



## 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 26<sup>th</sup> October 2016  
in the Minlaton Council Chamber,  
57 Main Street, Minlaton commencing at 9:00am

David Harding  
DIRECTOR CORPORATE AND  
COMMUNITY SERVICES

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## A G E N D A

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### 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 29<sup>th</sup> June 2016.
- 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 relation to a material conflict of interest in accordance with Section 73, or an actual or perceived conflict of interest in accordance with Section 75 of the Local Government Act in items listed for consideration on the Agenda. Section 74 and 75A 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. In relation to actual or perceived conflicts of interest a member has an obligation to outline how they propose to deal with the actual or perceived conflict of interest 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 material conflict of interest.

## **ITEM 2      REPORTS**

1. Audit Committee 2016 Work Plan pages 3 - 6
2. Review Terms of Reference pages 7 - 15
3. Long Term Financial Plan    (Verbal Update)
4. External Audit Activity Update pages 16 - 23
5. Recommendation to Council regarding 2015/2016 Financial Statements,  
Audit Opinion and Report on Financial results pages 24 - 77
6. EDRMS System Update pages 78 - 79
7. Asset Management Update pages 80 - 141
8. Risk Management Update pages 142 - 158
9. Audit Committee Self-Assessment – discussion
10. Confidential Item - Annual “In-Camera” meeting with External Auditors

## **ITEM 3      GENERAL BUSINESS**

## **ITEM 4      NEXT MEETING**

Wednesday 14<sup>th</sup> December 2016, 3.00pm  
Minlaton Council Chamber

## **ITEM 5      CLOSURE**

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **1. AUDIT COMMITTEE 2016 WORK PLAN**

#### **INTRODUCTION**

To amend the 2016 Audit Committee Work Plan.

#### **RECOMMENDATION**

That the Audit Committee endorse the updated 2016 Audit Committee Work Plan.

#### **LINK TO STRATEGIC PLAN**

Goal:	5 Responsible Governance
Strategy:	5.1 Openness and transparency of reporting Council's performance 5.2 Effective leadership and informed decision making 5.3 Meet all legislative requirements and compliance with Council's internal controls 5.5 Undertake effective risk management 5.8 Continuous improvement of Council processes

#### **BACKGROUND**

As stated in clause 2 of the Audit Committee Terms of Reference, 23 February 2010, the objective of the Audit Committee is to assist 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.

#### **DISCUSSION**

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 Audit Committee 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.

The revised work plan for this and future meetings in the 2016 calendar year, to be endorsed by the Committee, are as per Attachment 1.

## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Chief Executive Officer
- Director Corporate and Community Services
- Manager Financial Services
- Business Improvement Officer
- Asset Manager
- Risk Manager

In preparing this report, the following External Parties were consulted:

- Independent Members of Audit Committee

## **POLICY IMPLICATIONS**

Audit Committee Terms of Reference

Local Government Act 1999, Chapter 8

## **BUDGET AND RESOURCE IMPLICATIONS**

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.

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

A sound control environment will assist in the management of Council's financial risks.

## **ATTACHMENTS**

**Attachment 1:** 2016 Work Plan (Revised)

**YORKE PENINSULA COUNCIL AUDIT COMMITTEE  
2016 WORK PLAN**

Meeting	Item	Comments
<p>Wednesday 24<sup>th</sup> February</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>Review 2016 Audit Committee Work Plan</li> <li>Interim External Audit Date</li> <li>Internal Audit Activity Report</li> <li>Internal Controls Project Update</li> <li>Review Final Audit Letter</li> <li>Risk Management Update</li> <li>Long Term Financial Plan Update</li> <li>2016/2017 Budget Timetable</li> <li>Second Quarter 15/16 Budget Review</li> <li>Asset Management Update</li> <li>EDRMS System Update</li> </ul>	<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 18<sup>th</sup> May</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>Review draft Annual Business Plan incorporating 2016/2017 Operating and Capital Budget</li> <li>Third Quarter 15/16 Budget Review Update</li> <li>LTFP Update</li> <li>Fees and Charges Register</li> <li>Internal Audit Activity Report</li> <li>Asset Management Update</li> <li>Risk Management Update</li> </ul>	<p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p> <p>Completed</p>
<p>Wednesday 29<sup>th</sup> June</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>Annual Business Plan &amp; 2016/2017 Budget Public Consultation Feedback</li> <li>Receive Council Strategic Plan</li> <li>Interim External Audit Visit Update</li> <li>Rates Options 2016/2017 Update</li> <li>Internal Audit Activity Report</li> <li>Internal Controls Project Update</li> <li>Asset Management Update</li> <li>Risk Management Update</li> <li>Independent Audit Committee Members Tenure</li> </ul>	<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 28<sup>th</sup> September</p> <p>Minlaton Council Chamber at 3pm (Subject to Balance Date Audit dates)</p>	<ul style="list-style-type: none"> <li>Terms of Reference Review</li> <li>LTFP Update</li> <li>External Audit Activity Update</li> <li>Review 2015/2016 Financial Statements</li> <li>EDRMS System Update</li> <li>Asset Management Update</li> <li>Risk Management Update</li> </ul>	<p>Moved to October</p> <p>Moved to October</p> <p>Moved to October</p> <p>Superseded</p> <p>Moved to October</p> <p>Superseded</p> <p>Moved to October</p> <p>Meeting Cancelled due to severe storm and power outage</p>

<p>Wednesday 26<sup>th</sup> October</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Terms of Reference Review</li> <li>• LTFP Update</li> <li>• External Audit Activity Update</li> <li>• Recommendation to Council regarding 2015/2016 Financial Statements, Audit Opinion and Report on Financial Results</li> <li>• EDRMS System Update</li> <li>• Asset Management Update</li> <li>• Risk Management Update</li> <li>• Audit Committee Self-Assessment - Discussion</li> <li>• Annual "In-Camera" meeting with External Auditors</li> </ul>	
<p>Wednesday 14<sup>th</sup> December</p> <p>Minlaton Council Chamber at 3pm</p>	<ul style="list-style-type: none"> <li>• Receive First Quarter 16/17 Budget Review</li> <li>• Review 2016 Audit Committee Work Plan</li> <li>• Consider 2017 Audit Committee Work Plan Draft</li> <li>• LTFP Update</li> <li>• Asset Management Update</li> <li>• Risk Management Update</li> <li>• Audit Committee Self-Assessment</li> </ul>	

**As required:**

- Policy Reviews
- Asset Management Plan Endorsements

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **2. REVIEW TERMS OF REFERENCE**

#### **INTRODUCTION**

To review the Audit Committee Terms of Reference (TOR).

#### **RECOMMENDATION**

That the Audit Committee recommend to Council that the updated Terms of Reference be adopted.

#### **LINK TO STRATEGIC PLAN**

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance.  
5.2 Effective leadership and informed decision making.  
5.3 Meet all legislative requirements and compliance with Council's internal controls.  
5.5 Undertake effective risk management.  
5.8 Continuous improvement of Council processes.

#### **BACKGROUND**

The current Terms of Reference (TOR) for the Audit Committee have not been reviewed since 2010 and require updating. Also given that the terms for the current independent members end in November 2016 it is an opportune time to review and update the TOR.

#### **DISCUSSION**

The provisions of the Act and the Local Government (Procedures at Meetings) Regulations 2013 that apply to any Council Section 41 Committee have equal application to Audit Committees. Consequently, issues such as notification of meetings to the members of the Committee and to the public, the calling of special meetings, the keeping and distribution of minutes, the use of the confidentiality provisions at Sections 90 and 91 of the Act, and the application of regulated meeting procedures all need to be considered and determined in establishing Audit Committees. Probably the most fundamental point to be aware of in this regard is that an Audit Committee is not exempt from the obligation to conduct its meetings in public. Terms of reference should be prepared for Audit Committees and should not only meet minimum requirements but should be tailored to the specific needs and circumstances of individual Councils.

The 2010 TOR have been reviewed and updated to reflect current arrangements and operations of the Committee and changes in legislation. The updated TOR are attached (with track changes turned on) to this report.

## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Corporate and Community Services
- Manager Financial Services

In preparing this report, the following External Parties were consulted:

- Nil

## **POLICY IMPLICATIONS**

Audit Committee Terms of Reference.

## **BUDGET AND RESOURCE IMPLICATIONS**

Not applicable

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act 1999, Chapter 8, Division 2

Local Government (Financial Management) Regulations 2011

## **ATTACHMENTS**

**Attachment 1:** Updated Audit Committee Terms of Reference





## Yorke Peninsula Council

### Audit Committee

### Terms of Reference

*Updated at Audit Meeting 28.10.2010*

#### 1. Establishment

The Audit Committee (the Committee) is established under Section 41 of the Local Government Act 1999 (the Act) and Local Government (Financial Management) Variation Regulations 2011, to meet the purposes of Section 126 of the Act

#### 2. Objective

The objective of the Audit Committee is to assist the Council in the conduct of its responsibilities for the management of business risk, corporate and financial governance and legal compliance, related to financial reporting and audit initiatives, the internal control system and the audit functions. The Committee and to acts 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 business risks to ensure the protection of Council assets;
- monitor the effectiveness of audit and reviewing corporate and financial governance functions;
- enhance the integrity of the financial reporting of the Council; and and
- review the effectiveness of the Council's internal controls and risk management systems-

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

#### 3. Authority

The Committee is appointed by the Council as part of a sound corporate and financial governance structure.

The role of the Committee is to review, consider and make recommendations to the Council in relation to the activities as described in these Terms of Reference to assist the achievement of the organisation objectives in an efficient and effective manner.

The Committee has the authority to require any information it sees as relevant to its activities from any Councillor, the Chief Executive Officer or manager or Council's External aAuditor, each of whom are required to respond to such enquiries.

The Committee is authorised to obtain independent professional advice where considered necessary following consultation with the Chief Executive Officer.

The Committee has se no authority to act independently of the Council and has no delegated authority.

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## 4. Membership

- 4.1. Members of the Committee are appointed by Council. The Committee shall consist of five members, with three Elected Members of Council and two independent members.
- 4.2. Nominations for membership, from the Elected Members shall be sought by the Council and where the number of nominations is greater than the number of positions available, a vote by secret ballot shall be undertaken using a preferential voting system.

4.3. Independent member(s) of the Committee:

- shall be individuals (not corporations or an organisation);
- have recent and relevant financial, business, accounting, risk management, corporate governance or internal audit skills and experience ~~and~~;
- have no conflicts of interest (as per Division 3 of the Act); ~~and~~;
- preferably have ~~it would also be preferable for~~ experience in formal meeting procedures; and
- have an understanding of the Local Government Act and Regulations.

A selection panel of at least four (4) persons shall review and make recommendation for endorsement to Council of the independent member to be appointed. The panel will comprise of at least two-three(23) Elected Members (preferably those on the Audit Committee), the Director: ~~Finance and~~ Corporate and Community Services and the ~~Council~~ Chief Executive Officer.

~~Independent Members will be paid a sitting fee for each meeting attendance. The fee will be determined by Council at the commencement of each Term and reviewed when necessary. (Refer clause 14)~~

- 4.4. Only members of the Committee are entitled to vote in Committee meetings. Unless otherwise required by the Act not to vote, each member must vote on every matter that is before the Committee for decision.

The Chairperson/Presiding Member has a deliberative vote but in the event of an equality of votes, does not have a casting vote.

The Chief Executive Officer, Managers and other employees as directed by the Chief Executive Officer may attend any meeting as observers and/or be responsible for preparing papers for the Committee.

- 4.5. The Council external auditors may be invited to attend meetings of the Committee.

- 4.6. The appointment of Elected Members to the Committee shall be for the period of the current Council term.

- 4.7. ~~The appointment of the independent members shall be~~ appointed for a period of ~~two years~~ up to ~~November 2012~~ four (4) years, commencing part-way through an election cycle, so that their terms overlap each Council election and provide some continuity. Appointees may be reappointed by Council., ~~and upon consideration by Council, appointments will then be made for a four year period from November 2012.~~

- 4.8. The Council shall appoint the Chairperson/Presiding Member of the Committee from the endorsed members of the Committee. The Principal Member/Mayor of Council cannot be Chairperson/Presiding Member of the Committee.

4.8.

## 5.

### 5.1. Register of Interest

~~5.2.4.9.~~ All members of the Committee shall be subject to the Register of Interests provisions of the ~~Local Government Act 1999, Chapter 5, Part 4, Division 2 of Part 4, Chapter 5.~~

#### ~~5.3. Conflict of Interest~~

~~5.4.4.10.~~ All members of the Committee shall act honestly and with reasonable care and diligence, not make improper use of information acquired as a result of being a member of the Committee and must disclose an interest if they have an interest in a matter that is before the Committee in accordance with the Local Government Act 1999, Chapter 5, Part 4, Divisions 1 and 3. Sections 62, 73, 74, Division 1 and 3 of Part 4, Chapter 5.

~~5.5.4.11.~~ Where a member resigns or decides not to continue as a member of the Committee, a new member shall be appointed consistent with these Terms of Reference.

### **6.5. Administration and Resources**

~~6.1.5.1.~~ The Chief Executive Officer shall provide sufficient administrative resources to the Committee to enable it to adequately carry out its functions.

~~6.2. The Committee will prepare a Budget estimate for the consideration and approval of Council. The Council shall approve a budget allocation sufficient for the proposed activities of the Committee.~~

### **7.6. Quorum**

~~7.1.6.1.~~ The quorum necessary for the transaction of business shall be ~~50%~~ 50% of the number of members of the Committee plus one. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Committee.

### **8.7. Meetings**

~~8.1.7.1.~~ The Committee shall meet at least four (4) times a year at appropriate times in the reporting and audit cycle and otherwise as required.

~~8.2.7.2.~~ The Chairperson shall call a meeting at the written request of the Council External Auditor or any three (3) Members of the Audit Committee.

~~8.3.7.3.~~ In accordance with the principles of open, transparent and informed decision making, Committee meetings must be conducted in a place open to the public. The agenda and minutes of the Committee meetings, subject to any items that are discussed in confidence under Section 90 of the Local Government Act, are also required to be made available to the public.

### **9.8. Notice of meetings**

~~9.1.8.1.~~ Ordinary meetings of the Committee will be held at times and places determined by Council or, subject to a decision by Council, ~~by the Chairperson of the Committee.~~

~~9.2.8.2.~~ Notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed, shall be forwarded to each member of the committee and observers, no later than three (3) clear days before the date of the meeting. Supporting papers shall be sent to Committee members (and to other attendees as appropriate) at the same time.

~~9.3.8.3.~~ A special meeting of the Committee may be called in accordance with the Local Government Act 1999.

### **10.9. Minutes of Meetings**

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~~10.1.9.1.~~ The Chief Executive Officer shall ensure that the proceedings and resolutions of all meetings of the Committee, including recording the names of those present and in attendance are minuted~~s~~ and that the minutes otherwise comply with the requirements of the Local Government (Procedures~~s~~ at Meetings) Regulations 20~~13~~~~90~~.

~~10.2.9.2.~~ Minutes of Committee meetings shall be circulated within five (5) days after a meeting to all members of the Committee and to all members of the Council and will (as appropriate) be available to the public.

## **11.10. Role of the Committee**

### **11.1.10.1. Strategic, Financial and Management Planning**

~~11.1.1.10.1.1.~~ The Committee shall review and provide information and recommendations in relation to the Council Strategic Management Plan, and Long Terms Financial Plan, Asset Management Plans, Strategic Business Plans and Annual Business Plan.

### **11.2.10.2. Financial reporting**

10.2.1. The Committee shall monitor the integrity of the financial statements of the Council, including its annual report, reviewing significant financial reporting issues and judgements which they contain and to make sure that they present a fair and accurate record of the affairs of the Council.

10.2.2. The Committee shall review and challenge where necessary:

10.2.2.1. the consistency of and/or any changes to accounting policies;

10.2.2.2. the methods used to account for significant or unusual transactions where different approaches are possible;

10.2.2.3. whether the Council has followed appropriate accounting standards and made appropriate estimates and judgements, taking into account the views of the external auditor;

10.2.2.4. the clarity of disclosure in the Council's financial reports and the context in which statements are made;

~~11.2.1.1.10.2.2.5.~~ all material information presented with the financial statements;

### **11.3.10.3. Internal controls and risk management systems**

The Committee shall:

~~The Committee shall~~

~~10.3.1.~~

~~11.3.1.10.3.1.~~ review the adequacy and effectiveness of the Council's internal controls and risk management systems~~of the accounting, internal control, reporting and other financial management systems and practices of Council on a regular basis.; and~~

10.3.2 ~~keep under review the effectiveness of the Council's internal controls and risk management systems~~review and recommend the approval, where appropriate, of any material to be included in the annual report concerning internal controls and risk management.

### **11.4.10.4. Whistle blowing**

The Committee shall:

~~11.4.1.~~10.4.1. review the Council's arrangements for its employees to raise concerns, in confidence, about possible wrong doing in financial reporting and other matters; and

~~11.4.2.~~10.4.2. ensure these arrangements allow independent investigation of such matters and appropriate follow-up action.

## **10.5. Internal audit**

The Committee shall:

10.5.1. monitor and review the effectiveness of the Council's internal audit function in the context of the Council's overall risk management system.

10.5.2. consider and make recommendation on the program of the internal audit function and the adequacy of its resources and access to information to enable it to perform its function effectively and in accordance with the relevant professional standards.

10.5.3. review all high level reports on the Council's operations from the internal auditors.

10.5.4. review and monitor management's responsiveness to the findings and recommendations of the internal auditor.

10.5.5. where appropriate meet the Internal Auditor at least once a year, without management being present, to discuss any issues arising from the internal audits carried out.

## **11.5.10.6. External audit**

~~The Council is responsible for the selection and appointment of the External auditor in accordance with the Act.~~

The Committee shall:

~~11.5.1.~~10.6.1. consider and make recommendations to the Council, in relation to the appointment, re-appointment and removal of the Council's external auditor.

~~11.5.2.~~10.6.2. oversee Council's relationship with the external auditor including, but not limited to:

~~11.5.2.1.~~10.6.2.1. recommending the approval of the external auditor's remuneration and recommending whether the level of fees is appropriate to enable an adequate audit to be conducted;

~~11.5.2.2.~~10.6.2.2. recommending the approval of the external auditor's terms of engagement, including any engagement letter issued at the commencement of each audit and the scope of the audit;

~~11.5.2.3.~~10.6.2.3. assessing the auditor's independence and objectivity taking into account relevant professional and regulatory requirements and the extent of Council's relationship with the auditor, including the provision of any non-audit services;

~~11.5.2.4.~~10.6.2.4. satisfying itself that there are no relationships (such as family, employment, investment, financial or business) between the external auditor and the Council (other than in the ordinary course of business);

~~11.5.2.5-10.6.2.5.~~ monitoring the external auditor's compliance with legislative requirements on the rotation of audit partners; and

~~11.5.2.6-10.6.2.6.~~ assessing the external auditor's qualifications, expertise and resources and the effectiveness of the audit process;

~~11.5.3-10.6.3.~~ meet as needed with the external auditor. The Committee shall meet the external auditor at least once a year, without management being present; to discuss the external auditor's report and any issues arising from the audit;

~~11.5.4-10.6.4.~~ review and make recommendations on the annual audit plan, and in particular its consistency with the scope of the external audit engagement;

~~11.5.5-10.6.5.~~ review the findings of the audit with the external auditor. This shall include, but not be limited to, the following:

~~11.5.5.1-10.6.5.1.~~ a discussion of any major issues which arose during the external audit;

~~11.5.5.2-10.6.5.2.~~ any accounting and audit judgements; and

~~11.5.5.3-10.6.5.3.~~ levels of errors identified during the external audit.

~~11.5.6-10.6.6.~~ ~~The Committee shall also~~ review the effectiveness of the external audit.

~~11.5.7-10.6.7.~~ review the management letter and management's response to the external auditor's findings and recommendations.

## **12.11. Reporting responsibilities**

~~12.1.11.1.~~ The Committee shall make whatever recommendations to the Council it deems appropriate on any area within its Terms of Reference where in its view action or improvement is needed.

~~12.2.11.2.~~ A copy of the Committee minutes shall be forwarded to Council within five (5) days, for inclusion in the next Ordinary Meeting of Council.

## **13.12. Other matters**

The Committee shall:

12.1. have access to reasonable resources in order to carry out its duties;

~~13.1.12.2.~~ be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members;

12.3. give due consideration to ~~laws the Local Government Act 1999 and~~ and regulations of the made under the Local Government Act, 1999;

~~13.2.12.4.~~ oversee action to follow up on matters raised by the external auditors.

## **14.13. Review and Self Assessment**

~~14.1.13.1.~~ The Committee shall conduct a review and self assessment of its own performance, The aim of the review is to ensure that it is operating at maximum effectiveness and provide an opportunity to recommend any changes to Council that are considered as necessary.

~~14.2.13.2.~~ The review shall be conducted at least once per year, following the completion of the Annual Audit and report the outcome to Council.

~~14.3.13.3.~~ The review is to include consideration of the Terms of Reference and recommendations for changes to them.

~~14.4.13.4.~~ The Chief Executive Officer is to furnish the Committee with the information necessary to perform the review.

#### **15.14. FeeFee**

The sitting fFee per meeting to be paid to the independent member(s) of the Committee shall be set by Council and is only payable after attendance of meetings on provision of a tax invoice or statement of claim. In addition to the sitting fee a reimbursement for mileage (kms travelled to and from the meeting) is also payable on provision of a tax invoice or statement of claim. Reasonable charges for attendance (other than mileage) may also be paid provided these charges are approved by the Chief Executive Officer in advance.

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#### **ITEM NO: 19.2 Audit Committee Independent Members Fees**

~~—Cr Nicholls moved Cr Brundell seconded~~

~~—That the meeting allowance for the independent members of the Audit Committee be set at \$150 per meeting.~~

**CARRIED 071/2011 (13/04/2011)**

**~~Cr Rich moved Cr Bowman seconded~~**

~~That:~~

- ~~1. Mr Peter Brass and Mr David Hurley be appointed to The District Council of Yorke Peninsula Audit Committee as Independent Members for a period of 4 years from 1st December 2012, and~~
- ~~2. the Audit Committee be delegated the authority to appoint a Chairperson for the Committee at their first meeting.~~

~~AND~~

~~That:~~

- ~~1. those Independent Members receive remuneration of \$350 per meeting, or if the Chairperson \$450 per meeting, plus agreed travelling costs, and~~
- ~~2. meetings of the Audit Committee be held at least quarterly.~~

**CARRIED 222/2012 (14/11/2012)**



## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **4. 2015/16 EXTERNAL AUDIT FINDINGS AND RECOMMENDATIONS UPDATE**

#### **INTRODUCTION**

To provide an update on the findings and recommendations from the 2015/16 external audit conducted in January 2016.

#### **RECOMMENDATION**

That the Audit Committee endorse the updated External Audit findings and recommendations report.

#### **LINK TO STRATEGIC PLAN**

Goal:	5 Responsible Governance
Strategy:	5.1 Openness and transparency of reporting Council's performance 5.2 Effective leadership and informed decision making 5.3 Meet all legislative requirements and compliance with Council's internal controls 5.5 Undertake effective risk management 5.8 Continuous improvement of Council processes

#### **BACKGROUND**

At its meeting on Wednesday, 29<sup>th</sup> June 2016, the Committee considered the interim external audit management report which included twenty (20) findings and recommendations for action by Council. These were the result of an audit conducted by Dean Newbery and Partners Chartered Accountants in January 2016.

At its meeting in June, the Committee endorsed management's response at that time to the findings and recommendations, however, requested that a responsible person and completion date be allocated for each finding and recommendation.

#### **DISCUSSION**

Attachment 1 of this report presents all the findings and recommendations for action from the January 2016 interim audit regarding internal controls. The report also includes extra information relating to responsible officer, expected completion date and the current status of each.

The spreadsheet shows that 11 out of the 20 items have been completed with the rest commenced and expected to be completed by the end of this calendar year. Of the 20 items, 8 were given a 'high' risk rating by the Auditors and were once again tested by them while recently on site to audit Council's 2015/16 Annual Financial Statements.

Of the 8 'high' risk items, 6 have been completed with the remainder expected to be completed this calendar year.



## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- CMT
- Manager Financial Services
- Asset Manager
- Manager People and Culture
- Accountant – Financial Management
- Leader - Systems and Technology

In preparing this report, the following External Parties were consulted:

- Dean Newbery and Partners Chartered Accountants

## **POLICY IMPLICATIONS**

Not Applicable

## **BUDGET AND RESOURCE IMPLICATIONS**

Not Applicable

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

A sound control environment will assist in the management of Council's financial risks.

Local Government Act 1999

## **ATTACHMENTS**

**Attachment 1:** 2015/16 External Audit Findings and Recommendations Status Report

## 2015/16 EXTERNAL AUDIT FINDINGS AND RECOMMENDATIONS STATUS REPORT

Item	Area	Residual Risk Rating	Comment and Audit Recommendations	Management's Response	Responsible Officer	Completion Date	Status
1	Review System Access Review – Authority Finance System	High	<p>To date, system access reviews have been done on an ad-hoc basis by Council's IT Department. Given the importance of having appropriate segregated duties and system access levels, from an internal control perspective, we recommend that at least annually, all staff access levels and permission levels be reviewed by the IT Department (this includes ensuring all terminated employees no longer have access).</p> <p>Staff access levels can also be reviewed by Council's Internal Auditor to ensure that the review process has been appropriately undertaken and that certification of the access levels granted has been done by an appropriately designated Director and/or Manager.</p> <p>Review of staff system access levels should also extend to a review of network folders and files to ensure that staff do not have inappropriate access to information that is not required for their role(s) (e.g. payroll data, confidential documents, supplier details, etc.).</p>	<p>As part of the year end process, IT will issue a report to internal audit for the purposes of reviewing all aspects of staff permissions and access by internal audit in conjunction with line managers.</p> <p>The employee exit checklist has been implemented and the IT component includes a check for withdrawal of system.</p> <p>An ad-hoc review of active log on details was undertaken during the Dec-Jan period to ensure current access levels were appropriate. This process will be repeated as deemed necessary by Internal Audit.</p> <p>All changes to access must be requested in writing (email) to Support Desk and approved by the relevant Director.</p>	Leader, Systems and Technology	31-Oct-16	IT have issued a report (Excel spreadsheet with approximately 100,000 lines) that is currently being reviewed by the Manager Financial Services. Approximately 20% of the access levels have been reviewed and approved by the Director Corporate and Community Services in the absence of the Internal Auditor. The list is currently with IT for changed to the system access.
2	Segregation of Duties	High	<p>Our review of system enforced segregation of duties relating to the access and permission levels currently applied within the Authority system identified instances where, from an internal control perspective, staff have been given inappropriate access and permission levels.</p> <p>Staff within the Finance Department were found to have unrestricted access to multiple modules and could process, edit and modify data within Authority without the need for secondary authorisation as well as have access to approve payments via Council's ANZ bank account.</p> <p>We discussed this matter with Council's IT Department at the time of our attendance who advised they would be undertaking a process of gaining a complete report on all user access levels so that a review and update of all user settings could be undertaken.</p> <p>We recommend the completion of this project by Council's IT Department be undertaken as a matter of high priority in conjunction with the additional processes recommended per Item 1 above.</p>	<p>Refer 1 above.</p> <p>Employee system access has been reviewed and appropriate changes made. Access to approve payments has always been restricted to account signatories. All Directors have been added to this group and a more stringent 3 step process with ad hoc selection of authorised approvers for each payment introduced.</p> <p>Refer 1 above.</p>	Leader, Systems and Technology	COMPLETE	All system access has been restricted and modified to ensure that staff only have access to undertake their roles. EFT approval process has been reviewed by Manager Financial Services and meets internal control requirements. Also Refer 1 above.
3	User Password Changes – Authority Finance System	High	<p>It was observed that once a Council staff member logs onto Council's IT network and Authority finance system, the system settings save the passwords entered by staff which are used to access the Authority finance system. When a staff member exits and restarts Authority in the same session (e.g. A user has remained logged on the Council's IT network during the day), Authority automatically populates the password once the user name is entered in. This is due to the Internet Explorer cache settings applied on the network.</p> <p>This presents a security issue whereby any unlocked terminals left by staff at their work stations could potentially be accessed by an unauthorised officer as password are not required to be re-entered to access the Authority System.</p> <p>To address this weakness, it is recommended that the Internet Explorer cache settings be deactivated so that passwords are not automatically populated.</p>	<p>With the trend towards single sign on across IT for applications it is increasingly more important to ensure the security of the initial log on credentials and workstation to which the person is logged onto, this will focus on retaining the credential integrity across all corporate systems rather than focusing on one system at a time.</p> <p>To this end we have implemented a new, more secure password policy and forced a change of password for all active accounts. Additionally we have removed the option requested by a number of employees that meant that the password did not need to be changed every 60 days. The second front has been to implement a default windows lockout time of 15 minutes inactivity in conjunction with a new acceptable use policy that states that unattended machines should be locked.</p> <p>IT considers the focus on workstation security is preferable to removing the ability to cache passwords which could lead down the path of users entering in a password for each and every system they access, which will reduce efficiency and introduce unnecessary password changes/resets increasing help desk overheads and end user dissatisfaction.</p>	Leader, Systems and Technology	COMPLETE	Completed as per Management response. No further work required at this stage. Policies are currently in place and will be reviewed regularly as per Council's policy review schedule.

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4	IT Backup Procedures	Moderate	<p>The Council's server (located in Maitland) is backed up weekly to tape which is then stored in the Minlaton office. A daily back-up of the server in Maitland is undertaken however that back-up is retained in the Maitland office.</p> <p>To ensure at all times the data on the server is appropriately backed up and can be restored in the event of Council's IT systems being corrupted or damaged, we recommend that back-up data is taken off-site daily and stored at a secure location.</p>	<p>Council IT staff consider we are operating with a maximum acceptable loss of data in the event of the Maitland office being destroyed - being 7 days with the mean being 3.5 days. We currently have IT staff escorting the tapes to the Minlaton safe under lock and key depositing the tapes into another locked container every Thursday. This strategy has the upside of no third party handling our tapes and we can guarantee that the tapes have not been incidentally exposed to any significant electromagnetic interference excepting solar flares.</p> <p>A daily offsite backup will increase the number of tapes we will need and also increase the window for backups (currently all weekly backups are written on the one tape) as well as the necessity to transport tapes to Minlaton daily.</p> <p>IT will investigate an increase in frequency of back up but would suggest that daily back-up tapes be stored in a fire proof container within the Records shed at Maitland rather than at Minlaton or elsewhere off site.</p>	Leader, Systems and Technology	31-Mar-17	<p>After investigating the option of daily backup tapes being stored at Maitland records shed it has been determined that this is not the preferred option because of the high volume of tapes required for our weekly and monthly back ups.</p> <p>In December 2016 Council will acquire hardware which will enable the backing up of data overnight without the need for tapes. The full implementation of this process will be finalised by March 2017.</p>
5	Business Continuity & Disaster Recovery Plan	High	<p>Council does not have a documented Business Continuity &amp; Disaster Recovery Plan. To ensure the operations of the Council are able to function in the event of a disaster that impacts on Council's operations, it is recommended that Council develop and document a comprehensive Business Continuity &amp; Disaster Recovery Plan.</p> <p>The plan should be regularly reviewed (e.g. annually) and appropriate testing of key infrastructure and simulated events should be carried out to ensure it can be implemented and operating as designed in the event a disaster occurs.</p>	<p>The draft Business Continuity Plan was distributed to Departmental Managers and Directors for review which was completed on Friday 13<sup>th</sup> May 2016. The draft was then presented at the CMT meeting on Tuesday 17<sup>th</sup> and will be presented to the Council workshop for discussion on 25<sup>th</sup> May 2016. The draft will be submitted to the June 2016 Council meeting for endorsement. Once endorsed, work will commence on development of all sub servant action plans with completion scheduled by the end of 2016.</p>	Manager, People and Culture	COMPLETE	<p>The Business Continuity Plan (BCP) was endorsed at the June 2016 Council meeting. Continual monitoring and training will need to be undertaken. The Business Recovery Team held their first meeting on 4 July 2016 and position descriptions have been updated to include BRT responsibilities. Work has commenced with respective Council officers on the draft sub plans which need to be developed with training to roll out in early 2017. Appropriate infrastructure testing and simulated events will follow.</p>
6	General Ledger Maintenance	Moderate	<p>Council's Administration have no documented procedures relating to General Ledger maintenance functions (e.g. creation, modification, removal and nature - capital or operating, GST status, etc.) of General Ledger accounts. This presents a weakness whereby transactions could be posted into incorrect accounts, GST could be incorrectly treated, and the nature of the account (e.g. capital or operation accounting) could be inappropriately actioned.</p> <p>To enhance internal controls, it is recommended that procedures be developed that document the maintenance processes for General Ledger accounts.</p> <p>The use of exception reports to identify and review any changes made to the General Ledger should be undertaken (e.g. on a quarterly basis) to ensure all changes are bona fide and done in accordance with approved internal processes.</p>	<p>A standard form has been created for creation, maintenance or deletion of general ledger accounts with a dual sign off requirement to ensure appropriate allocation of account type GST status etc on creation. This form has been implemented and a procedure is under development by the Financial Accountant for inclusion in the finance manual.</p> <p>An account maintenance report is being investigated by the Financial Accountant and will be made available on a quarterly basis to ensure all activity is captured and reviewed by the Manager Financial Services.</p>	Accountant - Financial Management	30-Sep-16	
7	Ability to Override the Overpayment of Duplicate Invoices	High	<p>At the time of our audit, Accounts Payable staff had the ability to override system generated warnings within the Authority finance system when a duplicate invoice (invoice with the same invoice number) has been entered for payment. This presents a situation where Authority will process the invoice for payment given the system control can be overridden by users, i.e. double payment of invoices.</p> <p>It is recommended that the ability to override this function be removed immediately by Council's IT Department.</p> <p>Recommend a formal review is undertaken in which testing is performed internally by Council to determine if any invoices have been paid multiple times.</p>	<p>The ability to lock down the double entry of invoices is not an available function within Authority.</p> <p>The Financial Accountant is undertaking a random check of invoice details to the ANZ report on a monthly basis. This is a random selection of the payment run to ensure appropriate sample is reviewed.</p> <p>A report is under development for duplicate invoices and will be generated on a monthly basis by the Manager Financial Services.</p> <p>An appropriate procedure for this function is under development for inclusion in the Finance Manual.</p>	Accountant - Financial Management	30-Sep-16	<p>Procedure is under development and a draft will be ready by the end of September</p>

Item	Area	Residual Risk Rating	Comment and Audit Recommendations	Management's Response	Responsible Officer	Completion Date	Status
8	Internal Controls Over the EFT Upload File	High	<p>Our testing revealed that the bank file which is uploaded to the ANZ website as part of the Payroll and Accounts Payable functions continues to not be secured and can be manipulated after the relevant EFT payment batches are created and authorised from the Authority system but prior to the release of the funds from the ANZ bank.</p> <p>This situation presents a weakness in internal controls over expenditure where the payment details could be altered and a fraudulent payment either not detected or detected after the event.</p> <p>It is recommended that additional controls be implemented whereby the bank file created from the Authority system cannot be edited prior to upload to the ANZ Bank, for example the file may be;</p> <ul style="list-style-type: none"> <li>- Output as 'non-editable', or</li> <li>- Output to a folder that cannot be accessed directly by staff &amp; an upload batch is written to access this folder &amp; upload to the bank, or</li> <li>- The file is directly uploaded to the ANZ online banking module from Authority.</li> </ul>	<p>A full review of the procedure for Accounts Payable payment runs has been undertaken. As part of this review only IT staff now have edit and save access to the ABA file. Staff processing payments have read only access and MUST rely on available IT staff to correct the fault in the ABA file.</p> <p>IT are continuing discussions with ANZ to determine if the fault lays within the ANZ Transactive import portal. Progress to date has failed to clearly identify whether the fault is with ANZ Transactive or Authority.</p> <p>Once this fault has been rectified all edit access to the ABA file will be removed.</p>	Leader, Systems and Technology	COMPLETE	<p>Council has successfully implemented a process which means that the ABA file does not need to be modified, instead it is automatically moved into a secure folder ready for import into ANZ Transactive. The file is still editable by IT staff should the need arise.</p> <p>Only selected authorised officers (not involved in the Creditors data entry process) have the ability to import the file into ANZ. An officer that imports the file cannot then be the second approver and releaser of the file. The importer and approver are randomly selected from week to week by the Accountant - Financial Management.</p> <p>The file is unable to be put directly into ANZ Transactive due to limitations with the Civica software and ANZ banking software.</p>
9	General Journals and Rates Journals – Internal Controls	High	<p>Finance staff manually assign all General Journal's a journal number when entering a journal into the Authority finance system. Current system settings do not automatically assign a journal number. An exception report is not produced to independently review all general journals processed to ensure they are bona fide and appropriate supporting documentation attached.</p> <p>The is deemed a high risk to the accuracy of financial reporting, as there are weak monitoring controls in place to identify any potential errors or fraudulent journals that are not assigned a correct manual journal number.</p> <p>To strengthen internal controls, it is recommended that system settings be amended to ensure Authority assigns an automatic journal number to each General Journal processed. This will ensure all General Journals processed are sequentially recorded and can be better accounted for.</p> <p>Additional procedures may be implemented whereby a system generated report detailing all General Journals processed for the period (e.g. monthly) should be reviewed. The General Journals recorded on the report should be scrutinised via matching a sample of journal entries to the supporting documentation by an employee independent of whom has the ability to process General Journals. Evidence of this review should be retained.</p>	<p>A report to be included in the end of month process is under development. This report will summarise all journals entered into the system during the month.</p> <p>The Financial Accountant will review this report for duplication of journal numbers and a sub sample will be checked each month for accuracy and completeness. The report will be reviewed on an ad hoc basis by the Manager Financial Services. Once fully implemented and endorsed this process will be added to the Finance Manual.</p> <p>Automatic generation of journal numbers will be investigated when time permits and at a time when a full evaluation can be undertaken. Dependent on controls available it is envisaged that the process outlined above remain in place even if the option of automatic generation of journal numbers is adopted in the future.</p>	Manager Financial Services Leader, Systems and Technology	COMPLETE	<p>Authority has been amended so that now general journal numbers are automatically assigned. Further, each month a system generated audit report is reviewed by the Manager Financial Services and samples verified for accuracy and supporting documentation.</p>
10	Budget Accountability – Evidence of Review	Moderate	<p>It was noted that there was no evidence retained by Finance Department that demonstrates that a review has been completed by relevant Managers or Directors of budget approvals for inclusion in the Council's consolidated budget.</p> <p>Recommend additional controls are implemented that require each Manager or Director to authorise their respective budgets before it is included in the consolidated Council budget and that appropriate evidence is retained of this process (e.g. Budget Approval form attached to each Department's submitted budget).</p>	<p>For the 2016/17 budget it is intended to use the Budget Lock functionality provided by the PowerBudget system. All managers will be required to "lock" their budget for referral to their Director who will in turn "lock" the areas under their control for the review of the CEO. The CEO will "lock" the entire budget once reviewed and approved.</p> <p>Any changes required after "locking", either from Council directives or changes in circumstances will require the relevant budget areas to be unlocked by the CEO to allow the Manager Financial Services to update the relevant item. On completion the budget will again be locked by the CEO.</p> <p>All changes to the budget requested after Council adoption at its July meeting will be made under control of quarterly budget reviews as required by PO142 Budget Reporting and Amendment Policy.</p>	Manager Financial Services & Accountant - Financial Management	COMPLETE	<p>Evidence of access review available on file</p>

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11	Evidence of Independent Review – Fines and Interest Exclusions and Non-Rateable Property Listing	Moderate	In our review, there was no evidence that an independent review of the Fines and Interest Exemption report applied against Assessable properties had been undertaken.	Fines & Interest Exemption report –	Senior Rates Officer	COMPLETE	The system is currently unable to generate a Fines and Interest Exemption Report, however, every time fines and/or interest need to be written off the Senior Rates Officer seeks the approval of the Manager Financial Services. The Manager Financial Services undertakes a monthly review of Rates Journals similar to General Journals.
			<p>We also note that at the time of our audit, there was no evidence of an independent review of the Rates non-rateable properties listing relating to the 30 June 2016 financial year had been undertaken.</p> <p>It is recommended that evidence of a formal review is retained for both the Fines and Interest Exemption Report (recommended monthly) and the Rates non-rateable listing (recommended annually when Rates are set).</p>	<p>Whilst Council do not exempt any assessments from Fines and Interest, the Senior Rates Officer will print an exemption report as part of the monthly fines and interest raising process and provide it to the Manager Financial Services for formal review and signing. The Senior Rates Officer is to work with the Manager Financial Services to review and document the monthly fines and interest raising procedure to incorporate this aspect. The Senior Rates Officer is to review the Monthly reporting of Rates with the Manager Financial Services to ensure all relevant reporting has been captured.</p> <p>In relation to the Non-Rateable Listing that forms part of the annual rates raising process – The Senior Rates Officer is to review the annual rates raising and reporting process and procedure with the Manager Financial Services to incorporate the requirement to ensure the non-rateable property listing is formally reviewed by the Manager Financial Services</p>			Rates non-rateable listing for 2016/17 has been reviewed and evidence retained.
12	Accounts Payable – Internal Control Review	High	<p>In reviewing the internal processes undertaken by Finance staff to review and check supplier details when EFT batches are prepared, we note that Council Finance staff are only checking the 'Account Name' and not the actual BSB and Account Number recorded for each supplier in the ANZ Payment Detail Report.</p> <p>As the Accounts Payable software allows staff to input a 'one-time' BSB and bank account number for payment as an invoice is entered for payment, without overriding the BSB and bank account number on the Creditors Masterfile, this process presents a high risk of incorrect payments being processed.</p> <p>It is recommended that, as a minimum, the supplier invoice details should be checked re Account Name, BSB and bank account number for all payments. As an alternative, a report could be generated reports any payments where the Account Name, BSB and bank account number for a payment is different to the details in the Creditors Masterfile record.</p>	<p>A full review of the AP payment run process has been undertaken and documented.</p> <p>A report is now produced on a monthly basis to identify all changes to the Supplier Master File – this report is reviewed by the Financial Accountant.</p> <p>The Financial Accountant performs a random check of all bank details once a month with any anomalies resolved with Internal Audit.</p> <p>It is not considered effective use of time for officers to check these details for each and every payment run especially now that the ABA file can only be edited by IT staff.</p>	Accountant - Financial Management	COMPLETE	While an automatic comparison file is still being locked into, locking the ABA file so that the ability to edit is only available to IT, means that the risk has been significantly reduced.
13	Purchase Orders – Internal Controls	Low	<p>On a review of a sample of invoices paid during the 2015/16 financial year, we noted that an estimated 50% of Purchase Orders reviewed were created with a recorded date after the date recorded on the invoice.</p> <p>This means that the Council Purchasing &amp; Procurement Policy (last adopted 21 January 2015) is not being adhered to, considering that the Purchase Orders were found to be created after the date of the invoice received from the supplier.</p> <p>It is recommended that the procurement procedures be reviewed and either the Policy amended or steps be taken to ensure that the existing Policy is followed.</p>	<p>The CEO has reiterated the need to follow the Procurement Policy wherever possible and a process has been developed to review all deviations with line managers.</p> <p>This process is being refined by the Financial Accountant and will be included in the Finance Manual by 30 June 2016.</p>	Accountant - Financial Management	30-Sep-16	
14	Customer Credit Card Payments	Low	<p>Customer Service staff process customer credit card transactions by taking customer credit card details over the phone and processing the payment through the point of sale terminal facilities. We note that, at the time of our audit, there were no documented procedures on the handling of customer banking details (e.g. credit card details).</p> <p>To improve internal controls over the handling and processing of customer credit card details, we recommend that Council investigate an automated phone credit card payment process.</p>	<p>A procedure is to be developed by the Manager, People and Culture, the Financial Accountant and the Development Services Manager to ensure appropriate handling of customer credit card details. This procedure will be included in the Finance Manual on completion.</p> <p>Finance are implementing a new online payment gateway, which has the potential to enable staff members to process payments via an online log on. There might be potential of this to be in part implemented for this purpose in which council would not need to hold any credit card details. This project is however still in its infancy and details and functionalities are still being investigated.</p>	Accountant - Financial Management	30-Sep-16	Council's draft 'Banking and Cash Handling' policy is currently being finalised for consideration by CMT. Once adopted, a secure process for dealing with customer credit card details will be implemented.

Item	Area	Residual Risk Rating	Comment and Audit Recommendations	Management's Response	Responsible Officer	Completion Date	Status
15	Banking Security	Low	<p>Customer Service staff perform the daily banking whereby a staff member physically walks to the local branch to deposit cash and cheque transactions from the previous day's trade.</p> <p>This presents a risk to the security and wellbeing of Council staff in transporting cash to the bank as well as a risk to the physical security of Council's funds in transit. This is especially so in periods where high volumes of payments are received for rates and registration payments.</p> <p>To enhance security over cash and Council staff, we recommend Council considers engaging a security company to manage the transport of cash from both Council offices where receipting is undertaken.</p>	<p>A draft Cash Handling and Banking procedure has been developed and is out for consultation with key staff. This procedure incorporates the handling of cash transportation with measures including transportation of the deposits not being undertaken at the same time, to be irregular, subject to change without notice, and specific details only be known by a select few and where possible travel by Council Motor Vehicle rather than on foot. At times when the cash component of bank deposits are \$1500 or higher, two staff to take the bank run in a Council vehicle where possible.</p>	Manager Financial Services & Accountant - Financial Management	30-Sep-16	Council's draft 'Banking and Cash Handling' procedure is currently being finalised for consideration by CMT. Once adopted, it will be implemented and staff provided with training.
16	Customer Service Cash Floats	Moderate	<p>Customer Service staff do not have their daily cash float reconciliations independently checked to confirm the accuracy or completeness of the float at either the start or end of their shifts at the Maitland or Minlaton offices.</p> <p>To enhance the controls and monitoring of cash floats, it is recommended that an independent review of the reconciliation undertaken by Customer Service staff be required to confirm that the reconciliation has been completed and that all cash takings and float balances have been appropriately accounted for.</p>	<p>A draft Cash Handling and Banking procedure has been developed and is out for consultation with key staff. This procedure incorporates training cash custodians at all designated locations. The cash custodian will abide by:</p> <ul style="list-style-type: none"> <li>o Counting the float by the Cash Custodian at the beginning and end of each day;</li> <li>o Random audits undertaken of floats by Internal Audit;</li> <li>o During business hours, all cash should be securely stored in a locked cash register, cash drawer or similar, with access restricted to authorised Cash Custodians;</li> </ul> <p>For staff security, during business hours the amount of cash securely stored in a locked cash register, cash drawer, or similar should be monitored. As such, cash levels in tills always be kept at a minimum. Once cash levels exceed the minimum required float level, excess amounts should be regularly re-located to more secure areas such as a locked Council safe or strong room (Minlaton Office only) – this will be done in line with an authorised person independently checking the cash drops until the daily banking is undertaken.</p> <ul style="list-style-type: none"> <li>o Maintaining control over the cash float at all times by ensuring that funds are stored in a safe location and no other persons have direct access to these monies. This not only reduces the possibility of monies being lost or stolen, but also provides the Cash Custodian(s) with a guarantee that their accountability will not be inhibited by other people outside members of the particular location being able to access that cash float for which they are responsible; and</li> <li>o Cash Custodians must sign a SF227 Petty Cash Custodian Acknowledgement Form, which states the amount of funds held at particular locations and agreement to these directives at the commencement in a position with cash handling and banking responsibilities and/or at any time as requested by the Manager Financial Services.</li> </ul>	Manager Financial Services & Accountant - Financial Management	30-Sep-16	<p>Council's draft 'Banking and Cash Handling' procedure is currently being finalised for consideration by CMT. Once adopted, it will be implemented and staff provided with training.</p> <p>The Petty Cash policy has been completely reviewed and implemented.</p>
17	Asset Condition Assessments – Road Pavement Assets	Low	<p>Council has completed road coring exercises on a sample of road assets to test the assumptions and estimates surrounding the condition data of the Road Pavement assets.</p> <p>Spatial data relating to the physical dimensions and composition of Road Pavement assets will be updated in the Conquest asset database (e.g. depth of pavement, estimated remaining useful life, the physical materials used to construct the asset, etc.).</p> <p>It is recommended that all changes to estimates and assumptions be applied as from 1 July 2015 to ensure depreciation is calculated on the most recent and reliable data for the 2015/16 financial year.</p>	<p>Tonkin Consulting have been engaged to undertake a desktop revaluation of Council's Transport Assets to bring them in line with the Road Categorisation and Levels of Service as detailed in the Transport AMP, which was adopted by Council in October 2015.</p>	Asset Manager	COMPLETE	

Item	Area	Residual Risk Rating	Comment and Audit Recommendations	Management's Response	Responsible Officer	Completion Date	Status
18	Stormwater & Kerbing Assets	Moderate	<p>Given the recent data collection exercise outlined in Item 17 above, additional data has also been collected relating to Council's Kerb and Stormwater asset networks. Physical dimension data is also planned to be updated to Stormwater and Kerb assets as a result of additional data collected which may have an impact on future depreciation and valuation calculations.</p> <p>It is recommended that all changes to assumptions and estimates be applied as from 1 July 2015 to ensure valuation and depreciation estimated included in the 2015/16 Financial Statements are based on the most reliable and up-to-date data available.</p>	Stormwater data has been added to Conquest. A review and development of a Stormwater AMP has now commenced using this data.	Asset Manager	TBC	Stormwater assets were last revalued in 2014/15 and a AMP is under development. All data will be updated and depreciation updated based on the new data, effective 1 July 2016. Kerbing assets are included in the transport asset group revaluations in 2015/16.
19	Landfill Liability Review	Moderate	<p>As noted in our Balance Date Management Letter issued at the completion of the 2014/15 external audit, we recommend a review of all the assumptions and estimates included in the calculation of the future capping and rehabilitation liability.</p> <p>As at the time of our attendance, this review had not commenced and in discussions with Council staff, this review will be completed in time for the 2015/16 financial statements.</p> <p>Further review and updates of work completed by Council to address this recommendation will be undertaken during future audit attendances.</p>	<p>The Director Assets and Infrastructure has communicated with the auditors to advise the current status of expected expenditure for landfill rehabilitation requirements. It was reported that only minor works at closed landfill sites is expected to be undertaken in the future.</p> <p>Future capping, rehabilitation and water monitoring requirements will be reviewed for each site and appropriately funded through the annual budget process.</p>	Director Assets & Infrastructure	COMPLETE	
20	Payroll Personnel Records	Low	<p>All employee personnel records are kept in hard copy form at the Maitland office. There is no electronic archiving or scanning of payroll information (e.g. Tax Declaration Forms, deduction authority forms, superannuation information, leave form records, etc.) which presents a risk that should the Maitland office be damaged, e.g. fire, these records would also potentially be permanently lost.</p> <p>To reduce the risk of payroll records being lost in the event of the Maitland office being damaged, recommend consideration of electronic archiving of materials be considered.</p>	<p>All HR files (Maitland) and Payroll files (Minlaton) are kept in hard copy and have also been scanned and saved to our electronic database in a secure folder. All new material is also scanned and saved.</p> <p>Council is currently implementing an EDRMS system and consideration is being given to archiving of all records as requires by the State Records Act.</p>	Manager People & Culture	COMPLETE	RM8 is now being used to maintain electronic copies of employee records

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **5. 2015/16 AUDITED GENERAL PURPOSE FINANCIAL STATEMENTS**

#### **PURPOSE**

To present Council's 2015/16 audited General Purpose Financial Statements ("Statements") for the Committee's information and consideration.

#### **RECOMMENDATION**

That the Audit Committee recommend to Council that the audited General Purpose Financial Statements for the year ended 30<sup>th</sup> June 2016 be adopted and that:

1. The Chief Executive Officer and Mayor be authorised to certify the accounts, and
2. The Chief Executive Officer and the Presiding Member of the Audit Committee sign the Certification of Auditor Independence, and
3. The Chief Executive Officer and the Director Corporate and Community Services be authorised to sign the Management Representation Letter to the Auditors.

#### **LINK TO STRATEGIC PLAN**

Goal: 5 Responsible Governance

Strategy: 5.1 Openness and transparency of reporting Council's performance

#### **BACKGROUND**

As required by the Local Government Act 1999 and the Local Government (Financial Management) Regulations 2011 Council staff have prepared the General Purpose Financial Statements (Statements) for the year ended 30<sup>th</sup> June 2016.

The Statements have been prepared using Model Financial Statement templates and comply with the Australian Accounting Standards.

#### **DISCUSSION**

The attached Statements and Notes (refer Attachment 1) have been audited by Council's external auditors, Dean Newbery and Partners Chartered Accountants and confirmation has been received from them via email that no further audit adjustments or queries are outstanding. Dean Newbery are happy for the Statements to be presented to the Audit Committee.

Council staff are liaising with Dean Newbery to finalise the management representation letter prior to the meeting on 26<sup>th</sup> October 2016. If finalised it will be tabled at the meeting.

During the audit Dean Newbery raised with Council staff some amendments relating to formatting, disclosures, classifications, asset revaluations and presentation. These



amendments have been actioned to the satisfaction of the auditors and did not have any material impact on the Statements.

A brief financial analysis of the Statements is as follows.

### Operating Surplus/ (Deficit)

Council's Operating Deficit in 2015/16 is \$2.27m, which is an increase of \$593k when compared to 2014/15. The result is a combination of the following movements when compared to 2014/15 results:-

	\$ Change	% Change	Comments
<b>Income</b>			
Rates & Service Charges	\$888k	4.6%	Net effect of general rate increase adopted by Council
User Charges	\$95k	3.3%	Increase in caravan parks income
Investment Income	\$29k	15.8%	> Improved cash flow management ensuring excess funds earn highest available interest rate  > Increased grant income in 2014/15 (see below) and unavoidable delays on major capital projects
Reimbursements	\$170k	28%	Net increase due to insurance reimbursement for alleged fraudulent transactions by ex-employee
Other	(\$208k)	(59.3%)	YP Community Transport income and Community Group donations no longer received by Council due to privatisation of YPCT service
Grants, Subsidies and Contributions	(\$1.157m)	(27.4%)	Financial Assistance Grants for 2015/16 paid in advance in late 2014/15 and recognised in that

			year
<b>TOTAL INCOME CHANGE</b>	<b>(\$183k)</b>	<b>(0.7%)</b>	
<b>Expenses</b>			
Employee Costs	\$130k	1.6%	Net effect of EBA increases and conditions
Materials, Contracts & Other	(\$898k)	7.1%	> No LG election held: (\$39k)  > Reduced use of contractors: (\$112k)  > Reduced cost of operating plant & machinery for infrastructure maintenance activities due to lower fuel price: (\$322k)  > Less reliance on professional services including no payment to YP Community Transport: (\$145k)  > Reduced waste management contract costs due to lower fuel price: (\$300k)
Depreciation, Amortisation & Impairment	\$1.002m	11.8%	> 'Fair Value' revaluation of transport assets including removal of residual values and depreciation of long life components as required by updated Accounting Standards  > Depreciation of assets acquired in 2014/15
Finance Costs	\$176k	58.7%	> Loans in 2014/15 with repayments commencing in 2015/16
<b>TOTAL</b>	<b>\$410k</b>	<b>1.4%</b>	
<b>NET IMPACT ON OPERATING DEFICIT</b>	<b>\$593k</b>	<b>35.4%</b>	

For more detail on Council's Operating Deficit, income and expenditure please refer to the Statement of Comprehensive Income, Notes 2 and 3 in Attachment 1.

### **Capital Expenditure**

In 2015/16 Council spent a total of \$9.75m on capital works and projects, of which \$5.1m was spent on renewal and replacement of assets, while \$4.65m was spent on upgrades and new assets. \$1.97m was received in grants and contributions for new and upgraded assets primarily relating to Walk the Yorke and Clinton Road projects.

The carrying value for Council's Infrastructure, Property, Plant and Equipment (IPPE) assets has seen a \$39.4m decrease in 2015/16 when compared to 2014/15. This is primarily the result of 'fair value' revaluations and removal of residual values for Council's Transport assets. The carrying value of Transport assets has decreased by approximately \$38.5m.

Council's Transport Asset Management Plan (TAMP) was adopted in October 2015 after being workshopped with Elected Members. The process included the assessment of levels of service for all transport assets based on usage, wear rates, widths and lengths and resulted in a number of assets valued at a higher level being moved to lower levels of service which in turn reduced their Current Replacement Cost (CRC). The valuation undertaken by Tonkins Consulting as at 1 July 2015, which has been used in the valuations included in the 2015/16 Statements, was based on the revised TAMP and assessed the condition of transport assets resulting in this reduction to fair values.

The Australian Accounting Standards Board (AASB) reaffirmed the definition of residual value as being the future sale price of an asset (emphasis on "sale" as a mandatory requirement). This meant that applying a residual value where no financial consideration is received for infrastructure assets such as in situ materials for roads is an incorrect application under the Accounting Standards.

This change in accounting treatment means Council can no longer assign residual values to transport assets, which has generally been the practice adopted by Councils in SA to recognise the value of materials salvaged in situ on reconstruction of roads, thereby acting as a proxy for the long life components of roads.

In order to move away from residual value, the solution suggested by the AASB is ensuring adequate componentisation of the relevant assets or the use of "blended" depreciation rates. This treatment has now been incorporated into the revaluation of Council's transport assets.

Overall depreciation has increased by approximately \$1m due to the above mentioned change in accounting treatment, depreciation of assets capitalised in 2014/15 and adjustments due to revaluations of certain transport assets. Of the \$1m increase approximately \$790k can be attributed to transport assets. For more information regarding the revaluation of transport assets please refer to the Asset Management update report in today's meeting agenda.

For more detail on Council's capital expenditure, change in depreciation, assets and revaluations please refer to the Statement of Financial Position, Statement of Changes in Equity, Notes 1, 3, 4 and 7 in Attachment 1.

## Cash Flows

Council's net decrease in cash held as at 30<sup>th</sup> June 2016 was \$512k, resulting in a closing cash and cash equivalents position of \$6.96m. The decrease in cash held can be attributed to the following movements:-

- Reduced anticipated grant income due to a portion of Financial Assistance Grants for 2015/16 being paid in advance in 2014/15 and being recognised in that year
- Increased capital expenditure in 2015/16
- Increased capital grants compared to 2014/15 for Clinton Road and Walk the Yorke projects
- Loans taken in late 2014/15 for capital projects either completed or in progress in 2015/16

It should be noted that of the \$6.96m cash and cash equivalents as at 30<sup>th</sup> June 2016, approximately \$4.34m is specifically for projects not completed in 2015/16 and carried forward to 2016/17 for completion.

For more detail on Council's cash flows please refer to the Statement of Cash Flows and Note 11 in Attachment 1.

## Financial Indicators

### Operating Surplus Ratio

Council's Operating Surplus Ratio (Indicator 1 in Note 15 of Attachment 1) is -8% which means Council is in a Deficit position i.e. its operating income is not sufficient to fund operating expenditure including depreciation of existing assets. This is an increase of 2% compared to 2014/15 and is a result of increased depreciation due to asset revaluations and change in accounting treatment of residual values.

It should be noted that due to the Federal Government paying Council's Financial Assistance Grants in advance in previous years, the Adjusted Operating Surplus Ratio (Indicator 1a in Note 15 of Attachment 1) is more relevant and accurate when judging Council's financial performance. This ratio needs to be adjusted for any advance payments made in previous years and not recognised in the current year. The adjusted ratio recognises the advance payment amount in the year for which it was intended.

This has been picked up by the Auditors in their final audit and an adjustment will be made to the attached unaudited Statements before they are presented for endorsement to the Audit Committee. This has no impact on any of the four primary financial statements or Council's operating deficit. The adjusted ratio is expected to be approximately -4%, a slight improvement on the 2014/15 adjusted ratio.

Through its LTFP and annual budgets, Council's emphasis should continue to be on returning to a breakeven or surplus position in line with industry targets, in the medium to long term.

### Net Financial Liabilities Ratio

Council's Net Financial Liabilities Ratio of 12% (Indicator 2 in Note 15 of Attachment 1) shows a slight increase on 2014/15, however, continues to remain well below the industry ceiling of 100%. This means that Council retains capacity to borrow funds for capital expenditure in future years should the need arise, as long as it continues to move towards a breakeven or surplus position on its operating bottom line to support increased loan repayments.

### Asset Sustainability Ratio

Council's Asset Sustainability Ratio is 49% compared to 53% in 2014/15 indicating that Council is not renewing or replacing existing assets as it consumes them. The reduction can be attributed to two factors.

Firstly a number of capital renewal projects were budgeted but not completed in 2015/16 and have been carried forward to 2016/17 for completion. This has resulted in the ratio being lower than forecast.

Secondly, Council currently uses total depreciation to calculate this ratio instead of required renewal expenditure levels from Asset Management Plans for individual asset classes.

Council is unable to use required renewal expenditure levels in calculating this ratio as not all asset classes have up to date Asset Management Plans – as Councillors are aware Council is moving toward detailed Asset management Plans for all classes of assets as data is loaded to Conquest.

A mixed use of depreciation and required renewal expenditure levels for the different asset classes (from endorsed Asset Management Plans for some assets) is not permitted when calculating this ratio.

Using depreciation as the base tends to result in a lower ratio because a number of assets (especially roads) have components that are not going to be renewed but are required to be depreciated for accounting purposes. This can result in depreciation possibly being overstated and in turn affecting the calculation of this ratio.

Through its LTFP, up to date Asset Management Plans, annual budgets and capital works programs, Council's emphasis should be on returning to and maintaining a minimum ratio of 80 - 90% in line with industry targets, in the medium to long term. Further, planning for extra funding is required for asset renewal and replacement to address the identified backlog identified in Asset management Plans already endorsed by Council.

For more detail on Council's financial indicators please refer to Note 15 in Attachment 1.

## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Corporate & Community Services

- Manager Financial Services
- Accountant – Financial Operations
- Assets Manager

In preparing this report, the following External Parties were consulted:

- Dean Newbery and Partners Chartered Accountants

#### **POLICY IMPLICATIONS**

Not applicable

#### **BUDGET AND RESOURCE IMPLICATIONS**

Financial implications are as detailed in the body of this report and the attached unaudited Statements and Notes.

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

Model Financial Statements

#### **ATTACHMENTS**

**Attachment 1:** 2015/16 General Purpose Financial Statements and Notes

# Yorke Peninsula Council

GENERAL PURPOSE FINANCIAL STATEMENTS  
for the year ended 30 June 2016

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General Purpose Financial Statements  
for the year ended 30 June 2016

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## General Purpose Financial Statements

for the year ended 30 June 2016

### Certification of Financial Statements

**We have been authorised by the Council to certify the financial statements in their final form.**

**In our opinion:**

- the accompanying financial statements comply with the *Local Government Act 1999*, *Local Government (Financial Management) Regulations 2011* and Australian Accounting Standards,
- the financial statements present a true and fair view of the Council's financial position at 30 June 2016 and the results of its operations and cash flows for the financial year,
- internal controls implemented by the Council provide a reasonable assurance that the Council's financial records are complete, accurate and reliable and were effective throughout the financial year,
- the financial statements accurately reflect the Council's accounting and other records.

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Andrew Cameron  
**CHIEF EXECUTIVE OFFICER**

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Ray Agnew  
**MAYOR**

**Date: dd Month 2016**

# Statement of Comprehensive Income

for the year ended 30 June 2016

\$ '000	Notes	2016	2015
<b>Income</b>			
Rates Revenues	2a	19,998	19,110
Statutory Charges	2b	391	391
User Charges	2c	2,961	2,866
Grants, Subsidies and Contributions	2g	3,070	4,227
Investment Income	2d	213	184
Reimbursements	2e	780	610
Other Income	2f	143	351
<b>Total Income</b>		<b>27,556</b>	<b>27,739</b>
<b>Expenses</b>			
Employee Costs	3a	8,136	8,006
Materials, Contracts & Other Expenses	3b	11,701	12,599
Depreciation, Amortisation & Impairment	3c	9,513	8,511
Finance Costs	3d	476	300
<b>Total Expenses</b>		<b>29,826</b>	<b>29,416</b>
<b>Operating Surplus / (Deficit)</b>		<b>(2,270)</b>	<b>(1,677)</b>
Asset Disposal & Fair Value Adjustments	4	(4,111)	(693)
Amounts Received Specifically for New or Upgraded Assets	2g	1,968	1,204
Physical Resources Received Free of Charge	2i	100	-
<b>Net Surplus / (Deficit) <sup>1</sup></b>		<b>(4,313)</b>	<b>(1,166)</b>
<b>Other Comprehensive Income</b>			
<i>Amounts which will not be reclassified subsequently to operating result</i>			
Changes in Revaluation Surplus - I,PP&E	9a	(35,118)	12,390
Impairment (Expense) / Recoupments Offset to Asset Revaluation Reserve	9a	-	(2,042)
<b>Total Other Comprehensive Income</b>		<b>(35,118)</b>	<b>10,348</b>
<b>Total Comprehensive Income</b>		<b>(39,431)</b>	<b>9,182</b>

<sup>1</sup> Transferred to Equity Statement

# Statement of Financial Position

as at 30 June 2016

\$ '000	Notes	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5a	6,957	7,469
Trade & Other Receivables	5b	1,313	1,315
Inventories	5c	980	777
<b>Total Current Assets</b>		<b>9,250</b>	<b>9,561</b>
<b>Non-Current Assets</b>			
Financial Assets	6	783	372
Infrastructure, Property, Plant & Equipment	7a	294,516	333,890
<b>Total Non-Current Assets</b>		<b>295,299</b>	<b>334,262</b>
<b>TOTAL ASSETS</b>		<b>304,549</b>	<b>343,823</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade & Other Payables	8a	1,448	2,497
Borrowings	8b	642	543
Provisions	8c	1,650	1,622
<b>Total Current Liabilities</b>		<b>3,740</b>	<b>4,662</b>
<b>Non-Current Liabilities</b>			
Borrowings	8b	7,980	7,047
Provisions	8c	642	496
<b>Total Non-Current Liabilities</b>		<b>8,622</b>	<b>7,543</b>
<b>TOTAL LIABILITIES</b>		<b>12,362</b>	<b>12,205</b>
<b>Net Assets</b>		<b>292,187</b>	<b>331,618</b>
<b>EQUITY</b>			
Accumulated Surplus		(8,841)	(4,594)
Asset Revaluation Reserves	9a	300,337	335,455
Other Reserves	9b	691	757
<b>Total Council Equity</b>		<b>292,187</b>	<b>331,618</b>

# Statement of Changes in Equity

for the year ended 30 June 2016

\$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
<b>2016</b>					
<b>Balance at the end of previous reporting period</b>		(4,594)	335,455	757	<b>331,618</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(4,313)	-	-	<b>(4,313)</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(35,118)	-	<b>(35,118)</b>
<b>Other Comprehensive Income</b>		-	(35,118)	-	<b>(35,118)</b>
<b>Total Comprehensive Income</b>		<b>(4,313)</b>	<b>(35,118)</b>	<b>-</b>	<b>(39,431)</b>
<b>c. Transfers between Reserves</b>		66	-	(66)	-
<b>Balance at the end of period</b>		<b>(8,841)</b>	<b>300,337</b>	<b>691</b>	<b>292,187</b>
<b>2015</b>					
<b>Balance at the end of previous reporting period</b>		(3,388)	325,107	717	<b>322,436</b>
<b>a. Net Surplus / (Deficit) for Year</b>		(1,166)	-	-	<b>(1,166)</b>
<b>b. Other Comprehensive Income</b>					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	12,390	-	<b>12,390</b>
- IPP&E Impairment (Expense) / Recoupments Offset to ARR	7a	-	(2,042)	-	<b>(2,042)</b>
<b>Other Comprehensive Income</b>		-	10,348	-	<b>10,348</b>
<b>Total Comprehensive Income</b>		<b>(1,166)</b>	<b>10,348</b>	<b>-</b>	<b>9,182</b>
<b>c. Transfers between Reserves</b>		(40)	-	40	-
<b>Balance at the end of period</b>		<b>(4,594)</b>	<b>335,455</b>	<b>757</b>	<b>331,618</b>

# Yorke Peninsula Council

## Statement of Cash Flows

for the year ended 30 June 2016

\$ '000	Notes	2016	2015
<b>Cash Flows from Operating Activities</b>			
<u>Receipts</u>			
Rates Receipts		19,940	19,096
Statutory Charges		391	391
User Charges		2,961	2,866
Grants, Subsidies and Contributions (operating purpose)		3,070	4,227
Investment Receipts		213	184
Reimbursements		780	610
Other Receipts		265	110
<u>Payments</u>			
Payments to Employees		(8,296)	(7,828)
Payments for Materials, Contracts & Other Expenses		(12,650)	(12,202)
Finance Payments		(476)	(300)
<b>Net Cash provided by (or used in) Operating Activities</b>	11b	<b>6,198</b>	<b>7,154</b>
<b>Cash Flows from Investing Activities</b>			
<u>Receipts</u>			
Amounts Received Specifically for New/Upgraded Assets		1,968	1,204
Sale of Replaced Assets		480	387
Repayments of Loans by Community Groups		75	66
<u>Payments</u>			
Expenditure on Renewal/Replacement of Assets		(5,095)	(4,864)
Expenditure on New/Upgraded Assets		(4,653)	(4,405)
Loans Made to Community Groups		(520)	-
<b>Net Cash provided by (or used in) Investing Activities</b>		<b>(7,745)</b>	<b>(7,612)</b>
<b>Cash Flows from Financing Activities</b>			
<u>Receipts</u>			
Proceeds from Borrowings		1,630	6,000
Proceeds from Bonds & Deposits		3	2
<u>Payments</u>			
Repayments of Borrowings		(598)	(682)
<b>Net Cash provided by (or used in) Financing Activities</b>		<b>1,035</b>	<b>5,320</b>
<b>Net Increase (Decrease) in Cash Held</b>		<b>(512)</b>	<b>4,862</b>
plus: <b>Cash &amp; Cash Equivalents at beginning of period</b>	11	<b>7,469</b>	<b>2,607</b>
<b>Cash &amp; Cash Equivalents at end of period</b>	11	<b>6,957</b>	<b>7,469</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

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## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies

The principal accounting policies adopted by Council in the preparation of these consolidated financial statements are set out below.

These policies have been consistently applied to all the years presented, unless otherwise stated.

#### 1 Basis of Preparation

##### 1.1 Compliance with Australian Accounting Standards

This general purpose financial report has been prepared in accordance with Australian Accounting Standards as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board, Interpretations and relevant South Australian legislation.

The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011* dated.

##### 1.2 Historical Cost Convention

Except as stated below, these financial statements have been prepared in accordance with the historical cost convention.

##### 1.3 Critical Accounting Estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying Council's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are specifically referred to in the relevant sections of these Notes.

##### 1.4 Rounding

All amounts in the financial statements have been rounded to the nearest thousand dollars (\$'000).

#### 2 The Local Government Reporting Entity

Yorke Peninsula Council is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 8 Elizabeth Street, Maitland. These financial statements include the Council's direct operations and all entities through which Council controls resources to carry on its functions. In the process of reporting on the Council as a single unit, all transactions and balances between activity areas and controlled entities have been eliminated.

#### 3 Income Recognition

Income is measured at the fair value of the consideration received or receivable. Income is recognised when the Council obtains control over the assets comprising the income, or when the amount due constitutes an enforceable debt, whichever first occurs.

Where grants, contributions and donations recognised as incomes during the reporting period were obtained on the condition that they be expended in a particular manner or used over a particular period, and those conditions were undischarged as at the reporting date, the amounts subject to those undischarged conditions are disclosed in these notes. Also disclosed is the amount of grants, contributions and receivables recognised as incomes in a previous reporting period which were obtained in respect of the Council's operations for the current reporting period.

In recent years the payment of untied financial assistance grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2013/14	\$995,649	\$2,209,962	- \$1,214,313
2014/15	\$3,417,961	\$2,239,436	+\$1,178,525
2015/16	\$1,063,202	\$2,235,365	- \$1,172,163

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

Accordingly, the operating results of these periods have been distorted compared to those that would have been reported had the grants been paid in the year to which they were allocated.

The Operating Surplus Ratio disclosed in Note 15 has also been calculated after adjusting for the distortions resulting from the differences between the actual grants received and the grants entitlements allocated.

#### 4 Cash, Cash Equivalents and other Financial Instruments

Cash Assets include all amounts readily convertible to cash on hand at Council's option with an insignificant risk of changes in value with a maturity of three months or less from the date of acquisition.

Receivables for rates and annual charges are secured over the subject land, and bear interest at rates determined in accordance with the Local Government Act 1999. Other receivables are generally unsecured and do not bear interest.

All receivables are reviewed as at the reporting date and adequate allowance made for amounts the receipt of which is considered doubtful.

All financial instruments are recognised at fair value at the date of recognition. A detailed statement of the accounting policies applied to financial instruments forms part of Note 13.

#### 5 Inventories

Inventories held in respect of stores have been valued by using the weighted average cost on a continual basis, after adjustment for loss of service potential. Inventories held in respect of business undertakings have been valued at the lower of cost and net realisable value.

#### 6 Infrastructure, Property, Plant & Equipment

##### 6.1 Initial Recognition

All assets are initially recognised at cost. For assets acquired at no cost or for nominal consideration,

cost is determined as fair value at the date of acquisition.

All non-current assets purchased or constructed are capitalised as the expenditure is incurred and depreciated as soon as the asset is held "ready for use". Cost is determined as the fair value of the assets given as consideration plus costs incidental to the acquisition, including architects' fees and engineering design fees and all other costs incurred. The cost of non-current assets constructed by the Council includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overhead.

Capital works still in progress at the balance date are recognised as other non-current assets and transferred to *infrastructure, property, plant & equipment* when completed ready for use.

##### 6.2 Materiality

Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Council for each type of asset. In determining (and in annually reviewing) such thresholds, regard is had to the nature of the asset and its estimated service life. Examples of capitalisation thresholds applied during the year are given below. No capitalisation threshold is applied to the acquisition of land or interests in land.

Office Furniture & Equipment	\$1,000
Other Plant & Equipment	\$1,000
Buildings - new construction/extensions	\$5,000
Park & Playground Furniture & Equipment	\$2,000
Road construction & reconstruction	\$10,000
Paving & footpaths, Kerb & Gutter	\$2,000
Drains & Culverts	\$5,000

##### 6.3 Subsequent Recognition

All material asset classes are revalued on a regular basis such that the carrying values are not materially different from fair value. Significant uncertainties exist in the estimation of fair value of a number of asset classes including land, buildings and associated structures and infrastructure. Further detail of these uncertainties, and of existing valuations, methods and valuers are provided at Note 7.



# Notes to and forming part of the Financial Statements for the year ended 30 June 2016

## Note 1. Summary of Significant Accounting Policies (continued)

### 6.4 Depreciation of Non-Current Assets

Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives on a straight-line basis which, in the opinion of Council, best reflects the consumption of the service potential embodied in those assets.

Depreciation methods, useful lives and residual values of classes of assets are reviewed annually.

Major depreciation periods for each class of asset are listed below. Depreciation periods for infrastructure assets have been estimated based on the best information available to Council, but appropriate records covering the entire life cycle of these assets are not available, and extreme care should be used in interpreting financial information based on these estimates.

Useful lives estimates in use from 1 July 2015:

#### *Plant, Furniture & Equipment*

Office Equipment	5 to 10 years
Office Furniture	5 to 20 years
Vehicles/Road-making Equip	3 to 8 years
Other Plant & Equipment	5 to 15 years

#### *Building & Other Structures*

Buildings – masonry	50 to 100 years
Buildings – other	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc.	10 to 20 years

#### *Infrastructure*

Sealed Roads – Upper Surface	17 to 30 years
Sealed Roads – Lower Surface	80 to 90 years
Sealed Roads – Pavement	80 to 90 years
Unsealed Roads – Wearing Surface	15 to 50 years
Unsealed Roads – Low Base & Earthwork	90 to 400 years
Paving & Footpaths	30 to 60 years
Drains, Kerb & Gutter	80 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	50 to 60 years
Reticulation Pipes – other	25 to 65 years
Pumps & Telemetry	15 to 25 years

#### *Other Assets*

Reserve Furniture	5 to 15 years
Artworks	indefinite

Useful life estimates in use prior to 1 July 2015:

#### *Plant, Furniture & Equipment*

Office Equipment	5 to 10 years
Office Furniture	5 to 20 years
Vehicles/Road-making Equip	3 to 8 years
Other Plant & Equipment	5 to 15 years

#### *Building & Other Structures*

Buildings – masonry	50 to 100 years
Buildings – other	20 to 40 years
Park Structures – masonry	50 to 100 years
Park Structures – other	20 to 40 years
Playground equipment	5 to 15 years
Benches, seats, etc	10 to 20 years

#### *Infrastructure*

Sealed Roads – Surface	15 to 250 years
Sealed Roads – Pavement	20 to 900 years
Unsealed Roads	10 to 750 years
Paving & Footpaths	10 to 70 years
Drains, Kerb & Gutter	70 to 100 years
Culverts	50 to 75 years
Flood Control Structures	80 to 100 years
Reticulation Pipes – PVC	50 to 60 years
Reticulation Pipes – other	25 to 65 years
Pumps & Telemetry	15 to 25 years

#### *Other Assets*

Reserve Furniture	5 to 15 years
Artworks	indefinite

### 6.5 Impairment

Assets that are subject to depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount (which is the higher of the present value of future cash inflows or value in use).

For assets whose future economic benefits are not dependent on the ability to generate cash flows, and where the future economic benefits would be replaced if Council were deprived thereof, the value in use is the depreciated replacement cost. In assessing impairment for these assets, a rebuttable assumption is made that the current replacement cost exceeds the original cost of acquisition.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

Where an asset that has been revalued is subsequently impaired, the impairment is first offset against such amount as stands to the credit of that class of assets in Asset Revaluation Reserve, any excess being recognised as an expense.

#### 6.6 Borrowing Costs

Borrowing costs in relation to qualifying assets (net of offsetting investment revenue) have been capitalised in accordance with AASB 123 Borrowing Costs. The amounts of borrowing costs recognised as an expense or as part of the carrying amount of qualifying assets are disclosed in Note 3, and the amount (if any) of interest revenue offset against borrowing costs in Note 2.

#### 7 Payables

##### 7.1 Goods & Services

Creditors are amounts due to external parties for the supply of goods and services and are recognised as liabilities when the goods and services are received. Creditors are normally paid 30 days after the month of invoice. No interest is payable on these amounts.

##### 7.2 Payments Received in Advance & Deposits

Amounts other than grants received from external parties in advance of service delivery, and security deposits held against possible damage to Council assets, are recognised as liabilities until the service is delivered or damage reinstated, or the amount is refunded as the case may be.

#### 8 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are carried at their principal amounts which represent the present value of future cash flows associated with servicing the debt. Interest is accrued over the period to which it relates, and is recorded as part of "Payables".

#### 9 Employee Benefits

##### 9.1 Salaries, Wages & Compensated Absences

Liabilities for employees' entitlements to salaries, wages and compensated absences expected to be paid or settled within 12 months of reporting date are accrued at nominal amounts (including payroll based oncosts) measured in accordance with AASB 119.

Liabilities for employee benefits not expected to be paid or settled within 12 months are measured as the present value of the estimated future cash outflows (including payroll based oncosts) to be made in respect of services provided by employees up to the reporting date. Present values are calculated using government guaranteed securities rates with similar maturity terms.

Weighted avg. discount rate	1.75% (2015, 2.24%)
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No accrual is made for sick leave as Council experience indicates that, on average, sick leave taken in each reporting period is less than the entitlement accruing in that period, and this experience is expected to recur in future reporting periods. Council does not make payment for untaken sick leave.

##### 9.2 Superannuation

The Council makes employer superannuation contributions in respect of its employees to the Statewide Superannuation Scheme. The Scheme has two types of membership, each of which is funded differently. No changes in accounting policy have occurred during either the current or previous reporting periods. Details of the accounting policies applied and Council's involvement with the schemes are reported in Note 18.

#### 10 Provisions

##### Provisions for Reinstatement, Restoration and Rehabilitation

Council has a recorded Provision for Waste Management which facilitates rehabilitation of the following six closed landfill sites – Price, Port Victoria, Arthurton, Ramsey, Warooka (including leachate monitoring) and Foul Bay. Council will review and update where deemed necessary the liability recorded (shown as a Provision) in Council's

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

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Statement of Financial Position to ensure the liability accurately reflects the future landfill monitoring obligations of the Council in accordance with its EPA licence requirements.

Close down and restoration costs include the dismantling and demolition of infrastructure and the removal of residual materials and remediation and rehabilitation of disturbed areas. Estimated close down and restoration costs are provided for in the accounting period when the obligation arising from the related disturbance occurs, and are carried at the net present value of estimated future costs.

Although estimated future costs are based on a closure plan, such plans are based on current environmental requirements which may change. Council's policy to maximise recycling is extending the operational life of these facilities, and significant uncertainty exists in the estimation of the future closure date.

#### 11 Leases

Lease arrangements have been accounted for in accordance with AASB 117.

In respect of finance leases, where Council substantially carries all of the risks incident to ownership, the leased items are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed within the appropriate asset class, and are amortised to expense over the period during which the Council is expected to benefit from the use of the leased assets. Lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

In respect of operating leases, where the lessor substantially retains all of the risks and benefits incident to ownership of the leased items, lease payments are charged to expense over the lease term.

#### 12 Construction Contracts

Construction works undertaken by Council for third parties are generally on an agency basis where the third party reimburses Council for actual costs

incurred, and usually do not extend beyond the reporting period. As there is no profit component, such works are treated as 100% completed. Reimbursements not received are recognised as receivables and reimbursements received in advance are recognised as "payments received in advance".

For works undertaken on a fixed price contract basis, revenues and expenses are recognised on a percentage of completion basis. Costs incurred in advance of a future claimed entitlement are classified as work in progress in inventory. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

#### 13 GST Implications

In accordance with UIG Abstract 1031 "Accounting for the Goods & Services Tax"

- Receivables and Creditors include GST receivable and payable.
- Except in relation to input taxed activities, revenues and operating expenditures exclude GST receivable and payable.
- Non-current assets and capital expenditures include GST net of any recoupment.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

#### 14 New accounting standards and UIG interpretations

Certain new (or amended) accounting standards and interpretations have been published that are not mandatory for reporting periods ending 30 June 2016.

**Council has not adopted any of these standards early.**

Council's assessment of the impact of these new standards and interpretations is set out below.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 1. Summary of Significant Accounting Policies (continued)

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Apart from the AASB disclosures below, there are no other standards that are “not yet effective” which are expected to have a material impact on Council in the current or future reporting periods and on foreseeable future transactions.

#### **Applicable to Local Government:**

#### **AASB 9 - Financial Instruments (and associated amending standards)**

AASB 9 replaces AASB 139 Financial Instruments: Recognition and Measurement and has an effective date for reporting periods beginning on or after 1 January 2018 (and must be applied retrospectively).

The overriding impact of AASB 9 is to change the requirements for the classification, measurement and disclosures associated with financial assets.

Under the new requirements the four current categories of financial assets stipulated in AASB 139 will be replaced with two measurement categories:

- fair value and
- amortised cost (where financial assets will only be able to be measured at amortised cost where very specific conditions are met).

#### **AASB 15 - Revenue from contracts with customers and associated amending standards**

AASB 15 introduces a five step process for revenue recognition with the core principle of the new Standard being that entities recognise revenue so as to depict the transfer of goods or services to customers in amounts that reflect the consideration (that is, payment) to which the entity expects to be entitled in exchange for those goods or services.

The changes in revenue recognition requirements in AASB 15 may cause changes to accounting policies relating to the timing and amount of revenue recorded in the financial statements as well as additional disclosures.

The full impact of AASB 15 has not yet been ascertained or quantified.

AASB 15 will replace AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts.

The effective date of this standard is for annual reporting periods beginning on or after 1 January 2017.

#### **AASB 124 - Related Party Disclosures**

From 1 July 2016, AASB 124 Related Party Disclosures will apply to Council.

This means that Council will be required to disclose information about related parties and Council transactions with those related parties.

Related parties will more than likely include the Mayor, Councillors and certain Council staff. In addition, the close family members of those people and any organisations that they control or are associated with will be classified as related parties (and fall under the related party reporting requirements).

#### **Not applicable to Local Government per se;**

None

### **15 Comparative Figures**

To ensure comparability with the current reporting period's figures, some comparative period line items and amounts may have been reclassified or individually reported for the first time within these financial statements and/or the notes.

### **16 Disclaimer**

Nothing contained within these statements may be taken to be an admission of any liability to any person under any circumstance.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 2. Income

\$ '000	Notes	2016	2015
<b>(a). Rates Revenues</b>			
<b>General Rates</b>			
General Rates		15,413	14,524
Less: Mandatory Rebates		(100)	(97)
Less: Discretionary Rebates, Remissions & Write Offs		(63)	(14)
<b>Total General Rates</b>		<b>15,250</b>	<b>14,413</b>
<b>Other Rates (Including Service Charges)</b>			
Natural Resource Management Levy		753	734
Waste Collection		2,408	2,407
Water Supply		139	133
Community Wastewater Management Systems		1,361	1,326
<b>Total Other Rates</b>		<b>4,661</b>	<b>4,600</b>
<b>Other Charges</b>			
Penalties for Late Payment		57	55
Legal & Other Costs Recovered		30	42
<b>Total Other Charges</b>		<b>87</b>	<b>97</b>
<b>Total Rates Revenues</b>		<b>19,998</b>	<b>19,110</b>
<b>(b). Statutory Charges</b>			
Development Act Fees		188	192
Town Planning Fees		29	24
Health & Septic Tank Inspection Fees		32	33
Animal Registration Fees & Fines		86	83
Parking Fines / Expiation Fees		7	10
Other Registration Fees		12	12
Sundry		37	37
<b>Total Statutory Charges</b>		<b>391</b>	<b>391</b>
<b>(c). User Charges</b>			
Cemetery Fees		24	23
Commercial Activity Revenue		60	62
Commercial Activity Revenue (Caravan Parks)		2,457	2,355
Boat Ramp Fees		144	131
Hall & Equipment Hire		30	29
Property Lease		6	-
Refuse Disposal		56	54
Sundry		77	71
Water		107	141
<b>Total User Charges</b>		<b>2,961</b>	<b>2,866</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 2. Income (continued)

\$ '000	Notes	2016	2015
<b>(d). Investment Income</b>			
Interest on Investments			
- Local Government Finance Authority		195	141
- Banks & Other		18	43
<b>Total Investment Income</b>		<b>213</b>	<b>184</b>
<b>(e). Reimbursements</b>			
Roadworks		11	10
Private Works		-	8
Insurance Reimbursements *		212	-
Other		557	592
<b>Total Reimbursements</b>		<b>780</b>	<b>610</b>
* Result of insurance claim in relation to a matter of fraud which occurred over a four year period.			
<b>(f). Other Income</b>			
Sundry		143	351
<b>Total Other Income</b>		<b>143</b>	<b>351</b>
<b>(g). Grants, Subsidies, Contributions</b>			
Amounts Received Specifically for New or Upgraded Assets		1,968	1,204
Other Grants, Subsidies and Contributions		3,070	3,048
Individually Significant Item - Additional Grants Commission Payment (refer below)		-	1,179
<b>Total Grants, Subsidies, Contributions</b>		<b>5,038</b>	<b>5,431</b>
The functions to which these grants relate are shown in Note 12.			
<b>(i) Sources of grants</b>			
Commonwealth Government		4,712	4,636
State Government		326	790
Other		-	5
<b>Total</b>		<b>5,038</b>	<b>5,431</b>
<b>(ii) Individually Significant Items</b>			
Grant Commission (FAG) Grant Recognised as Income		-	1,179



Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 2. Income (continued)

\$ '000	Notes	2016	2015
<b>(h). Conditions over Grants &amp; Contributions</b>			
Grants and contributions which were obtained on the condition that they be expended for specified purposes or in a future period, but which are not yet expended in accordance with those conditions, are as follows:			
<b>Unexpended at the close of the previous reporting period</b>		58	166
<i>Less:</i>			
<i>Expended during the current period from revenues recognised in previous reporting periods</i>			
Heritage & Cultural Services		(48)	(156)
<b>Subtotal</b>		<b>(48)</b>	<b>(156)</b>
<i>Plus:</i>			
<i>Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions</i>			
Heritage & Cultural Services		1	48
<b>Subtotal</b>		<b>1</b>	<b>48</b>
<b>Unexpended at the close of this reporting period</b>		<b>11</b>	<b>58</b>
<b>Net increase (decrease) in assets subject to conditions in the current reporting period</b>		<b>(47)</b>	<b>(108)</b>
<b>(i). Physical Resources Received Free of Charge</b>			
Other Assets		100	-
<b>Total Physical Resources Received Free of Charge</b>		<b>100</b>	<b>-</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 3. Expenses

\$ '000	Notes	2016	2015
<b>(a). Employee Costs</b>			
Salaries and Wages		7,427	7,019
Employee Leave Expense		579	646
Superannuation - Defined Contribution Plan Contributions	18	203	209
Superannuation - Defined Benefit Plan Contributions	18	540	492
Workers' Compensation Insurance		337	307
Other		202	189
Less: Capitalised and Distributed Costs		(1,152)	(856)
<b>Total Operating Employee Costs</b>		<b>8,136</b>	<b>8,006</b>
Total Number of Employees (full time equivalent at end of reporting period)		114	112
<b>(b). Materials, Contracts and Other Expenses</b>			
<b>(i) Prescribed Expenses</b>			
Auditor's Remuneration			
- Auditing the Financial Reports		18	18
- Other Services		7	8
Bad and Doubtful Debts		1	-
Elected Members' Expenses		319	328
Election Expenses		1	40
Operating Lease Rentals - Non-Cancellable Leases	17		
- Minimum Lease Payments		97	111
<b>Subtotal - Prescribed Expenses</b>		<b>443</b>	<b>505</b>
<b>(ii) Other Materials, Contracts and Expenses</b>			
Contractors		2,910	3,022
Energy		596	718
Legal Expenses		95	106
Levies Paid to Government - NRM levy		756	738
Levies - Other		65	57
Parts, Accessories & Consumables		1,347	1,669
Professional Services		331	476
Sundry		1,594	1,543
Water		579	492
Insurance		618	606
Professional Services - Waste Management		2,367	2,667
<b>Subtotal - Other Material, Contracts &amp; Expenses</b>		<b>11,258</b>	<b>12,094</b>
<b>Total Materials, Contracts and Other Expenses</b>		<b>11,701</b>	<b>12,599</b>



Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 3. Expenses (continued)

\$ '000	Notes	2016	2015
<b>(c). Depreciation, Amortisation and Impairment</b>			
<b>(i) Depreciation and Amortisation</b>			
Buildings & Other Structures		2,177	2,105
Transport Infrastructure		5,027	4,237
Stormwater Drainage		163	168
CWMS		478	481
Water Scheme Infrastructure		73	67
Plant & Equipment		967	861
Furniture & Fittings		139	99
Other Assets		489	493
<b>Subtotal</b>		<b>9,513</b>	<b>8,511</b>
<b>Total Depreciation, Amortisation and Impairment</b>		<b>9,513</b>	<b>8,511</b>
<b>(d). Finance Costs</b>			
Interest on Overdraft and Short-Term Drawdown		65	65
Interest on Loans		411	235
<b>Total Finance Costs</b>		<b>476</b>	<b>300</b>

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment

**Assets Renewed or Directly Replaced**

Proceeds from Disposal	480	387
Less: Carrying Amount of Assets Sold	(4,591)	(1,080)
<b>Gain (Loss) on Disposal</b>	<b>(4,111)</b>	<b>(693)</b>
<b>Net Gain (Loss) on Disposal or Revaluation of Assets</b>	<b>(4,111)</b>	<b>(693)</b>

\* The new Asset Management System records disposal of assets where capital work upgrade/renewal has been undertaken. Under this system disposals were recorded against Buildings (\$7,000 - disposals), Transport Infrastructure (\$2,034,000 - road surface disposals & revaluation), Stormwater (\$1,889,000 - disposals dam earthworks write-off), CWMS (\$310,000 - disposals including dam earthworks write-off) and Water Scheme Infrastructure (\$69,000 disposals).

# Yorke Peninsula Council

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 5. Current Assets

\$ '000	Notes	2016	2015
<b>(a). Cash &amp; Cash Equivalents</b>			
Cash on Hand at Bank		1,098	800
Deposits at Call		5,859	6,669
<b>Total Cash &amp; Cash Equivalents</b>		<b>6,957</b>	<b>7,469</b>
<b>(b). Trade &amp; Other Receivables</b>			
Rates - General & Other		443	385
Accrued Revenues		86	212
Debtors - General		172	243
GST Recoupment		230	206
Prepayments		283	204
Loans to Community Organisations		99	65
<b>Subtotal</b>		<b>1,313</b>	<b>1,315</b>
<b>Total Trade &amp; Other Receivables</b>		<b>1,313</b>	<b>1,315</b>
<b>(c). Inventories</b>			
Stores & Materials		980	777
<b>Total Inventories</b>		<b>980</b>	<b>777</b>

### Note 6. Non-Current Assets

#### Financial Assets

##### Receivables

Loans to Community Organisations		783	372
<b>Total Financial Assets</b>		<b>783</b>	<b>372</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 7a. Infrastructure, Property, Plant & Equipment

\$ '000	Fair Value Level	as at 30/6/2015				Asset Movements during the Reporting Period							as at 30/6/2016			
		At Fair Value	At Cost	Accumulated Depreciation	Carrying Value	Asset Additions		WDV of Asset Disposals	Depreciation Expense (Note 3c)	WIP Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Accumulated Depreciation	Carrying Value
						New / Upgrade	Renewals									
Capital Work in Progress		-	2,251	-	2,251	275	521	-	-	(2,251)	-	-	-	796	-	796
Land	2	73,572	283	-	73,855	13	-	-	-	-	-	-	73,572	296	-	73,868
Buildings & Other Structures	2	5,251	135	661	4,725	143	11	-	(449)	2,251	-	-	5,251	2,182	1,109	6,324
Buildings & Other Structures	3	86,704	280	46,092	40,892	184	291	(7)	(1,728)	-	-	-	86,704	1,093	47,808	39,989
Transport Infrastructure	3	284,992	2,042	120,967	166,067	2,473	1,960	(2,034)	(5,027)	-	(35,817)	-	229,544	4,433	106,355	127,622
Stormwater Drainage	3	14,006	47	3,329	10,724	14	-	(1,889)	(163)	-	-	-	12,050	61	3,426	8,685
CWMS	3	25,273	254	8,475	17,052	80	179	(310)	(478)	-	-	-	24,872	513	8,862	16,523
Water Scheme Infrastructure	3	3,393	27	1,022	2,398	27	14	(69)	(73)	-	-	699	3,801	41	845	2,997
Plant & Equipment		-	11,341	4,690	6,651	140	1,696	(283)	(967)	-	-	-	-	11,978	4,741	7,237
Furniture & Fittings		-	2,387	1,230	1,157	148	285	-	(139)	-	-	-	-	2,820	1,369	1,451
Other Assets		-	12,347	4,229	8,118	1,255	140	-	(489)	-	-	-	-	13,742	4,718	9,024
Total Infrastructure, Property, Plant & Equipment		493,191	31,394	190,695	333,890	4,752	5,097	(4,592)	(9,513)	-	(35,817)	699	435,794	37,955	179,233	294,516
Comparatives		478,464	28,661	183,261	323,864	4,405	4,863	(1,080)	(8,511)	-	-	12,390	493,191	31,394	190,695	333,890

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property

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\$ '000

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#### Valuation of Assets

The fair value of assets and liabilities must be estimated in accordance with various Accounting Standards for either recognition and measurement requirements or for disclosure purposes.

AASB 13 Fair Value Measurement requires all assets and liabilities measured at fair value to be assigned to a "level" in the fair value hierarchy as follows:

**Level 1:** Unadjusted quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Refer to Note 7a for the disclosure of the Fair Value Levels of Infrastructure, Property, Plant and Equipment Assets.

#### Information on Valuations

##### *Fair Value Hierarchy Level 2 Valuations*

Certain land, and the buildings and structures thereon, are shown above as being based on fair value hierarchy level 2 valuation inputs. They are based on prices for similar assets in an active market, with directly or indirectly observable adjustments for specific advantages or disadvantages attaching to the particular asset.

##### *Fair Value Hierarchy Level 3 Valuations of Land*

Valuations of Crown land, community land and land subject to other restrictions on use or disposal, shown above as being based on fair value hierarchy level 3 valuation inputs, are based on prices for similar assets in an active market, but include adjustments for specific advantages or disadvantages attaching to the particular asset that are not directly or indirectly observable in that market, or the number and / or amount of observable adjustments of which are so great that the valuation is more fairly described as being based on level 3 valuation inputs.

##### *Fair Value Hierarchy Level 3 Valuations of Buildings, Infrastructure and Other Assets*

There is no known market for buildings, infrastructure and other assets. These assets are valued at depreciated current replacement cost. This method involves:

- The determination of the cost to construct the asset (or its modern engineering equivalent) using current prices for materials and labour, the quantities of each being estimated based on recent experience of this or similar Councils, or on industry construction guides where these are more appropriate.
- The calculation of the depreciation that would have accumulated since original construction using current estimates of residual value and useful life under the prime cost depreciation method adopted by Council.

This method has significant inherent uncertainties, relying on estimates of quantities of materials and labour, residual values and useful lives, and the possibility of changes in prices for materials and labour, and the potential for development of more efficient construction techniques.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

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\$ '000

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#### Valuation of Assets (continued)

##### Other Information

At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.19 to retain a previously established deemed cost under GAAP as its deemed cost. With subsequent addition at cost, this remains as the basis of recognition of non-material asset classes.

Upon revaluation, the current new replacement cost and accumulated depreciation are re-stated such that the difference represents the fair value of the asset determined in accordance with AASB 13 Fair Value Measurement: accumulated depreciation is taken to be the difference between current new replacement cost and fair value. In the case of land, current replacement cost is taken to be the fair value.

Following introduction of the Conquest Asset Management System, partial disposal of capital assets during upgrade and renewal has been recorded for the first time in 2014-15 in Council's Statement of Comprehensive Income.

##### Highest and best use

The following non financial assets of Council are being utilised at other than their highest and best use:

For land which Council has an unfettered right to sell, the "highest and best use" recognises the possibility of the demolition or substantial modification of some or all of the existing buildings and structures affixed to the land.

Much of the land under Council's care and control is Crown land or has been declared as community land under the provisions of the Local Government Act 1999. Other types of restrictions also exist.

For land subject to these restrictions, the highest and best use is taken to be the "highest and best use" available to Council, with a rebuttable presumption that the current use is the "highest and best use". The reason for the current use of a large proportion of Council's assets being other than the "highest and best use" relates to Council's principal role as the provider of services to the community, rather than the use of those assets for the generation of revenue.

For buildings and other structures on and in the land, including infrastructure, "highest and best use" is determined in accordance with the land on and in which they are situated.

##### Transition to AASB 13 - Fair Value Measurement

The requirements of AASB 13 Fair Value Measurement have been applied to all valuations undertaken since 1 July 2013 as shown by the valuation dates by individual asset classes below.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &  
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

Land & Land Improvements

Council being of the opinion that it is not possible to attribute a value sufficiently reliably to qualify for recognition, land under roads has not been recognised in these reports. Land acquired for road purposes during the year is initially recognised at cost, but transferred to fair value at reporting date, effectively writing off the expenditure.

Freeholdland and land over which Council has control, but does not have title, is recognised on the cost basis. No capitalisation threshold is applied to the acquisition of land or interests in land. Estimated future costs of reinstatement of land, capitalised in accordance with AASB 116.16(c), are reviewed annually (see Note 1) and depreciated over the estimated remaining life of the relevant asset.

- Basis of valuation: Fair Value
- Date of valuation: 1 July 2013
- Date of next valuation: 1 July 2018
- Valuer: Andrea Carolan, Maloney Field Services

Buildings & Other Structures

Buildings and other structures were revalued as at 1 July 2013 by Maloney Field Services in accordance with AASB 13: Fair Value Measurement. AASB 13 requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. The following tables provide the fair values of the entity's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Date of latest valuation	Fair Value Measurement using:			Total
		Level 1 Quoted prices in active mkts \$'000	Level 2 Significant observable inputs \$'000	Level 3 Significant unobservable inputs \$'000	
<b>2016</b>					
Land	01/07/13	-	73,868	-	73,868
Buildings and Structures	01/07/13	-	7,434	87,797	95,231
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>81,302</b>	<b>87,797</b>	<b>169,099</b>
<b>2015</b>					
Land	01/07/13	-	73,855	-	73,855
Buildings and Structures	01/07/13	-	5,386	86,984	92,370
<b>Total Property, Plant and Equipment</b>		<b>-</b>	<b>79,241</b>	<b>86,984</b>	<b>166,225</b>

- Basis of valuation: Fair Value
- Date of valuation: 01 July 2013
- Date of next valuation: 01 July 2018
- Valuer: Andrea Carolan, Maloney Field Services

## Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

### Note 7b. Valuation of Infrastructure, Property, Plant & Equipment & Investment Property (continued)

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\$ '000

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#### Valuation of Assets (continued)

##### Infrastructure

###### *Transport Infrastructure*

Transportation Infrastructure assets were valued by Tonkin Consulting as at 1 July 2015. This revaluation was based on an update to the 1 July 2013 transport valuation to take into consideration the changes Council has made to road categories and service levels in the Transport Asset Management Plan adopted by Council in October 2015 and the componentisation of asset types, which involved the removal of residuals. The resultant decrease in transport asset of \$35.82 million was driven by the review of construction, maintenance and renewal standards for the road network undertaken in the Transport Asset Management Plan which was adopted following community consultation in October 2015. Conversely the resultant increase in depreciation of \$790,000 when compared to 2014-2015 has occurred due to review and reduction of the estimated useful lives of long-life components following detailed analysis of parameters in relation to these assets.

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2015
- Date of next valuation: 01 July 2018
- Valuer: Rod Ellis, Tonkin Consulting

###### *Stormwater Drainage*

Stormwater drainage infrastructure assets were valued by Tonkin Consulting at 1 July 2014 at written down current replacement cost. During this revaluation Stormwater infrastructure assets not previously valued were located in various townships and locations across the district as a result of the introduction of GIS mapping. Additional assets were valued at approximately \$5.1m. All acquisitions made after the respective dates of valuation are recorded at cost.

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2014
- Date of next valuation: 01 July 2019
- Valuer: Rod Ellis, Tonkin Consulting

###### *Community Wastewater Management Schemes*

Community Wastewater Management Schemes infrastructure assets were valued by Tonkin Consulting at 1 July 2014 at written down current replacement cost. During this revaluation CWMS Infrastructure assets not previously valued were identified in five townships from land divisions undertaken by developers, amounting to approximately \$3.9m. All acquisitions made after the respective dates of valuation are recorded at cost.

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2014
- Date of next valuation: 01 July 2019
- Valuer: Rod Ellis, Tonkin Consulting

###### *Water Supply Schemes*

Water Supply Schemes infrastructure assets were valued by Tonkin Consulting at 1 July 2015 at written down current replacement cost. All acquisitions made after the respective dates of valuation are recorded at cost.

- Basis of valuation: Written down current replacement cost
- Date of valuation: 1 July 2015
- Date of next valuation: 01 July 2019
- Valuer: Rod Ellis, Tonkin Consulting

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 7b. Valuation of Infrastructure, Property, Plant & Equipment &  
Investment Property (continued)

\$ '000

Valuation of Assets (continued)

**Plant, Furniture & Equipment**

These assets are recognised on the cost basis.

**All other Assets**

Pursuant to Council's election, these assets are recognised on the cost basis.  
These include Other Assets and Minor Plant.

Note 8. Liabilities

\$ '000	Notes	2016 Current	2016 Non Current	2015 Current	2015 Non Current
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(a). Trade and Other Payables

Goods & Services		961	-	1,555	-
Payments Received in Advance		41	-	92	-
Accrued Expenses - Employee Entitlements		166	-	449	-
Accrued Expenses - Other		271	-	395	-
Deposits, Retentions & Bonds		9	-	6	-
<b>Total Trade and Other Payables</b>		<b>1,448</b>	<b>-</b>	<b>2,497</b>	<b>-</b>

(b). Borrowings

Loans		642	7,980	543	7,047
<b>Total Borrowings</b>		<b>642</b>	<b>7,980</b>	<b>543</b>	<b>7,047</b>

All interest bearing liabilities are secured over the future  
revenues of the Council

(c). Provisions

Employee Entitlements (including oncosts)		1,650	449	1,597	379
Future Reinstatement / Restoration, etc		-	193	25	117
<b>Total Provisions</b>		<b>1,650</b>	<b>642</b>	<b>1,622</b>	<b>496</b>



Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 9. Reserves

\$ '000	1/7/2015	Increments (Decrements)	Transfers	Impairments	30/6/2016
<b>(a). Asset Revaluation Reserve</b>					
Land	73,286	-	-	-	73,286
Buildings & Other Structures	48,995	-	-	-	48,995
Stormwater Drainage	9,758	-	-	-	9,758
CWMS	15,330	-	-	-	15,330
Transport Infrastructure	186,712	(35,817)	-	-	150,895
Water Scheme Infrastructure	1,374	699	-	-	2,073
<b>Total Asset Revaluation Reserve</b>	<b>335,455</b>	<b>(35,118)</b>	<b>-</b>	<b>-</b>	<b>300,337</b>
<b>Comparatives</b>	<b>325,107</b>	<b>12,390</b>	<b>-</b>	<b>(2,042)</b>	<b>335,455</b>

\$ '000	1/7/2015	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2016
<b>(b). Other Reserves</b>					
Balgowan Water Supply	44	-	(12)	-	32
Black Point Water Supply	68	-	(10)	-	58
Combined Effluent Reserve	313	-	(62)	-	251
Hardwicke Bay Effluent Augmentation	177	5	-	-	182
Hardwicke Bay Water Supply	68	8	-	-	76
Hardwicke Bay Water Augmentation	41	-	-	-	41
Point Souttar Effluent Augmentation	46	5	-	-	51
<b>Total Other Reserves</b>	<b>757</b>	<b>18</b>	<b>(84)</b>	<b>-</b>	<b>691</b>
<b>Comparatives</b>	<b>717</b>	<b>406</b>	<b>(366)</b>	<b>-</b>	<b>757</b>

PURPOSES OF RESERVES

**Asset Revaluation Reserves**

The asset revaluation reserve is used to record increments and decrements arising from changes in fair value of non current assets (less any subsequent impairment losses, where applicable).

**Balgowan Water Supply**

Investment of surplus funds from water service charges levied for Balgowan, as required by legislation.

**Balgowan (Gills) Water Augmentation**

Contribution from land division (as condition of approval) to assist future water supply infrastructure installation/upgrad

**Black Point Water Supply**

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the scheme in the future.

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 9. Reserves (continued)

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\$ '000

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#### **Combined Effluent Reserve**

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the various schemes in the future as per motion of Council at 12th June 2007 meeting.

#### **Hardwicke Bay Effluent Augmentation**

Contribution from land division (as condition of approval) to assist future effluent infrastructure installation/upgrade.

#### **Hardwicke Bay Water Supply**

Surplus funds from service charges levied are appropriated to assist with the maintenance and capital replacement of the scheme in the future.

#### **Hardwicke Bay Water Augmentation**

Contribution from land division (as condition of approval) to assist future water infrastructure installation/upgrade.

#### **Point Souttar Effluent Augmentation**

Contribution (as condition of approval) to assist future effluent infrastructure installation/upgrade.

#### **Port Victoria Effluent Augmentation**

Contribution from land division (as condition of approval) to assist future water supply infrastructure installation/upgrade.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 10. Assets Subject to Restrictions

\$ '000	Notes	2016	2015
<p>The uses of the following assets are restricted, wholly or partially, by legislation or other externally imposed requirements. The assets are required to be utilised for the purposes for which control was transferred to Council, or for which the revenues were originally obtained.</p>			
<b>Cash &amp; Financial Assets</b>			
<b>Unexpended amounts received from Federal Government</b>			
Open Space Contributions		-	6
<b>Total Cash &amp; Financial Assets</b>		<b>-</b>	<b>6</b>
<b>Infrastructure, Property, Plant &amp; Equipment</b>			
<i>Country Fire Service Stations</i>			
Ardrossan		56	56
Balgowan		150	150
Port Clinton		77	77
Curramulka		29	29
Maitland		60	60
Minlaton		54	54
Port Victoria		109	109
<i>Caravan Parks</i>			
Ardrossan		597	603
Coobowle		2,893	2,952
Edithburgh		1,669	1,713
Minlaton		300	307
Pine Point		409	418
Port Clinton		436	436
Port Rickaby		1,331	1,356
Port Victoria		556	566
Stansbury / Oyster Point		3,262	3,339
Yorke town		808	820
<i>Fauna &amp; Wildlife Parks</i>			
Minlaton		120	120
<i>Parklands</i>			
Ardrossan Scout Hall		94	94
Minlaton Basketball Stadium and Courts		286	286
Edithburgh Oval		209	210
Yorke town Lions Clubrooms		643	647
Warooka Museum		96	96
<b>Total Infrastructure, Property, Plant &amp; Equipment</b>		<b>14,244</b>	<b>14,498</b>
<b>Total Assets Subject to Externally Imposed Restrictions</b>		<b>14,244</b>	<b>14,504</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 11. Reconciliation to Statement of Cash Flows

\$ '000	Notes	2016	2015
<b>(a). Reconciliation of Cash</b>			
Cash Assets comprise highly liquid investments with short periods to maturity subject to insignificant risk of changes of value. Cash at the end of the reporting period as shown in the Statement of Cash Flows is reconciled to the related items in the Balance Sheet as follows:			
Total Cash & Equivalent Assets	5	6,957	7,469
<b>Balances per Statement of Cash Flows</b>		<b>6,957</b>	<b>7,469</b>
<b>(b). Reconciliation of Change in Net Assets to Cash from Operating Activities</b>			
<b>Net Surplus/(Deficit)</b>		<b>(4,313)</b>	<b>(1,166)</b>
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		9,513	8,511
Non-Cash Asset Acquisitions		(100)	-
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(1,968)	(1,204)
Net (Gain) Loss on Disposals		4,111	693
		<b>7,243</b>	<b>6,834</b>
<b>Add (Less): Changes in Net Current Assets</b>			
Net (Increase)/Decrease in Receivables		36	(174)
Net (Increase)/Decrease in Inventories		(203)	(54)
Net Increase/(Decrease) in Trade & Other Payables		(1,052)	499
Net Increase/(Decrease) in Unpaid Employee Benefits		123	75
Net Increase/(Decrease) in Other Provisions		51	(26)
<b>Net Cash provided by (or used in) operations</b>		<b>6,198</b>	<b>7,154</b>
<b>(c). Non-Cash Financing and Investing Activities</b>			
<b>Acquisition of assets by means of:</b>			
- Physical Resources Received Free of Charge	2i	100	-
<b>Amounts recognised in Income Statement</b>		<b>100</b>	<b>-</b>
<b>Total Non-Cash Financing &amp; Investing Activities</b>		<b>100</b>	<b>-</b>
<b>(d). Financing Arrangements</b>			
<b>Unrestricted access was available at balance date to the following lines of credit:</b>			
Bank Overdrafts		100	100
Corporate Credit Cards		37	30
LGFA Cash Advance Debenture Facility		3,000	3,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice.

## Yorke Peninsula Council

### Notes to and forming part of the Financial Statements

for the year ended 30 June 2016

#### Note 12a. Functions

Functions/Activities	Income, Expenses and Assets have been directly attributed to the following Functions / Activities. Details of these Functions/Activities are provided in Note 12(b).									
	INCOME		EXPENSES		OPERATING SURPLUS (DEFICIT)		GRANTS INCLUDED IN INCOME		TOTAL ASSETS HELD (CURRENT & NON-CURRENT)	
	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015	Actual 2016	Actual 2015
<b>\$ '000</b>										
Business Undertakings	2,516	2,405	2,119	2,096	397	309	-	-	22,642	27,145
Community Services	242	193	1,254	1,573	(1,012)	(1,380)	170	529	9,011	5,190
Culture	312	351	1,018	926	(706)	(575)	84	15	20,952	14,657
Community Wastewater Management	1,381	1,454	1,327	1,284	54	170	-	-	26,148	28,797
Environment	845	912	1,409	1,413	(564)	(501)	65	-	6,962	9,498
Recreation	95	710	1,893	1,682	(1,798)	(972)	-	146	56,705	56,500
Regulatory Services	314	856	284	260	30	596	-	-	182	-
Tourism	67	28	292	250	(225)	(222)	-	-	41	8
Transport & Communication	2,074	1,331	8,221	7,976	(6,147)	(6,645)	1,980	1,275	136,940	180,741
Waste Management	2,470	2,468	2,456	2,754	14	(286)	-	-	1,407	1,445
Water Supply	240	268	317	290	(77)	(22)	-	-	3,069	3,224
Council Administration	17,000	16,763	9,236	8,912	7,764	7,851	771	2,262	20,490	16,618
<b>Total Functions/Activities</b>	<b>27,556</b>	<b>27,739</b>	<b>29,826</b>	<b>29,416</b>	<b>(2,270)</b>	<b>(1,677)</b>	<b>3,070</b>	<b>4,227</b>	<b>304,549</b>	<b>343,823</b>

Revenues and expenses exclude net gain (loss) on disposal or revaluation of assets, net gain (loss) from joint ventures & associated entities, amounts received specifically for new or upgraded assets and physical resources received free of charge.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 12b. Components of Functions

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\$ '000

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**The activities relating to Council functions are as follows:**

**BUSINESS UNDERTAKINGS**

Caravan Parks, Electricity Supply, Gravel Pits / Quarries, Marinas / Boat Havens, Private Works, Property Portfolio, and Other.

**COMMUNITY SERVICES**

Public Order and Safety, Crime Prevention, Emergency Services, Other Fire Protection, Other Public Order and Safety, Health Services, Pest Control – Health, Immunisation, Nursing Homes, Preventive Health Services, Other Health Services, Community Support, Elderly Citizens Facilities, Home Assistance Scheme, Other Services for the Aged and Disabled, Child Care Centres, Children and Youth Services, Community Assistance, Family and Neighbourhood Support, Other Community Support, Community Amenities, Bus Shelters, Cemeteries / Crematoria, Public Conveniences, Car Parking – non-fee-paying, Telecommunications Networks, and Other Community Amenities.

**CULTURE**

Library Services, Mobile Libraries and Housebound Services, Static Libraries, Other Library Services, Cultural Services, Cultural Venues, Heritage, Museums and Art Galleries, and Other Cultural Services.

**COMMUNITY WASTEWATER MANAGEMENT**

Community Wastewater Management Schemes

**ECONOMIC DEVELOPMENT**

Employment Creation Programs, Regional Development, Support to Local Businesses, Tourism, and Other Economic Development.

**ENVIRONMENT**

Agricultural Services, Agricultural Water, Animal/Plant Boards, Landcare, Other Agricultural Services, Other Environment, Coastal Protection, Stormwater and Drainage, Street Cleaning, Street Lighting, Streetscaping, Natural Resource Management Levy, and Other Environment.

**RECREATION**

Jetties, Other Marine Facilities, Parks and Gardens, Sports Facilities – Indoor, Sports Facilities – Outdoor, Swimming Centres – Indoor, Swimming Centres – Outdoor, and Other Recreation.

**REGULATORY SERVICES**

Dog and Cat Control, Building Control, Town Planning, Clean Air/Pollution Control, Litter Control, Health Inspection, Parking Control, and Other Regulatory Services.

**TRANSPORT**

Aerodrome, Bus Service, Footpaths and Kerbing, Roads – sealed, Roads – formed, Roads – natural formed, Roads – unformed, Traffic Management, LGGC – roads (formula funded), and Other Transport.

**WASTE MANAGEMENT**

Waste Management, Domestic Waste, Green Waste, Recycling, Transfer Stations, Waste Disposal Facility and Other Waste Management.

**WATER SUPPLY**

Water Supply - domestic

**COUNCIL ADMINISTRATION**

Governance, Administration n.e.c., Elected Members, Organisational, Support Services, Accounting/Finance, Payroll, Housing for Council Employees, Human Resources, Information Technology, Communication, Rates Administration, Records, Occupancy, Contract Management, Customer Service, Other Support Services, Revenues, LGGC – General Purpose, and Separate and Special Rates.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 13. Financial Instruments

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\$ '000

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**Recognised Financial Instruments**

**Bank, Deposits at Call, Short Term Deposits**

**Accounting Policy:**

Carried at lower of cost and net realisable value; Interest is recognised when earned.

**Terms & Conditions:**

Deposits are returning fixed interest rates between 1.9% and 2.45% (2015: 2.0% and 2.65%). Short term deposits have an average maturity of 0 days and an average interest rate of 1.96% (2015: 0 days and 2.0%).

**Carrying Amount:**

Approximates fair value due to the short term to maturity.

**Receivables**

**Rates & Associated Charges**

(including legals & penalties for late payment)

Note: These receivables do not meet the definition of "financial instruments" and have been excluded from the following disclosures.

**Accounting Policy:**

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

**Terms & Conditions:**

Secured over the subject land, arrears attract interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries in the State.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

**Receivables**

**Fees & Other Charges**

**Accounting Policy:**

Carried at nominal values less any allowance for doubtful debts. An allowance for doubtful debts is recognised (and re-assessed annually) when collection in full is no longer probable.

**Terms & Conditions:**

Unsecured, and do not bear interest. Council is not materially exposed to any individual debtor, credit risk exposure is concentrated within the Council's boundaries.

**Carrying Amount:**

Approximates fair value (after deduction of any allowance).

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

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\$ '000

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**Recognised Financial Instruments**

**Receivables**

**Other Levels of Government**

**Accounting Policy:**

Carried at nominal value.

**Terms & Conditions:**

Amounts due have been calculated in accordance with the terms and conditions of the respective programs following advice of approvals, and do not bear interest. All amounts are due by Departments and Agencies of State and Federal Governments.

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Creditors and Accruals**

**Accounting Policy:**

Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the Council.

**Terms & Conditions:**

Liabilities are normally settled on 30 day terms.

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Interest Bearing Borrowings**

**Accounting Policy:**

Carried at the principal amounts. Interest is charged as an expense as it accrues.

**Terms & Conditions:**

Secured over future revenues, borrowings are repayable on a monthly basis; interest is charged at fixed rates between 4.00% and 7.95% (2015: 4.40% and 8.25%).

**Carrying Amount:**

Approximates fair value.

**Liabilities**

**Finance Leases**

**Accounting Policy:**

Accounted for in accordance with AASB 117.



Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2016</b>					
<b>Financial Assets</b>					
Cash & Equivalents	6,957	-	-	6,957	6,957
Receivables	913	-	-	913	870
Other Financial Assets	-	475	491	966	-
<b>Total Financial Assets</b>	<b>7,870</b>	<b>475</b>	<b>491</b>	<b>8,836</b>	<b>7,827</b>

<b>Financial Liabilities</b>					
Payables	1,009	-	-	1,009	1,011
Current Borrowings	1,044	-	-	1,044	642
Non-Current Borrowings	-	3,944	6,372	10,316	7,980
<b>Total Financial Liabilities</b>	<b>2,053</b>	<b>3,944</b>	<b>6,372</b>	<b>12,369</b>	<b>9,633</b>

\$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
<b>2015</b>					
<b>Financial Assets</b>					
Cash & Equivalents	7,469	-	-	7,469	7,469
Receivables	956	-	-	956	930
Other Financial Assets	-	248	232	480	372
<b>Total Financial Assets</b>	<b>8,425</b>	<b>248</b>	<b>232</b>	<b>8,905</b>	<b>8,771</b>

<b>Financial Liabilities</b>					
Payables	1,653	-	-	1,653	1,653
Current Borrowings	882	-	-	882	543
Non-Current Borrowings	-	3,213	6,211	9,424	7,047
<b>Total Financial Liabilities</b>	<b>2,535</b>	<b>3,213</b>	<b>6,211</b>	<b>11,959</b>	<b>9,243</b>

The following interest rates were applicable  
to Council's Borrowings at balance date:

	30 June 2016		30 June 2015	
	Weighted Avg Interest Rate	Carrying Value	Weighted Avg Interest Rate	Carrying Value
Fixed Interest Rates	4.76%	8,622	4.91%	7,590
		<b>8,622</b>		<b>7,590</b>

**Net Fair Value**

All carrying values approximate fair value for all recognised financial instruments. There is no recognised market for the financial assets of the Council.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 13. Financial Instruments (continued)

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\$ '000

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**Risk Exposures**

**Credit Risk** represents the loss that would be recognised if counterparties fail to perform as contracted. The maximum credit risk on financial assets of the Council is the carrying amount, net of any allowance for doubtful debts. All Council investments are made with the SA Local Government Finance Authority and are guaranteed by the SA Government. Except as detailed in Notes 5 & 6 in relation to individual classes of receivables, exposure is concentrated within the Council's boundaries, and there is no material exposure to any individual debtor.

**Market Risk** is the risk that fair values of financial assets will fluctuate as a result of changes in market prices. All of Council's financial assets are denominated in Australian dollars and are not traded on any market, and hence neither market risk nor **currency risk** apply.

**Liquidity Risk** is the risk that Council will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Management Policy (LGA Information Paper 15), liabilities have a range of maturity dates. Council also has available a range of bank overdraft and standby borrowing facilities that it can access.

**Interest Rate Risk** is the risk that future cash flows will fluctuate because of changes in market interest rates. Council has a balance of both fixed and variable interest rate borrowings and investments. Cash flow fluctuations are managed holistically in seeking to minimise interest costs over the longer term in a risk averse manner.

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 14. Commitments for Expenditure

\$ '000	Notes	2016	2015
<b>(a). Capital Commitments</b>			
<b>Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:</b>			
Transport		1,817	-
Other assets		100	-
Furniture & Fittings		13	-
Buildings		7	55
		<b>1,937</b>	<b>55</b>
<b>These expenditures are payable:</b>			
Not later than one year		1,937	55
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		<b>1,937</b>	<b>55</b>
<b>(b). Other Expenditure Commitments</b>			
<b>Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:</b>			
Audit Services		45	66
Waste Management Services		7,059	8,807
Employee Remuneration Contracts		1,289	2,151
Roadside Vegetation Management		172	-
		<b>8,565</b>	<b>11,024</b>
<b>These expenditures are payable:</b>			
Not later than one year		3,526	2,416
Later than one year and not later than 5 years		5,039	8,608
Later than 5 years		-	-
		<b>8,565</b>	<b>11,024</b>
<b>(c). Finance Lease Commitments</b>			
Council has no Finance Leases.			

# Notes to and forming part of the Financial Statements for the year ended 30 June 2016

## Note 15. Financial Indicators

	Amounts	Indicator	Prior Periods	
\$ '000	2016	2016	2015	2014

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

### 1. Operating Surplus Ratio

Operating Surplus	(2,270)	(8%)	(6%)	(14%)
Total Operating Revenue	27,556			

*This ratio expresses the operating surplus as a percentage of total operating revenue.*

### 1a. Adjusted Operating Surplus Ratio

In recent years the Federal Government has made advance payments prior to 30th June from future year allocations of financial assistance grants, as explained in Note 1. The Adjusted Operating Surplus Ratio adjusts for the resulting distortion in the disclosed operating result for each year.

(1,092)	(4%)	(10%)	(14%)
27,556			

### 2. Net Financial Liabilities Ratio

Net Financial Liabilities	3,309	12%	11%	9%
Total Operating Revenue	27,556			

*Net Financial Liabilities are defined as total liabilities less financial assets (excluding equity accounted investments in Council businesses). These are expressed as a percentage of total operating revenue.*

### 3. Asset Sustainability Ratio

Net Asset Renewals	4,615	49%	53%	51%
Infrastructure & Asset Management Plan required expenditure	9,513			
		*	*	*

*Net asset renewals expenditure is defined as net capital expenditure on the renewal and replacement of existing assets, and excludes new capital expenditure on the acquisition of additional assets.*

*\* Amounts shown above an asterisk (\*) indicate that depreciation expense has been used as a proxy, pending finalisation of the Infrastructure and Asset Management Plans.*

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 15. Financial Indicators - Graphs (continued)

<div><div>1. Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div>2014</div><div>2015</div><div>2016</div></div><div><div>-14%</div><div>-6%</div><div>-8%</div></div></div></div></div>	<div><div>Purpose of Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the operating revenue varies from operating expenditure</div></div></div>	<div><div>Commentary on 2015/16 Result</div><div><div>2015/16 Ratio</div><div>-8%</div></div><div><div>Operating surplus ratio impacted negatively as a result of an increase in depreciation expenditure brought about by changes in depreciation estimates following the May 2015 AASB interpretation regarding residual value.</div></div></div>
<div><div>1a. Adjusted Operating Surplus Ratio</div><div><div>Ratio %</div><div><div><div>2014</div><div>2015</div><div>2016</div></div><div><div>-14%</div><div>-10%</div><div>-4%</div></div></div></div></div>	<div><div>Purpose of Adjusted Operating Surplus Ratio</div><div><div>This indicator is to determine the percentage the operating revenue (adjusted for timing differences in the Financial Assistance Grant) varies from operating expenditure</div></div></div>	<div><div>Commentary on 2015/16 Result</div><div><div>2015/16 Ratio</div><div>-4%</div></div><div><div>Adjusted operating surplus ratio includes FAGS received in advance in 2014-15 which related to the 2015-16 financial year. In contrast to prior years no FAGS payments were received in advance in 2015-16.</div></div></div>
<div><div>2. Net Financial Liabilities Ratio</div><div><div>Ratio %</div><div><div><div>2014</div><div>2015</div><div>2016</div></div><div><div>9%</div><div>11%</div><div>12%</div></div></div></div></div>	<div><div>Purpose of Net Financial Liabilities Ratio</div><div><div>This indicator shows the significance of the net amount owed to others, compared to operating revenue</div></div></div>	<div><div>Commentary on 2015/16 Result</div><div><div>2015/16 Ratio</div><div>12%</div></div><div><div>Net financial liabilities ratio has returned a minimal increase in comparison to 2014-15 due to majority of loan increase in 2015-16 relating to loans issued to community groups who are required to repay Council.</div></div></div>
<div><div>3. Asset Sustainability Ratio</div><div><div>Ratio %</div><div><div><div>2014</div><div>2015</div><div>2016</div></div><div><div>51%</div><div>53%</div><div>49%</div></div></div></div></div>	<div><div>Purpose of Asset Sustainability Ratio</div><div><div>This indicator aims to determine if assets are being renewed and replaced in an optimal way</div></div></div>	<div><div>Commentary on 2015/16 Result</div><div><div>2015/16 Ratio</div><div>49%</div></div><div><div>Asset sustainability ratio impacted negatively as a result of an increase in depreciation expenditure brought about by changes in depreciation estimates following the May 2015 AASB interpretation regarding residual value.</div></div></div>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 16. Uniform Presentation of Finances

\$ '000	2016	2015
<p>The following is a high level summary of both operating and capital investment activities of the Council prepared on a simplified Uniform Presentation Framework basis.</p> <p>All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.</p> <p>The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.</p>		
Income	27,556	27,739
less Expenses	(29,826)	(29,416)
<b>Operating Surplus / (Deficit)</b>	<b>(2,270)</b>	<b>(1,677)</b>
<b>less Net Outlays on Existing Assets</b>		
Capital Expenditure on Renewal and Replacement of Existing Assets	5,095	4,864
less Depreciation, Amortisation and Impairment	(9,513)	(8,511)
less Proceeds from Sale of Replaced Assets	(480)	(387)
<b>Subtotal</b>	<b>(4,898)</b>	<b>(4,034)</b>
<b>less Net Outlays on New and Upgraded Assets</b>		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	4,653	4,405
less Amounts Received Specifically for New and Upgraded Assets	(1,968)	(1,204)
less Proceeds from Sale of Surplus Assets (including Investment Property & and Real Estate Developments)	-	-
<b>Subtotal</b>	<b>2,685</b>	<b>3,201</b>
<b>Net Lending / (Borrowing) for Financial Year</b>	<b>(57)</b>	<b>(844)</b>

Notes to and forming part of the Financial Statements  
for the year ended 30 June 2016

Note 17. Operating Leases

\$ '000	2016	2015
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Leases Providing Revenue to the Council

Council owns various buildings, plant and other facilities that are available for hire or lease (on a non-cancellable basis wherever practicable) in accordance with the published revenue policy. Rentals received from such leases are disclosed as rent and hire of non-investment property in Note 2.

(i) Investment Property

Rentals received, and outgoings reimbursed, in relation to Investment Property are also disclosed in Note 2. These lease agreements, all of which are classified as operating leases, are made on a non-cancellable basis wherever practicable

Leases commitments under all non-cancellable lease agreements, including those relating to Investment Property, are as follows:

Not later than one year	329	282
Later than one year and not later than 5 years	804	915
Later than 5 years	153	152
	<b>1,286</b>	<b>1,349</b>

(ii) Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer equipment.

No contingent rentals were paid during the current or previous reporting periods.

No lease imposes any additional restrictions on Council in relation to additional debt or further leasing.

Leases in relation to computer and office equipment permit Council, at expiry of the lease, to elect to re-lease return or acquire the equipment leased

No lease contains any escalation clause

Commitments under non-cancellable operating leases that have not been recognised in the financial statements are as follows:

Not later than one year	44	70
Later than one year and not later than 5 years	71	115
Later than 5 years	-	-
	<b>115</b>	<b>185</b>

## Notes to and forming part of the Financial Statements for the year ended 30 June 2016

### Note 18. Superannuation

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\$ '000

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The Council makes employer superannuation contributions in respect of its employees to Statewide Super (formerly Local Government Superannuation Scheme). There are two types of membership, each of which is funded differently. Permanent and contract employees of the South Australian Local Government sector with Salarylink benefits prior to 24 November 2009 have the option to contribute to the Accumulation section and/or Salarylink. All other employees (including casuals) have all contributions allocated to the Accumulation section.

#### **Accumulation only Members**

Accumulation only members receive both employer and employee contributions on a progressive basis. Employer contributions are based on a fixed percentage of ordinary time earnings in accordance with superannuation guarantee legislation (9.50% in 2015/16; 9.50% in 2014/15). No further liability accrues to the Council as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

#### **Salarylink (Defined Benefit Fund) Members**

Salarylink is a defined benefit scheme where the benefit payable is based on a formula determined by the member's contribution rate, number of years and level of contribution and final average salary. Council makes employer contributions to Salarylink as determined by the Fund's Trustee based on advice from the appointed Actuary. The rate is currently 6.3% (6.3% in 2014/15) of "superannuation" salary.

In addition, Council makes a separate contribution of 3% of ordinary time earnings for Salarylink members to their Accumulation account. Employees also make member contributions to the Salarylink section of the Fund. As such, assets accumulate in the Salarylink section of the Fund to meet the member's benefits, as defined in the Trust Deed, as they accrue.

The Salarylink section is a multi-employer sponsored plan. As the Salarylink section's assets and liabilities are pooled and are not allocated by each employer, and employees may transfer to another employer within the local government sector and retain membership of the Fund, the Actuary is unable to allocate benefit liabilities, assets and costs between employers. As provided by AASB 119.32(b), Council does not use defined benefit accounting for these contributions.

The most recent actuarial investigation was conducted by the Fund's actuary, A C Miller, FIAA, of Russell Employee Benefits Pty Ltd as at 30 June 2014. The Trustee has determined that the current funding arrangements are adequate for the expected Salarylink liabilities. However, future financial and economic circumstances may require changes to Council's contribution rates at some future time.

#### **Contributions to Other Superannuation Schemes**

Council also makes contributions to other superannuation schemes selected by employees under the "choice of fund" legislation. All such schemes are of the accumulation type, where the superannuation benefits accruing to the employee are represented by their share of the net assets of the scheme, and no further liability attaches to the Council.



## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2016

### Auditor's Report - Financial Statements

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## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2016

### Auditor's Report - Financial Statements

This page has been left blank for insertion of the Audit Report

## Yorke Peninsula Council

### General Purpose Financial Statements for the year ended 30 June 2016

### Auditor's Report - Internal Controls

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## Yorke Peninsula Council

### General Purpose Financial Statements

for the year ended 30 June 2016

### Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of Yorke Peninsula Council for the year ended 30 June 2016, the Council's Auditor, Dean Newbery & Partners has maintained its independence in accordance with the requirements of the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22(3) *Local Government (Financial Management) Regulations 2011*.

---

Andrew Cameron  
**CHIEF EXECUTIVE OFFICER**

---

Peter Brass  
**PRESIDING MEMBER, AUDIT COMMITTEE**

**Date: dd Month 2016**

## Yorke Peninsula Council

### General Purpose Financial Statements

for the year ended 30 June 2016

### Statement by Auditor

I confirm that, for the audit of the financial statements of Yorke Peninsula Council for the year ended 30 June 2016, I have maintained my independence in accordance with the requirements of APES 110 – Code of Ethics for Professional Accountants, Section 290, published by the Accounting Professional and Ethical Standards Board, in accordance with the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* made under that Act

This statement is prepared in accordance with the requirements of Regulation 22 (5) *Local Government (Financial Management) Regulations 2011*.

---

Jim Keogh  
Dean Newbery & Partners

Dated this            day of            2016.

## **DIRECTOR CORPORATE AND COMMUNITY SERVICES**

### **6. ELECTRONIC DOCUMENT AND RECORDS MANAGEMENT SYSTEM**

#### **PURPOSE**

To provide the Audit Committee with an update regarding Council's implementation of an Electronic Document and Records Management System (EDRMS).

#### **RECOMMENDATION**

That the report be received and noted.

#### **LINK TO STRATEGIC PLAN**

Goal: 5 Responsible Governance

Strategy: 5.3 Meet all legislative requirements and compliance with Council's internal controls

5.7 Improved mobility, accessibility, efficiency of staff via Information Technology solutions

5.8 Continuous improvement of Council processes

#### **BACKGROUND**

Previously an Accountability and Disclosure Audit identified that Council should give consideration to a central records management system that will also be used for capturing emails to and from Elected Members.

Funding of \$175,000 for this project was included in the FY16 Adopted Budget endorsed by Council at its July 2015 meeting.

It was reported to the February 2016 Audit Committee that an open tender process was undertaken and the evaluation panel had unanimously agreed that Civica was the preferred supplier.

#### **DISCUSSION**

The EDRMS project commenced on 16<sup>th</sup> March 2016 with a project 'kick off' meeting with Council's Project team and Civica representatives and installation began shortly thereafter.

Installation and integration with Authority was completed by the end of April 2016 with acceptance testing carried out during May 2016.

All Council staff were trained throughout June 2016 with various levels of training provided – from standard training for general staff through to administrator training.

"Go Live" of the EDRMS system commenced on the 20<sup>th</sup> June 2016 with groups of staff being trained in the morning immediately followed by IT staff setting up staff's computers to allow them to get started immediately.

All staff training was completed by 29<sup>th</sup> June and the EDRMS system was live across the whole organisation. Council's Records staff were made available to be 'on standby' to answer any staff questions and to assist as much as possible. This method of training with the immediate switch over to the new system proved to be successful.

Standard reports are now being generated to track usage of the system. Refresher training for staff is currently being organised.

The tender specifications specifically allowed for withholding of the final milestone payment until the post deployment stage was completed. The final stage of determining and agreeing that the project deliverables were met will commence mid-September 2016. At this stage no major issues have been identified.

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Manager Business and Public Relations
- Leader Systems and Technology

In preparing this report, the following External Parties were consulted:

- Nil

#### **POLICY IMPLICATIONS**

Records Management Policy PO63

#### **BUDGET AND RESOURCE IMPLICATIONS**

Funding for this project was included in the adopted 2015/16 Annual Budget. All funding has now been expended with the exception of the final post-deployment milestone payment.

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act 1999 – Sections 132 and 132A

Freedom of Information Act 1991

State Records Act 1997

#### **ATTACHMENTS**

Nil

## **ASSET MANAGER**

### **7. ASSET MANAGEMENT UPDATE**

#### **PURPOSE**

To update the Audit Committee members on Asset Management activities.

#### **RECOMMENDATION**

That the report be received.

#### **LINK TO STRATEGIC PLAN**

Goal:	2 Community Connected through Infrastructure
Strategy:	2.1 Develop and deliver on Asset Management Plans for all asset classes 2.2 Utilise technology to provide easy access to Council information (e.g. planned infrastructure works, location of public facilities, events etc.) 2.5 Explore provision of new infrastructure

#### **BACKGROUND**

The report provides the Audit Committee with a summary of the works / activities undertaken within Asset Management.

#### **DISCUSSION**

##### **Revaluation of Transport Assets**

Tonkin Consulting have undertaken a desktop revaluation (refer attached report) of Council's Transport Assets to bring them in line with the Road Categorisation and Levels of Service that are detailed in the Transport Asset Management Plan, which was adopted by Council in October 2015.

The valuation process has also taken into account changes to the accounting standard AASB116 *Property, Plant and Equipment*, which has meant that residual values can no longer be used on non-saleable assets and therefore assets have had to be further componentised.

These new components are required to now be treated as depreciable assets, whereas residual values were previously not depreciated. This will result in an increase in annual depreciation applicable to Transport Assets of approximately \$790K.

The Australian Accounting Standards Board (AASB) reaffirmed the definition of residual value as being the future sale price of an asset (emphasis on "sale" as a mandatory requirement). This meant that applying a residual value where no financial consideration is received for infrastructure assets such as in situ materials for roads is an incorrect application under the Accounting Standards.

A number of Councils have been using residual value to recognise the value of materials salvaged in situ on reconstruction of roads, thereby acting as a proxy for the long life components of roads. In order to move away from residual value, the solution suggested



by the AASB is ensuring adequate componentisation of the relevant assets, or the use of “blended” depreciation rates. This leads to the issue that Council’s may depreciate an asset component that previously was not being depreciated. The additional depreciation impacts the bottom line and with it the Operating Surplus Ratio and the Asset Sustainability Ratio.

Road categorisation and hierarchy for the road network were initially adopted from a Road Hierarchy Study undertaken in 2001, and further reviewed in March 2014 with the purchase of Conquest (asset management software) in 2014. During the review process of the draft version of the Transport Asset Management Plan all unsealed roads were reviewed and re-categorised where required. Levels of Service, including construction and renewal standards, were also developed for each category.

Council staff have worked closely with Tonkin Consulting to develop new asset components to replace residual values. This included a workshop with other councils and auditor groups to develop a methodology.

Staff have undertaken an extensive review of unit rates for each asset component to ensure that they reflect current practices.

### **Transport**

Staff will recommence the collection of condition data on the unsealed road network in September. The data will be captured using a revised procedure developed by staff and include factors such as road width, material quality, depth of sheeting, drainage, crossfall shape, vegetation, etc.

Core samples, using the new coring trailer, will be taken to determine sheeting depth (a minimum of three core samples per 1km segment) and the quality of material on the road segment.

Data will be captured electronically by using an iPad. This will allow photos and core sample locations to be pinned to a GPS location in Council’s mapping system. I will also use an ARRB Roughometer III to determine ride-ability of each road segment. This data can be also be GPS plotted in Council’s mapping system.

A field demonstration for Elected Members on how the data is collected and then interpreted to get a condition point will be held in mid-October.

### **CWMS and Potable Water**

Council has recently engaged a contractor to undertake survey work on the Port Julia, Sultana Point and Point Turton CWMS, as well as the Marion Bay Water Scheme, to have detailed plans drawn for each location as the current plans are very basic.

## **COMMUNITY ENGAGEMENT PLAN**

Not applicable

## **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Assets and Infrastructure Services
- Director Corporate and Community Services
- Infrastructure Manager
- Works Manager
- Manager Financial Services
- Accountant Financial Operations

In preparing this report, the following External Parties were consulted:

- Tonkin Consulting

## **POLICY IMPLICATIONS**

PO128 Asset Management Policy

PO124 Asset Accounting Policy

## **BUDGET AND RESOURCE IMPLICATIONS**

As mentioned earlier in the report changes to depreciation expense have an impact on Council's operating surplus/deficit and financial ratios in particular Operating Surplus Ratio and possibly Asset Sustainability Ratio, which in turn affects financial sustainability.

Council raise rates with financial sustainability in mind. One of the main indicators of financial sustainability is the Operating Surplus (and Ratio). If in practice a part of an asset is not going to be renewed, but it is required to be depreciated as a long life component for accounting purposes, depreciation will arguably be overstated effecting the calculation of this indicator.

Although asset renewal funding should be driven by the Council's Infrastructure and Asset Management Plan (IAMP), depreciation is still commonly being used as a secondary verification of asset renewal funding requirements. The additional depreciation will distort this view.

The key issues as a result of the change to be addressed:-

- Additional depreciation expense
- Asset renewal funding
- Rate revenue being raised for future expenditure that may not eventuate

## **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act 1999

Local Government (Financial Management) Regulations 2011

## **ATTACHMENTS**

**Attachment 1:** Tonkin Consulting Report - Road Asset Valuation and Methodology

# Road Asset Valuation and Methodology

1 July 2015

York Peninsula Council

September 2016

Ref No. 20140062FR9D



# Document History and Status

Rev	Description	Author	Reviewed	Approved	Date
A	For Client Comment	SR	KJS/RKE	RKE	30 August 2016
B	Final	SR	KJS/RKE	RKE	8 September 2016
C	Final with adjustment to standard life for lower seal layer	SR	KJS/RKE	RKE	19 September 2016
D	Final with minor test adjustment	SR	KJS/RKE	RKE	19 September 2016

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Appendix D	Assets Due to Expire

# 1 Introduction

As part of the comprehensive service to support the Yorke Peninsula Council develop and maintain its corporate asset management solution (Conquest), we are pleased to present the road asset valuation and depreciation report as of 1 July 2015. This report has been developed as a valuation based on the roads asset register that is up to date as at 1 July 2015 for surface, pavement, kerb and footpath assets. This report contains an overview of the AASB 116 and AASB 13 requirements, the methodology used for valuations and a summary of the replacement rates and useful lives adopted for each of the infrastructure assets.

Yorke Peninsula Council and ARRB collected condition data for the surface, pavement, footpath and kerb assets in 2013. The condition data for the surface, pavement, kerb and footpath assets has been maintained in Conquest and has been updated with Capital works undertaken in 2013/2014 and 2014/2015.

This revaluation is based on an update to the 1 July 2013 transport valuation (Ref 20140062FR4B) to take into consideration the changes Council has made to road categories and service levels and the componentisation of asset types to remove residuals. Close review has also been undertaken to ensure unit rates reflect current practices. A further refinement in the valuation process has been to allow the accumulated depreciation to be repeated in line with the condition assessment as opposed to the previous valuation 1 July 2013 where accumulated depreciation was imported from Council's financial system.

Tonkin Consulting together with Yorke Peninsula Council has conducted a detailed analysis of the parameters used to determine the valuation and depreciation. This report provides a summary of the methods used to value road assets and provides a summary of the results for:

- Road Surface (sealed and sheeted);
- Road Pavement (pavement under sealed surfaces);
- Kerb & Channel; and
- Footpaths.

To assist in budgeting for 2015/2016 financial year, a depreciation forecast is also provided.

## 2 Accounting Standards and Terminology

### 2.1 Overview

The Australian Accounting Standard AASB 116 and Local Government (financial management) Regulations 1999 require assets be recorded at fair value. Paragraph 16 of AASB 116 defines fair value as “The amount for which an asset could be exchanged between knowledgeable, willing parties in an arm’s length transaction”. As there is no active liquid market for infrastructure assets, AASB 116 allows fair value to be estimated using a depreciated replacement cost basis. The basis of this valuation is fair value expressed as Current Replacement Cost (CRC) of an asset minus any accumulated depreciation and impairment losses.

With respect to paragraph 62 of AASB 13 the cost approach has been adopted as the valuation technique for the assets, included in this valuation.

The Australian Accounting Standard AASB 13 Fair Value Measurement sets out the framework for measuring fair value and requirements for disclosures about fair value measurements. AASB 13 defines a hierarchy of inputs used to estimate fair value. The three input levels can be summarised as follows:

- Level 1 inputs are quoted prices and provide the most reliable evidence of fair value.
- Level 2 inputs are inputs that are observable for the asset and include quoted prices for similar assets and inputs other than quoted prices that are observable eg interest rates observable at commonly quoted intervals.
- Level 3 inputs are unobservable inputs for the asset or liability and shall be used to measure fair value when relevant observable inputs are not available.

Paragraph 2 of AASB 13 states that the objective of a fair value measurement is to “estimate the price at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date”. AASB 13 requires that the hierarchy of the fair value measurement be categorised in it’s entirety as the lowest level input that is significant to the entire measurement.

For the purposes of disclosure this report outlines in detail the basis of fair value determination inclusive of the hierarchy applied techniques and inputs used to develop these measurements in accordance with paragraph 91-99 of AASB 13 for each asset type.

### 2.2 Terminology

#### Fair Value

The Fair Value of an asset is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

#### Current Replacement Cost (CRC)

The CRC of an asset is the cost that would be incurred to fully replace that asset at the time of reporting. For infrastructure assets this has been calculated based on the expected costs that will be incurred by council at the end of an assets useful life in order to fully replace an asset and maintain the service provided by that asset. This value corresponds to the “replacement cost” reported by Conquest.

#### Carrying Amount

The Carrying Amount of an asset is the amount at which the asset is recognised after deducting any accumulated depreciation and accumulated impairment losses. This value corresponds to the “Written Down Value (WDV)” reported by Conquest.



### **Depreciable Amount**

The depreciable amount is the current replacement cost of an asset less its residual value. The depreciable amount represents the renewal cost to restore an asset to full service level at end of service life.

### **Depreciation**

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

### **Residual Value (RV)**

The amount an entity would obtain from the disposal of the asset in the condition expected at the end of its useful life.

As there is no market value for the transport assets at the end of useful life, residual value does not apply. In the past residual values were applied to assets where renewal of the asset would cost less than the initial asset acquisition. These assets have now been divided into separate asset components with separate replacement costs and useful lives.

### **Condition at End of Life (CEoL)**

The condition to which an entity is allowed to deteriorate before renewal is required.

## 3 Valuation and Depreciation Methodology

### 3.1 Valuation Overview

Yorke Peninsula Council and ARRB conducted a condition assessment for the surface, pavement, footpath and kerb assets in 2013. The data has since been held in Conquest and updated with 2013/14 and 2014/15 capital works. Roads have been recategorised, asset types componentised and unit rates and standard lives have been refined and updated to give a Current Replacement Cost (CRC) and Expiry Date.

This valuation will be adjusted annually to reflect the annual capital works (including disposals) which are updated in the asset register, the carrying amount of assets is adjusted by Conquest to reflect the depreciation charge for the period.

This chapter will explain the methods used by Conquest to perform the valuations and the method for determining the CRC for each asset type will be explained later in this report.

### 3.2 Carrying Amount

The carrying amount for each road asset will be given by the Current Replacement Cost minus the Accumulated Depreciation.

$$\text{Carrying Amount} = \text{CRC} - \text{Accumulated Depreciation}$$

#### Equation 1 Carrying Amount

Note: The Accumulated Depreciation has now been derived from Conquest based on the consumption of the asset as determined from the condition assessment as opposed to the previous valuation which used Council supplied accumulated depreciation.

### 3.3 Depreciation

Conquest recalculates the Accumulated Depreciation every time a revaluation is performed. The Accumulated Depreciation of an asset is determined using the expiry date and useful life of the asset. The expiry date can be estimated using one of two methods:

1. Condition score – this document will refer to this as “Depreciation Using a Condition Score”
2. Age of the asset – this document will refer to this as “Depreciation Using Age”

#### Depreciation Using a Condition Score

For depreciation using a condition score it is assumed that the consumption of the economic benefit of an asset will be proportional to its condition. This results in the Accumulated Depreciation being calculated by:

$$\text{Accumulated Depreciation} = (\text{CRC} - \text{Residual Value}) \times \left( \frac{\text{Condition Score}}{\text{End Of Life Condition Score}} \right)$$

#### Equation 2 Accumulated Depreciation at Revaluation (Using Condition Score)

For assets with no residual value the accumulated depreciation is simply given by:

$$\text{Accumulated Depreciation} = \text{CRC} \times \left( \frac{\text{Condition Score}}{\text{End Of Life Condition Score}} \right)$$

#### Equation 3 Accumulated Depreciation with No Residual at Revaluation (Using Condition Score)

When an asset is new it will have a condition score of 0 and its Accumulated Depreciation will be 0. As it ages and its condition deteriorates the Accumulated Depreciation will increase accordingly. When an asset reaches the condition at which Council establishes that the asset has no further use the Accumulated Depreciation will equal the Depreciable Amount (CRC – Residual Value).

In order to perform depreciation using the condition score the assets will require regular condition assessment. For the periods between surveys, which will vary depending on the asset, it is assumed that the consumption of the economic benefits of the asset is appropriately modelled using straight line depreciation. In the period between surveys Conquest calculates the change in depreciation based on the carrying value and specified dates (opening & closing). In the absence of capital works and taken over the period of a year the depreciation would be calculated by Equation 4.

$$AccumulatedDepreciation = PreviousAccumulatedDepreciation + (CRC - ResidualValue) \times \left( \frac{1}{UsefulLife} \right)$$

**Equation 4 Accumulated Depreciation Between Valuations (Using Condition Score)**

Any changes in consumption patterns are picked up when the asset register is updated with new data. It is not planned to attempt to adopt a curve for this purpose.

**Depreciation Using Age**

For depreciation using age, it is assumed that the consumption of the economic benefit of an asset will be proportional to its age and therefore the assets value will be depreciated by comparing its age with its useful life. Using this method the accumulated depreciation will be given by:

$$AccumulatedDepreciation = (CRC - ResidualValue) \times \left( \frac{Age}{UsefulLife} \right)$$

**Equation 5 Accumulated Depreciation (Depreciation Using Age)**

For assets with no residual value this equation can be simplified to:

$$AccumulatedDepreciation = CRC \times \left( \frac{Age}{UsefulLife} \right)$$

**Equation 6 Accumulated Depreciation with No Residual (Depreciation Using Age)**

### 3.4 Asset Acquisition, Valuation and Replacement

When an asset is first acquired it is valued at its acquisition cost or its current replacement cost for vested assets. It is then depreciated until the next revaluation occurs. Council will also periodically conduct condition assessments where the condition scores will be updated picking up any change in consumption patterns.

When a road infrastructure asset is replaced, Council receives no proceeds from the salvage of the old asset. The carrying amount of the existing asset will be written-off at the time of replacement and the new asset will be added in as a new asset. It is assumed the residual value of the existing asset is 0 (i.e. Council will get no proceeds from salvage) and cannot be capitalised (or re-used) into the new asset, and therefore is written off.

When an asset's service can be preserved by partial replacement, the cost of the works will be added to the asset and the remaining life will be extended.

## 4 Road Surfaces

### 4.1 Road Surface Overview

Yorke Peninsula Council has an extensive rural sheeted road network (approx 2,563 km), together with a smaller rural sealed network (approx 306 km). In addition to this there is a township road network that consists of numerous towns with mainly sealed (approx 202 km) and some sheeted roads surfaces (approx 47 km). Only sealed and sheeted roads are treated as capital expenditure with formed roads funded entirely under maintenance. This report will therefore address only the value of the sealed and sheeted roads.

In terms of valuation the network has been classified in a number of ways. At the highest level there are rural roads that are outside the 50km/h area where road users require service levels to suit through traffic and local vehicular requirements. There are also township roads within the 50km/h environment where the predominant service level is for local traffic, with through traffic on the major collector roads.

For both rural and township roads there are two main surface types, namely sealed and sheeted. For each surface type there are a number of factors that impact on both the replacement cost and the useful life. In addition, assets have been componentised where appropriate.

#### Sealed Surface

For sealed surfaces the type of seal, whether it be hotmix, spray seal or cold overlay, the speed environment and traffic loading are the predominate factors affecting useful life. The area of sealed road surface is determined from road segment lengths and measured seal width. Yorke Peninsula Council's sealed roads are predominantly spray sealed with some hotmix bitumen surfaces within townships.

The sealed road network has been categorised as follows:

- Township Spray Seal Upper Surface
- Township Spray Seal Lower Surface
- Township Hotmix Bitumen Upper Surface
- Township Hotmix Bitumen Lower Surface
- Rural Sealed High Use Upper Surface
- Rural Sealed High Use Lower Surface
- Rural Sealed Normal Use Upper Surface
- Rural Sealed Normal Use Lower Surface

#### Sheeted Surface

The sheeted road network has been categorised with Council staff based on the following classifications:

- Township Sheeted Wearing Surface (incl. Lower Base & Earthworks)
- Rural Sheeted High Use – Wearing Surface
- Rural Sheeted High Use – Lower Base & Earthworks
- Rural Sheeted Medium Use - Wearing Surface
- Rural Sheeted Medium Use - Lower Base & Earthworks
- Rural Sheeted Low Use High Wear Rate - Wearing Surface
- Rural Sheeted Low Use High Wear Rate - Lower Base & Earthworks

- Rural Sheeted Low Use Medium Wear Rate - Wearing Surface
- Rural Sheeted Low Use Medium Wear Rate - Lower Base & Earthworks
- Rural Sheeted Low Use Low Wear Rate - Wearing Surface
- Rural Sheeted Low Use Low Wear Rate - Lower Base & Earthworks

Each of the classifications is then categorised into zones (North/Northern, Central and Southern).

For each category the useful life has been defined based on the response to material quality and drainage.

#### **Formed Graded Roads (not sheeted)**

Formed graded roads require no road base material to provide a surface. Hence there are no recurring capital works costs. There is however regular maintenance costs.

The original cost of creating the road is not considered relevant given once created it will never be renewed by capital works only expensed through maintenance activities.

Accordingly these roads are excluded from the valuation. However these roads are contained in the asset register.

#### **Unformed / Unmade Roads**

Unformed roads are categorised by Council as roads that carry public traffic and those that are not trafficable by the general public. In both cases there is no road base material used in providing a service to road users (hence there is no reoccurring capital works needed to continue to provide the service). The origins of these roads goes back several generations when the land parcels were originally created, and in many cases before automobiles were used (i.e. late 19th Century and first half of the 20th century). Within the Yorke Peninsula Council, many of these roads are access tracks and road reserves that are not maintained.

The original cost of creating the road is not considered relevant given once created it will never be renewed by capital works only expensed through maintenance activities.

Accordingly these roads are excluded from the valuation. However these roads are contained in the asset register.

## **4.2 Fair Value Hierarchy**

The valuation for road surfaces has been undertaken in accordance with the Fair Value Hierarchy "Level 3" as outlined in AASB 13 81-85.

All roads have been visually inspected by Council (unsealed roads) and ARRB (sealed roads) and an inspection date is recorded in order to project the asset condition at the valuation date.

Unit rates for unsealed roads have been methodically developed using known material, plant and labour rates supplied by Council taking into account haulage distance. The sealed road rates reflect known contract rates supplied by Council.

An area for further improvement is the classification assigned to each road, which can be further developed over time.

## **4.3 Road Surface Types**

Yorke Peninsula Council contains approximately 508 km of sealed roads and 2,610 km of sheeted roads. At the time of reporting approximately 370 km of unmaintained tracks and road reserves have been identified however it is anticipated that there will be further adjustments to the unmaintained roads as further information becomes available.

Formed and unformed roads are not included in the valuation. Formed roads will only receive an occasional grading which is treated as maintenance expenditure and unformed roads will not be treated at all.

#### 4.3.1 Sealed Roads

Table 4.1 provides a breakdown of the sealed surfaces contained in the network. The rural sealed surfaces are divided into high use and normal use whilst the township surfaces have all been assigned as normal use.

**Table 4.1** *Approximate Breakdown of Sealed Road Surfaces in Network*

Surface Type	Length (m)	Surface Area (m <sup>2</sup> )	Approximate % of Sealed Network (Area)
Township Spray Seal	193,536	1,379,330	42%
Township Hotmix Bitumen	8,502	53,832	2%
Rural Sealed – High Use	195,393	1,215,140	37%
Rural Sealed – Normal Use	110,535	654,013	20%
<b>Total Sealed Surfaces</b>	<b>507,966</b>	<b>3,302,315</b>	<b>100%</b>

#### 4.3.2 Sheeted Roads

Table 4.2 provides a breakdown of the township and rural sheeted surfaces contained in the network, which has undergone a significant review of road categories since the 2013 valuation.

The rural sheeted roads were divided into high, medium and low use roads and the low use sheeted roads were further divided into high, medium and low wear rates. During determination of the sheeted roads types a priority index for each road segment was calculated based on a social score, a freight score and a tourist score. Review of the priority index for each road assisted with the assigning of road types for the rural sheeted roads.

Due to the varying availability of sheeting material within the Yorke Peninsula, the six sheeted surface types have been further divided by zone North, Central or South. These zones are defined by Black Bobs Rd and Cutline Rd. All roads to the north of Black Bobs Rd are defined as North and all roads to the south of Cutline Rd are defined as South. The Central area is that area between Black Bobs Rd and Cutline Rd.

**Table 4.2** *Approximate Breakdown of Sheeted Road Surfaces in Network*

Surface Type	Length (m)	Surface Area (m <sup>2</sup> )	Approximate % of Sealed Network (Area)
Township Sheeted (North Zone) Wearing Surface (incl. Lower Base & Earthworks)	19,849	119,092	0.6%
Township Sheeted (Central Zone) Wearing Surface (incl. Lower Base & Earthworks)	7,401	44,418	0.2%
Township Sheeted (South Zone) Wearing Surface (incl. Lower Base & Earthworks)	19,307	115,845	0.6%
<b>Sub Total</b>	<b>46,557</b>	<b>279,355</b>	<b>1.3%</b>
Rural Sheeted High Use (Northern Zone)	129,263	1,155,209	5.6%
Rural Sheeted High Use (Southern Zone)	94,864	824,529	4.0%
<b>Sub Total</b>	<b>224,127</b>	<b>1,979,738</b>	<b>9.6%</b>
Rural Sheeted Medium Use (Northern Zone)	94,994	806,130	3.9%

Surface Type	Length (m)	Surface Area (m <sup>2</sup> )	Approximate % of Sealed Network (Area)
Rural Sheeted Medium Use (Central Zone)	90,367	732,743	3.5%
Rural Sheeted Medium Use (Southern Zone)	114,440	951,832	4.6%
<b>Sub Total</b>	<b>299,801</b>	<b>2,490,705</b>	<b>12.0%</b>
Rural Sheeted Low Use High Wear (Northern Zone)	426,164	3,425,157	16.5%
Rural Sheeted Low Use High Wear (Central Zone)	107,933	893,063	4.3%
Rural Sheeted Low Use High Wear (Southern Zone)	172,887	1,378,557	6.7%
<b>Sub Total</b>	<b>706,984</b>	<b>5,696,777</b>	<b>27.5%</b>
Rural Sheeted Low Use Medium Wear (Northern Zone)	392,692	3,041,586	14.7%
Rural Sheeted Low Use Medium Wear (Central Zone)	276,341	2,183,332	10.5%
Rural Sheeted Low Use Medium Wear (Southern Zone)	314,911	2,475,418	11.9%
<b>Sub Total</b>	<b>983,944</b>	<b>7,700,336</b>	<b>37.2%</b>
Rural Sheeted Low Use Low Wear (Northern Zone)	165,148	1,195,672	5.8%
Rural Sheeted Low Use Low Wear (Central Zone)	79,789	626,080	3.0%
Rural Sheeted Low Use Low Wear (Southern Zone)	103,892	746,659	3.6%
<b>Sub Total</b>	<b>348,829</b>	<b>2,568,411</b>	<b>12.4%</b>
<b>Total Sheeted Surface</b>	<b>2,610,242</b>	<b>20,715,322</b>	<b>100%</b>

## 4.4 Road Surface Current Replacement Costs

In order to provide a current replacement cost for the various types of road surfaces, the following summary of costs is included for each surface type together with the assumptions used.

### 4.4.1 Sealed Road Surface Replacement Costs

Sealed road surfaces have been separated into upper surface and lower surface asset components for both township and rural sealed roads. The summary of costs for each sealed surface component together with the assumptions used are as follows:

#### Hotmix Bitumen Surface Upper Layer

The cost includes the cost to supply and lay a hotmix overlay over an existing hotmix surface as follows:

- Preparation of existing surface for overlay
- Edge profile
- Supply and place 30mm thickness of AC10 Hotmix overlay

#### Hotmix Bitumen Surface Lower Layer

The cost includes the cost to remove and dispose of old hotmix surface and supply and lay a hotmix overlay minus the cost to supply and lay a hotmix overlay over existing hotmix layer as follows.

- Full width profile of old hotmix surface



- Supply and place 45mm thickness of AC10 hotmix overlay
- Minus the replacement cost of the upper (short life) layer

#### **Spray Seal Upper Seal Surface**

The cost includes a single spray seal coat.

- Spray seal 10mm single coat including spraying, aggregate, crack seal and extra binder for township and rural roads.

#### **Spray Seal Lower Seal Layer**

The cost includes a double spray seal coat minus the cost of the single spray seal coat as follows.

- Preparation of existing surface for resurfacing
- Spray seal double coat including spraying, aggregate, crack seal and extra binder
  - 14/7mm spray seal for rural and township roads
- Minus the replacement cost of the single spray seal coat.

Table 4.3 provides a list of the replacement rates, minimum service standard and useful life used for each sealed surface.

**Table 4.3 Sealed Road Surface Valuation Parameters**

Surface Type	Current Replacement Cost (CRC) \$/m <sup>2</sup>	Minimum Service Standard (CEoL)	Useful Life for Service Standard
Township Hotmix Bitumen – Upper Seal Layer	\$21.29	40	30
Township Hotmix Bitumen – Lower Seal Layer	\$10.10	60	80
Township Spray Sealed – Upper Seal Layer	\$3.42	40	25
Township Spray Sealed – Lower Seal Layer	\$3.06	60	80
Rural Sealed High Use – Upper Seal Layer	\$3.42	40	17
Rural Sealed High Use – Lower Seal Layer	\$2.41	60	90
Rural Sealed Normal Use – Upper Seal Layer	\$3.42	40	22
Rural Sealed Normal Use – Lower Seal Layer	\$2.41	60	90

#### **4.4.2 Sheeted Road Surface Replacement Costs**

The sheeted roads replacement costs are based on the following parameters for sheeting depth and widths:

**Table 4.4 Sheeted Road Depth and Width Parameters**

Surface Type	As New Asset Depth (mm)	Average Width (m)
Township Sheeted Roads	100	Varies (6 assumed)
Rural Sheeted High Use Roads	150	9
Rural Sheeted Medium Use Roads	130	8.5
Rural Sheeted Low Use High Wear Roads	100	8
Rural Sheeted Low Use Medium Wear Roads	100	7.5
Rural Sheeted Low Use Low Wear Roads	100	7



For rural sheeted roads the surface asset has been separated into two component assets to allow for a shorter life wearing surface component and a longer life lower base and earthworks component.

For township sheeted roads the surface asset has been calculated as a single component for sheeted wearing surface (including lower base & earthworks).

The summary of costs for each sheeted surface type together with the assumptions used are as follows.

### **Sheeted Wearing Surface**

For rural sheeted roads the cost to replace the wearing surface includes the following:

- Supply, place and compact 100mm of new sheeted surface material for high use, medium use, low use high wear and low use medium wear surfaces
- 30% patch sheeting and reforming of full length of sheeting for low use low wear sheeted roads

### **Sheeted Lower Base & Earthworks**

For rural sheeted roads the cost to replace the lower base & earthworks is based on the cost to replace the full depth of sheeting material and road formation minus the cost to replace the wearing surface only as follows:

- Supply, place and compact sheeting material:
  - 150mm for high use rural roads
  - 130mm for medium use rural roads
  - 100mm for low use high wear and low use medium wear rural roads
  - 30% patching and reforming of full length for low use low wear roads
- Earthworks to reform the lower base material
- Minus the cost to replace the sheeted wearing surface only

### **Sheeted Wearing Surface (Incl Lower Base and Earthworks)**

For township sheeted roads a single asset component which includes the cost to replace the sheeted wearing surface (including the lower base and earthworks) has been costed. The replacement cost includes allowance for the following:

- Supply, place and compact 100mm sheeting material
- Earthworks to reform the lower base material

Within the Yorke Peninsula there is a varying availability of sheeting material and in the central section of the peninsula the material is more costly. The cost of material in the north and south areas are however similar. In order to address this discrepancy in material cost, the road network has been divided into three areas North, Central and South. All roads to the north of Black Bobs Rd are defined as North and all roads to the south of Cutline Rd are defined as South. The Central area is that area between Black Bobs Rd and Cutline Rd. Separate current replacement costs and renewal costs (depreciable amounts) have been developed for Central Sheeted Roads and North South Sheeted Roads.

Table 4.5 provides a list of the replacement rates, minimum service standard and useful life used for each sheeted surface.

**Table 4.5**    *Sheeted Road Surface Valuation Parameters*

Surface Type	Current Replacement Cost CRC \$/m <sup>2</sup>	Minimum Service Standard (CEoL)	Useful Life for Service Standard
Township Sheeted (North Zone) Wearing Surface (incl. Lower Base & Earthworks)	\$7.01	85	30
Township Sheeted (Central Zone) Wearing Surface (incl. Lower Base & Earthworks)	\$7.28	85	30
Township Sheeted (South Zone) Wearing Surface (incl. Lower Base & Earthworks)	\$8.07	85	30
Rural Sheeted High Use (Northern Zone) Wearing Surface	\$6.56	75	15
Rural Sheeted High Use (Southern Zone) Wearing Surface	\$7.62	75	15
Rural Sheeted Medium Use (Northern Zone) Wearing Surface	\$6.56	75	25
Rural Sheeted Medium Use (Central Zone) Wearing Surface	\$6.82	75	25
Rural Sheeted Medium Use (Southern Zone) Wearing Surface	\$7.62	75	25
Rural Sheeted Low Use High Wear (Northern Zone) Wearing Surface	\$6.56	80	30
Rural Sheeted Low Use High Wear (Central Zone) Wearing Surface	\$6.82	80	30
Rural Sheeted Low Use High Wear (Southern Zone) Wearing Surface	\$4.33	80	30
Rural Sheeted Low Use Medium Wear (Northern Zone) Wearing Surface	\$4.57	90	40
Rural Sheeted Low Use Medium Wear (Central Zone) Wearing Surface	\$4.53	90	40
Rural Sheeted Low Use Medium Wear (Southern Zone) Wearing Surface	\$4.33	90	40
Rural Sheeted Low Use Low Wear (Northern Zone) Wearing Surface	\$1.37	95	50
Rural Sheeted Low Use Low Wear (Central Zone) Wearing Surface	\$1.36	95	50
Rural Sheeted Low Use Low Wear (Southern Zone) Wearing Surface	\$1.30	95	50
Rural Sheeted High Use (Northern Zone) Lower Base & Earthworks	\$4.46	90	90
Rural Sheeted High Use (Southern Zone) Lower Base & Earthworks	\$4.99	90	90
Rural Sheeted Medium Use (Northern Zone) Lower Base & Earthworks	\$3.13	95	150
Rural Sheeted Medium Use (Central Zone) Lower Base & Earthworks	\$3.21	95	150

Surface Type	Current Replacement Cost CRC \$/m <sup>2</sup>	Minimum Service Standard (CEoL)	Useful Life for Service Standard
Rural Sheeted Medium Use (Southern Zone) Lower Base & Earthworks	\$4.61	95	150
Rural Sheeted Low Use High Wear (Northern Zone) Lower Base & Earthworks	\$1.13	100	210
Rural Sheeted Low Use High Wear (Central Zone) Lower Base & Earthworks	\$1.13	100	210
Rural Sheeted Low Use High Wear (Southern Zone) Lower Base & Earthworks	\$1.13	100	210
Rural Sheeted Low Use Medium Wear (Northern Zone) Lower Base & Earthworks	\$0.83	100	320
Rural Sheeted Low Use Medium Wear (Central Zone) Lower Base & Earthworks	\$0.83	100	320
Rural Sheeted Low Use Medium Wear (Southern Zone) Lower Base & Earthworks	\$0.83	100	320
Rural Sheeted Low Use Low Wear (Northern Zone) Lower Base & Earthworks	\$0.45	100	400
Rural Sheeted Low Use Low Wear (Central Zone) Lower Base & Earthworks	\$0.45	100	400
Rural Sheeted Low Use Low Wear (Southern Zone) Lower Base & Earthworks	\$0.45	100	400

## 4.5 Road Surface Useful Life for Service Standard

Yorke Peninsula Council values their road surfaces at a road segment level. It is therefore necessary to determine the average useful life for a surface over a road segment.

The useful life of a surface is assumed to be the time that a road surface is expected to last before a resurfacing of the whole segment is required. It is likely that during its useful life a surface may undergo some maintenance such as crack sealing or patching however this is treated as maintenance rather than capital expenditure.

### Sealed Surface Asset Lives

The useful lives of sealed surfaces will vary depending on whether a road is a rural or township road and the level of traffic it experiences. Useful lives for sealed surfaces are provided in Table 4.3.

The useful lives of spray sealed surface components are based on usually requiring a single coat reseal each time the road surface is renewed and requiring a two coat reseal only when the road requires full reconstruction. Therefore, the useful life of the lower spray seal surface is assumed to be the same useful life as the underlying road pavement.

The useful life of hotmix bitumen surfaces is based on edge profiling and overlaying a hotmix surface on the existing surface each time the road surface is renewed and only undertaking a full profile and removal of old hotmix surface when the road requires full reconstruction. Therefore, the useful life of the hotmix bitumen lower layer is assumed to be the same useful life as the underlying road pavement.

Useful lives of sealed surface assets are outlined in Table 4.3.

### Sheeted Surface Asset Lives

The useful lives of unsealed roads are influenced by:

- Quality of the sheeting material (i.e. PI and stone content) and drainage ability which affects the wear rate;
- Amount of traffic carried by the road.

All township sheeted roads in the north, south and central zones were assigned a useful life of 30 years for the minimum service standard of 85. The township sheeted roads surfaces were not componentised.

The rural sheeted roads were divided into five types based on the level of usage and wear rates and each road type was assigned a useful life for the minimum service standard as outlined in Table 4.5. The assigned useful lives were not affected by the north, south and central zonings that were assigned for the purpose of calculating unit rates.

The useful lives of rural sheeted wearing surfaces and sheeted lower base and earthworks layers is based on resheeting the surface several times before reforming of road cross fall is required. Thus the useful life of the lower base and earthworks asset component is several times the useful life of the associated sheeted surface as summarised below:

- 6 times for rural sheeted high use and medium use roads;
- 7 times for rural sheeted low use high wear roads;
- 8 times for rural sheeted low use medium wear roads and low use low wear roads

Useful lives of sheeted surface assets are outlined in Table 4.5.

## 4.6 Road Surface Condition Assessment

The consumption of road seals was measured by examining the condition of each segment and assigning condition scores from 0-100. When a road segment is condition rated a range of defects are recorded based on their severity and extent of damage. Defects are visually assessed from video imaging and measurements are recorded in purpose built vehicles.

### Sealed (Rural & Township)

For sealed roads the defects measured were:

- International Roughness Index (IRI)
- Rutting (RUT)
- Sensor Measured Texture Depth (SMTD)
- Sand Patch Texture Depth (SPTD)
- Heavy vehicle Articulated Truck Index (HATI)

IRI and RUT measurements were recorded for the outer wheel path (O), inner wheel path (I) and lane (L). SMTD and SPTD measurements were recorded for outer wheel path (O) and centre (C).

For sealed roads the defects that were visually assessed as a percentage of the road affected included:

- Linear moderate cracking
- Crocodile moderate cracking
- Flushing/bleeding
- Stripping ravelling

- Patches

The defects measured and visually assessed were assigned a defect score as outlined in Tables 4.6 and 4.7 respectively.

**Table 4.6 Rural Sealed Roads Defect Scoring Methodology**

Defect	Rutting	Roughness	Cracking		Surface (flushing & stripping)				Patch
Defect Score	Rut_O	IRI (A)	Linear Mod Cracking	Crocodile Mod Cracking	SMTD (O)	Flushing	SMTD (C)	Stripping	Patches
0	<2.5mm	<1	<5%	<2%	>0.5	<10%	<1.75	<5%	<5%
20	2.5-5mm	1-3	5-10%	2-5%	-	10-30%	-	5-10%	5-10%
40	5-10mm	3-4	10-15%	5-7.5%	-	30-40%	-	10-15%	10-15%
60	10-15mm	4-5	15-20%	7.5-10%	0.5-0.4	40-60%	1.75-2.0	15-30%	15-20%
80	15-25mm	5-6	20-30%	10-20%	0.4-0.3	60-80%	2.0-2.25	30-40%	20-30%
100	>25mm	>6	>30%	>20%	<0.3	>80%	>2.25	>40%	>30%

**Table 4.7 Township Sealed Roads Defect Scoring Methodology**

Defect	Rutting	Roughness	Cracking		Surface (flushing & stripping)				Patch
Defect Score	Rut_O	IRI (A)	Linear Mod Cracking	Crocodile Mod Cracking	SMTD (O)	Flushing	SMTD (C)	Stripping	Patches
0	<5mm	<1	<5%	<5%	>0.4	<10%	<1.75	<5%	<7.5%
20	5-10mm	1-2	5-10%	5-10%	-	10-30%	-	5-10%	7.5-15%
40	10-15mm	2-5	10-15%	10-15%	-	30-40%	-	10-15%	15-25%
60	15-20mm	5-7.5	15-20%	15-25%	0.4-0.35	40-60%	1.75-2.0	15-30%	25-40%
80	20-30mm	7.5-10	20-30%	25-35%	0.35-0.3	60-80%	2.0-2.25	30-40%	40-50%
100	>30mm	>10	>30%	>35%	<0.3	>80%	>2.25	>40%	>50%

For the rural and township spray sealed roads the Condition scores for five defects rutting, roughness, cracking, surface and patches were determined as follows:

**Table 4.8 Spray Sealed Roads Defect Summary**

Defects	Defect Score Basis
Rutting	Rut_O Score
Roughness	IRI (A) Score
Cracking	Maximum of Linear Mod Cracking score and the Crocodile Mod Cracking score
Surface	Maximum of the Flushing scores (SMTD (O) and flushing) and the Stripping scores (SMTD (C) and stripping)
Patches	Patches score

For the township hotmix bitumen roads the Condition scores for five defects rutting, roughness, cracking, surface and patches were determined as follows:

**Table 4.9 Hotmix Bitumen Sealed Roads Defect Summary**

Defects	Defect Score Basis
Rutting	Rut_O Score
Roughness	IRI (A) Score
Cracking	Maximum of Linear Mod Cracking score and the Crocodile Mod Cracking score
Surface	Maximum of the Flushing and the Stripping scores (SMTD (C) and stripping)
Patches	Patches score

The defect scores were used to calculate an overall condition score (0-100) for both township and rural upper sealed surface as follows.

*Township and Rural Spray Sealed and Hotmix - Upper Sealed Surface Condition Score*

$$Score = \frac{1}{10} \times (2 \times Cracking + 5 \times Surface + 1.5 \times Patching + 1.5 \times Roughness)$$

**Equation 7 Rural and Township Sealed Upper Surface Condition Score**

The defect scores were used to calculate an overall condition score (0-100) for both township and rural lower sealed surface as follows.

*Township and Rural Spray Sealed and Hotmix - Lower Sealed Surface Condition Score*

$$Score = \frac{1}{10} \times (2 \times Cracking + 2 \times Surface + 2 \times Patching + 2 \times Roughness + 2 \times Rutting)$$

**Equation 8 Rural and Township Sealed Lower Surface Condition Score**

### **Rural and Township Unsealed Sheeted Roads**

A condition assessment was undertaken prior to 2014 for the majority of roads.

For unsealed sheeted roads the defects assessed were:

- Corrugation
- Potholes
- Rutting
- Scouring
- Loose Material
- Sheeting Depth
- Surface Softness
- Material Quality

A rating of slight, medium or extreme was recorded for the 5 defects corrugation, potholes, rutting, scouring and loose material for each road segment. An overall surface condition score between 0 and 5 was assigned to each segment based on the number of medium and extreme ratings for that segment as shown in Table 4.6. A surface condition of 0 was assigned for roads where all 5 defect types were only slight and a surface condition of 5 was assigned for roads where the rating was medium to extreme for all 5 defect types.

The depth of sheeting was generally recorded in 3 locations for each road segment and an average depth was calculated. A depth score was assigned to each road segment based on the average sheeting depths as shown in Table 4.10.

**Table 4.10 Sheeted Surface Surface and Depthing Scores**

Number of defects rated medium or extreme	Surface Score	Low Use Roads: Sheeting Depth (mm)	Depth Score	Medium & High Use Roads: Sheeting Depth (mm)	Depth Score
All ratings slight	0	>100mm	0	>150mm	0
1 medium or extreme rating	1	75-100mm	1	125-150mm	1
2 medium or extreme ratings	2	50-75mm	2	100-125mm	2
3 medium or extreme ratings	3	25-50mm	3	75-100mm	3
4 medium or extreme ratings	4	<25mm	4	50-75mm	4
5 medium or extreme ratings	5	0mm	5	<50mm	5

For the low use rural sheeted roads that had been condition assessed prior to 2014, the surface score was based on the rubble score and the sheeting depth score was based on the material loss score. Ratings between 0 and 5 were assigned to be consistent with the scores for the recently assessed roads.

The surface score and the depth score were used to calculate an overall condition score between 0 and 100 for the rural sheeted wearing surface, rural sheeted lower base and earthworks and the township sheeted wearing surface (including lower base and earthworks) as follows:

$$Score = \frac{1}{10} \times (2 \times Surface + 8 \times Depth)$$

**Equation 9 Rural Sheeted and Township Sheeted Surface Condition Score**

## 4.7 Road Surface Level of Service

The service level of a surface is measured by the ability of the surface to provide a smooth and safe ride at the design speed level for its road segment and also to protect the underlying pavement asset. In order to protect the underlying pavement it will be necessary maintain a waterproof surface.

The sheeted service level represents the acceptance of Council to allow sheeted surfaces to wear down before resheeting. Grading activity will manage expectations on rideability.

The condition scores at end of life (i.e. replacement) are shown in Table 4.3 and Table 4.5.

## 5 Road Pavements

### 5.1 Road Pavement Overview

This section of the report details the rates and lives that have been assigned for pavements and how Yorke Peninsula Council's method of renewing pavements has been incorporated into the valuation methodology.

#### Pavements

As is the case for sealed surfaces the type of construction, speed environment and traffic loading are the predominate factors affecting useful life. The area of pavement is determined from road segment lengths and widths.

#### Formations

The formation is the earthworks below the granular pavement sub-base and has been addressed within the pavement asset for each road segment rather than as a separate asset.

### 5.2 Fair Value Hierarchy

The valuation for road pavement has been undertaken in accordance with the Fair Value Hierarchy "Level 3" as outlined in AASB 13 81-85.

All sealed roads have been visually inspected by ARRB and an inspection date is recorded in order to project the asset condition at the valuation date.

Unit rates have been developed using typical industry rates as limited sealed pavement renewal has been undertaken in recent years. There is limited information on date of construction of pavements and the WDV is based on condition data only.

### 5.3 Road Pavement Types

The Yorke Peninsula Council contains approximately 508 km of sealed roads with road pavements. Table 5.1 provides a breakdown of the road pavements contained in the network.

**Table 5.1** *Approximate Breakdown of Pavements in Network*

Pavement Type	Length (m)	Pavement Area (m <sup>2</sup> )	Approximate % of Pavement Network (Area)
Township (Northern Zone)	80,901	559,391	17%
Township (Central Zone)	44,080	318,537	10%
Township (Southern Zone)	77,088	548,857	17%
<b>Sub Total</b>	<b>202,069</b>	<b>1,426,785</b>	<b>43%</b>
Rural High Use (Northern Zone)	92,237	565,566	17%
Rural High Use (Central Zone)	24,910	159,508	5%
Rural High Use (Southern Zone)	78,246	491,620	15%
<b>Sub Total</b>	<b>195,393</b>	<b>1,216,694</b>	<b>37%</b>
Rural Normal Use (Northern Zone)	38,835	231,912	7%
Rural Normal Use (Central Zone)	41,482	227,285	7%
Rural Normal Use (Southern Zone)	30,218	194,816	6%
<b>Sub Total</b>	<b>110,535</b>	<b>654,013</b>	<b>20%</b>
<b>Total Pavements</b>	<b>507,997</b>	<b>3,297,492</b>	<b>100%</b>



## 5.4 Road Pavement Replacement Costs

For township pavement the current replacement cost (CRC) includes allowance for the following:

- Removal of 100mm of existing base material
- Pulverising the sub base
- Placement of 100mm granular overlay
- Trim prior to seal

For rural pavement the current replacement cost (CRC) includes allowance for the following:

- Pulverising the sub base
- Placement of 100mm granular overlay
- Trim prior to seal

Due to the nature of the large number of towns with low populations, it is assumed the service level based on the original construction of pavements can be preserved indefinitely by thin base layer replacements.

Replacement rates, minimum service standards and useful lives for township and rural pavements are provided in Table 5.2.

Due to the varying availability of material in each zone, the cost of pavement material varies in each zone. An additional haulage distance has also been assumed for the southern zone. The cost of pavement in the southern zone is therefore higher than the northern and central zones.

**Table 5.2 Road Pavement Valuation Parameters**

Pavement Type	Current Replacement Cost (CRC) \$/m <sup>2</sup>	Minimum Service Standard (CEoL)	Useful Life for Service Standard
Township (Northern Zone) Pavement	\$17.17	80	80
Township (Central Zone) Pavement	\$17.51	80	80
Township (Southern Zone) Pavement	\$18.52	80	80
Rural High Use (Northern Zone) Pavement	\$12.29	80	90
Rural High Use (Central Zone) Pavement	\$12.67	80	90
Rural High Use (Southern Zone) Pavement	\$13.79	80	90
Rural Normal Use (Northern Zone) Pavement	\$12.29	80	90
Rural Normal Use (Central Zone) Pavement	\$12.67	80	90
Rural Normal Use (Southern Zone) Pavement	\$13.79	80	90

## 5.5 Road Pavement Useful Lives

Yorke Peninsula Council values their pavements at a road segment level. It is therefore necessary to determine the average useful life for a pavement over a road segment.

Whilst some minor pavement rehabilitation may be done as part of a reseal it is expected that the roads will be resealed several times without the pavements requiring reconstruction. The useful

life of the pavement is said to be the period a pavement is expected to last before replacement work needs to be performed on the pavement in its entirety.

The period of time before pavement reconstruction is required is influenced by the volume of traffic carried by the pavement, particularly the number and type of commercial vehicles. It is also dependant on the level of service that Council is willing to accept from the pavement. Accordingly separate useful lives have been assigned for rural and township pavements. The useful lives assigned to the different pavement types has been provided in Table 5.2.

## 5.6 Road Pavement Condition Assessment

The lives of individual pavements will vary therefore their consumption is best measured using a condition score.

The remaining life of individual road pavements will vary between those roads constructed at the same time due to the following factors:

- Individual road resealing history
- Traffic loading
- Local environmental factors
- Original construction quality and standards.

### Pavement (Rural & Township)

For rural and township pavements the defects assessed during the seal road assessments that affected pavement condition included:

- Rutting
- Cracking
- Patching
- Roughness.

The four defect scores for rutting, cracking, patching and roughness were then used to calculate an overall pavement condition score (0-100) for both township and rural sealed roads as follows:

*Pavement Base Condition Score*

$$\text{Score} = \frac{1}{10} \times (4 \times \text{Rutting} + 2 \times \text{Cracking} + 2 \times \text{Patching} + 2 \times \text{Roughness})$$

*Equation 10 Rural and Township Pavement Condition Score*

## 5.7 Road Pavement Level of Service

The service level of pavements is measured by the ability of the pavement to provide a smooth and safe ride at the design speed level for its road segment and provide a solid base for the sealed surface. The point at which a pavement no longer provides an appropriate level of service and needs to be replaced will depend on community expectations which will vary from council to council. For the Yorke Peninsula Council a minimum service level of 80 for township and rural pavements has been adopted as the condition score where a pavement no longer provides an acceptable level of service (Table 5.2).

## 6 Kerb & Channel

### 6.1 Kerb & Channel Overview

Yorke Peninsula Council is responsible for maintaining the kerb & channel on council roads as well as DPTI roads. Like most rural councils the majority of the roads in Yorke Peninsula Council's network are un-kerbed, there is however approximately 217km of kerb & channel assets contained within the townships.

Table 6.1 provides a breakdown of the kerb & channel assets contained in the network.

*Table 6.1 Approximate Breakdown of Kerb & Channel in Network*

Kerb & Channel Type	Length (m)	Approximate % of Network (Length)
Upright Kerb & Channel	95,732	44%
Rollover Kerb & Channel	121,615	56%
<b>Total Kerb &amp; Channel</b>	<b>217,347</b>	<b>100%</b>

### 6.2 Fair Value Hierarchy

The valuation for kerbs has been undertaken in accordance with the Fair Value Hierarchy "Level 3" as outlined in AASB 13 81-85.

All kerbs have been visually inspected by ARRB and an inspection date is recorded in order to project the asset condition at the valuation date.

Unit rates have been derived from Rawlinsons as Council has undertaken limited kerb construction or replacement within recent years.

### 6.3 Kerb & Channel Replacement Costs

Tonkin Consulting has used Rawlinson's to derive unit rates for the various kerb & channel types. Table 6.2 provides a list of the replacement rates, minimum service standard and useful life used for each type.

*Table 6.2 Kerb & Channel Valuation Parameters*

Kerbing Type	Current Replacement Cost (CRC) \$/m	Minimum Service Standard (CEOL)	Useful Life for Service Standard
Upright Concrete Kerb & Channel	\$92.85	100	80
Rollover Concrete Kerb & Channel	\$92.85	100	80

The rates adopted for concrete kerb & channel make allowance for:

- Removal and disposal of the existing kerb and preparation of base
- Supply and laying of the new kerb
- Reinstatement of adjacent nature strip with base material.

## 6.4 Kerb & Channel Useful Lives

Yorke Peninsula Council values their kerb & channel at a road segment level (with left and right hand sides being treated as separate assets). It is therefore necessary to determine the average useful life for kerb & channel over a road segment.

Whilst a section of kerb & channel may be damaged by vehicular impacts or tree roots, these sections can usually be patched in isolation without requiring the entire kerb & channel to be replaced. This work is likely to be treated as a maintenance expense. The useful life of kerb & channel assets will therefore be defined as the period when the majority of the kerb & channel will be due for replacement. A useful life of 80 years has been assigned for all kerb & channel assets as shown in Table 6.2.

## 6.5 Kerb & Channel Condition Rating

When a road segment is assessed the left and right hand side kerb & channel is assessed in 10m sections and assigned rating for:

- Extent of damage
- Severity of damage
- Visual assessment of condition.

An extent/severity condition score (0-100) is adopted for each 10m section based on the following matrix.

**Table 6.3 Kerb & Channel Severity/Extent Condition Scoring Methodology**

		Severity			
		None	Slight	Moderate	Extreme
Extent	None	0	0	0	0
	0-5%	0	5	15	30
	6-15%	0	15	25	50
	16-30%	0	30	50	70
	31-50%	0	40	60	80
	51-75%	0	60	90	100
	>76%	0	80	100	100

A visual assessment condition score for each 10m section is adopted according to the following:

**Table 6.4 Kerb & Channel Visual Assessment Condition Scoring Methodology**

Score	Description
0	As New
20	Minor Deterioration (20% consumption)
40	Some Deterioration (40% consumption)
50	Fair (50% consumption)
80	Poor (80% consumption)
90	Planned Replacement Renewal (90% consumption)
100	Immediate Replacement Renewal (100% consumption)

For each road segment an average extent/severity condition score and an average visual assessment score for the kerb & channel is calculated by averaging the 10m scores within that segment.

An overall condition score (0-100) for each segment is calculated as follows:

Overall kerb & channel condition score:

$$Score = \frac{1}{10} \times (5 \times Severity/Extent + 5 \times VisualAssessment)$$

**Equation 11 Kerb & Channel Condition Score**

## **6.6 Kerb & Channel Level of Service**

The service level provided by kerb & channel is determined mainly on its ability to remove stormwater. Provided that isolated areas of damage that create ponding are replaced kerb & channel can provide an acceptable level of service even once its physical condition has deteriorated significantly. For this reason, kerb & channel will continue to be used until it reaches a condition of 100.

## 7 Footpaths

### 7.1 Footpath Asset Overview

Yorke Peninsula Council is responsible for maintaining the footpaths on Council roads as well as DPTI roads. The Yorke Peninsula Council contains approximately 25,100m of footpaths. The majority of the footpaths are concrete or concrete block paved whilst approximately 15% are hotmix bitumen. Table 7.1 provides a breakdown of the footpaths in the network.

**Table 7.1** *Approximate Breakdown of Footpaths in Network*

Footpath Type	Length (m)	Approximate Percentage of Network
Hotmix Bitumen	3,829	15.3%
Concrete	11,647	46.4%
Concrete Block Paved	9,627	38.3%
<b>Total Footpaths</b>	<b>25,103</b>	<b>100%</b>

### 7.2 Fair Value Hierarchy

The valuation for footpaths has been undertaken in accordance with the Fair Value Hierarchy "Level 3" as outlined in AASB 13 81-85.

All footpaths have been visually inspected by ARRB and an inspection date is recorded in order to project the asset condition at the valuation date.

Unit rates have been derived from Rawlinsons as Council has undertaken limited footpath construction or replacement within recent years.

### 7.3 Footpath Replacement Costs

Tonkin Consulting has worked with Council to determine unit rates that are appropriate for the various footpath types. Table 7.2 provides a list of the replacement rates, minimum service standard and useful life used for each type.

**Table 7.2** *Footpath Valuation Parameters*

Footpath Type	Current Replacement Cost (CRC) \$/m	Minimum Service Standard (CEOL)	Useful Life for Service Standard
Hotmix Bitumen Footpath	\$52.47	70	30
Concrete Footpath	\$90.63	70	60
Concrete Block Paved Footpath	\$86.63	70	40

There are costs involved in footpath construction and reconstruction other than the footpath itself. In order to account for these costs a typical footpath segment was considered. Within a typical segment of footpath a typical number of domestic and commercial property crossings and pram ramps was assumed and built into the replacement rate for each footpath type.

A summary for the costs included for each footpath type is provided below.

#### Hotmix Bitumen (Asphalt) Footpath

The rates adopted for asphalt footpaths are based on assumed industry rates and Rawlinsons rates and include allowances for:

- Base preparation

- Supply and laying of 30mm asphalt overlay or spray seal
- Reconstruction of pram ramps.

### Concrete Block Pavers

The rates for concrete block pavers were calculated using rates from Rawlinsons and assumed industry rates and include allowances for:

- Removal and disposal of the existing footpath
- Base preparation with quarry rubble
- Supply and laying of the new footpath with 60mm thick pavers
- Supply and laying of 80mm thick pavers for driveways
- Allowance for reconstruction of pram ramps.

### Concrete Footpath

The rates adopted for insitu concrete footpaths were based on Rawlinsons rates and factored to reflect Council costs, making allowance for:

- Removal and disposal of existing concrete footpath
- Base preparation with quarry rubble
- Supply and place 100mm concrete footpath
- Supply and place 150mm concrete for driveways
- Allowance for reconstruction of pram ramps.

## 7.4 Footpath Useful Lives

Yorke Peninsula Council values their Footpaths at a road segment level. It is therefore necessary to determine the average useful life for a footpath over a road segment.

The useful life of a footpath is assumed to be the time that a footpath is expected to last before replacement of the whole segment is required. It is likely that during its useful life a footpath will undergo some maintenance such as grinding of trip hazards and replacement of sections lifted by tree roots.

The useful life of footpaths will depend on the material they are constructed from and a summary of the useful lives adopted is provided in Table 7.2.

## 7.5 Footpath Condition Rating

Yorke Peninsula Council has collected condition data for all the footpaths in the network. A condition score was assigned to each 10m length of footpath according to the following:

**Table 7.3** *Footpath Visual Assessment Condition Scores for 10m sections*

Score	Condition
0	As New - excellent condition 0-5% needs replacing
20	Minor Deterioration (20% consumption)
40	Some Deterioration (40% consumption)
50	Fair (50% consumption)
80	Poor (80% consumption)
90	Planned Replacement Renewal (90% consumption)
100	Immediate Replacement Renewal (100% consumption)

For each footpath type within each segment an average condition score is calculated by averaging the 10m scores within that segment.

## **7.6 Footpath Level of Service**

The service level of footpaths is determined by a footpath's ability to provide a safe pedestrian thoroughfare. Factors affecting the service level of a footpath are:

- Presence of trip hazards
- Uniformity of grade and crossfall
- Surface Texture

In order to maintain an acceptable level of service it will be necessary to replace footpaths before total physical deterioration occurs therefore a condition of life of 70 has been adopted for footpaths.



## 8 Valuation Summary

Table 8.1 details a summary of the valuation as of 1 July 2015 for the various road assets presented by asset type (i.e. surface, pavement, etc). A mid level summary report is provided in Appendix A with detailed a detailed report showing the individual assets provided via email.

*Table 8.1 Valuation as at 1 July 2015*

Asset Type	Current Replacement Cost	Accumulated Depreciation	Written Down Value	Remaining %
<b>Sealed Roads</b>				
Rural Sealed Surface	\$10,897,149	\$2,073,407	\$8,823,742	81%
Township Sealed Surface	\$10,627,786	\$2,491,153	\$8,136,633	77%
Rural Pavement	\$24,167,595	\$2,204,369	\$21,963,226	91%
Township Pavement	\$25,346,990	\$3,980,559	\$21,366,431	84%
<b>Sealed Sub Total</b>	<b>\$71,039,520</b>	<b>\$10,749,488</b>	<b>\$60,290,032</b>	<b>85%</b>
<b>Unsealed Roads</b>				
Rural Sheeted Surface	\$136,457,695	\$88,507,931	\$47,949,765	35%
Township Sheeted Surface	\$2,093,086	\$1,376,557	\$716,529	34%
<b>Unsealed Sub Total</b>	<b>\$138,550,781</b>	<b>\$89,884,488</b>	<b>\$48,666,294</b>	<b>35%</b>
Kerb & Channel	\$20,180,567	\$2,184,433	\$17,996,134	89%
Footpaths	\$2,090,539	\$369,374	\$1,721,165	82%
<b>Total</b>	<b>\$231,861,406</b>	<b>\$103,187,783</b>	<b>\$128,673,623</b>	<b>55%</b>

The depreciable amount (DA), which is now the current replacement cost (CRC), has increased 27% due to componentisation and removal of residuals. The CRC has reduced from the last valuation by 18% due to refinement of unit rates.

The ratio of accumulated depreciation (ACD) to depreciable amount (DA) is now 44% compared to 62% in the last valuation, which is driven by change to accumulated depreciation calculation. This results in there being a higher percentage of value retained in the assets proportional to depreciable amount.

The overall ratio of written down value/current replacement cost has remained relatively unchanged.

## 9 Depreciation Forecast

Table 9.1 details a summary forecast of infrastructure asset depreciation for the 2015/2016 financial year has been calculated using Conquest. A mid level summary report is provided in Appendix B with detailed a detailed report showing the individual assets provided via email.

**Table 9.1 Depreciation Forecast for 2015/2016**

Asset Type	Annual Depreciation Forecast	Annual Consumption Forecast
<b>Sealed Roads</b>		
Rural Sealed Surface	\$392,158	3.6%
Township Sealed Surface	\$287,478	2.7%
Rural Pavement	\$268,350	1.1%
Township Pavement	\$316,621	1.2%
<b>Sub Total</b>	<b>\$1,264,607</b>	<b>1.8%</b>
<b>Unsealed Roads</b>		
Rural Sheeted Surface	\$3,387,189	2.5%
Township Sheeted Surface	\$68,979	3.3%
<b>Sub Total</b>	<b>\$3,456,168</b>	<b>2.5%</b>
Kerb & Channel	\$252,089	1.2%
Footpaths	\$45,095	2.2%
<b>Total</b>	<b>\$5,017,958</b>	<b>2.2%</b>

To predict the annual forecast depreciation, assets that have reached their end of life have been entirely consumed and hence no depreciation is calculated against the asset. As at 1 July 2015 there are **\$11,336,750** (CRC) of fully expired assets and **\$2,865,683** (CRC) of due to expire assets within the Road Infrastructure asset register. This represents 5% of the asset class which can be further refined in future valuations. The depreciation has increased by 15% as a result of the changes made to refine the valuation in line with current work practices and more realistic accumulated depreciation calculation methodology.

## Appendix A

### Detailed Conquest Valuation Report

# Valuation Summary On A Specific Date



Current Filter: Road Assets

Grouping: Asset Type

As At Date: 1/07/2015

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 1 Road Asset Types						
<b>Asset Type Code</b> 01						
<b>Asset Type</b> Road Surface Types						
<b>Asset Type Code</b> 01.02						
<b>Asset Type</b> Township Sealed Surface Types						
<b>Asset Type Code</b> 01.02.01						
<b>Asset Type</b> Township Sealed Upper Surfaces						
<b>Asset Type Code</b> 01.02.01.19						
<b>Totals for Township Sealed Upper Surfaces</b>		\$5,863,364	\$5,863,364	\$0	\$1,590,630	\$4,272,734
<b>Asset Type</b> Township Seal Lower Surfaces						
<b>Asset Type Code</b> 01.02.01.20						
<b>Totals for Township Seal Lower Surfaces</b>		\$4,764,422	\$4,764,422	\$0	\$900,523	\$3,863,899
<b>Totals for Township Sealed Surface Types</b>		\$10,627,786	\$10,627,786	\$0	\$2,491,153	\$8,136,633
<b>Asset Type</b> Township Sheeted Surface Types						
<b>Asset Type Code</b> 01.02.02						
<b>Asset Type</b> Township Sheeted Wearing Surfaces (Incl. Lower Base & Earthwork)						
<b>Asset Type Code</b> 01.02.02.08						
<b>Totals for Township Sheeted Wearing Surfaces (Incl. Lower Base &amp; Earthworks)</b>		\$2,093,086	\$2,093,086	\$0	\$1,376,557	\$716,529
<b>Totals for Township Sheeted Surface Types</b>		\$2,093,086	\$2,093,086	\$0	\$1,376,557	\$716,529

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b> Rural Sealed Surface Types						
<b>Asset Type Code</b> 01.02.03						
<b>Asset Type</b> Rural Sealed Upper Surfaces						
<b>Asset Type Code</b> 01.02.03.11						
	<b>Totals for Rural Sealed Upper Surfaces</b>	\$6,392,496	\$6,392,496	\$0	\$1,548,587	\$4,843,909
<b>Asset Type</b> Rural Sealed Lower Surfaces						
<b>Asset Type Code</b> 01.02.03.12						
	<b>Totals for Rural Sealed Lower Surfaces</b>	\$4,504,653	\$4,504,653	\$0	\$524,820	\$3,979,833
	<b>Totals for Rural Sealed Surface Types</b>	\$10,897,149	\$10,897,149	\$0	\$2,073,407	\$8,823,742
<b>Asset Type</b> Rural Sheeted Surface Types						
<b>Asset Type Code</b> 01.02.04						
<b>Asset Type</b> Rural Sheeted Wearing Surfaces						
<b>Asset Type Code</b> 01.02.04.15						
	<b>Totals for Rural Sheeted Wearing Surfaces</b>	\$103,926,171	\$103,926,171	\$0	\$71,312,263	\$32,613,908
<b>Asset Type</b> Rural Sheeted Lower Base & Earthworks						
<b>Asset Type Code</b> 01.02.04.16						
	<b>Totals for Rural Sheeted Lower Base &amp; Earthworks</b>	\$32,531,524	\$32,531,524	\$0	\$17,195,668	\$15,335,856
	<b>Totals for Rural Sheeted Surface Types</b>	\$136,457,695	\$136,457,695	\$0	\$88,507,931	\$47,949,765
	<b>Totals for Road Surface Types</b>	\$160,075,716	\$160,075,716	\$0	\$94,449,048	\$65,626,668

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b> Road Pavement Types						
<b>Asset Type Code</b> 01.03						
<b>Asset Type</b> Township Pavement Types						
<b>Asset Type Code</b> 01.03.13						
<b>Asset Type</b> Township (Northern Zone) Pavement						
<b>Asset Type Code</b> 01.03.13.01						
<b>Totals for Township (Northern Zone) Pavement</b>		\$9,604,614	\$9,604,614	\$0	\$1,684,186	\$7,920,427
<b>Asset Type</b> Township (Central Zone) Pavement						
<b>Asset Type Code</b> 01.03.13.02						
<b>Totals for Township (Central Zone) Pavement</b>		\$5,577,600	\$5,577,600	\$0	\$876,434	\$4,701,166
<b>Asset Type</b> Township (Southern Zone) Pavement						
<b>Asset Type Code</b> 01.03.13.03						
<b>Totals for Township (Southern Zone) Pavement</b>		\$10,164,776	\$10,164,776	\$0	\$1,419,938	\$8,744,838
<b>Totals for Township Pavement Types</b>		\$25,346,990	\$25,346,990	\$0	\$3,980,559	\$21,366,431
<b>Asset Type</b> Rural Pavement Types						
<b>Asset Type Code</b> 01.03.14						
<b>Asset Type</b> Rural High Use (Northern Zone) Pavement						
<b>Asset Type Code</b> 01.03.14.01						
<b>Totals for Rural High Use (Northern Zone) Pavement</b>		\$6,950,826	\$6,950,826	\$0	\$755,627	\$6,195,199
<b>Asset Type</b> Rural High Use (Central Zone) Pavement						
<b>Asset Type Code</b> 01.03.14.02						
<b>Totals for Rural High Use (Central Zone) Pavement</b>		\$2,020,973	\$2,020,973	\$0	\$135,672	\$1,885,301

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b>	Rural High Use (Southern Zone) Pavement					
<b>Asset Type Code</b>	01.03.14.03					
	<b>Totals for Rural High Use (Southern Zone) Pavement</b>	\$6,779,418	\$6,779,418	\$0	\$573,442	\$6,205,975
<b>Asset Type</b>	Rural Normal Use (Northern Zone) Pavement					
<b>Asset Type Code</b>	01.03.14.04					
	<b>Totals for Rural Normal Use (Northern Zone) Pavement</b>	\$2,850,171	\$2,850,171	\$0	\$224,474	\$2,625,698
<b>Asset Type</b>	Rural Normal Use (Central Zone) Pavement					
<b>Asset Type Code</b>	01.03.14.05					
	<b>Totals for Rural Normal Use (Central Zone) Pavement</b>	\$2,879,671	\$2,879,671	\$0	\$271,080	\$2,608,590
<b>Asset Type</b>	Rural Normal Use (Southern Zone) Pavement					
<b>Asset Type Code</b>	01.03.14.06					
	<b>Totals for Rural Normal Use (Southern Zone) Pavement</b>	\$2,686,536	\$2,686,536	\$0	\$244,074	\$2,442,462
	<b>Totals for Rural Pavement Types</b>	\$24,167,595	\$24,167,595	\$0	\$2,204,369	\$21,963,226
	<b>Totals for Road Pavement Types</b>	\$49,514,585	\$49,514,585	\$0	\$6,184,928	\$43,329,657
<b>Asset Type</b>	Footpath Types					
<b>Asset Type Code</b>	01.04					
<b>Asset Type</b>	Hotmix Bitumen Footpath					
<b>Asset Type Code</b>	01.04.01					
	<b>Totals for Hotmix Bitumen Footpath</b>	\$200,923	\$200,923	\$0	\$40,280	\$160,644
<b>Asset Type</b>	Concrete Footpath					
<b>Asset Type Code</b>	01.04.02					
	<b>Totals for Concrete Footpath</b>	\$1,055,568	\$1,055,568	\$0	\$155,756	\$899,811

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
<b>Asset Type</b> Concrete Block Paved Footpath						
<b>Asset Type Code</b> 01.04.03						
<b>Totals for Concrete Block Paved Footpath</b>		\$834,048	\$834,048	\$0	\$173,338	\$660,710
<b>Totals for Footpath Types</b>		\$2,090,539	\$2,090,539	\$0	\$369,374	\$1,721,165
<b>Asset Type</b> Kerb & Channel Types						
<b>Asset Type Code</b> 01.05						
<b>Asset Type</b> Upright Concrete Kerb & Channel						
<b>Asset Type Code</b> 01.05.01						
<b>Totals for Upright Concrete Kerb &amp; Channel</b>		\$8,888,800	\$8,888,800	\$0	\$1,276,763	\$7,612,037
<b>Asset Type</b> Rollover Concrete Kerb & Channel						
<b>Asset Type Code</b> 01.05.02						
<b>Totals for Rollover Concrete Kerb &amp; Channel</b>		\$11,291,767	\$11,291,767	\$0	\$907,669	\$10,384,098
<b>Totals for Kerb &amp; Channel Types</b>		\$20,180,567	\$20,180,567	\$0	\$2,184,433	\$17,996,134
<b>Totals for 1 Road Asset Types</b>		\$231,861,406	\$231,861,406	\$0	\$103,187,783	\$128,673,623



## Appendix B

# Detailed Conquest Depreciation Forecast Report

# Depreciation Forecast

Current Filter: Road Assets

Grouping: Asset Type

Period: Between 01/07/2015 and 30/06/2016

Asset ID	Asset Description	Replacement Cost	Opening ACD	Closing ACD	Depreciation Charge
<b>Asset Type</b> 1 Road Asset Types					
<b>Asset Type Code</b> 01					
<b>Asset Type</b> Road Surface Types					
<b>Asset Type Code</b> 01.02					
<b>Asset Type</b> Township Sealed Surface Types					
<b>Asset Type Code</b> 01.02.01					
<b>Asset Type</b> Township Sealed Upper Surfaces					
<b>Asset Type Code</b> 01.02.01.19					
<b>Totals for Township Sealed Upper Surfaces</b>		\$5,848,466	\$1,575,732	\$1,803,696	\$227,963
<b>Asset Type</b> Township Seal Lower Surfaces					
<b>Asset Type Code</b> 01.02.01.20					
<b>Totals for Township Seal Lower Surfaces</b>		\$4,764,422	\$900,523	\$960,037	\$59,515
<b>Totals for Township Sealed Surface Types</b>		\$10,612,888	\$2,476,255	\$2,763,733	\$287,478
<b>Asset Type</b> Township Sheeted Surface Types					
<b>Asset Type Code</b> 01.02.02					
<b>Asset Type</b> Township Sheeted Wearing Surfaces (Incl. Lower Base & Earthwork					
<b>Asset Type Code</b> 01.02.02.08					
<b>Township Sheeted Wearing Surfaces (Incl. Lower Base &amp; Earthworks)</b>		\$2,070,242	\$1,353,713	\$1,422,692	\$68,979
<b>Totals for Township Sheeted Surface Types</b>		\$2,070,242	\$1,353,713	\$1,422,692	\$68,979

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Opening ACD</i>	<i>Closing ACD</i>	<i>Depreciation Charge</i>
<b>Asset Type</b> Rural Sealed Surface Types					
<b>Asset Type Code</b> 01.02.03					
<b>Asset Type</b> Rural Sealed Upper Surfaces					
<b>Asset Type Code</b> 01.02.03.11					
	<b>Totals for Rural Sealed Upper Surfaces</b>	\$6,331,719	\$1,487,810	\$1,829,950	\$342,140
<b>Asset Type</b> Rural Sealed Lower Surfaces					
<b>Asset Type Code</b> 01.02.03.12					
	<b>Totals for Rural Sealed Lower Surfaces</b>	\$4,504,653	\$524,820	\$574,838	\$50,018
	<b>Totals for Rural Sealed Surface Types</b>	\$10,836,372	\$2,012,631	\$2,404,789	\$392,158
<b>Asset Type</b> Rural Sheeted Surface Types					
<b>Asset Type Code</b> 01.02.04					
<b>Asset Type</b> Rural Sheeted Wearing Surfaces					
<b>Asset Type Code</b> 01.02.04.15					
	<b>Totals for Rural Sheeted Wearing Surfaces</b>	\$93,302,693	\$60,688,784	\$63,863,959	\$3,175,175
<b>Asset Type</b> Rural Sheeted Lower Base & Earthworks					
<b>Asset Type Code</b> 01.02.04.16					
	<b>Totals for Rural Sheeted Lower Base &amp; Earthworks</b>	\$31,868,338	\$16,532,483	\$16,744,498	\$212,015
	<b>Totals for Rural Sheeted Surface Types</b>	\$125,171,031	\$77,221,267	\$80,608,457	\$3,387,189
	<b>Totals for Road Surface Types</b>	\$148,690,533	\$83,063,867	\$87,199,670	\$4,135,804
<b>Asset Type</b> Road Pavement Types					
<b>Asset Type Code</b> 01.03					
<b>Asset Type</b> Township Pavement Types					
<b>Asset Type Code</b> 01.03.13					
<b>Asset Type</b> Township (Northern Zone) Pavement					
<b>Asset Type Code</b> 01.03.13.01					

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Opening ACD</b>	<b>Closing ACD</b>	<b>Depreciation Charge</b>
	<b>Totals for Township (Northern Zone) Pavement</b>	\$9,604,614	\$1,684,186	\$1,804,162	\$119,975
	<b>Asset Type</b> Township (Central Zone) Pavement				
	<b>Asset Type Code</b> 01.03.13.02				
	<b>Totals for Township (Central Zone) Pavement</b>	\$5,577,600	\$876,434	\$946,107	\$69,672
	<b>Asset Type</b> Township (Southern Zone) Pavement				
	<b>Asset Type Code</b> 01.03.13.03				
	<b>Totals for Township (Southern Zone) Pavement</b>	\$10,164,776	\$1,419,938	\$1,546,911	\$126,973
	<b>Totals for Township Pavement Types</b>	\$25,346,990	\$3,980,559	\$4,297,180	\$316,621
	<b>Asset Type</b> Rural Pavement Types				
	<b>Asset Type Code</b> 01.03.14				
	<b>Asset Type</b> Rural High Use (Northern Zone) Pavement				
	<b>Asset Type Code</b> 01.03.14.01				
	<b>Totals for Rural High Use (Northern Zone) Pavement</b>	\$6,950,826	\$755,627	\$832,807	\$77,180
	<b>Asset Type</b> Rural High Use (Central Zone) Pavement				
	<b>Asset Type Code</b> 01.03.14.02				
	<b>Totals for Rural High Use (Central Zone) Pavement</b>	\$2,020,973	\$135,672	\$158,112	\$22,440
	<b>Asset Type</b> Rural High Use (Southern Zone) Pavement				
	<b>Asset Type Code</b> 01.03.14.03				
	<b>Totals for Rural High Use (Southern Zone) Pavement</b>	\$6,779,418	\$573,442	\$648,719	\$75,277
	<b>Asset Type</b> Rural Normal Use (Northern Zone) Pavement				
	<b>Asset Type Code</b> 01.03.14.04				
	<b>Totals for Rural Normal Use (Northern Zone) Pavement</b>	\$2,850,171	\$224,474	\$256,121	\$31,648
	<b>Asset Type</b> Rural Normal Use (Central Zone) Pavement				
	<b>Asset Type Code</b> 01.03.14.05				
	<b>Totals for Rural Normal Use (Central Zone) Pavement</b>	\$2,879,671	\$271,080	\$303,055	\$31,975

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Opening ACD</b>	<b>Closing ACD</b>	<b>Depreciation Charge</b>
<b>Asset Type</b> Rural Normal Use (Southern Zone) Pavement					
<b>Asset Type Code</b> 01.03.14.06					
<b>Totals for Rural Normal Use (Southern Zone) Pavement</b>		\$2,686,536	\$244,074	\$273,904	\$29,831
<b>Totals for Rural Pavement Types</b>		\$24,167,595	\$2,204,369	\$2,472,720	\$268,350
<b>Totals for Road Pavement Types</b>		\$49,514,585	\$6,184,928	\$6,769,899	\$584,971
<b>Asset Type</b> Footpath Types					
<b>Asset Type Code</b> 01.04					
<b>Asset Type</b> Hotmix Bitumen Footpath					
<b>Asset Type Code</b> 01.04.01					
<b>Totals for Hotmix Bitumen Footpath</b>		\$200,399	\$39,755	\$46,431	\$6,676
<b>Asset Type</b> Concrete Footpath					
<b>Asset Type Code</b> 01.04.02					
<b>Totals for Concrete Footpath</b>		\$1,055,568	\$155,756	\$173,338	\$17,581
<b>Asset Type</b> Concrete Block Paved Footpath					
<b>Asset Type Code</b> 01.04.03					
<b>Totals for Concrete Block Paved Footpath</b>		\$834,048	\$173,338	\$194,175	\$20,838
<b>Totals for Footpath Types</b>		\$2,090,014	\$368,849	\$413,944	\$45,095
<b>Asset Type</b> Kerb & Channel Types					
<b>Asset Type Code</b> 01.05					
<b>Asset Type</b> Upright Concrete Kerb & Channel					
<b>Asset Type Code</b> 01.05.01					
<b>Totals for Upright Concrete Kerb &amp; Channel</b>		\$8,888,800	\$1,276,763	\$1,387,799	\$111,036
<b>Asset Type</b> Rollover Concrete Kerb & Channel					
<b>Asset Type Code</b> 01.05.02					

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Opening ACD</i>	<i>Closing ACD</i>	<i>Depreciation Charge</i>
	<b><i>Totals for Rollover Concrete Kerb &amp; Channel</i></b>	\$11,291,767	\$907,669	\$1,048,722	\$141,053
	<b><i>Totals for Kerb &amp; Channel Types</i></b>	\$20,180,567	\$2,184,433	\$2,436,521	\$252,089
	<b><i>Totals for 1 Road Asset Types</i></b>	\$220,475,699	\$91,802,076	\$96,820,034	\$5,017,958

## Appendix C

# Detailed Conquest Expired Asset Valuation Report

## Valuation Summary On A Specific Date



Current Filter: Fully Expired Assets

Grouping: Asset Type

As At Date: 1/07/2015

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 1 Road Asset Types						
<b>Asset Type Code</b> 01						
<b>Asset Type</b> Road Surface Types						
<b>Asset Type Code</b> 01.02						
<b>Asset Type</b> Township Sealed Surface Types						
<b>Asset Type Code</b> 01.02.01						
<b>Asset Type</b> Township Sealed Upper Surfaces						
<b>Asset Type Code</b> 01.02.01.19						
<b>Asset Type</b> Township Spray Seal Upper Surface						
<b>Asset Type Code</b> 01.02.01.19.01						
7696	Surface Upper Layer - High St (Balgowan) (005) from Main St to Moody Rd	\$8,018	\$8,018	\$0	\$8,018	\$0
7733	Surface Upper Layer - Main St (Curramulka) (005) from town limit to Fourth St	\$6,880	\$6,880	\$0	\$6,880	\$0
<b>Totals for Township Spray Seal Upper Surface</b>		\$14,898	\$14,898	\$0	\$14,898	\$0
<b>Totals for Township Sealed Upper Surfaces</b>		\$14,898	\$14,898	\$0	\$14,898	\$0
<b>Totals for Township Sealed Surface Types</b>		\$14,898	\$14,898	\$0	\$14,898	\$0



Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
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### **Asset Type** Township Sheeted Surface Types

**Asset Type Code** 01.02.02

### **Asset Type** Township Sheeted Wearing Surfaces (Incl. Lower Base & Earthwork

**Asset Type Code** 01.02.02.08

### **Asset Type** Township Sheeted (North Zone) Wearing Surface (Incl. Lower Base

**Asset Type Code** 01.02.02.08.01

5172	Surface - South Tce (Maitland) (010) from Port Victoria Rd to Spencer Hwy	\$13,068	\$13,068	\$0	\$13,068	\$0
<b>Township Sheeted (North Zone) Wearing Surface (Incl. Lower Base &amp; Earthworks)</b>		\$13,068	\$13,068	\$0	\$13,068	\$0

### **Asset Type** Township Sheeted (Southern Zone) Wearing Surface (Incl. Lower Ba

**Asset Type Code** 01.02.02.08.03

5166	Surface - Golf Club Rd (010) from 80m E of Minlaton Rd to Cul de sac	\$9,776	\$9,776	\$0	\$9,776	\$0
<b>Township Sheeted (Southern Zone) Wearing Surface (Incl. Lower Base &amp; Earthworks)</b>		\$9,776	\$9,776	\$0	\$9,776	\$0
<b>Totals for Township Sheeted Wearing Surfaces (Incl. Lower Base &amp; Earthworks)</b>		\$22,844	\$22,844	\$0	\$22,844	\$0
<b>Totals for Township Sheeted Surface Types</b>		\$22,844	\$22,844	\$0	\$22,844	\$0

### **Asset Type** Rural Sealed Surface Types

**Asset Type Code** 01.02.03

### **Asset Type** Rural Sealed Upper Surfaces

**Asset Type Code** 01.02.03.11

### **Asset Type** Rural Spray Seal High Use Upper Surface

**Asset Type Code** 01.02.03.11.01

8251	Surface Upper Layer - Arthurlton Rd (010) from 1.2km N of Kalkabury Rd to 2.2km N of Kalka	\$19,138	\$19,138	\$0	\$19,138	\$0
8173	Surface Upper Layer - Clinton Rd (040) from 5.0km NE of Shannon Tce to 6.0km NE of Sha	\$19,495	\$19,495	\$0	\$19,495	\$0
<b>Totals for Rural Spray Seal High Use Upper Surface</b>		\$38,633	\$38,633	\$0	\$38,633	\$0

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
<b>Asset Type</b> Rural Spray Seal Normal Use Upper Surface						
<b>Asset Type Code</b> 01.02.03.11.02						
8170	Surface Upper Layer - Cemetery Rd (Minlaton) (015) from 2.0km W of Yorke Hwy to Watson	\$22,143	\$22,143	\$0	\$22,143	\$0
<b>Totals for Rural Spray Seal Normal Use Upper Surface</b>		\$22,143	\$22,143	\$0	\$22,143	\$0
<b>Totals for Rural Sealed Upper Surfaces</b>		\$60,776	\$60,776	\$0	\$60,776	\$0
<b>Totals for Rural Sealed Surface Types</b>		\$60,776	\$60,776	\$0	\$60,776	\$0

### **Asset Type** Rural Sheeted Surface Types

**Asset Type Code** 01.02.04

### **Asset Type** Rural Sheeted Wearing Surfaces

**Asset Type Code** 01.02.04.15

### **Asset Type** Rural Sheeted High Use (Northern Zone) Wearing Surface

**Asset Type Code** 01.02.04.15.01

4486	Wearing Surface - Clinton Rd (115) from 8.0km E of Ardrossan Rd to 9.0km E of Ardrossan	\$59,152	\$59,152	\$0	\$59,152	\$0
4487	Wearing Surface - Clinton Rd (120) from 9.0km E of Ardrossan Rd to 10.0km E of Ardrossan	\$59,152	\$59,152	\$0	\$59,152	\$0
4488	Wearing Surface - Clinton Rd (125) from 10.0km E of Ardrossan Rd to 11.0km E of Ardrossa	\$59,158	\$59,158	\$0	\$59,158	\$0
4189	Wearing Surface - Melton South Rd (005) from Upper Yorke Rd to 1.0km S of Upper Yorke	\$55,654	\$55,654	\$0	\$55,654	\$0
4206	Wearing Surface - Melton South Rd (010) from 1.0km S of Upper Yorke Rd to 2.0km S of Up	\$55,654	\$55,654	\$0	\$55,654	\$0
4184	Wearing Surface - Melton South Rd (015) from 2.0km S of Upper Yorke Rd to 3.0km S of Up	\$55,654	\$55,654	\$0	\$55,654	\$0
4185	Wearing Surface - Melton South Rd (020) from 3.0km S of Upper Yorke Rd to 4.0km S of Up	\$55,654	\$55,654	\$0	\$55,654	\$0
4115	Wearing Surface - Melton South Rd (045) from 8.0km S of Upper Yorke Rd to 9.0km S of Up	\$55,654	\$55,654	\$0	\$55,654	\$0
4246	Wearing Surface - Melton South Rd (060) from 11.0km S of Upper Yorke Rd to 12.0km S of	\$55,654	\$55,654	\$0	\$55,654	\$0
4176	Wearing Surface - Melton South Rd (090) from 17.0km S of Upper Yorke Rd to 18.0km S of	\$58,928	\$58,928	\$0	\$58,928	\$0
4937	Wearing Surface - Nalyappa Rd (035) from 6.0km S of Spencer Hwy to 7.0km S of Spencer	\$55,626	\$55,626	\$0	\$55,626	\$0
4938	Wearing Surface - Nalyappa Rd (040) from 7.0km S of Spencer Hwy to 8.0km S of Spencer	\$58,886	\$58,886	\$0	\$58,886	\$0
4869	Wearing Surface - Nalyappa Rd (140) from 27.0km S of Spencer Hwy to 28.0km S of Spenc	\$55,643	\$55,643	\$0	\$55,643	\$0
4870	Wearing Surface - Nalyappa Rd (145) from 28.0km S of Spencer Hwy to 29.0km S of Spenc	\$72,008	\$72,008	\$0	\$72,008	\$0
4934	Wearing Surface - Nalyappa Rd (155) from 30.0km S of Spencer Hwy to 31.0km S of Spenc	\$65,462	\$65,462	\$0	\$65,462	\$0
5038	Wearing Surface - Pine Point Rd (135) from 26.5km SE of Vista Grove to 27.5km SE of Vist	\$59,176	\$59,176	\$0	\$59,176	\$0
<b>Totals for Rural Sheeted High Use (Northern Zone) Wearing Surface</b>		\$937,117	\$937,117	\$0	\$937,117	\$0

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
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### Asset Type Rural Sheeted High Use (Southern Zone) Wearing Surface

Asset Type Code 01.02.04.15.02

4501	Wearing Surface - Corny Point Rd (140) from 23.0km E of Liddiard Rd to 24.0km E of Liddiar	\$68,731	\$68,731	\$0	\$68,731	\$0
4505	Wearing Surface - Corny Point Rd (160) from 27.0km E of Liddiard Rd to 28.0km E of Liddiar	\$68,731	\$68,731	\$0	\$68,731	\$0
4506	Wearing Surface - Corny Point Rd (165) from 28.0km E of Liddiard Rd to 28.7km E of Liddiar	\$47,965	\$47,965	\$0	\$47,965	\$0
4924	Wearing Surface - North Coast Rd (005) from End of Seal 0.56km W of Bayview Rd to 1.0k	\$29,651	\$29,651	\$0	\$29,651	\$0
4901	Wearing Surface - North Coast Rd (015) from 2.0km W of Bayview Rd to 3.0km W of Bayvie	\$61,100	\$61,100	\$0	\$61,100	\$0
4902	Wearing Surface - North Coast Rd (020) from 3.0km W of Bayview Rd to 4.0km W of Bayvie	\$61,058	\$61,058	\$0	\$61,058	\$0
4833	Wearing Surface - North Coast Rd (055) from 10.0km W of Bayview Rd to 11.0km W of Bay	\$61,082	\$61,082	\$0	\$61,082	\$0
4834	Wearing Surface - North Coast Rd (060) from 11.0km W of Bayview Rd to Point Souttar Rd	\$33,455	\$33,455	\$0	\$33,455	\$0
4665	Wearing Surface - South Coast Rd (145) from 28.0km E of Yorke Hwy to 29.0km E of Yorke	\$53,425	\$53,425	\$0	\$53,425	\$0
4656	Wearing Surface - South Coast Rd (150) from 29.0km E of Yorke Hwy to 30.0km E of Yorke	\$53,441	\$53,441	\$0	\$53,441	\$0
4648	Wearing Surface - South Coast Rd (155) from 30.0km E of Yorke Hwy to 31.0km E of Yorke	\$61,125	\$61,125	\$0	\$61,125	\$0
4757	Wearing Surface - South Coast Rd (180) from 35.0km E of Yorke Hwy to 36.0km E of Yorke	\$61,143	\$61,143	\$0	\$61,143	\$0
4556	Wearing Surface - South Coast Rd (200) from 39.0km E of Yorke Hwy to 40.0km E of Yorke	\$68,697	\$68,697	\$0	\$68,697	\$0
4557	Wearing Surface - South Coast Rd (205) from 40.0km E of Yorke Hwy to 41.0km E of Yorke	\$68,690	\$68,690	\$0	\$68,690	\$0
4558	Wearing Surface - South Coast Rd (210) from 41.0km E of Yorke Hwy to 42.0km E of Yorke	\$68,690	\$68,690	\$0	\$68,690	\$0
4559	Wearing Surface - South Coast Rd (215) from 42.0km E of Yorke Hwy to 43.0km E of Yorke	\$61,015	\$61,015	\$0	\$61,015	\$0
4658	Wearing Surface - South Coast Rd (220) from 43.0km E of Yorke Hwy to 44.0km E of Yorke	\$61,051	\$61,051	\$0	\$61,051	\$0
4659	Wearing Surface - South Coast Rd (225) from 44.0km E of Yorke Hwy to 45.0km E of Yorke	\$61,070	\$61,070	\$0	\$61,070	\$0
4660	Wearing Surface - South Coast Rd (230) from 45.0km E of Yorke Hwy to 46.0km E of Yorke	\$68,745	\$68,745	\$0	\$68,745	\$0
4661	Wearing Surface - South Coast Rd (235) from 46.0km E of Yorke Hwy to 47.0km E of Yorke	\$68,738	\$68,738	\$0	\$68,738	\$0
4583	Wearing Surface - South Coast Rd (240) from 47.0km E of Yorke Hwy to Green Hill Rd	\$55,694	\$55,694	\$0	\$55,694	\$0
4804	Wearing Surface - Waterloo Bay Rd (060) from 6.0km E of Green Hill Rd to McEachens Bea	\$71,695	\$71,695	\$0	\$71,695	\$0
4793	Wearing Surface - Waterloo Bay Rd (065) from 5.0km E of Green Hill Rd to 6.0km E of Gree	\$61,094	\$61,094	\$0	\$61,094	\$0
4792	Wearing Surface - Waterloo Bay Rd (070) from 4.0km E of Green Hill Rd to 5.0km E of Gree	\$61,094	\$61,094	\$0	\$61,094	\$0
4791	Wearing Surface - Waterloo Bay Rd (075) from 3.0km E of Green Hill Rd to 4.0km E of Gree	\$61,094	\$61,094	\$0	\$61,094	\$0
4574	Wearing Surface - Waterloo Bay Rd (080) from 2.0km E of Green Hill Rd to 3.0km E of Gree	\$61,100	\$61,100	\$0	\$61,100	\$0
4573	Wearing Surface - Waterloo Bay Rd (085) from 1.0km E of Green Hill Rd to 2.0km E of Gree	\$61,021	\$61,021	\$0	\$61,021	\$0
4572	Wearing Surface - Waterloo Bay Rd (090) from Green Hill Rd to 1.0km E of Green Hill Rd	\$61,009	\$61,009	\$0	\$61,009	\$0
<b>Totals for Rural Sheeted High Use (Southern Zone) Wearing Surface</b>		<b>\$1,681,402</b>	<b>\$1,681,402</b>	<b>\$0</b>	<b>\$1,681,402</b>	<b>\$0</b>

### Asset Type Rural Sheeted Medium Use (Northern Zone) Wearing Surface

Asset Type Code 01.02.04.15.03

4419	Wearing Surface - Cunningham Rd (020) from Pine Point Rd to Back Rd	\$115,876	\$115,876	\$0	\$115,876	\$0
4455	Wearing Surface - Gap Rd (030) from 2.2km W of Nalyappa Rd to Coast	\$106,799	\$106,799	\$0	\$106,799	\$0
4626	Wearing Surface - Saint Rd (020) from 2.04km W of Miller Rd (adj side track) to South Kilker	\$132,970	\$132,970	\$0	\$132,970	\$0

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
4672	Wearing Surface - Urania Rd (010) from Port Victoria to Investigator Rd	\$30,805	\$30,805	\$0	\$30,805	\$0
<b>Totals for Rural Sheeted Medium Use (Northern Zone) Wearing Surface</b>		\$386,450	\$386,450	\$0	\$386,450	\$0
<b>Asset Type Rural Sheeted Medium Use (Central Zone) Wearing Surface</b>						
<b>Asset Type Code 01.02.04.15.04</b>						
4444	Wearing Surface - Dump Rd (020) from Lake Sundown Rd to 2.4km E of Lake Sundown Rd	\$121,875	\$121,875	\$0	\$121,875	\$0
4445	Wearing Surface - Dump Rd (025) from 2.4km E of Lake Sundown Rd to Powerline Rd	\$117,082	\$117,082	\$0	\$117,082	\$0
4446	Wearing Surface - Dump Rd (030) from Powerline Rd to St Vincent Hwy	\$63,170	\$63,170	\$0	\$63,170	\$0
4085	Wearing Surface - Gun Club Rd (005) from Spencer Hwy to Barkers Rocks Rd	\$206,122	\$206,122	\$0	\$206,122	\$0
4182	Wearing Surface - Micky Flat Rd (020) from St Vincent Hwy to Old Coast Rd	\$92,940	\$92,940	\$0	\$92,940	\$0
4149	Wearing Surface - Mount Rat Wells Rd (020) from Redding Rd to Mount Rat Rd	\$165,087	\$165,087	\$0	\$165,087	\$0
4857	Wearing Surface - Old Coast Rd (020) from Sheoak Flat Rd to Mulburra Park Rd	\$103,500	\$103,500	\$0	\$103,500	\$0
4853	Wearing Surface - Old Port Vincent Rd (010) from Gum Flat Rd to 2.5km E of Gum Flat Rd	\$136,067	\$136,067	\$0	\$136,067	\$0
4829	Wearing Surface - Old Port Vincent Rd (015) from 2.5km E of Gum Flat Rd to Bennett Rd	\$123,928	\$123,928	\$0	\$123,928	\$0
4810	Wearing Surface - Old Port Vincent Rd (035) from 2.2km E of Cook Rd to 4.4km E of Cook	\$112,617	\$112,617	\$0	\$112,617	\$0
4811	Wearing Surface - Old Port Vincent Rd (040) from 4.4km E of Cook Rd to Port Vincent Rd	\$119,274	\$119,274	\$0	\$119,274	\$0
4575	Wearing Surface - Weavers North Rd (015) from Cutline Rd to Yacca Rd	\$40,604	\$40,604	\$0	\$40,604	\$0
4576	Wearing Surface - Weavers North Rd (020) from Yacca Rd to Cross Rd	\$146,275	\$146,275	\$0	\$146,275	\$0
4646	Wearing Surface - Weavers North Rd (025) from Cross Rd to Trig Rd	\$131,719	\$131,719	\$0	\$131,719	\$0
4580	Wearing Surface - Weavers North Rd (030) from Trig Rd to Bowden Rd	\$125,963	\$125,963	\$0	\$125,963	\$0
4529	Wearing Surface - Weavers North Rd (035) from Bowden Rd to Minlaton Rd	\$105,459	\$105,459	\$0	\$105,459	\$0
<b>Totals for Rural Sheeted Medium Use (Central Zone) Wearing Surface</b>		\$1,911,682	\$1,911,682	\$0	\$1,911,682	\$0
<b>Asset Type Rural Sheeted Medium Use (Southern Zone) Wearing Surface</b>						
<b>Asset Type Code 01.02.04.15.05</b>						
4261	Wearing Surface - Brutus Rd (015) from Bayview Rd to 2.0km W of Bayview Rd	\$126,742	\$126,742	\$0	\$126,742	\$0
4262	Wearing Surface - Brutus Rd (020) from 2.0km W of Bayview Rd to 4.1km W of Bayview Rd	\$129,174	\$129,174	\$0	\$129,174	\$0
4263	Wearing Surface - Brutus Rd (025) from 4.1km W of Bayview Rd (at field boundary) to West	\$119,512	\$119,512	\$0	\$119,512	\$0
4264	Wearing Surface - Brutus Rd (030) from West Cowie Rd to 2.4km W of West Cowie Rd	\$148,182	\$148,182	\$0	\$148,182	\$0
4265	Wearing Surface - Brutus Rd (035) from 2.4km W of West Cowie Rd to Point Souttar Rd	\$147,090	\$147,090	\$0	\$147,090	\$0
4266	Wearing Surface - Brutus Rd (040) from Point Souttar Rd to North Coast Rd	\$99,773	\$99,773	\$0	\$99,773	\$0
4292	Wearing Surface - Brutus Rd (045) from North Coast Rd to Levens Rd	\$111,996	\$111,996	\$0	\$111,996	\$0
4389	Wearing Surface - Daly Head Rd (015) from West Coast Rd to 2.2km W of West Coast Rd (	\$117,343	\$117,343	\$0	\$117,343	\$0
4399	Wearing Surface - Daly Head Rd (020) from 2.2km W of West Coast Rd (at Rd bend) to Daly	\$120,385	\$120,385	\$0	\$120,385	\$0
3990	Wearing Surface - Gleesons Rd (015) from 5.0km W of White Hut Rd to Rockleigh Rd	\$149,907	\$149,907	\$0	\$149,907	\$0
4044	Wearing Surface - Gleesons Rd (035) from West Coast Rd to Gleesons	\$168,628	\$168,628	\$0	\$168,628	\$0
4912	Wearing Surface - New Honiton Rd (010) from Sheoak Beach Rd to Museum Rd	\$104,701	\$104,701	\$0	\$104,701	\$0

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
4913	Wearing Surface - New Honiton Rd (015) from Museum Rd to Goldsmith Beach Rd	\$107,389	\$107,389	\$0	\$107,389	\$0
4848	Wearing Surface - New Honiton Rd (025) from 2.0km W of Goldsmith Beach Rd to Troubridg	\$123,142	\$123,142	\$0	\$123,142	\$0
4663	Wearing Surface - Sturt Bay Rd (025) from Barrett Rd to Orrie Cowie Rd	\$99,639	\$99,639	\$0	\$99,639	\$0
4640	Wearing Surface - Sturt Bay Rd (030) from Orrie Cowie Rd to Murdock Rd	\$173,492	\$173,492	\$0	\$173,492	\$0
4657	Wearing Surface - Sturt Bay Rd (035) from Murdock Rd to Cartwright Rd	\$160,075	\$160,075	\$0	\$160,075	\$0
4655	Wearing Surface - Sturt Bay Rd (040) from Cartwright Rd to South Coast Rd	\$181,143	\$181,143	\$0	\$181,143	\$0
4679	Wearing Surface - Wattle Point Rd (005) from Sultana Point Rd to 2.5km SW of Sultana Poi	\$162,346	\$162,346	\$0	\$162,346	\$0
<b>Totals for Rural Sheeted Medium Use (Southern Zone) Wearing Surface</b>		\$2,550,659	\$2,550,659	\$0	\$2,550,659	\$0

### **Asset Type** Rural Sheeted Low Use High Wear (Northern Zone) Wearing Surfac

**Asset Type Code** 01.02.04.15.06

4140	Wearing Surface - McCauley Rd (010) from Rifle Range Rd to Upper Yorke Rd	\$164,000	\$164,000	\$0	\$164,000	\$0
4141	Wearing Surface - McCauley Rd (015) from Upper Yorke Rd to Broster Rd	\$146,167	\$146,167	\$0	\$146,167	\$0
4181	Wearing Surface - McFarlane Rd (005) from Pine Point Rd to Piggery Corner Rd	\$218,323	\$218,323	\$0	\$218,323	\$0
4250	Wearing Surface - McFarlane Rd (010) from Piggery Corner Rd to North South Rd	\$178,269	\$178,269	\$0	\$178,269	\$0
4241	Wearing Surface - McFarlane Rd (015) from North South Rd to Yorke Valley Rd	\$51,126	\$51,126	\$0	\$51,126	\$0
4233	Wearing Surface - McFarlane Rd (020) from Yorke Valley Rd to Davies Rd	\$176,401	\$176,401	\$0	\$176,401	\$0
4835	Wearing Surface - North South Rd (005) from Clinton Rd to Mine Hill Rd	\$105,758	\$105,758	\$0	\$105,758	\$0
4916	Wearing Surface - North South Rd (010) from Mine Hill Rd to Maitland Rd	\$180,615	\$180,615	\$0	\$180,615	\$0
4699	Wearing Surface - Yorke Valley Rd (035) from McFarlane Rd to North South Rd	\$82,798	\$82,798	\$0	\$82,798	\$0
4691	Wearing Surface - Yorke Valley Rd (040) from North South Rd to 1.7km SE of North South R	\$89,242	\$89,242	\$0	\$89,242	\$0
4683	Wearing Surface - Yorke Valley Rd (045) from 1.7km SE of North South Rd to Black Bobs R	\$82,520	\$82,520	\$0	\$82,520	\$0
<b>Totals for Rural Sheeted Low Use High Wear (Northern Zone) Wearing Surface</b>		\$1,475,219	\$1,475,219	\$0	\$1,475,219	\$0

### **Asset Type** Rural Sheeted Low Use High Wear (Central Zone) Wearing Surface

**Asset Type Code** 01.02.04.15.07

4844	Wearing Surface - North South Rd (050) from Black Bobs Rd to Anderson Rd	\$162,984	\$162,984	\$0	\$162,984	\$0
5020	Wearing Surface - Powerline Rd (010) from Boundary Rd to Twelve Mile Rd	\$161,143	\$161,143	\$0	\$161,143	\$0
5012	Wearing Surface - Powerline Rd (015) from Twelve Mile Rd to Micky Flat Rd	\$114,397	\$114,397	\$0	\$114,397	\$0
4716	Wearing Surface - Yorke Valley Rd (050) from Black Bobs Rd to 1.8km SE of Black Bobs Rd	\$98,203	\$98,203	\$0	\$98,203	\$0
4782	Wearing Surface - Yorke Valley Rd (055) from 1.8km SE of Black Bobs Rd to Yorke Hwy	\$102,764	\$102,764	\$0	\$102,764	\$0
<b>Totals for Rural Sheeted Low Use High Wear (Central Zone) Wearing Surface</b>		\$639,491	\$639,491	\$0	\$639,491	\$0

### **Asset Type** Rural Sheeted Low Use High Wear (Southern Zone) Wearing Surfac

**Asset Type Code** 01.02.04.15.08

4207	Wearing Surface - Lighthouse Rd (010) from 3.2km W of Marion Bay Rd to West Beach Rd	\$79,431	\$79,431	\$0	\$79,431	\$0
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<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
4199	Wearing Surface - Lighthouse Rd (015) from West Beach Rd to 2.2km S of West Beach Rd	\$57,416	\$57,416	\$0	\$57,416	\$0
4209	Wearing Surface - Lighthouse Rd (020) from 2.2km S of West Beach Rd to Point Annie Rd	\$82,499	\$82,499	\$0	\$82,499	\$0
<b>Totals for Rural Sheeted Low Use High Wear (Southern Zone) Wearing Surface</b>		\$219,347	\$219,347	\$0	\$219,347	\$0
<b>Asset Type</b> Rural Sheeted Low Use Medium Wear (Central Zone) Wearing Surfa						
<b>Asset Type Code</b> 01.02.04.15.10						
4276	Wearing Surface - Bowden Rd (Gum Flat Ward) (005) from Yorke Hwy to Harry Butler Rd	\$81,693	\$81,693	\$0	\$81,693	\$0
4268	Wearing Surface - Bowden Rd (Gum Flat Ward) (010) from Harry Butler Rd to Croser Rd	\$91,875	\$91,875	\$0	\$91,875	\$0
4470	Wearing Surface - Cook Rd (Sth Gum Flat Ward) (010) from Old Port Vincent Rd to Minlaton	\$145,663	\$145,663	\$0	\$145,663	\$0
4971	Wearing Surface - Ross Rd (010) from Brook Rd to Yorke Hwy	\$141,490	\$141,490	\$0	\$141,490	\$0
<b>Totals for Rural Sheeted Low Use Medium Wear (Central Zone) Wearing Surface</b>		\$460,721	\$460,721	\$0	\$460,721	\$0
<b>Asset Type</b> Rural Sheeted Low Use Medium Wear (Southern Zone) Wearing Sur						
<b>Asset Type Code</b> 01.02.04.15.11						
4962	Wearing Surface - Recluse Rd (005) from St Vincent Highway to Troubridge Hill Rd	\$83,607	\$83,607	\$0	\$83,607	\$0
4753	Wearing Surface - Recluse Rd (010) from Troubridge Hill Rd to Goldsmith Beach Rd	\$98,331	\$98,331	\$0	\$98,331	\$0
4546	Wearing Surface - Recluse Rd (015) from Goldsmith Beach Rd to Gumbowie Rd	\$66,905	\$66,905	\$0	\$66,905	\$0
5048	Wearing Surface - Savage Hut Rd (025) from Weavers Rd to Olive Tree Rd	\$35,120	\$35,120	\$0	\$35,120	\$0
<b>Totals for Rural Sheeted Low Use Medium Wear (Southern Zone) Wearing Surface</b>		\$283,963	\$283,963	\$0	\$283,963	\$0
<b>Asset Type</b> Rural Sheeted Low Use Low Wear (Northern Zone) Wearing Surface						
<b>Asset Type Code</b> 01.02.04.15.12						
4226	Wearing Surface - Mumford Rd (Kalkabury Ward) (020) from Wauraltee Rd to Conservation	\$15,899	\$15,899	\$0	\$15,899	\$0
4781	Wearing Surface - Wyndotte Rd (015) from 2.4km S of Stuckey Rd (bend in Rd) to Weetulta	\$31,542	\$31,542	\$0	\$31,542	\$0
<b>Totals for Rural Sheeted Low Use Low Wear (Northern Zone) Wearing Surface</b>		\$47,440	\$47,440	\$0	\$47,440	\$0
<b>Asset Type</b> Rural Sheeted Low Use Low Wear (Central Zone) Wearing Surface						
<b>Asset Type Code</b> 01.02.04.15.13						
4211	Wearing Surface - Lovers Ln (005) from Port Vincent Rd to Yorke Hwy	\$29,989	\$29,989	\$0	\$29,989	\$0
<b>Totals for Rural Sheeted Low Use Low Wear (Central Zone) Wearing Surface</b>		\$29,989	\$29,989	\$0	\$29,989	\$0
<b>Totals for Rural Sheeted Wearing Surfaces</b>		\$10,623,479	\$10,623,479	\$0	\$10,623,479	\$0

<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
<b>Asset Type</b> Rural Sheeted Lower Base & Earthworks						
<b>Asset Type Code</b> 01.02.04.16						
<b>Asset Type</b> Rural Sheeted High Use (Northern Zone) Lower Base & Earthworks						
<b>Asset Type Code</b> 01.02.04.16.01						
33909	Lower Base & EW - Nalyappa Rd (035) from 6.0km S of Spencer Hwy to 7.0km S of Spence	\$37,819	\$37,819	\$0	\$37,819	\$0
<b>Totals for Rural Sheeted High Use (Northern Zone) Lower Base &amp; Earthworks</b>		\$37,819	\$37,819	\$0	\$37,819	\$0
<b>Asset Type</b> Rural Sheeted High Use (Southern Zone) Lower Base & Earthworks						
<b>Asset Type Code</b> 01.02.04.16.02						
34064	Lower Base & EW - Corny Point Rd (160) from 27.0km E of Liddiard Rd to 28.0km E of Liddi	\$45,009	\$45,009	\$0	\$45,009	\$0
34074	Lower Base & EW - Corny Point Rd (165) from 28.0km E of Liddiard Rd to 28.7km E of Liddi	\$31,410	\$31,410	\$0	\$31,410	\$0
34078	Lower Base & EW - South Coast Rd (150) from 29.0km E of Yorke Hwy to 30.0km E of York	\$34,996	\$34,996	\$0	\$34,996	\$0
34097	Lower Base & EW - South Coast Rd (215) from 42.0km E of Yorke Hwy to 43.0km E of York	\$39,956	\$39,956	\$0	\$39,956	\$0
34079	Lower Base & EW - South Coast Rd (220) from 43.0km E of Yorke Hwy to 44.0km E of York	\$39,980	\$39,980	\$0	\$39,980	\$0
34080	Lower Base & EW - South Coast Rd (225) from 44.0km E of Yorke Hwy to 45.0km E of York	\$39,992	\$39,992	\$0	\$39,992	\$0
34090	Lower Base & EW - South Coast Rd (230) from 45.0km E of Yorke Hwy to 46.0km E of York	\$45,018	\$45,018	\$0	\$45,018	\$0
34102	Lower Base & EW - South Coast Rd (240) from 47.0km E of Yorke Hwy to Green Hill Rd	\$36,471	\$36,471	\$0	\$36,471	\$0
<b>Totals for Rural Sheeted High Use (Southern Zone) Lower Base &amp; Earthworks</b>		\$312,832	\$312,832	\$0	\$312,832	\$0
<b>Asset Type</b> Rural Sheeted Medium Use (Southern Zone) Lower Base & Earthwor						
<b>Asset Type Code</b> 01.02.04.16.05						
33693	Lower Base & EW - Gleesons Rd (035) from West Coast Rd to Gleesons	\$102,017	\$102,017	\$0	\$102,017	\$0
33656	Lower Base & EW - New Honiton Rd (010) from Sheoak Beach Rd to Museum Rd	\$63,343	\$63,343	\$0	\$63,343	\$0
33673	Lower Base & EW - Wattle Point Rd (005) from Sultana Point Rd to 2.5km SW of Sultana Po	\$98,217	\$98,217	\$0	\$98,217	\$0
<b>Totals for Rural Sheeted Medium Use (Southern Zone) Lower Base &amp; Earthworks</b>		\$263,577	\$263,577	\$0	\$263,577	\$0
<b>Totals for Rural Sheeted Lower Base &amp; Earthworks</b>		\$614,229	\$614,229	\$0	\$614,229	\$0
<b>Totals for Rural Sheeted Surface Types</b>		\$11,237,707	\$11,237,707	\$0	\$11,237,707	\$0
<b>Totals for Road Surface Types</b>		\$11,336,225	\$11,336,225	\$0	\$11,336,225	\$0

<i>Asset ID</i>	<i>Asset Description</i>	<i>Replacement Cost</i>	<i>Last Valuation</i>	<i>Valued At Cost</i>	<i>Accum. Dep</i>	<i>WDV</i>
<b>Asset Type</b> Footpath Types						
<b>Asset Type Code</b> 01.04						
<b>Asset Type</b> Hotmix Bitumen Footpath						
<b>Asset Type Code</b> 01.04.01						
5438	Right Footpath - Belmont Cres (010) from Francis St (546m) to Aaron St (556m)	\$525	\$525	\$0	\$525	\$0
<b>Totals for Hotmix Bitumen Footpath</b>		\$525	\$525	\$0	\$525	\$0
<b>Totals for Footpath Types</b>		\$525	\$525	\$0	\$525	\$0
<b>Totals for 1 Road Asset Types</b>		\$11,336,750	\$11,336,750	\$0	\$11,336,750	\$0



## Appendix D

### Assets Due to Expire

# Valuation Summary On A Specific Date



Current Filter: Due to Expire Assets

Grouping: Asset Type

As At Date: 1/07/2015

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> 1 Road Asset Types						
<b>Asset Type Code</b> 01						
<b>Asset Type</b> Road Surface Types						
<b>Asset Type Code</b> 01.02						
<b>Asset Type</b> Township Sealed Surface Types						
<b>Asset Type Code</b> 01.02.01						
<b>Asset Type</b> Township Sealed Upper Surfaces						
<b>Asset Type Code</b> 01.02.01.19						
<b>Asset Type</b> Township Spray Seal Upper Surface						
<b>Asset Type Code</b> 01.02.01.19.01						
7744	Surface Upper Layer - Kestrel Ct (005) from Templetonia Cres to Cul de sac	\$2,688	\$2,688	\$0	\$2,635	\$54
<b>Totals for Township Spray Seal Upper Surface</b>		\$2,688	\$2,688	\$0	\$2,635	\$54
<b>Totals for Township Sealed Upper Surfaces</b>		\$2,688	\$2,688	\$0	\$2,635	\$54
<b>Totals for Township Sealed Surface Types</b>		\$2,688	\$2,688	\$0	\$2,635	\$54

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
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### Asset Type Rural Sealed Surface Types

Asset Type Code 01.02.03

### Asset Type Rural Sealed Upper Surfaces

Asset Type Code 01.02.03.11

### Asset Type Rural Spray Seal High Use Upper Surface

Asset Type Code 01.02.03.11.01

8172	Surface Upper Layer - Arthurton Rd (095) from 18.6km N of Kalkabury Rd to 19.6km N of Ka	\$19,104	\$19,104	\$0	\$18,485	\$620
<b>Totals for Rural Spray Seal High Use Upper Surface</b>		\$19,104	\$19,104	\$0	\$18,485	\$620
<b>Totals for Rural Sealed Upper Surfaces</b>		\$19,104	\$19,104	\$0	\$18,485	\$620
<b>Totals for Rural Sealed Surface Types</b>		\$19,104	\$19,104	\$0	\$18,485	\$620

### Asset Type Rural Sheeted Surface Types

Asset Type Code 01.02.04

### Asset Type Rural Sheeted Wearing Surfaces

Asset Type Code 01.02.04.15

### Asset Type Rural Sheeted High Use (Northern Zone) Wearing Surface

Asset Type Code 01.02.04.15.01

4137	Wearing Surface - Melton South Rd (040) from 7.0km S of Upper Yorke Rd to 8.0km S of Up	\$55,671	\$55,671	\$0	\$54,923	\$747
4164	Wearing Surface - Melton South Rd (075) from 14.0km S of Upper Yorke Rd to 15.0km S of	\$55,665	\$55,665	\$0	\$54,918	\$747
4917	Wearing Surface - Nalyappa Rd (150) from 29.0km S of Spencer Hwy to 30.0km S of Spenc	\$58,916	\$58,916	\$0	\$58,125	\$791
4932	Wearing Surface - Nalyappa Rd (160) from 31.0km S of Spencer Hwy to 32.0km S of Spenc	\$62,189	\$62,189	\$0	\$61,354	\$835
4910	Wearing Surface - Nalyappa Rd (170) from 33.0km S of Spencer Hwy to 34.0km S of Spenc	\$62,189	\$62,189	\$0	\$61,354	\$835
4133	Wearing Surface - Nalyappa Rd (175) from 34.0km S of Spencer Hwy to 35.0km S of Spenc	\$58,916	\$58,916	\$0	\$58,125	\$791
4162	Wearing Surface - Nalyappa Rd (180) from 35.0km S of Spencer Hwy to 36.0km S of Spenc	\$58,916	\$58,916	\$0	\$58,125	\$791
4860	Wearing Surface - Pine Point Rd (100) from 19.5km SE of Vista Grove to 20.5km SE of Vist	\$59,046	\$59,046	\$0	\$58,253	\$793
<b>Totals for Rural Sheeted High Use (Northern Zone) Wearing Surface</b>		\$471,508	\$471,508	\$0	\$465,178	\$6,330

### Asset Type Rural Sheeted High Use (Southern Zone) Wearing Surface

Asset Type Code 01.02.04.15.02

4499	Wearing Surface - Corny Point Rd (130) from 21.0km E of Liddiard Rd to 22.0km E of Liddiar	\$68,703	\$68,703	\$0	\$67,781	\$922
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<b>Asset ID</b>	<b>Asset Description</b>	<b>Replacement Cost</b>	<b>Last Valuation</b>	<b>Valued At Cost</b>	<b>Accum. Dep</b>	<b>WDV</b>
4509	Wearing Surface - Corny Point Rd (135) from 22.0km E of Liddiard Rd to 23.0km E of Liddiard	\$68,717	\$68,717	\$0	\$67,795	\$923
4649	Wearing Surface - South Coast Rd (160) from 31.0km E of Yorke Hwy to 32.0km E of Yorke	\$61,027	\$61,027	\$0	\$60,208	\$819
4754	Wearing Surface - South Coast Rd (165) from 32.0km E of Yorke Hwy to 33.0km E of Yorke	\$61,039	\$61,039	\$0	\$60,220	\$819
4755	Wearing Surface - South Coast Rd (170) from 33.0km E of Yorke Hwy to 34.0km E of Yorke	\$61,009	\$61,009	\$0	\$60,190	\$819
<b>Totals for Rural Sheeted High Use (Southern Zone) Wearing Surface</b>		\$320,496	\$320,496	\$0	\$316,193	\$4,303
<b>Asset Type Rural Sheeted Medium Use (Northern Zone) Wearing Surface</b>						
<b>Asset Type Code 01.02.04.15.03</b>						
4418	Wearing Surface - Cunningham Rd (015) from 2km E of Francis Rd to Pine Point Rd	\$83,797	\$83,797	\$0	\$82,676	\$1,122
4625	Wearing Surface - Saint Rd (015) from Miller Rd to 2.04km W of Miller Rd (adj side track)	\$120,276	\$120,276	\$0	\$118,666	\$1,610
<b>Totals for Rural Sheeted Medium Use (Northern Zone) Wearing Surface</b>		\$204,074	\$204,074	\$0	\$201,342	\$2,732
<b>Asset Type Rural Sheeted Medium Use (Central Zone) Wearing Surface</b>						
<b>Asset Type Code 01.02.04.15.04</b>						
4442	Wearing Surface - Dump Rd (010) from 2.2km E of Minlaton Rd (adj Drway) to 4.3km E of Mi	\$109,476	\$109,476	\$0	\$108,011	\$1,466
4097	Wearing Surface - Gun Club Rd (020) from Didlyamulka Rd to Newbold Rd	\$254,732	\$254,732	\$0	\$245,887	\$8,845
4808	Wearing Surface - Old Port Vincent Rd (025) from 2.0km E of Bennett Rd to Cook Rd	\$76,984	\$76,984	\$0	\$75,953	\$1,031
<b>Totals for Rural Sheeted Medium Use (Central Zone) Wearing Surface</b>		\$441,192	\$441,192	\$0	\$429,851	\$11,341
<b>Asset Type Rural Sheeted Medium Use (Southern Zone) Wearing Surface</b>						
<b>Asset Type Code 01.02.04.15.05</b>						
4680	Wearing Surface - Wattle Point Rd (010) from 2.5km SW of Sultana Point Rd to Heel Rd	\$142,636	\$142,636	\$0	\$140,727	\$1,910
4800	Wearing Surface - Weavers North Rd (005) from Weavers Rd to 2.0km N of Weavers Rd	\$121,615	\$121,615	\$0	\$119,987	\$1,628
4801	Wearing Surface - Weavers North Rd (010) from 2.0km N of Weavers Rd to Cutline Rd	\$115,617	\$115,617	\$0	\$114,069	\$1,548
<b>Totals for Rural Sheeted Medium Use (Southern Zone) Wearing Surface</b>		\$379,868	\$379,868	\$0	\$374,783	\$5,086
<b>Asset Type Rural Sheeted Low Use High Wear (Northern Zone) Wearing Surface</b>						
<b>Asset Type Code 01.02.04.15.06</b>						
4899	Wearing Surface - Nelligan Rd (010) from Mumford Rd to Wauraltee Rd	\$183,039	\$183,039	\$0	\$176,929	\$6,110
4982	Wearing Surface - Smith Rd (005) from Spencer Hwy to Yorke Valley Rd	\$86,261	\$86,261	\$0	\$83,382	\$2,879
4567	Wearing Surface - Thomson Rd (015) from Pipeline Rd to 2.5km NW of Pipe Line Rd	\$131,132	\$131,132	\$0	\$126,755	\$4,377
25239	Wearing Surface - Wheare Rd (005) from Back Rd to Piggery Corner Rd	\$179,259	\$179,259	\$0	\$173,275	\$5,983
<b>Totals for Rural Sheeted Low Use High Wear (Northern Zone) Wearing Surface</b>		\$579,690	\$579,690	\$0	\$560,341	\$19,349

Asset ID	Asset Description	Replacement Cost	Last Valuation	Valued At Cost	Accum. Dep	WDV
<b>Asset Type</b> Rural Sheeted Low Use High Wear (Southern Zone) Wearing Surface						
<b>Asset Type Code</b> 01.02.04.15.08						
4645	Wearing Surface - Turville Park Rd (Stansbury) (005) from St Vincent Hwy to Minlaton Rd	\$107,756	\$107,756	\$0	\$104,159	\$3,597
<b>Totals for Rural Sheeted Low Use High Wear (Southern Zone) Wearing Surface</b>		\$107,756	\$107,756	\$0	\$104,159	\$3,597
<b>Asset Type</b> Rural Sheeted Low Use Medium Wear (Central Zone) Wearing Surfa						
<b>Asset Type Code</b> 01.02.04.15.10						
3981	Wearing Surface - Davies Rd (020) from Anderson Rd to Boundary Rd	\$55,739	\$55,739	\$0	\$54,808	\$931
<b>Totals for Rural Sheeted Low Use Medium Wear (Central Zone) Wearing Surface</b>		\$55,739	\$55,739	\$0	\$54,808	\$931
<b>Asset Type</b> Rural Sheeted Low Use Medium Wear (Southern Zone) Wearing Sur						
<b>Asset Type Code</b> 01.02.04.15.11						
4090	Wearing Surface - Green Hill Rd (005) from Marine Parade to Lake Fowler Rd	\$88,413	\$88,413	\$0	\$86,936	\$1,477
4091	Wearing Surface - Green Hill Rd (010) from Lake Fowler Rd to Waterloo Bay Rd	\$146,197	\$146,197	\$0	\$143,755	\$2,442
<b>Totals for Rural Sheeted Low Use Medium Wear (Southern Zone) Wearing Surface</b>		\$234,610	\$234,610	\$0	\$230,692	\$3,918
<b>Totals for Rural Sheeted Wearing Surfaces</b>		\$2,794,934	\$2,794,934	\$0	\$2,737,347	\$57,587
<b>Asset Type</b> Rural Sheeted Lower Base & Earthworks						
<b>Asset Type Code</b> 01.02.04.16						
<b>Asset Type</b> Rural Sheeted High Use (Northern Zone) Lower Base & Earthworks						
<b>Asset Type Code</b> 01.02.04.16.01						
33875	Lower Base & EW - Nalyappa Rd (145) from 28.0km S of Spencer Hwy to 29.0km S of Spen	\$48,957	\$48,957	\$0	\$48,956	\$1
<b>Totals for Rural Sheeted High Use (Northern Zone) Lower Base &amp; Earthworks</b>		\$48,957	\$48,957	\$0	\$48,956	\$1
<b>Totals for Rural Sheeted Lower Base &amp; Earthworks</b>		\$48,957	\$48,957	\$0	\$48,956	\$1
<b>Totals for Rural Sheeted Surface Types</b>		\$2,843,891	\$2,843,891	\$0	\$2,786,304	\$57,587
<b>Totals for Road Surface Types</b>		\$2,865,683	\$2,865,683	\$0	\$2,807,423	\$58,261
<b>Totals for 1 Road Asset Types</b>		\$2,865,683	\$2,865,683	\$0	\$2,807,423	\$58,261

## **RISK MANAGEMENT OFFICER**

### **8. RISK MANAGEMENT REPORT**

#### **PURPOSE**

The Risk Management Officer presents an update on the progress of Council's Risk Management Framework.

#### **RECOMMENDATION**

That the report be received.

#### **LINK TO STRATEGIC PLAN**

Goal: 5 Responsible Governance  
Strategy: 5.5 Undertake effective risk management  
5.8 Continuous improvement of Council processes

#### **BACKGROUND**

The objective of the Yorke Peninsula Council's (Council) risk management framework 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.

#### **DISCUSSION**

This report provides a status update on risk management activity performed from July – August 2016, including:

- Business Continuity Planning;
- Risk Management LGAMLS Review Action Plan;
- Strategic Risk Management.

This report provides a schedule of activities planned for 2016, including:

- 2015-2020 Strategic Risk Management Plan review;
- 2016/2017 Risk Review Action Plan; and
- Risk Maturity Assessment.

#### **COMMUNITY ENGAGEMENT PLAN**

Not applicable

#### **CONSULTATION PROCESS**

In preparing this report, the following Yorke Peninsula Council officers were consulted:

- Director Corporate & Community Services
- Manager People and Culture.
- Risk Management Officer

In preparing this report, the following External Parties were consulted:

- Nil

#### **POLICY IMPLICATIONS**

PO091 Risk Management Policy

PR098 Risk Management Procedure

#### **BUDGET AND RESOURCE IMPLICATIONS**

Not applicable

#### **RISK/LEGAL/LEGISLATIVE IMPLICATIONS**

Local Government Act (SA) 1999

Work Health and Safety Act (SA) 2012

Work Health and Safety Regulations (SA) 2012

#### **ATTACHMENTS**

**Attachment 1:** Risk Management Activity Report

**Attachment 2:** LGARS 2016/2017 Risk Profile Review Report

**Attachment 3:** 2016/2017 Risk Profile Review Action Plan

# Risk Management Framework

## 2016

### 1. Risk Management Activity Report – July – August 2016

No.	Project	Scope Overview	Project Status
1	<b>Local Government Association Mutual Liability Scheme (LGAMLS) Risk Profile</b>	<p>2016/2017 Risk Profile – Annual Review Completed.</p> <p>Actions from the 2016/2017 Risk Profile Reviews have been assigned to responsible person and included in the 2016/2017 Risk Management Plan.</p> <p>Outstanding actions from the 2015/2016 Risk Profile Review have been carried over and incorporated into the 2016/2017 Risk Management Plan.</p>	<b>In Progress</b>
2	<b>Strategic Risk Management Plan</b>	<p>The draft 2016 – 2020 Strategic Risk Management Plan is currently being reviewed and assessed against the 2016-2020 Strategic Management Plan.</p> <p>Final draft of the Strategic Risk Management Plan will be submitted for review by the Corporate Management Team (CMT).</p>	<b>In Progress</b>
3	<b>Risk Maturity Assessment (RMA)</b>	<p>A Risk Maturity Assessment (RMA) has been received from Paladin Risk Management Services.</p> <p>The RMA is currently being reviewed and actions determined as a result of findings from the assessment. Actions defined from the RMA will be incorporated into the 2016/2017 Risk Review Action Plan.</p> <p>The updated Risk Review Action Plan and RMA will be submitted for reviewed by the CMT.</p>	<b>In Progress</b>
4	<b>Business Continuity Plan (BCP)</b>	<p>The Business Recovery Team (BRT) members as defined in the BCP, undertook an awareness session in March 2016.</p> <p>Position Descriptions for the BRT members has been updated to reflect responsibilities of their role in regards to Council BCP.</p>	<b>In Progress</b>
5	<b>5-year Risk Maturity Plan</b>	<p>Development of a 5-year risk maturity plan to map Council's approach to all elements of its risk management framework.</p>	<b>On Hold</b>
6	<b>Risk Portfolios</b>	<p>Review Council's Departmental risk portfolios. Findings to be reported back to the Audit Committee.</p>	<b>On Hold</b>
7	<b>Business Continuity Planning Manual</b>	<p>Development of a Business Continuity Planning Manual.</p>	<b>On Hold</b>



# 2016 LGA MUTUAL LIABILITY SCHEME

## YORKE PENINSULA COUNCIL

### RISK PROFILE – REVIEW DATA REPORT

MONDAY, 04 JULY 2016

## LOCAL GOVERNMENT ASSOCIATION MUTUAL LIABILITY SCHEME

The establishment of the LGAMLS in 1989 provided Local Government in South Australia with an efficient means of managing risk exposures via effective (sector based) risk management programmes. Through the LGAMLS, Councils in South Australia have been afforded unlimited civil liability cover, access to experienced civil liability claims management, liability risk management services and legal advice.

Local Government in South Australia operates in an established risk management culture. The framework for developing this risk based culture is via participation in industry based initiatives (established by the LGA), such as the LGA Workers' Compensation Scheme, the LGA Mutual Liability Scheme and the LGA Asset Mutual Fund. All of Council participation in these funds allows for the evolving risk profile of local government to be continually assessed, measured and monitored.

Pursuant to Schedule 1, Pt. 1, 2 *Local Government Indemnity Schemes*, of the *Local Government Act 1999*, “...***the LGA will conduct and manage the Local Government Association Mutual Liability Scheme.***” The purpose of these funds is simply to transfer the risk (including financial) that attaches to a Council undertaking its statutory powers, functions and duties.

Every Council in South Australia has a statutory duty to “insure” against the financial impact of potential civil liability risks. S142 of the Local Government Act 1999 sets out:

### **S142—Duty to insure against liability**

- (1) A Council must take out and maintain insurance to cover its civil liabilities at least to the extent prescribed by the regulations.
- (2) A regulation cannot be made for the purposes of this section except after consultation with the LGA.
- (3) [Membership](#) of the *Local Government Association Mutual Liability Scheme* constitutes insurance for the purposes of this section.

In seeking indemnity from the LGAMLS to manage a potential civil liability claim, a Council is bound by the **Rules** relating to Claims and Risk Management.

The purpose of the LGAMLS is -

- To provide Members with a specialised claims management facility, which at the same time allows the Member to have input in the direction of the claim;
- Design and deliver tailored risk management advice which is created through the identification and analysis of pooled claims and risk data
- Provide Industry tailored civil liability protection that is unique while at the same time remains cost effective
- Monitor and manage Local Government's risk profile thereby providing Councils the ability to control the financial success of the fund and to avoid the effect from external influences.

## AUDIT COMMITTEE

An Audit Committee provides an important independent role between a Council, its management and between a Council and its community. One of the primary roles of these Committees is to provide suggestions and recommendations to Councils and/or management, about actions to be taken to enhance financial governance, considered to be in the best interests of local communities.

An Audit Committee plays a critical role in the financial reporting framework of a Council, by overseeing and monitoring the participation of management and external auditors in the financial reporting process. An Audit Committee also addresses issues such as the approach being adopted by Councils and management to address business risks, corporate and financial governance responsibilities and legal compliance. Councils will also refer issues of a strategic nature to their Audit Committees.

S126 of the Local government Act 1999 require a Council to have an Audit committee. The role of an Audit Committee is an essential step in a Council's approach to achieving best practice risk management governance and financial sustainability.

In particular, the Audit Committee shall:

- Keep under review the effectiveness of the Council's internal controls and **risk management systems**; and
- review and recommend the approval, where appropriate, of any material to be included in the annual report concerning internal controls and **risk management**.

It is therefore important that the Audit Committee understands the business risk profile of the Council to appreciate the risks it manages on a daily basis, and to ensure that there are appropriate management plans to manage and mitigate those risks. This will include details of Scheme Membership and insurance matters, financial reporting, legal and regulatory compliance, business continuity, and statutory compliance.

This can be facilitated by discussions and presentations by Executive management on how business risks are identified, managed, measured and monitored. The LGAMLS Review process provides essential information and data to assist with this process.

## 2016 AUDIT COMMITTEE / EXECUTIVE REPORTS

Explained further in this report is the new scoring methodology that the Review has undertaken this year. Audit Committees and/or Executive Leadership Teams (ELT) will need to recognise the different approach taken to scoring as it won't compare to previous years. This new method will provide more accurate method of assessing a Council's, and ultimately the sector's, maturing risk profile.

These changes have made a significant effect on most Councils total score outcomes. If Councils score has decreased considerably; this is not reflective of a downturn in Risk Management functions; as it must be understood that the scores cannot be compared to previous years. A score and bonus history can be found in this report which illustrates how the new scoring methodology has not significantly decreased bonuses as the bonus methodology has changed to reflect the new process.

***The details in this Data Report are based on your completed Risk Profile – Review 2016 completed with your LGAMLS representative.***

## CLAIMS

The LGAMLS provides a comprehensive Claims Management service for civil liability claims made against a Council by a third party for property loss, personal injury and/or financial loss. The Claims Management service encourages Councils to have input into the management and outcome of the claim.

Part 12 of the **Scheme Rules** set out Claim Procedure and include:

***12.1 Notice:** includes notice of any circumstance or occurrence which is likely to give rise to a claim*

***12.2 Not Admit Liability:** A Member shall not admit liability for, compromise, settle or make/promise payment in respect of a claim subject of indemnity*

***12.5 Continued Support:** During the course of a claim, the Member shall provide whatever information and support (including technical and professional support) a is requested to enable the resolution of the claim*

A claim for indemnity is subject to the standard excess of \$3,750 – unless agreed otherwise. The Claims Management service extends to include advice and support from the Risk Management Department by way of reactive risk management services and will be, from time to time, complemented by legal advice (in-house and external Legal Panel) use of external Investigators (Loss Adjustors), Assessors and other sector specialists for the purpose of collecting and compiling relevant details and information necessary for an effective and efficient claim outcome.

An independent Legal Panel including access to In-house legal support, is established by a selective tender process every 3 years, to provide relevant sector based legal advice and support for the day to day management of claims, to manage litigation and other legal proceedings and to provide legal support to Councils to (risk) manage their business risks and liabilities to avoid civil liability claims.

As part of annual Client Servicing programme, the LGAMLS Claims Team will provide claim statistics, information and analysis reports to assist in the financial management of each Member's individual claim portfolio in conjunction with the annual Risk Profile Review process. A claims profile is also available to all Members on the [LGRS Members Centre](#). The LGAMLS are happy to review the LGRS Members Centre and provide an overview of its use.

## RISK MANAGEMENT AWARDS HISTORY

### MUTUAL LIABILITY SCHEME

MLS	2010	2011	2012	2013	2014	2015
Major RM Award <b>\$20,000</b>	Light Regional	Tea Tree Gully	Mid Murray	Gawler	Onkaparinga	Charles Sturt
Minor RM Award <b>\$10,000</b>	Adelaide	Alexandrina	Campbelltown	Kangaroo Island	Mount Gambier	Yorke Peninsula

### WORKERS COMPENSATION SCHEME

WCS	2010	2011	2012	2013	2014	2015
Major Metro Award <b>\$15,000</b>	Charles Sturt	Centennial Park Cemetery Authority	Salisbury	Charles Sturt	West Torrens	City of Mitcham
Major Regional Award <b>\$15,000</b>	Mount Gambier	Kingston	Coorong	Berri Barmera	Yorke Peninsula	Wattle Range
Major Return to Work Award <b>\$15,000</b>	n/a	n/a	n/a	n/a	n/a	Campbelltown

## A NEW LOOK - 2016

The annual Risk Profile - Review ("Review") is completed by your Risk Officer and your LGAMLS representative. The Review is designed to monitor Council's risk profile and measure ongoing business improvement, as well as providing a gauge to compare other Councils within the Region and sector. The Review for 2016 was represented in the following 10 functions:

### Governance/Finance/People

- 1. Reputation & Integrity
- 2. Strategic Risk & Governance
- 3. Procurement, Contract Management Systems
- 4. Volunteers/Vulnerable Groups/Committees
- 5. People

### Operations/Services/Functions

- 6. Environment/Vegetation/Trees
- 7. Emergency Management
- 8. Community Land Recreation/Leisure Services
- 9. Road & Footpath Management
- 10. Use by other parties - facilities/land

In recognising the increasing statutory obligations for Local Government to show good governance via the application of risk management, the method by which a Council is assessed or scored has been refined to better reflect the successful application of your Risk Policy and accompanying framework.

In 2016 we have altered the method by which we calculate the score against different categories. This will provide a more accurate method of assessing a Council's, and ultimately the sector's, maturing risk profile. In accordance with the revised method of assessment, the categories are more aligned to a Council's Strategic Plan and Goals. The revised Review in 2016 aims to recognise all functions of Council's business, as any function / operation of a Council can attract a level of civil liability risk / opportunity. The business profile when measured against Council's **Strategic Plan** allows the Council and or the Audit committee to consider and apply the level of risk tolerance (or "appetite") a Council is prepared to accept (opportunity) or identify areas that require a more focussed risk management approach to prevent/mitigate potential civil liability claims (risks).

**These changes will have a significant effect on the scoring process and therefore cannot be compared to previous years. These changes in methodology need to be understood so there is no false perception that Councils Risk Management has taken a serious downturn. We understand that the Review score is reported to the Council / Audit committee / ELT, so it must be understood that the change in scoring methodology cannot be likened to previous years.**

With the new scoring methodology in 2016, Council should consider **50%** as the overall benchmark figure that has been assessed against in all categories. This figure, with Councils claims performance over a **7 year window**, will provide the overall profile and bonus allocation. This scoring system will allow Councils to view their improvements compared to the results in the Review and claims data. It should be noted that the Review process is dynamic, and questions/actions are reviewed and updated each year to reflect the evolving nature of risk management and the maturing of a growing Council.

## YORKE PENINSULA COUNCIL

### CONTRIBUTION/ BONUS HISTORY

	2011/12	2012/13	2013/14	2014/15	2015/16
Contribution gross	\$153,948	\$160,721	\$165,221	\$168,856	\$172,740
Bonus	\$20,221	\$26,994	\$27,750	\$28,361	\$29,013
Contribution net	\$133,727	\$133,727	\$137,471	\$140,495	\$143,727
Spec Distribution (MLS)	\$27,016	\$ 20,254	\$20,265	\$20,265	\$37,371*
Total (inc discount)	<b>\$106,711</b>	<b>\$113,473</b>	<b>\$117,206</b>	<b>\$120,230</b>	<b>\$106,356</b>

\*2015/16 special distrubtion yet to be distributed to CEO's

### RISK PROFILE REVIEW SCORE HISTORY

	2010	2011	2012	2013	2014
<b>Yorke</b>	<b>83.5%</b>	<b>79%</b>	<b>80.8%</b>	<b>60%</b>	<b>60%</b>
Metro Average	94.2%	92.5%	92.6%	93.0%	93.0%
Regional Average	83.5%	80.5%	81.4%	80.8%	80.8%
LG Average	86.2%	83.5%	84.2%	83.9%	83.9%

\*not all Councils were scored in 2015 due to the change in methodology in 2016



## 2016/17 MEMBERSHIP YEAR


### REVISED LGAMLS PERFORMANCE BONUS SYSTEM

A Performance Bonus System for Contributions has been in place since 1990. Following an appraisal of this system the criteria base for assessing the allocation of bonuses was amended to include a Risk Management component in 2003/04. As a result we are now able to prove a fairer, more complete Performance Bonus System comprising of two clear elements, one relating to Claims Experience and the other to Risk Management.

The bonus process provides an opportunity for a Council to be recognised as a good participating member of the LGAMLS. The bonus is recognised as a discount on the next year's membership contribution (i.e. a Council will pay a net contribution as opposed to a gross contribution).

As the Risk Culture of Councils matures and evolves the bonus structure will continue to be reviewed to provide a fair and equitable return. The focus on the Risk Management structures and methods that councils are implementing has resulted in a shifting of the bonus weighting in favour of the Risk Management Component of the Review. This weighting reduces the impact of the Council Loss Ratio on the amount of bonus they receive, effective Risk Management performance will by its nature result in a reduction in avoidable loss.

The Claims Loss Ratio for each Council over a 7 year window (date reported to the LGAMLS) will continue to be calculated. Claim costs incurred over the window period will be divided by the Contributions paid by the Council during that window.

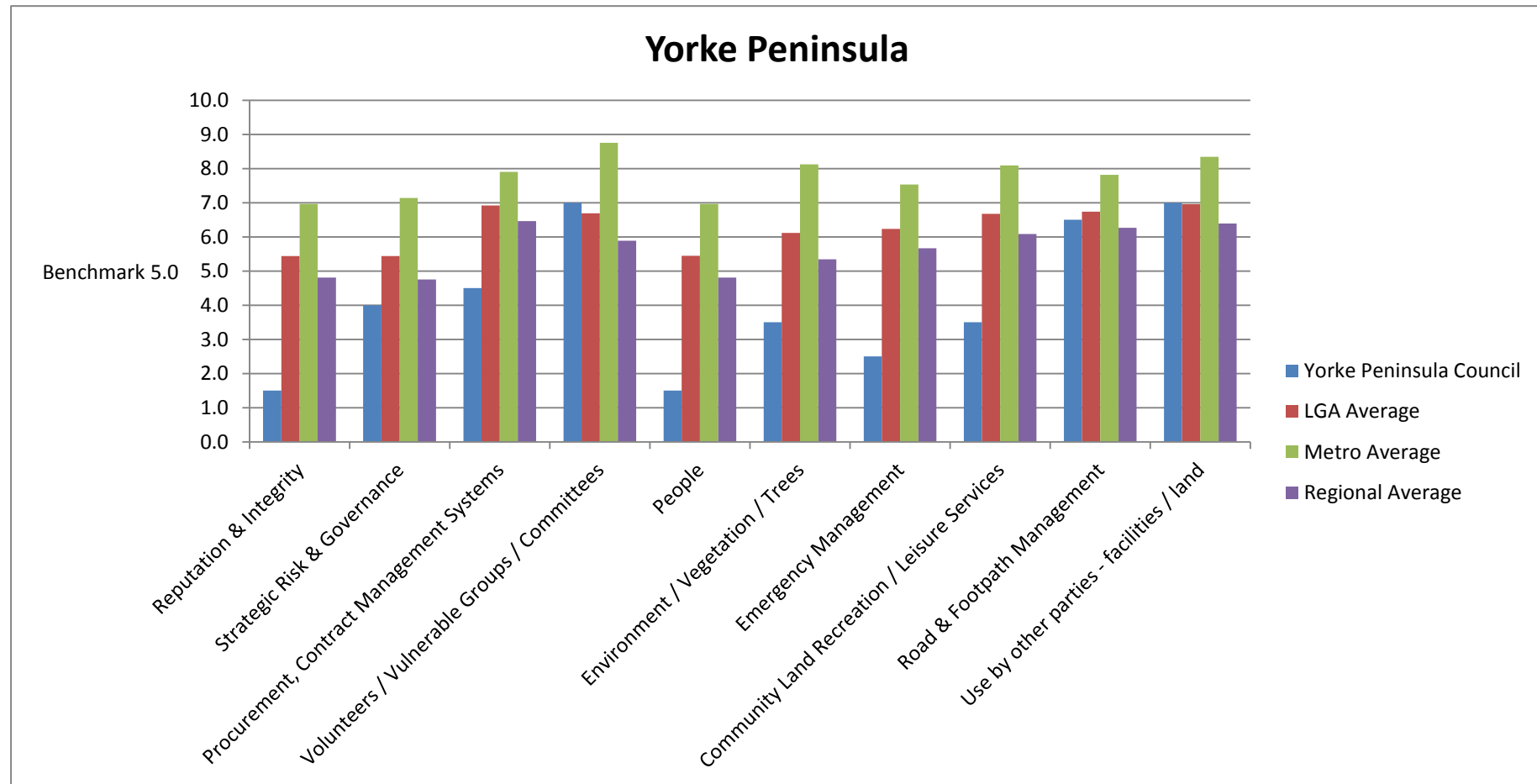
 <b>Local Government Association</b> Mutual Liability Scheme	
<b>2016/17 CONTRIBUTION</b>	
<b>Council:</b>	<b>Yorke Peninsula Council</b>
<b>GROSS Contribution: \$</b>	<b>175,677</b>
<b>7 Years Contributions for Period: \$</b>	960,668
<b>7 Years Total Claim Costs for Period : \$</b>	517,160
<b>Loss Ratio:</b>	<b>54%</b>
<b>Performance Bonus TOTAL: \$</b>	<b>29,794</b>
<b>NET Contribution: \$</b>	<b>145,883</b> (Gross less Performance Bonus & excl GST)



## 2016 RISK PROFILE – REVIEW

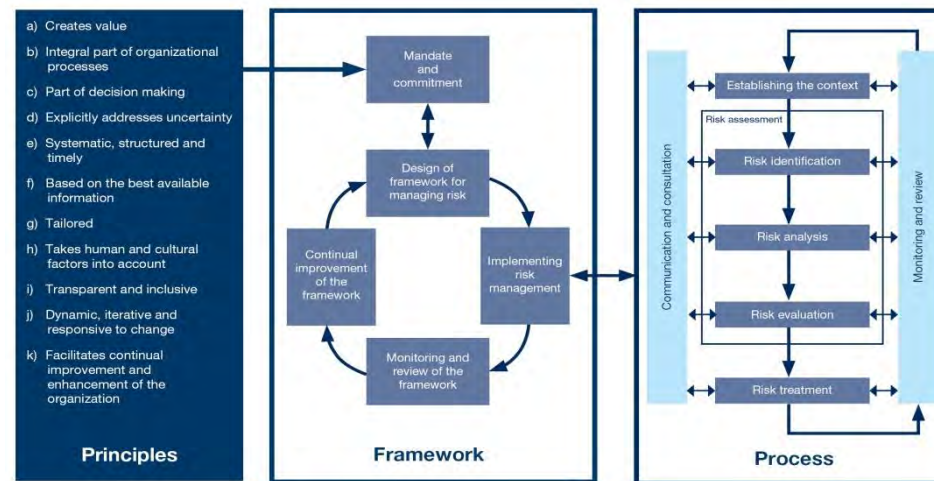
Section	Yorke	Metro Average	Regional Average	LG Average
Reputation & Integrity	1.5	7.0	5.0	5.4
Strategic Risk & Governance	4	7.1	4.9	5.4
Procurement, Contract Management Systems	4.5	7.9	6.6	6.9
Volunteers/ Vulnerable Groups/ Committees	7	8.8	6.1	6.7
People	1.5	7.0	5.0	5.4
Environment/ Vegetation/ Trees	3.5	8.1	5.5	6.1
Emergency Management	2.5	7.5	5.8	6.2
Community Land Recreation/ Leisure Services	3.5	8.1	6.2	6.7
Road & Footpath Management	6.5	7.8	6.4	6.7
Use by other parties – facilities/ land	7	8.3	6.5	7.0
<b>Total</b>	<b>41.5</b>	<b>77.6</b>	<b>59.2</b>	<b>63.5</b>

## BENCHMARKING



## ACTION PLANS

During the Review process this year, all participants were asked about their 2016/2017 goals and initiatives so that the LGAMLS could support the sector through emerging trends and areas of interest. Previously Councils have been supplied with an Action Plan list which highlights actions and / or tasks against each question asked during the Review based against the Risk Management Principles, Framework and Processes (as per below). The Actions Plans for 2016/2017 will be discussed and addressed with each individual Council in July / August; to be tailored and structured in a way to suit individual wants and needs.



AS/NZS ISO 31000:2009 Risk Management – Principles and guidelines

Actions Completed
Action Overdue
Action Due Date Pending

		2016												2017											
	Total	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec		
Planned	20	0	0	0	0	0	2	3	2	0	4	0	0	1	2	1	4	0	0	0	0	0	1		
Achieved YTD	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
Outstanding	20	0	0	0	0	0	2	3	2	0	4	0	0	1	2	1	4	0	0	0	0	0	1		
YTD %	0%																								

ACTION #	Risk Review	RISK PROFILE STANDARD REFERENCE	PROGRAM/ RECOMMENDATIONS	ACTION REQUIRED	RESPONSIBILITY	DUE DATE	COMMENTS / PROGRESS	EVIDENCE	COMPLETION DATE	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
1	Jul-15	<b>1.1 - Risk and Governance</b> Please provide elements/details of Council's Risk Management framework and/or general procedure to assess & manage core/strategic risks	Partial- as limited information on Risk Register status/population and linked controls.		Risk Management Officer/Risk Officer	30/06/2016 30/09/2016	Draft 2015-2020 Strategic Risk Management Plan (Plan) was completed but the strategic risk in the Plan will need to be reviewed and aligned with the 2016-2020 Strategic Management Plan (once it has been endorsed and adopted). Endorsement and adoption is scheduled for approximately April 2016. Final draft of the Plan will be reviewed by the Corporate Management Team (CMT). Now, endorsement and adoption is scheduled for approximately July 2016. Strategic Plan adopted June 2016																								
3	Jul-15	<b>1.6 - Risk and Governance</b> Has Council developed and implemented a process to manage requests from Emergency Control Agents (SAPol, CFS, SES, etc.) for use of defined Council plant/staff in the event of an emergency.	Documented but not implemented. Is requirement to have adopted and signed off Policy, if decided on by Council additionally to have in place a Plant and Staff list signed off/endorsed by CEO and training to have been undertaken by Council stakeholders?		Risk Management Officer	30/09/2016	Emergency Response Procedure is under review. i-Responda framework from the LGA is under review and was tabled at the WHS Committee meeting (09/02/2016). This framework looks at council employees role in the event of an emergency																								
4	Jul-15 May-16	<b>3.12 - Procurement and Contract Management Systems</b> Council has a process to ensure compliance with Section 48 of the Local Government Act – Prudential Requirements for defined / certain activities. <b>3. Procurement and Contract Management Systems</b> 3.2 - Describe Council's process and ongoing maintenance, ensuring compliance with S48 of the Local Government Act – Prudential Requirements for defined/certain activities.	July 2015 Partial system. This is a requirement of LG Act Legislation-must be formalised system May 2016 a) Develop prudential policies, practices and procedures, (refer to LGA 'Financial Sustainability' Information Paper No. 27: Prudential Management) b) Define triggers for prudential reviews/due diligence reports, (other than those defined in the Local Government Act) and how reports will be considered by Council c) Identify persons who require training/ awareness of prudential requirements and include on the training needs analysis d) Arrange training/awareness session(s) for all persons who require a knowledge of prudential requirements	Prudential Management Policy to be developed, review and endorsed and procedure and templates to be developed.	Risk Management Officer Manager Financial Services	30/09/2016	Draft document with Director Corporate and Community Services for review. Draft Prudential document with Manager Financial services to manage the process of review, consultation and issuing as current.																								
6	Jul-15	<b>3.16 - Procurement and Contract Management Systems</b> Provide a Superintendent's/Council representative's work site inspection report example provided within a (Council) contractual arrangement.	Partially provided. Difficult to discern if this is part of regular documented and retrievable system.		Risk Management Officer	31/12/2016	Contractor Management Procedure (endorsed Nov 2015) Contractor inspection/review process to be reviewed and streamlined Training for contractor managers to be undertaken																								
14	Jul-15 May-16	<b>4.18 Volunteers/Vulnerable Groups / Committees</b> Provide a component of Council's (central) Volunteer Registration process for all volunteer programmes. <b>4. Volunteers, Vulnerable Groups, Committees</b> 4.1 - Local Government relies heavily on the support of Volunteers. The ongoing success of a Volunteer programme is reliant on effective risk management – which must be supported by a Volunteer policy and attaching Volunteer Register. How effective is your Volunteer programme and is it managed within the parameters of your Policy and Register. Are all volunteers of Council managed consistently across the Council business – i.e. is there one central co-ordination source to ensure consistent management and monitoring of the volunteer programme. 4.2 - For compliance purposes, a Council must have a Volunteer Policy, Register and attaching protocols and procedures. Are you satisfied that all registered Volunteers have access to and/or have undertaken the induction process and attend/are aware of essential awareness/information sessions relevant to their own and public safety programmes?	Partially provided. It is understood that a centralised system is being developed i.e. all requirements not yet currently in place May 2016 4.1 a) Identify, define and risk assess volunteer programmes b) Define volunteer roles/activities, (e.g. develop role statements) c) Develop and implement (or refine) volunteer registration process, which includes a skills assessment/ matching process and police/ security clearances, (as relevant) d) Identify volunteer training needs, (in line with risks associated with each volunteer programme/activity) and record in training needs analysis e) Develop and implement volunteer training plan, (prioritised according to risk) f) Define organisational responsibility for management/oversight of volunteer programmes and communicate to all relevant business units g) Develop and implement a mechanism for reporting/analysis of incident/hazard reports relating to volunteer activities and incorporating findings into risk management strategies for volunteer programmes 4.2 a) Develop and implement a Volunteer Management policy and procedure, (examples available in Covering All Bases guideline – available via Member Centre) b) Adopt a Volunteer Code of Conduct and include in the volunteer induction process (LGA) c) Develop a volunteer induction process d) Define minimum criteria for ongoing participation in volunteer programmes, (e.g. attendance at training/awareness sessions); for example Refresher Inductions e) Develop (or update) volunteer register to capture all information necessary for effective management of volunteers f) Develop if there is a need for volunteer refresher induction/ training on specific to each individuals needs	Identify volunteer training needs, (in line with risks associated with each volunteer programme/activity) and record in training needs analysis.	Manager People & Culture	31/03/2016 31/06/2016 31/08/2016	Gap Analysis Action completion date requested to be moved to 31/05/2016 TNA is undergoing a full review. Until this is completed requested due date to be moved to 31/08/2016.																								
17	Jul-15 May-16	<b>5.21 Operations / Services / Functions</b> Provide Council's general tree management policy/procedure (or strategy) for trees on roads and / or Community land. (Including significant & regulated trees where relevant). <b>6.1 Environment / Vegetation / Trees</b> In accord with your Tree/Vegetation Management Policy or Strategy does your Council have established procedures and processes attaching the various enquiries relating to trees/vegetation, such as a claim, notification of a safety issue, non-compliance issue and/or request for managing a tree (including removal).	July 2015 Partially provided. Information supplied indicates although there are associated documents and systems in place it appears that there is not a specific Policy/Procedure for tree management. May 2016 a) Develop and implement (or review) tree management policy and procedures, (refer to Tree Management Guidelines on Member Centre) b) Develop and implement (or review) process/checklist for responding to (and prioritising) requests for planting, removing or maintenance of trees, based on risk c) Develop and implement (or review) tree inspection checklist and maintenance, (e.g. pruning) requirements d) Develop and implement (or review) process for engagement of specialists to provide advice in relation to significant and regulated trees, or trees of cultural significance e) Develop and implement (or review) planning policies in relation to existing vegetation and planting of new trees in developed areas f) Key stakeholders to attend/ participate in SA Power Networks Vegetation Management information session/workshop g) Develop (or adapt) tree planting guide to identify trees most suited to local conditions	Create a Tree Management Policy/Procedure.	Natural Environment & Sustainability Officer	31/12/2016	Currently Council staff members are trained in tree care, pruning and maintenance and garden staff undertake the majority of tree pruning requests. Tree Management Policy to be drafted for review an endorsement by Councils Elected Members. Policy will address tree management based on the following principles: Value of trees Enhancing Biodiversity Risk Management and Resources Availability Tree Planting Tree Maintenance Tree Removal Tree Replacement Tree Vandalism Tree on Private Land Seed and Fruit Collection Roadside Timber Climate Change																								
18	Jul-15 May-16	<b>5.21 Operations / Services / Functions</b> Council has reviewed its tree management strategy in line with climate variation & extreme weather patterns/climate impacts. Provide details in relation to the Council's assessment. <b>6. Environment / Vegetation / Trees</b> 6.2 - There has been a noticeable increase in tree/vegetation related incidents/claims likely as the result of Climate Variation. Has your Council reviewed its Tree/Vegetation Management Policy in accord with its Climate Adaptation report to incorporate Climate Change?	July 2015 No. Noted that this has been identified and will be considered in future planning requirements. May 2016 a) Review Climate Adaptation Report to identify issues relating to management of trees b) Incorporate recommendations from Climate Adaptation into tree management policy, procedures and checklists c) Review recent incidents and/or relating to trees to identify issues/ trends that may be attributable to climate variation and develop treatment plans to prevent recurrence	Development of Climate Change Adaptation Plan.	Natural Environment & Sustainability Officer	31/12/2017	Climate change to be included as a Principle of a Tree Management Policy.																								
20	Jul-15 May-16	<b>8.39 Third Party users of facilities / land</b> Provide the assessment / checklist process to ensure a 'one-off' hire of facility is left in a condition for the next use. <b>10. Use by Other Parties – Facilities / Land</b> 10.1 - Event Management incorporates a number of significant risks and opportunities to Council. What resources do Council use to effectively manage Event Management? What tools are used? 10.2 - Has Council recently managed a Special Event Permit, if so how did this process go – can you give an example?	July 2015 Partially provided. Development of process and checklist advised to ensure integrity of asset and to reduce potential of adverse liability. Pre and post inspections that are documented recommended. May 2016 10.1 a) Develop and implement an event management process that incorporates application and evaluation of events on Council land or facilities b) Develop and implement an event risk assessment/ management checklist c) Identify Council events, (e.g. Christmas pageants, tourism and cultural events) that may require risk management d) Develop event risk management plans for Council events e) Formalise a 'fit for purpose' decision making process 10.2 a) Review Council's special event application and approval processes to make sure that risks are considered and addressed prior to approval, (e.g. inclusion of insurance/ indemnity requirements, imposition of special conditions, adherence to Council policy and/or Community Land Management plan, compliance with other legislation, e.g. liquor licensing and public health) b) Develop and implement (or review) a process for notification of persons responsible for management of Council land or facility of the proposed event and checking that it is fit for purpose prior to permitting access c) Develop and implement a condition assessment checklist for pre/post facility/land use, (e.g. for facilities this may include equipment and cleanliness, for land this may include litter, damage to lawns, edging, gardens, playgrounds, park furniture) d) Formalise a 'fit for purpose' decision making process	Develop Special Events Kit and trail with external event organisation.	HR Officer	30/06/2016 31/10/2016	Special Events Process Improvement working group established to review and update Council's process. Responsibility for check of facilities post hire and issuing expiation notices is under review. The development of a check list which could be used by the cleaning service may be an option and will be discussed at the next Special Events Process Improvement meeting. Special Events Kit including Permit is currently under review. Requested due date to be moved to 31/10/2016																								

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21	May-16	<b>1. Reputation and Integrity</b> 1.1 - Has your Council completed a Risk Assessment process, identifying Strategic Risks, in your Strategic Management Plan?	May 2016 a) Review strategic management plans, (e.g. Strategic Plan, Business Plan, Long Term Financial Plan, Infrastructure and Asset Management Plan) to ensure they are consistent with Council's risk management policy/ framework. b) Review Strategic Management Plan objectives – identifying risks to opportunities/ objectives c) Review strategic management plans in line with risk management policy/framework to identify: • Risks and opportunities associated with strategic priorities • Treatment plans • Resource requirements d) Develop strategic risk register e) Implement process of monitoring and review of strategic risk register by executive leadership team	Review Strategic Management Plan in line with Risk Management Framework.	Risk Management Officer	30/06/2017																									
22	May-16	<b>1. Reputation and Integrity</b> 1.2 - As the Risk Management Framework ensures a consistent approach to Risk Management practices across Council – have your Elected Members been introduced to the Framework, if so how, and was this successful?	May 2016 a) Include awareness of Council's risk management framework on Elected Member's training needs analysis b) Arrange training in risk management principles and application of Council's risk management framework c) Incorporate risk management into strategic decision making process, (e.g. inclusion of risk management considerations in all reports to Council)	Review training completed by Elected Members and include in the Training Needs Analysis (TNA) Risk Management Framework Awareness session if not previously undertaken.	Risk Management Officer	30/06/2017																									
23	May-16	<b>2. Strategic Risk and Governance</b> 2.1 - How would you rate the value of your Risk Management Framework in underpinning Council's operations? Is the framework successfully utilised across all functions and activities of Council.  <b>5 People</b> 5.2 - The Risk Management Framework is a tool that can be used throughout the Council to support the development of a risk culture. How is the Risk Management Framework promoted to employees, volunteers and contractors? How is implementation monitored and measured?	May 2016 2.1 a) Develop Risk Management framework, (including policy, procedure, templates & operational/strategic risk register which includes risk treatment plans). Refer to LGA 'Financial Sustainability Information Paper No. 22: Understanding Risk Management' b) Identify Council employees who require an understanding of the risk management framework and include on training needs analysis c) Arrange training in risk management principles and application of Council's risk management framework  5.2 a) Develop a Risk Management Framework tailored to Council b) Review Council's processes for employees, volunteers and contractors to include awareness of Council's risk management principles; where applicable c) Develop and implement a process to monitor and review the implementation of Council's risk management framework, (e.g. measure training/awareness sessions completed, risk treatment plans in progress/completed, etc.) d) Following executive leadership team endorsement of risk management framework, provide awareness sessions in workshop format to demonstrate practical application of the framework	Develop, endorse and implement Risk Management Framework.	Risk Management Officer	31/12/2016																									
24	May-16	<b>2. Strategic Risk and Governance</b> 2.2 - A Strategic Risk Management plan that aligns with the Operational Risk plan is an essential tool for Council decision-making. Do the Council agenda reports insist on a risk assessment process to inform decision makers of opportunity vs risk?	May 2016 a) Implement/conduct risk management training across all business units and identified stakeholders b) Include links to Risk Matrix into Council Reports in order for a consistent risk assessment process c) Risk Management reporting system/process to be introduced for executive leadership team/ Council d) Incorporate risk management into strategic decision making process, (e.g. inclusion of risk management considerations in all reports to Council), including alignment of activities to Council's strategic plan(s) e) Include risk management, (e.g. review of strategic risk register and outcomes of risk profile review) in the Audit Committee's annual work plan.	Schedule and complete general awareness training on Risk Management Framework to relevant employees.	Risk Management Officer	30/06/2017																									
25	May-16	<b>3. Procurement and Contract Management Systems</b> 3.1 - On the premise that Council does have a Procurement Framework; has this been effectively implemented across all aspects of Council?	May 2016 a) Develop and implement (or review) a procurement policy and supporting procedure(s) b) Develop and implement a system of recording and monitoring procurement activities, (to assist with forward procurement planning) c) Develop and implement a formal process for considering requests for limitation of liability by contractors, (may form part of contract negotiation process) d) Develop (or review) standard documents, (e.g. purchase/works order terms and conditions, RFQ/RFP/contract templates) to make sure that they are consistent with Council's policies and procedures and legislative requirements and address key risks associated with procurement of goods and/or services, (as relevant) e) Provide awareness sessions on Limitation of Liability to employees required to negotiate/ sign-off on contracts f) Develop and implement contractor selection and monitoring processes, (in line with One System Contractor Management procedure, available via LGRS Member Centre)	Review Vendor Panel Program as part of Council's procurement process and provide a report on the suitability of the program and if it should be adopted by Council.	Risk Management Officer	31/05/2017																									
26	May-16	<b>5. People</b> 5.1 - What processes does your Council have in place to identify Operational Risks and how is this process incorporated into your day to day business. Who is responsible for this process? How have Senior Management been engaged with the Operational Risk Register?	May 2016 a) Develop operational risks in line with Councils Organisational Structure and departmental managers (risk owners) b) Develop operational risk register in consultation with executive leadership team and other key stakeholders c) Implement process of monitoring and review of operational risk register by executive leadership team d) Define organisational responsibility for management/oversight of operational risks and communicate to all relevant business units	Develop Operational Risk Register.	Risk Management Officer	30/06/2017																									
27	May-16	<b>7. Emergency Management</b> 7.1 - How has Council planned for major community disruption as the result of an "emergency" utilising a Business Continuity Plan (BCP) or similar. How effective/ responsive was the BCP in supporting both the Council internally and the community.	May 2016 a) Review Business Continuity to ensure that it meets the requirements of AS 5050:2010 b) Develop Business Continuity Plan that addresses key roles and responsibilities, critical functions and recovery strategies c) Endorse and implement Business Continuity Plan, (including identification of training needs) d) Schedule testing of BCP e) Schedule regular reviews/ updates of BCP to ensure currency and relevance f) Develop a documented review process to capture opportunities for improvement, identified through the testing or enacting of the BCP	Monitor, evaluate and report upon effectiveness of Emergency and Business Continuity Plans and testing arrangements. (Action (#21) included from 2014 PSSI KPI Audit)	Risk Management Officer	31/12/2016																									
28	May-16	<b>7. Emergency Management</b> 5.2 - Please rate the success of the iResponda programme within your Council (and Region).	May 2016 a) Endorse and implement i-Responda policy and framework b) Identify training needs for all relevant employees and include on training needs analysis c) Arrange training/awareness/ refresher training sessions for all relevant employees d) Develop and maintain registers of plant and employees available (and willing) to participate in i-Responda programme e) Undertake a review of the relevance/ success of i-Responda and provide feedback to LGAMLS	Review iResponda Program and provide report on the suitability of the program and if it should be adopted by Council.	Risk Management Officer	30/04/2017																									
29	May-16	<b>8. Community Land/Recreation/Leisure Services</b> 8.1 - How frequently does Council inspect/ maintain their playgrounds – how is this determined and has this been documented?	May 2016 a) Develop (or review) playground equipment register which includes all locations, equipment, surfaces and inspection requirements b) Develop and implement a process for recording all reported or known incidents (whether or not an injury occurred) relating to playgrounds c) Develop and implement routine and operational inspection and maintenance schedules for playground equipment d) Develop (or review) routine inspection checklists for playgrounds e) Develop playground renewal and replacement plan/program, based on risk (priority, location, use etc). f) Review Community Land Management Plans verify that the management plans in respect of playgrounds: Contain management objectives Include performance targets; and Are consistent with other plans g) Identify training requirements for persons undertaking playground inspections/maintenance and include on training needs analysis (Further guidance is available in the LGAMLS Playground Guide, which is accessible via the Member Centre)	Playground inspections to be added to the Workplace Monitoring Calendar.	Risk Management Officer	31/08/2016																									
30	May-16	<b>8. Community Land/Recreation/Leisure Services</b> 8.1 - How frequently does Council inspect/ maintain their playgrounds – how is this determined and has this been documented?	May 2016 a) Develop (or review) playground equipment register which includes all locations, equipment, surfaces and inspection requirements b) Develop and implement a process for recording all reported or known incidents (whether or not an injury occurred) relating to playgrounds c) Develop and implement routine and operational inspection and maintenance schedules for playground equipment d) Develop (or review) routine inspection checklists for playgrounds e) Develop playground renewal and replacement plan/program, based on risk (priority, location, use etc). f) Review Community Land Management Plans verify that the management plans in respect of playgrounds: Contain management objectives Include performance targets; and Are consistent with other plans g) Identify training requirements for persons undertaking playground inspections/maintenance and include on training needs analysis (Further guidance is available in the LGAMLS Playground Guide, which is accessible via the Member Centre)	Train selected employees to be trained in Playground Inspections.	Operations Manager	31/10/2016																									

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31	May-16	8. Community Land/Recreation/Leisure Services 8.2 - Community swimming pool management will always be a high risk activity for local government. If relevant, how many pools and associated facilities do you own in your Council area? How often do you undertake a risk review of the facilities and attaching policies and procedures? How well documented are your pool protocol and safety guidelines for pool users – extending to inclement weather closure, first aid, exclusive use/multi-use sessions, pool cleaning safety around water.	May 2016 a) Develop and implement swimming pool management strategies/ protocols that address inspection, maintenance, supervision, child protection, cleaning, first aid, accessibility and usage, unauthorised access and safety issues b) Align pool management strategies/ protocols with Royal Life Saving Society Australia Guidelines for Safe Pool Operation c) Schedule regular reviews of swimming pool management strategies/ protocols to assess their effectiveness and suitability d) Develop (or review) inspection checklists for swimming pools and their surrounds e) Identify training needs for employees/volunteers engaged in pool management, supervision and/ or maintenance and include on training needs analysis f) Schedule training for employees/ volunteers engaged in pool management, supervision and/or maintenance g) Review pool management and/or lease agreement(s) to ensure that reasonably foreseeable risks have been identified and adequately addressed h) Establish regular monitoring of pool management contractors and document outcomes/issues identified i) Consider pool user safety guidelines – implement pool user agreements and/or informative signage and/or supervision requirements j) Develop (or update) emergency response procedures for potential incidents that may occur at the pool, (e.g. chemical exposure, drowning, assault, etc.) k) Provide training for all employees and volunteers in emergency response procedures l) Develop a schedule for testing the emergency response procedures, (or require contractor/lessee to provide evidence that this has occurred)	Review legislative requirements and develop guidelines or information sheet on the requirements to manage swimming pools.	Risk Management Officer	31/03/2017																									
32	May-16	9. Road and Footpath Management 9.1 - Council has responsibilities regarding permitting any alterations of road (s221) which involves identifying risks associated with the request. How does Council incorporate Risk Management into this process?  9.2 - Council must have an Asset Management Plan/ Program that incorporates the management/ maintenance in relation to roads and footpaths. How is Risk Management principles incorporated into this process?	May 2016 9.1 a) Develop and implement (or review) policy or procedure relating to alterations of roads/footpaths to incorporate risk management into assessment of applications, (e.g. impact on other users, existing infrastructure or road safety, WZTM) b) Establish (or review) permit system for Authorisation to Alter a Public Road to make sure it meets the requirements of Section 221 of the LG Act and includes indemnity/ insurance provisions, (template available via Member Centre) c) Document decision making process – reviewing the request in line with Risk Management principles (formal risk assessment process)  9.2 a) Develop Asset Management and Service Range policies that capture the assessment of risk - including current and future expectations and service levels, (refer to LGA 'Financial Sustainability' Information Paper No. 6: Infrastructure and Asset Management) and LGA 'Financial Sustainability' Information Paper No. 26: Service Range and Levels) b) Develop (or review) Asset Management Plan(s) to demonstrate that risk management principles have been incorporated into the process, (e.g., priority is based on risk) c) Develop and implement inspection and maintenance schedules and checklists for roads and footpaths and a process for monitoring their outcomes/ effectiveness d) Review priority order for inspection/maintenance utilising the Risk Management Framework	Review and update form SF039 – Applications to Lay Underground Services to include references to indemnity/insurance conditions.	Assets Manager	30/04/2017																									
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