work Health and Safety (WHS) and Injury Management (IM) and internal controls.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Work Health and Safety Act 2012 (SA)

Local Government Act 1999 – Section 125 – Internal control policies

Local Government Act 1999 – Section 134 (4)(b) – Financial arrangements

Strategic Plan

Key Theme: Corporate Governance and Leadership
2. Organisational Efficiency and Resource Management

Strategic Goal: 2.4 Effective Risk Management

PO091 Risk Management Policy

PR098 Risk Management Procedure

PO001 WHS & IM Policy

ISO 31000 Risk Management

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Not applicable.

This plan is designed to meet:

Strategic Risk Management Plan - STRATEGIC OBJECTIVES

STRATEGIC REFERENCE AS FOLLOWS:

The Strategic Risk Management Plan is referenced in the Yorke Peninsula Council – Strategic Plan 2012-2015

Strategy No. 2 – Organisational Efficiency and Resource Management

2.4 – Effective Risk Management: Develop, implement and maintain an organisation risk management plan incorporating Work Health Safety (WHS) & Injury Management (IM) and internal controls.

This Plan demonstrates Council's commitment, by detailing the risk management framework to be employed by all workers, contractors, committees, elected members and volunteers engaged in Council business. The principles of the Plan are to:

- Identify, evaluate and prioritise the Council's risk-associated opportunities and threats, with a view to:
 - Exploit opportunities; and
 - Reduce, mitigate, transfer or eliminate threats
- Promote and support risk management processes throughout the Council
- Recognise that successful risk management relies on input from ALL employees and stakeholders
- Provide a basis for higher accountability
- Protect the Council's corporate image as a professional, responsible and ethical organisation and an employer of choice

Continuous Improvement of Performance Standards for Self Insurers (PSSI)

1. Commitment and Policy

The Yorke Peninsula Council is committed to managing strategic and operational risks by logically and systematically identifying, analysing, evaluating, treating, monitoring and communicating all risks that directly or indirectly impact on the Council's ability to achieve the vision and strategic objectives outlined in the Strategic Plan 2012-2015.

2. Planning

The Yorke Peninsula Council will ensure an integrated organisational risk management framework is in place, including policies, procedures and training programs, that are compliant with legislative, Local Government Association (LGA) Workers Compensation Scheme and LGA Mutual Liability Scheme (MLS) requirements and that is integral to the organisation's Strategic and Business Plans.

3. Implementation

The Yorke Peninsula Council will establish and maintain a compliant system for risk identification, assessment, control and review that minimises the risk exposure to Council, its employees and the community.

4. Measurement & Evaluation

The Yorke Peninsula Council will measure, monitor and evaluate its performance in consultation with its employees and their representatives and take corrective and/or preventative action, where necessary. Internal audit processes will be systematically conducted to verify the effectiveness of implementation across Council.

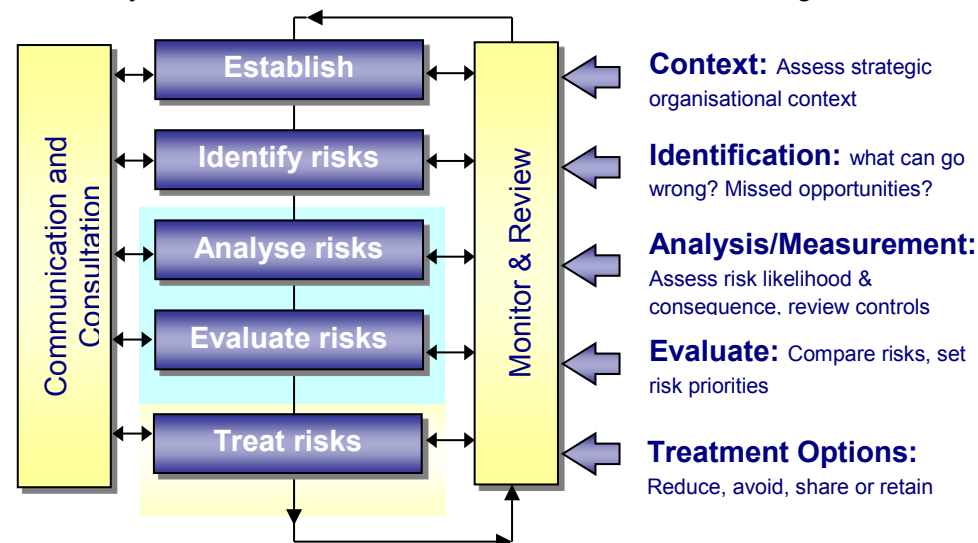
5. Management Systems, Review & Improvement

The management and review of Council's risk profile will enable Council to:

- meet strategic objectives;
- establish an effective method for decision making and planning;
- ensure a continuous improvement regime across the Council; and
- establish the roles and responsibilities of risk management throughout the organisation.

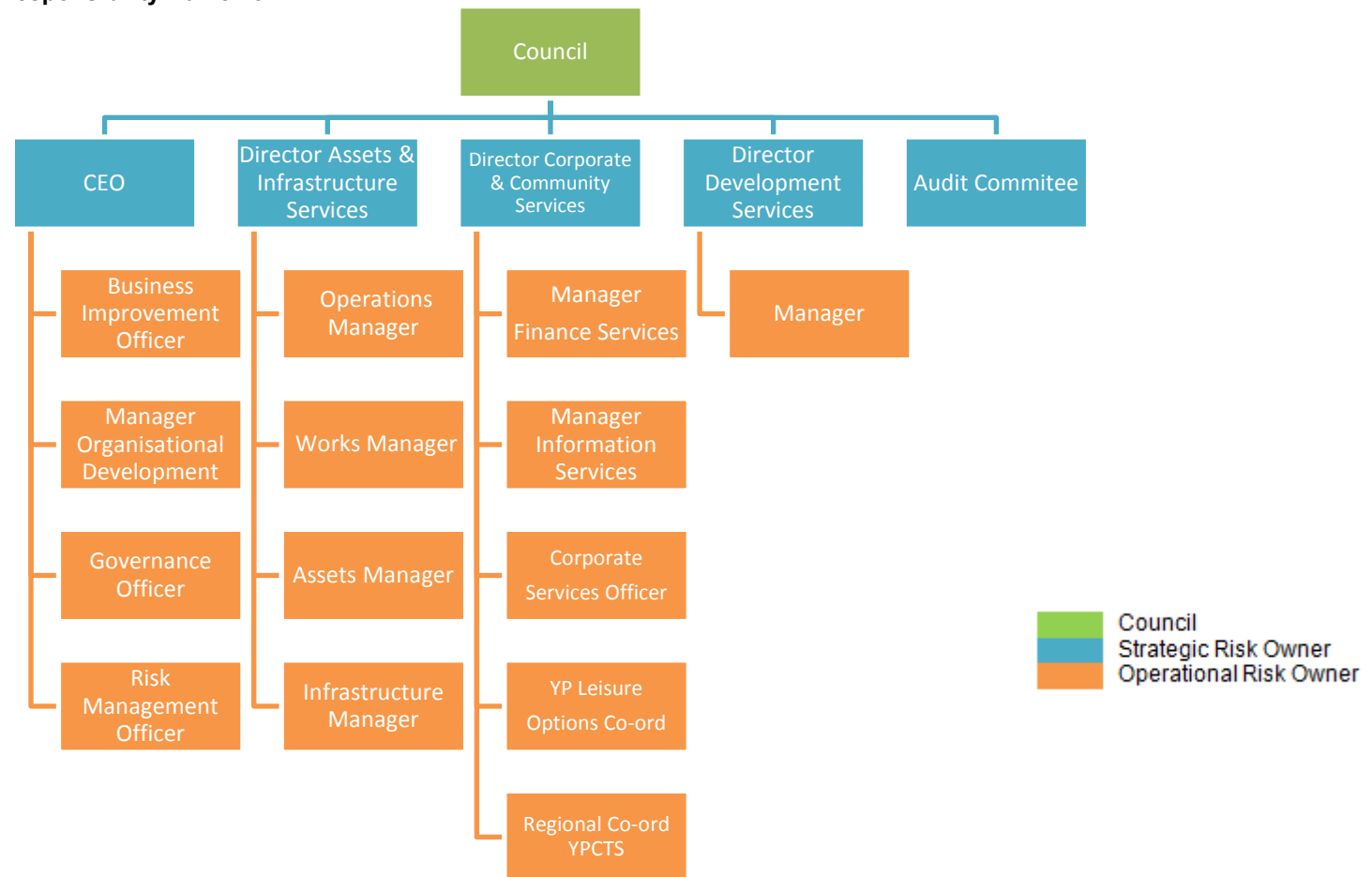
To ensure that the risk profile remains relevant, ongoing monitoring and review is required. The Audit Committee will meet a minimum of four (4) times a year and the Corporate Management Team (CMT) will monitor and review the system at their meetings as well as conduct an annual review.

Council's risk management process closely follows that set out in AS/NZ 31000:2009. The diagram below outlines the process:



Key Element	Council Summary	Responsibility	Completion
Establish Context	Assess strategic organisational context Workshop with Deloitte	CMT	June 2013 November 2013
Identify Risks	Risk management workshop and review	CMT	June 2014
Analyse Risks	Risk management workshop and review	CMT	June 2014
Evaluate Risks	Compare risks, set risk priorities Make decisions based on outcomes of risk analysis, about which risks need treatment and treatment priorities (risk appetite)	Strategic Risk Owners Operational Risk Owners	Proposed timing: December 2015
Treat Risks	Reduce, avoid, share or retain Identifying the range of options available to treat the risks, assessing the options, the developing, and implementing risk treatment plans	Strategic Risk Owners Operational Risk Owners	Proposed timing: 2016 / ongoing

Council's accountability and responsibility framework:



CMT is committed to providing leadership in relation to sound risk management and driving ongoing improvement strategies. Strategic risk relates to those risks that may impact the achievement of Council's strategic objectives. However, Council has also considered operations, specifically areas that have a level of civil liability exposure or areas that require a formal risk management approach, in the framework to prevent potential civil liability claims. As the main legislative requirements are administered by Local Government, focus is given to compliance with legislation such as the Local Government Act 1999, Development Act 1993 and Work Health and Safety Act 2012.

The identification of strategic risk involves both external and internal environmental factors which may impact Council's goals. This includes the organisation's relationship with its external providers and customers, dependency on technology and the reliability of that technology and the culture and reputation of the organisation.

Sound risk management not only contributes to good governance, it also provides protection in the event of an adverse outcome. Provided risks have been managed in accordance with the Council's guidelines, protection occurs on two levels. Firstly, the adverse outcome may not be as severe as it might otherwise have been. Secondly, those accountable can, in their defence, demonstrate that they have exercised a proper level of diligence.

Risk management is applied at many levels within the organisation, principally CMT will:

- Establish the context for the risk management process;
- Identify risks which could expose Council or the general community;
- Identify measures in place to treat and control risks;
- Identify the likelihood of certain events taking place;
- Identify the consequence of those events;
- Rate the identified risk;
- Identify alternative measures to treat the identified risk;
- Develop action plans and assign responsibilities and timeframes to the implementation of those actions;
- Record risks and associated action plans within a risk register; and
- Measure and monitor the entire process

The Strategic Risk Management Plan 2015-2020 has been developed following a planning session completed with CMT. Using the Performance Standards for Self Insurers (PSSI) and in particular, the Yorke Peninsula Council Risk Management Policy and Procedure as a guide to identifying actions and tasks, the following information and material was analysed as part of the planning process:

- Strategic Plan 2012-2015;
- PO091 Risk Management Policy;
- PR098 Risk Management Procedure; and
- Risk Management Review 2013 (LGAMLS)
- Risk Management Profile 2014 (LGAMLS)

CMT has identified the following key risks to Council, in order of inherent and then residual risk rating only.

Please Note: Key risks are those that will be driven and monitored frequently by CMT.

No	The Risk:	Risk Owner	Current Controls	Residual Risk Rating	Treatment Option(s) Responsibility & Timeframe
1	Systems and processes are not in place to manage contractors	CEO	<ul style="list-style-type: none"> • Policies & procedures (tender & quotation, goods & services, contractor management) in place • Preferred Contractor Register (Contractor Insurance & WorkCover Assessment required) • Procurement Project Team • Internal and external audits • Superintending processes 	Hi	TBA – Procurement Project Team
2	Lack of funding or change in grants from external sources significantly reduces income (external funding only).	CEO	<ul style="list-style-type: none"> • Building, improved relationships with key State and Federal politicians (greater emphasis and knowing the politicians to engage with. Planned approach to lobbying) • Engage consultants with grant proposal development (WTY) • Improvement on grant application processes (cross departmental assistance) 	Hi	TBA
3	Council does not comply with Records Management legislation	DCCS	<ul style="list-style-type: none"> • Records Management Policy & Procedure in place • Induction for employee and elected members • State Records audit – annual • Training workshops • Continuous improvement process with records staff (training) 	Hi	TBA
4	Inability to maintain an effective and compliant WHS management system that meets organisational requirements on an ongoing basis. (failure to comply with WHS Act & PSSSI).	CEO	<ul style="list-style-type: none"> • WHS policies & procedures in place • WHS & IM Plan in place • WHS & IM Committee • Training Needs Analysis (TNA) • Training Plan • External audits (LGAWCS) • Pre-placement Medical Assessment 	Hi	TBA

5	Inability to maintain an effective and complaint risk management system that meets organisational requirements on an ongoing basis.	CEO	<ul style="list-style-type: none"> • Risk management policy & procedure in place • Strategic Risk Management Plan in place • Audit Committee reporting includes regular update to Council's risk profile • External audits (LGAMLS) • CMT Annual Risk Management workshop to review organisational risks 	Hi	TBA
6	Lack of integration between financial and operational assets registers.	CEO	<ul style="list-style-type: none"> • External audit processes • Long term financial plan • Asset management program (condition assessments, software, consultants, AMP development etc.) • CMT / Audit Committee overview and collaboration • Internal audit 	Hi	TBA
7	Failure to deliver, maintain and monitor infrastructure and a road network that is safe, appropriate and fit for purpose.	DAIS	<ul style="list-style-type: none"> • Machinery • Current AMP for transport • Level of service, road hierarchy study (condition assessments) • CSR process • Skilled staff (experience) • AM system (i.e. reporting available from system) 	Hi	TBA
8	Corporate Management Team is not aligned with the strategic vision or direction of Council. Office of the CEO advice or direction is not sought, accepted or followed.	CEO	<ul style="list-style-type: none"> • Strategic Plan is in place • Regular CMT meetings held • Employee Code of Conduct • Performance Appraisal Process • Team building workshops and strategic planning sessions held with CMT on a regular basis 	Hi	TBA
9	Procurement is not adequately managed.	CEO	<ul style="list-style-type: none"> • Policies & procedures (tender & quotation, goods & services, contractor management) in place • Preferred Contractor Register (Contractor Insurance & WorkCover Assessment required) • Procurement Project Team undertaking • Internal and external audits • Gifts and benefits register 	Hi	TBA

10	Elected Members are not aware of their responsibilities or do not fulfil those responsibilities when acting in Office	CEO	<ul style="list-style-type: none"> • Regular and open communication is available with CEO, Directors and Managers • Community Consultation Policy in place • Training available to Elected Members, including induction and ongoing governance type training • Workshops with Elected Members are held on a monthly basis • Elected Member Code of Conduct in place • Professional and social interaction 	Mo	TBA
11	Inability to sustain long term financial performance and unable to meet forecast budgets.	DCCS	<ul style="list-style-type: none"> • Legislation requires financial processes • LTFP documented • LTFP regularly updated in accordance with budget updates / variances • Intensive budget setting and review processes (quarterly review processes) • Appropriate level of approval required for budget variations • Budget and LTFP setting requires approval by Elected Body • External auditors • Internal Audit • Training Elected Members • Workshops / Regular communication with Elected Members 	Mo	TBA
12	Breach of legislation, failure to comply with key regulations (ICAC, Development Act, LG Act).	CEO	<ul style="list-style-type: none"> • Governance Officer role responsibility • Policies & Procedures (reference list). Specific process for monitoring and evaluating new legislation and compliance requirements • Good governance audit (LGA) undertaken and addressed gaps for YPC • Accountability audit (Kelliedy Jones) and issues addressed • Development assessment checklists (ext audits on policies and procedures) • Audit Committee • State Records Audit – annually • Mutual Liability Scheme Audit • Dog & Cat Management Board • External auditors • Training Needs Analysis (TNA) • Induction process • Training Plan (specific to legislation) & Elected Members • Internal audit 	Mo	TBA

13	Inability to attract and retain appropriate and talented staff to Council.	CEO	<ul style="list-style-type: none"> • Organisational Development team • Regular staff satisfaction surveys held. Actions resulting from surveys are incorporated into CMT performance appraisal processes • Organisational training sessions held where appropriate (culture session) • Enterprise Bargaining with Employee Representatives • Employee Code of Conduct • Performance Appraisal Process • Training Needs Analysis (TNA) • Training Plan • Internal opportunities and support for staff to progress in career • Constant review of org structure • Internal communication staff briefings / meetings etc. • Staff functions 	Mo	TBA
14	Significant business interruption to core operations	DCCS	<ul style="list-style-type: none"> • Business Continuity Plan (draft format) • IT backup for Authority and network directories, including offsite storage • IT disaster recovery processes underway • Emergency Management Policy & Procedures in place • Zone Emergency Management Committee • Generator and backup power source • Training 	Mo	TBA
15	Failure to engage in meaningful two-way consultation with the Community	CEO	<ul style="list-style-type: none"> • Community Consultation policy in place • Elected Members are allocated to Progress Association groups across the Council area • Elected Members sit on various community and Council committees (Art Committee, Access Committee and Audit Committee) • Staff interactions and relationships with Progress Associations • Staff representatives attending community group events (where required) • Legislation • Email minutes / agendas • Website (electronic communication) 	Hi	TBA

16	Lack of awareness and inability to adapt to changing climate conditions	DDS	<ul style="list-style-type: none"> • Climate Change Adaptation Report 2009 • Natural Environment & Sustainability Officer role in place • Consultants engaged to prepare Greenhouse Gas Inventory & Report • Natural Disaster Resilience Grant - seawater flooding project • Council development plan • Staff identifying and reporting issues of erosion and environmental disruption 	Hi	TBA
17	Inadequate management of volunteer workforce	CEO	<ul style="list-style-type: none"> • Volunteer Management Handbook & Policies in place • Volunteers are inducted (both Council and individual areas) • Volunteer Working Party • Volunteer recognition • Strategic management of various volunteer groups 	Mo	TBA

Appendix A – Council Risk Management Matrix

Consequence Rating							
Description	Safety	Reputation	Legal & Regulatory	Environmental	Financial	IT / Records	Service Delivery
Severe	Fatality. Severe injury or illness giving rise to a disability or impairment. Litigation.	State negative media coverage. Irreparable damage to reputation. Public outcry.	Significant prosecution for organisation and individuals. Fines. Very serious litigation.	Extensive, very serious and long-term impairment of the environment. EPA involvement or investigation.	> \$1 mil	Extensive loss / damage to IT and communications assets and infrastructure. Permanent loss of data. Widespread disruption to the business.	Extreme loss of service quality.
Major	No fatality. Serious (but non-life threatening) injury or illness. Critical failure of internal controls.	Extensive local negative media coverage. Loss of reputation that will require external resources. Public concern.	Major breach of legislation or regulation. Prosecution. Fines. Litigation.	Serious (>6months) impairment of the environment.	> \$250k to < \$1 mil	High risk of loss, data corrupt. Significant catch up required. Business Continuity Plan implemented.	Major decline in the quality and value of service delivery. Probable decrease in the community's confidence in the Council.
Moderate	No fatality. Non-life threatening injury/illness. Medical treatment and/or hospitalisation required. Serious breach involving statutory authority investigation. Significant failure of internal controls.	Significant local media attention. Significant number of complaints.	Serious breach of legislation or regulation with investigation and/or report to relevant authority. Limited fine or other penalty possible.	Moderate damage or impairment of the environment. Repairable in 1 to 6 months.	> \$50k to < \$250k	Moderate to high loss / damage to IT and communications. Data lost.	Moderate decline in the quality and value of service delivery. Possible decrease in the community's confidence in the Council.
Minor	Minor reversible injury requiring medical treatment by doctor. No hospitalisation. Contained non-compliance with short term significance.	Heightened negative local media attention. Low number of complaints.	Breach of legislation or regulation with noted compliance failure. Requirement for report to regulator or authority.	Limited damage or impairment of the environment. Repairable within 1 month.	< \$50k	Minor loss / damage to IT and communications. Some catch up required.	Untimely service delivery to our community. Should not decrease the community's confidence in the Council.
Insignificant	A minor injury that is treated on site. Near miss or incident that does not give rise to any injury.	A number of complaints.	Minor non-compliance. Minimal failure of internal controls.	Minor containable incident with no measurable impairment or impact of the environment.	< \$20k	Negligible loss of or damage to IT and communications. No loss of data.	Minimal decline in the quality and value of service delivery.

Likelihood Rating		
Almost Certain	Is expected to occur in most circumstances	Not applicable Work Health & Safety (WHS)
		Has occurred at least once a month in the past year
Likely	Will probably occur in most circumstances	Has occurred at least once in the past 1-2 years
Possible	Might occur at some time	Has occurred at least once in the past 2-5 years
Unlikely	Could occur at some time	Has occurred at least once in the past 5-10 years
Rare	May only occur in exceptional circumstances	May occur every 10+ years

Risk Matrix						
Consequence and Reporting Action						
Likelihood		Insignificant	Minor	Moderate	Major	Catastrophic
	Almost Certain	High	High	Extreme	Extreme	Extreme
	Likely	Moderate	High	High	Extreme	Extreme
	Possible	Low	Moderate	High	Extreme	Extreme
	Unlikely	Low	Low	Moderate	High	Extreme
	Rare	Low	Low	Moderate	High	High

Risk Level	Residual Risk Appetite (treatment, plan, activity)	WHS Specific Residual Risk Appetite
Extreme (E)	To be avoided , further treatment plan required as a matter of urgency. Expected treatment plans to be identified.	Operation of plant/ activity should not be allowed to continue until the risk level has been reduced with appropriate controls and treatment.
High (H)	May be acceptable provided appropriate controls and treatment strategies are in place.	Operation of plant/ activity should not be allowed to continue until the risk level has been reduced with appropriate controls and treatment
Moderate (M)	Acceptable with review	Acceptable provided appropriate controls and treatment strategies are in place.
Low (M)	Acceptable with review	Acceptable provided appropriate controls and treatment strategies are in place.

Appendix B – Reporting responsibilities based on residual risk appetite.

Risk Level	Reporting and Action	WHS Specific
Extreme (E)	Report: Line management, CEO, Risk Administrator, Audit Committee and Council immediately. Action: Continued exposure to the risk must be approved by CEO and reported to Council. Exposure to the risk should be discontinued where possible.	Report: Line management, CEO, Risk Administrator, immediately, WHS Committee and Council (as required), as soon as reasonably practical. Action: Continued exposure to the risk must be approved by the WHS Committee and CEO. Exposure to the risk should be discontinued. Recorded into hazard register.
High (H)	Report: Director, CEO (or appointed person), and Risk Administrator immediately. Action: Exposure to the risk should be discontinued as soon as possible.	Report: Line management, CEO, Risk Administrator, immediately and WHS Committee as soon as reasonably practical. Action: Continued exposure to the risk must be approved by the WHS Committee and CEO. Exposure to the risk should be discontinued. Recorded into hazard register.
Moderate (M)	Report: Director immediately Action: Annual review of the risk by Management	Report: Line management, Director and Risk Administrator, immediately. Recorded into hazard register.
Low (M)	Report: Manager Action: Periodic review of the risk by Management	Report: Line management immediately and Risk Administrator as soon as reasonably practicable. Recorded into hazard register.

ASSET MANAGER

9. ASSET MANAGEMENT (File Ref: 9.14.1.6)

INTRODUCTION

The purpose of this report is to update Audit Committee members on Asset Management activities.

RECOMMENDATION

That the report be received.

COMMENT

Transport Infrastructure

A draft Transport Asset Management Plan has been reviewed by the Corporate Management Team and will be presented to Council at the May workshop.

Data collection is continuing on the unsealed road network, this work will be completed by the end of May.

Implementation of Conquest

Building/Land data has now been populated into Conquest. A workshop will now be held with appropriate staff to review the data and how best to use this information going forward, this will include the use of technology for inspections, etc.

CWMS infrastructure has now been fully segmented and data added to each segment, this information will be uploaded into Conquest. Plumbing & Pipeline Solutions were recently engaged to undertake CCTV inspection and condition data assessment of the Maitland CWMS infrastructure. The information from the inspections will be used for planning future renewal and maintenance of the scheme.

Stormwater data that has recently been collected is currently being validated against data held in our system, the data is also being digitally mapped in Councils mapping system.

Asset Revaluations Requirements Update

Revaluations of CWMS and Stormwater assets are currently being undertaken by Tonkin Consulting. Land, Buildings, Transport and Water infrastructure assets were all revalued last financial year and are currently required to be independently revalued every 5 years.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999, Chapter 8

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

Not applicable.

DIRECTOR CORPORATE AND COMMUNITY SERVICES

10. AUDIT COMMITTEE SELF ASSESSMENT

(File Ref: 9.14.1.6)

INTRODUCTION

To request feedback from previous Audit Committee members on the effectiveness of the Audit Committee.

RECOMMENDATION

That the Audit Committee Self-Assessment forms be received.

COMMENT

The purpose of collating this information is to gather opportunities for improvement from the previous and continuing members of the Audit Committee, to encourage progress and to ensure that the Audit Committee is meeting the expectations set out in its Terms of Reference.

To date 3 responses have been received and are attached.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Audit Committee Terms of Reference

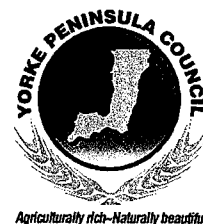
Local Government Act 1999, Chapter 8.

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The orderly and timely review by the Audit Committee of Council's major financial timetable, internal audit activities, internal controls, and financial reports by the Audit Committee strengthens the credibility of the completed work and reduces risk to Council.

PRINCIPAL OFFICE:
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Telephone (08) 8832 0000

ALL CORRESPONDENCE TO:
P.O. Box 88, MINLATON, SA 5575
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Peter Brass

AUDIT COMMITTEE SELF-ASSESSMENT	SF
	Responsible Officer: DCCS
	Issue Date: 16.01.2015
	Next Review Date: 17.01.2016

Annual Self-Assessment of Committee Performance – Survey of Members

To assess the effectiveness of the Audit Committee, the following questionnaire may be useful when completed by each member of the Committee. It is important to consider each point carefully in determining strengths and areas in need of improvement.

Rate effectiveness 1 to 5 (1 = Very Ineffective; 2 = Ineffective; 3 = Neither Effective or Ineffective; 4 = Effective; 5 = Very Effective)

The Committee performance using the above rating scale can also be considered from 1 = Poor to 5 = Excellent.

Creating & Running an Effective Committee	Yes / No	Comments
Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference? If not, why?	Y	
Does the committee collectively have sufficient skills, experience, time and resources to undertake its duties? If not, why?	Y	
	Rate 1-5	
Does the committee work constructively as a team and work well with others attending the meetings? If not, how do you suggest this is addressed?	4	
Does the relationship between committee members strike the right balance between challenge and mutuality? If not, please provide comments.	4	
Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?	4	Teleconference for shorter meetings is effective
Are the report for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?	4	
Are the presentations an interesting and helpful way of informing members about various issues?	3	Management presentations will improve information to members
Are effective minutes prepared, distributed and followed up?	4	Action Items Report will assist follow up

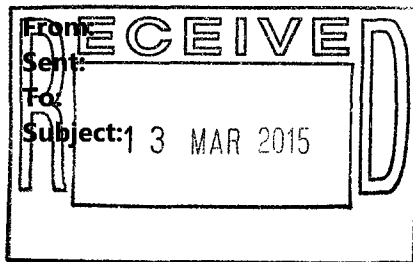
*Printed copies are considered uncontrolled.
Before using a printed copy, verify that it is the current version. Updated*

How do you rate the overall efficiency and effectiveness of the Committee? Please provide reasons for your ranking	4	
Do staff and members conduct themselves in accordance with high standards of behaviour (eg. Code of Conduct and Corporate Values)?	4	
How do you rate the performance of the Presiding Member in preparing for and conducting the meetings? What are the reasons for your ranking?	N/A	
How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee? What are the reasons for your ranking?	4	Well prepared and all members participate in discussions
How do you rate your performance as a member of the Committee? What are the reasons for your ranking?	4	Well prepared and allow for member and staff participation
How do you rate the performance of the support staff in facilitating the Committee's role and function? What are the reasons for your ranking?	4	Committee is well supported to ensure meetings are effective
Overseeing Governance, Risk Management and Internal Control		Comments
Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?	Y	Risk presentations from Executive will provide additional assurance
Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?	Y	Process commenced and cultural integration will take time
Are internal audit findings and recommendations responded to in a timely and appropriate manner?	Y	Extensions to completion dates are adequately explained
Overseeing Financial Reporting and External Audit	Yes/No	Comments
Does the Committee review the work of the external auditor?	Y	Management letters and in-camera meeting
Does the Committee review and discuss the external auditor's management letter?	Y	Follow up actions regularly reported
Is the Committee effective in managing and monitoring the relationship with the external auditor?	Y	Independence declaration provided
General		Comments
Do you have any suggestions for improving any aspect of the Committee's performance, role or functions?	Noted in comments above.	

Please return this questionnaire to the Executive Assistant to the Director Corporate and Community Services via email admin@yorke.sa.gov.au or fax 08 8853 2494, so that responses may be collated for the next Audit Committee Meeting.

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Corporate Email Address



Felicity Kemp
Friday, 13 March 2015 9:54 AM
Corporate Email Address
FW: Audit Committee Self-Assessment

Item Number
1733-2015-3
GDS Number
9.14.2.7
Distribution

Felicity Kemp | EA to Director Corporate and Community Services
Yorke Peninsula Council | Principal Office - Maitland
Ph: 08 – 8853 3800 | F: 08-8853 2494
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From: Robert Nicholls [mailto:rb_nicholls@hotmail.com]
Sent: Thursday, 12 March 2015 7:57 PM
To: Felicity Kemp
Subject: Re: Audit Committee Self-Assessment

Hi Felicity
As no longer an elected member of council I am not involved with the audit committee.
I do not consider anything from me is necessary.
Cheers
Bob

Sent from my iPhone

On 12 Mar 2015, at 3:43 pm, Felicity Kemp <felicity.kemp@yorke.sa.gov.au> wrote:

Hello

Please see attached Audit Committee Self-assessment form.

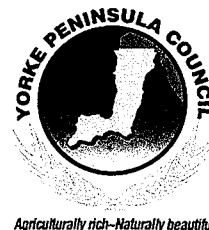
Can you please fill out and return by 8 April, 2015.

Thanks

Felicity Kemp | EA to Director Corporate and Community Services
Yorke Peninsula Council | Principal Office - Maitland
Ph: 08 – 8853 3800 | F: 08-8853 2494
E: felicity.kemp@yorke.sa.gov.au | W: www.yorke.sa.gov.au

PRINCIPAL OFFICE:
8 Elizabeth Street, Maitland
Telephone (08) 8832 0000

ALL CORRESPONDENCE TO:
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Brenda Bowman

AUDIT COMMITTEE SELF-ASSESSMENT

SF
Responsible Officer: DCCS
Issue Date: 16.01.2015
Next Review Date: 17.01.2016

Annual Self-Assessment of Committee Performance – Survey of Members

To assess the effectiveness of the Audit Committee, the following questionnaire may be useful when completed by each member of the Committee. It is important to consider each point carefully in determining strengths and areas in need of improvement.

Rate effectiveness 1 to 5 (1 = Very Ineffective; 2 = Ineffective; 3 = Neither Effective or Ineffective; 4 = Effective; 5 = Very Effective)

The Committee performance using the above rating scale can also be considered from 1 = Poor to 5 = Excellent.

Creating & Running an Effective Committee	Yes / No	Comments
Do you understand and agree with the functions of the Committee as detailed in its Terms of Reference? If not, why?	Yes	
Does the committee collectively have sufficient skills, experience, time and resources to undertake its duties? If not, why?	Yes	Relies on reports from staff and external auditors.
	Rate 1 - 5	
Does the committee work constructively as a team and work well with others attending the meetings? If not, how do you suggest this is addressed?	4	
Does the relationship between committee members strike the right balance between challenge and mutuality? If not, please provide comments.	4	
Do the meeting arrangements enhance the Committee's effectiveness (e.g. frequency, timing, duration, venue and format) to allow sufficient time for the discussion of agenda items?	5	
Are the report for each meeting sufficiently comprehensive and yet understandable enough for you to make informed decisions?	4	Excellent reports provided by most staff.
Are the presentations an interesting and helpful way of informing members about various issues?	5	
Are effective minutes prepared, distributed and followed up?	5	
How do you rate the overall efficiency and effectiveness of the Committee? Please provide reasons for your ranking	4	Members represent a good mix of training and experience.

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Do staff and members conduct themselves in accordance with high standards of behaviour (eg. Code of Conduct and Corporate Values)?	5	
How do you rate the performance of the Presiding Member in preparing for and conducting the meetings? What are the reasons for your ranking?	5	Brings experience and comparisons from other audit committees. I do not personally like teleconferences and would prefer to reschedule a meeting to suit all members.
How do you rate the performance of the other members of the Committee in fulfilling their role on the Committee? What are the reasons for your ranking?	4	
How do you rate your performance as a member of the Committee? What are the reasons for your ranking?	4	
How do you rate the performance of the support staff in facilitating the Committee's role and function? What are the reasons for your ranking?	4	
Overseeing Governance, Risk Management and Internal Control		Comments
Does the Committee assure itself that the Executive take responsibility for risk identification and control, and give formal assurance through reporting that key risks are being adequately managed?	5	
Is the Committee satisfied that there is an effective program in place to ensure that risk management becomes an integral part of the way in which Council conducts business?	4	Under development in assets area. Other areas are progressively addressed and reported to the committee.
Are internal audit findings and recommendations responded to in a timely and appropriate manner?	5	
Overseeing Financial Reporting and External Audit	Yes / No	Comments
Does the Committee review the work of the external auditor?	No	
Does the Committee review and discuss the external auditor's management letter?	Yes	
Is the Committee effective in managing and monitoring the relationship with the external auditor?	Yes	
General		Comments
Do you have any suggestions for improving any aspect of the Committee's performance, role or functions?	Avoid teleconferences where	

	possible.
--	-----------

Please return this questionnaire to the Executive Assistant to the Director Corporate and Community Services via email admin@yorke.sa.gov.au or fax 08 8853 2494, so that responses may be collated for the next Audit Committee Meeting.

DIRECTOR CORPORATE AND COMMUNITY SERVICES

11. DISPOSAL OF LAND AND OTHER ASSETS POLICY REVIEW

(File Ref: 9.14.1.6)

INTRODUCTION

To update the Audit Committee following Council's adoption of the newly developed Disposal of Land and Other Assets Policy.

RECOMMENDATION

That the Audit Committee receives the PO072 Disposal of Land and Other Assets policy as endorsed by Council at its meeting held 13 May 2015.

COMMENT

Council Policy PO072, Sale and Disposal of Land and Other Assets, required full review to reflect current Legislation.

Comparison to the current LGA draft policy for disposal of land and other assets showed little remaining relevance within the original policy, and it is recommended that the old policy (PO072 Sale and Disposal of Land and Other Assets) is not updated, but replaced with a new policy based on the LGA draft template (PO072, Disposal of Land and Other Assets, attached)

The new policy aims to define how Council can dispose of Land and Other Assets in compliance with Section 49 of the Local Government Act 1999, and reflects current best practices as defined by the LGA.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Local Government Act 1999
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)

Strategic Plan

Key Theme: Corporate Governance and Leadership
Strategic Goal: Organisational Efficiency and Resource Management
2.1 – Financially Sustainable Organisation

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

It is essential that Council has the appropriate policies and delegations in place to protect rate payer funds from misappropriation. From an auditing perspective it is essential that documentation exists to provide an appropriate auditable trail for the authorisation of procurement or expenditure of funds.



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COUNCIL POLICY

Disposal of Land and Other Assets

Policy Number:	PO072		
Strategic Plan Objective	Corporate Governance and Leadership 1. Progressive Communities through Strategic Planning 1.2 Knowledgeable and skilled decision makers		
Policy Owner:	Director Corporate & Community Services	File Number:	9.63.1
Responsible Officer:	Manager Financial Services	Minute Reference:	
Date Adopted:	13 th May 2015	Next Review Date:	May 2018

1. POLICY OBJECTIVES

This Policy aims to define how Council can dispose of Land and Other Assets in compliance with Section 49 of the Local Government Act 1999 (the Act):

1.1 This Policy seeks to:

- 1.1.1 define the methods by which Land and Assets are disposed of;
- 1.1.2 demonstrate accountability and responsibility of Council to ratepayers;
- 1.1.3 be fair and equitable to all parties involved;
- 1.1.4 enable all processes to be monitored and recorded; and
- 1.1.5 ensure that the best possible outcome is achieved for the Council.

1.2 Furthermore, Section 49 (a1) of the Act requires Council to develop and maintain policies, practices and procedures directed towards:

- 1.2.1 obtaining value in the expenditure of public money; and
- 1.2.2 providing for ethical and fair treatment of participants; and
- 1.2.3 ensuring probity, accountability and transparency in all disposal processes.

1.3 However, this Policy does not cover:

- 1.3.1 Land sold by Council for the non-payment of rates; or
- 1.3.2 disposal of goods which are not owned by the Council, such as abandoned vehicles;

as these are dealt with separately and specifically in the Act.

2. SCOPE

This Policy applies to all persons authorised, through appropriate delegations, to dispose of land or other assets on behalf of Yorke Peninsula Council (YPC), and to the disposal of all such land and other assets irrespective of value or complexity.

3. 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 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 owned by Council. It includes all loose tools, store items, furniture, and any surplus bulk items.

4. POLICY STATEMENT

4.1 Policy Principles

Council must have regard to the following principles in its disposal of Land and Other Assets:

4.1.1 Encouragement of open and effective competition

4.1.2 Obtaining Value for Money

4.1.2.1 This is not restricted to price alone.

4.1.2.2 An assessment of value for money must include consideration of (where applicable):

(a) the contribution to Council's long term financial plan and strategic management plans;

- (b) any relevant direct and indirect benefits to Council, both tangible and intangible;
- (c) efficiency and effectiveness;
- (d) the costs of various disposal methods;
- (e) internal administration costs;
- (f) risk exposure; and
- (g) the value of any associated environmental benefits.

4.1.3 Ethical Behaviour and Fair Dealing

Council is to behave with impartiality, fairness, independence, openness and integrity in all discussions and negotiations.

4.1.4 Probity, Accountability, Transparency and Reporting

4.1.5 Ensuring compliance with all relevant legislation

4.2 Considerations prior to Disposal of Land and Other Assets

Any decision to dispose of Land and Other Assets will be made after considering (where applicable):

- 4.2.1 the usefulness of the Land or Asset;
- 4.2.2 the current market value of the Land or Asset;
- 4.2.3 the annual cost of maintenance;
- 4.2.4 any alternative future use of the Land or Asset;
- 4.2.5 any duplication of the Land or Asset or the service provided by the Land or Asset;
- 4.2.6 any impact the disposal of the Land or Asset may have on the community;
- 4.2.7 any cultural or historical significance of the Land or Asset;
- 4.2.8 the positive and negative impacts the disposal of the Land or Asset may have on the operations of the Council;
- 4.2.9 the long term plans and strategic direction of the Council;
- 4.2.10 the remaining useful life, particularly of an Asset;
- 4.2.11 a benefit and risk analysis of the proposed disposal;
- 4.2.12 the results of any community consultation process;
- 4.2.13 any restrictions on the proposed disposal;

- 4.2.14 the content of any community land management plan; and
- 4.2.15 any other relevant policies of the Council

4.3 Disposal Methods

4.3.1 Land disposal

- 4.3.1.1 The Council may resolve to dispose of Land.
- 4.3.1.2 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.
- 4.3.1.3 Where Land is classified as community land, the Council must:
 - (a) undertake public consultation in accordance with the Act and the Council's public consultation policy; and
 - (b) ensure that the process for the revocation of the classification of Land as community land has been concluded prior to its disposal; and
 - (c) comply with all other requirements under the Act in respect of the disposal of community land.
- 4.3.1.4 Where the Council proposes to dispose of Land through the grant of a leasehold interest, the Council must have complied with its obligations under the Act, including its public consultation obligations under Section 202 of the Act.
- 4.3.1.5 The Council will, where appropriate, dispose of Land through one of the following methods (following compliance with Council's Purchasing and Procurement Policy):
 - (a) *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
 - (b) *expressions of interest* - seeking expressions of interest for the Land;
 - (c) *select tender* - seeking tenders from a selected group of persons or companies;
 - (d) *open tender* - openly seeking bids through tenders, including public auction;
 - (e) *by negotiation* – with owners or person(s) who have an interest in 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.

- 4.3.1.6 Selection of a suitable disposal method will include consideration of (where appropriate):
- (a) the number of known potential purchasers of the Land;
 - (b) the original intention for the use of the Land;
 - (c) the current and possible preferred future use of the Land;
 - (d) the opportunity to promote local economic growth and development;
 - (e) delegation limits, taking into consideration accountability, responsibility, operation efficiency and urgency of the disposal;
 - (f) the total estimated value of the disposal; and
 - (g) compliance with statutory and other obligations.
- 4.3.1.7 In some circumstances the Council may consider a sale or disposal other than through the open market based on individual merit. These circumstances may include but are not limited to the following:
- (a) Land that is small in size, dimensions or irregular shape;
 - (b) Land that has no legal access;
 - (c) Land to be developed by another level of government;
 - (d) Preferred future use of the Land as identified by the Council;
 - (e) Land of nominal value;
 - (f) Land for inclusion with an adjacent land holding;
 - (g) Land that will complement a proposed development on an adjoining site, which is consistent with Council's objectives.
- 4.3.1.8 The Council will not dispose of Land to any Council Member or employee of 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.
- 4.3.1.9 If Land is to be auctioned or placed on the open market or disposed of by an expression of interest, then (unless the Council resolves otherwise) one independent valuation must be obtained to establish the reserve price for the

Land. The independent valuation must be made no more than 6 months prior to the proposed disposal.

- 4.3.1.10 If Land is to be disposed of via a select tender or direct sale, then (unless the Council resolves otherwise) a minimum of two 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.
- 4.3.1.11 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.
- 4.3.1.12 If the disposal 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).

4.3.2 Assets disposal

- 4.3.2.1 The sale of Assets (both Major Plant and Equipment and Minor Plant and Equipment) will be the responsibility of the relevant Council Officer who is responsible for those Assets.
- 4.3.2.2 The Council will, where appropriate, dispose of Assets through one of the following methods (following compliance with Council's Purchasing and Procurement Policy):
 - (a) *trade-in* – trading in equipment to suppliers;
 - (b) *expressions of interest* – seeking expressions of interest from buyers;
 - (c) *select tender* – seeking tenders from a selected group of persons or companies;
 - (d) *open tender* – openly seeking bids through tenders;
 - (e) *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
- 4.3.2.3 Selection of a suitable method will include consideration of (where appropriate):
 - (a) the public demand and interest in the Asset;
 - (b) the method most likely to return the highest revenue;

- (c) the value of the Asset and whether it is Major Plant and Equipment or Minor Plant and Equipment;
 - (d) the costs of the disposal method compared to the expected returns; and
 - (e) compliance with statutory and other obligations.
- 4.3.2.4 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.
- 4.3.2.5 Purchasers of Assets must be required to agree in writing before purchasing any Asset that 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.

4.4 Recording of reasons

Section 49 (2)(c) of the Local Government Act 1999 provides for the recording of reasons for entering into contracts other than those resulting from a tender process.

4.5 Consultation

The Council must undertake public consultation in respect of its proposed disposals in accordance with the Act and its public consultation policies at all times.

4.6 Records

The Council must record reasons for utilising a specific disposal method and where it uses a disposal method other than a tendering process.

4.7 Exemptions from this policy

This Policy contains general guidelines 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 other market approaches may be more appropriate. In certain circumstances, the Council may, after approval from its Elected Members, waive application of this Policy and pursue a method which will bring the best outcome for the Council. The Council must record its reasons in writing for waiving application of this Policy.

5. COMPLAINTS

Complaints about this Policy can be made in writing to the Director Corporate and Community Services. Complaints will be managed in accordance with Council's complaints policy PO147.

6. REVIEW

This Policy will be reviewed every three (3) years or as deemed necessary in consideration of any changes to legislation and relevant standards, codes and guidelines.

7. TRAINING

Council is committed to supporting relevant authorised officers (through appropriate delegations) in complying with this Policy. Training needs will be identified and reviewed as necessary in consideration of any changes to legislation and relevant standards, codes and guidelines

8. RELATED COUNCIL POLICIES AND DOCUMENTS

PO058 Purchasing and Procurement Policy
PO147 Complaints Policy
PO057 Public Consultation Policy
PO091 Risk Management Policy

9. REFERENCES AND LEGISLATION

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)

10. COUNCIL DELEGATION

Details of Delegation:	Chief Executive Officer
Delegate:	Director Corporate and Community Services

11. VERSION HISTORY

Archived Policy Name	Policy Number	Date Adopted	Last Reviewed
Disposal of Land and other Assets	PO072	07/4/2003	14/9/2010

DIRECTOR CORPORATE AND COMMUNITY SERVICES

12. CHANGES TO AASB116 – REVALUATION OF NON-CURRENT ASSETS

(File Ref: 9.14.1.6)

INTRODUCTION

To provide an update on recent changes to AASB116 which impact on current practice in relation to depreciation adjustments on revaluations.

RECOMMENDATION

That the audit committee endorse the Senior Management recommendation to adopt the change in treatment of accumulated depreciation upon revaluation to more accurately reflect actual fair value.

COMMENT

AASB116 prescribes the accounting treatment for Property, Plant and Equipment (PP&E), including recognition of assets, carrying amounts, and depreciation charges.

On 12th August 2014, a change to paragraph 35 of AASB116 was published as follows:

Prior to 12 August 2014, paragraph 35 read:

*When an item of PP&E is revalued, any accumulated depreciation at the date of the revaluation is treated a) **restated proportionately with the change in the gross carrying amount of the asset** so that the carrying amount of the asset after revaluation equals its revalued amount.*

After 12 August 2014, it reads:

*When an item of PP&E is revalued, any accumulated depreciation at the date of the revaluation is treated a) **the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount of the asset. For example, the gross carrying amount may be restated by reference to observable market data or it may be restated proportionately to the change in the carrying amount. The accumulated depreciation at the date of revaluation is adjusted to equal the difference between the gross carrying amount and the carrying amount of the asset after taking into account accumulated impairment losses.***

This change allows Council to treat accumulated depreciation according to the valuer's advice, rather than requiring a proportionate adjustment that is often not reflective of initial revaluation figures.

After discussion with Council's auditors and Senior Management, it is recommended that Finance staff adopt this method as it more accurately reflects the fair value of assets upon revaluation, and will provide relevant, up-to-date data in accordance with revaluation reports.

LEGISLATION/POLICY/COUNCIL STRATEGIC PLAN

Australian Accounting Standards Board (AASB) 116

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

FINANCIAL AND RISK MANAGEMENT CONSIDERATIONS

The Annual Financial Statements are an important component of Councils Financial Management requirements, and must be in accordance with legislation. Financial data that accurately reflects fair values ensures compliance with legislation and provision of relevant information.