His Worship the Mayor
Councillors
CITY OF MARION

NOTICE OF GENERAL COUNCIL MEETING

Council Chamber, Council Administration Centre
245 Sturt Road, Sturt

Tuesday, 22 October 2019 at 06:30 PM

The CEO hereby gives Notice pursuant to the provisions under Section 83 of the Local Government Act 1999 that a General Council meeting will be held

A copy of the Agenda for this meeting is attached in accordance with Section 83 of the Act.

Meetings of the Council are open to the public and interested members of this community are welcome to attend. Access to the Council Chamber is via the main entrance to the Administration Centre on Sturt Road, Sturt.

Adrian Skull
Chief Executive Officer

CITY OF MARION

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OPEN MEETING

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

DISCLOSURE

All persons in attendance are advised that the audio of this General Council meeting will be recorded and will be made available on the City of Marion website.

ELECTED MEMBER'S DECLARATION OF INTEREST (if any)

CONFIRMATION OF MINUTES

Confirmation of the minutes for the General Council Meeting held on 8 October 2019

Originating Officer Governance Officer - Victoria Moritz

Corporate Manager Manager Corporate Governance - Kate McKenzie

Report Reference: GC191022R01

RECOMMENDATION:

That the minutes of the General Council Meeting held on 8 October 2019 be taken as read and confirmed.

ATTACHMENTS:

#	Attachment	Type
1	GC191008 - Final Minutes	PDF File

MINUTES OF THE GC191008 - GENERAL COUNCIL MEETING

Tuesday, 8 October 2019 at 06:30 PM

Council Administration Centre, 245 Sturt Road, Sturt

PRESENT :

Elected Members

Mayor - Kris Hanna, Councillor - Ian Crossland, Councillor - Tim Gard, Councillor - Jason Veliskou, Councillor - Bruce Hull, Councillor - Nathan Prior, Councillor - Raelene Telfer, Councillor - Luke Hutchinson, Councillor - Kendra Clancy, Councillor - Maggie Duncan, Councillor - Matthew Shilling, Councillor - Joseph Masika

In Attendance

Chief Executive Officer - Adrian Skull
General Manager City Services - Tony Lines
General Manager City Development – Ilia Houridis
General Manager Corporate Services – Sorana Dinmore
Manager Governance – Kate McKenzie
Unit Manager Governance and Council Support – Jaimie Thwaites

OPEN MEETING

The Mayor opened the meeting at 06:30 PM

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

DISCLOSURE

All persons in attendance are advised that the audio of this General Council meeting will be recorded and will be made available on the City of Marion website.

ELECTED MEMBER'S DECLARATION OF INTEREST (if any)

Councillor Hull declared a conflict of Interest in the item *Code of Conduct* (GC191008F02)

CONFIRMATION OF MINUTES

Confirmation of the minutes for the General Council Meeting held on 24 September 2019

Report Reference: GC191008R01

Moved **Councillor - Raelene Telfer** **Seconded** **Councillor - Joseph Masika**

That the minutes of the General Council Meeting held on 24 September 2019 be taken as read and confirmed.

Carried Unanimously

COMMUNICATIONS

Nil

ELECTED MEMBER VERBAL COMMUNICATIONS

In accordance with the Code of Practice - Procedures at Council Meetings 2019/20 an Elected Member has the right to speak for up to two minutes in the second meeting of Council every second month from February (with the exception of caretaker period).

DEPUTATIONS

Deputation - Cove Football Club

Report Reference: GC191008D01

Mr Tony Kernahan - President Cove Football Club, Master Tom Gill and Ms Skye Willocks each gave a deputation regarding Cove Cobras Football Club.

Ms Skye Willocks presented copies of letters on behalf of the Cove Juniors.

The Chair sought and was granted leave of the meeting for the presentation of the letters to be included in the minutes.

ADJOURNED ITEMS - Nil

PETITIONS

Cove Cobras Football Club

Report Reference: GC191008P01

Moved **Councillor - Ian Crossland** **Seconded** **Councillor - Matthew Shilling**

That Council:

1. Notes the report.

2. Notes that this report will be considered in conjunction with the two further reports relating to the Cove Cobras Football Club on this 8 October Council agenda

Carried Unanimously

VARY ORDER OF AGENDA

The Chair sought and was granted leave of the meeting to vary the order of the agenda and bring forward the following items:

- Request for Review of Decision - Cove Cobra's Football Club (GC191008R06)
- Cove Cobras Football Club Tenancy Termination Update (GC191008R05)

Request for Review of Decision - Cove Cobra's Football Club

Report Reference: GC191008R06

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Matthew Shilling**

That:

1. Council supports the recommendation to appoint an independent investigator to complete a Review of Decision regarding the decision of Council from the 24th September 2019 General Council Meeting regarding the termination of the Cove Cobras Football Club Licence.

2. Management advise the Cove Cobras Football Club of the appointment of an independent investigator to complete the review.

Carried Unanimously

Cove Cobras Football Club Tenancy Termination Update

Report Reference: GC191008R05

CONFLICT OF INTEREST

Councillor Shilling declared a perceived conflict of interest in the matter as his employer was named in the report. He remained in the chamber for the item.

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Ian Crossland**

That:

1. pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Sorana Dinmore, Fiona Harvey, Tony Lines, Ilia Houridis, Kate McKenzie, Jaimie Thwaites, Craig Clarke, and Clare Benn, be excluded from the meeting as the Council receives and considers information relating to Cove Cobras Football Club Tenancy Termination Update, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to personal information.

Carried
(Councillor Shilling voted against the motion)

Division called by Councillor - Matthew Shilling

The vote was set aside

	Against	For
Councillor – Bruce Hull	X	
Councillor - Ian Crossland		X
Councillor - Jason Veliskou		X
Councillor - Joseph Masika		X
Councillor - Kendra Clancy		X
Councillor - Luke Hutchinson		X
Councillor - Maggie Duncan	X	
Councillor - Matthew Shilling	X	
Councillor - Nathan Prior		X
Councillor - Raelene Telfer		X
Councillor - Tim Gard	X	

Carried

7.29 pm Meeting went into confidence.

Moved Councillor Veliskou, Seconded Councillor Masika

1. that formal meeting proceedings be suspended to enable discussion on the item.

Carried Unanimously

7.32 pm formal meeting proceeding suspended
8.27pm formal meeting proceedings resumed

Moved **Councillor - Ian Crossland** **Seconded** **Councillor - Jason Veliskou**

That Council:

1. Notes the update report (to close of business on 3 October 2019) on matters relating to the termination of the tenancy of Cove Cobras Football Club at the Cove Sports and Community Facility.

Carried Unanimously

8.31 pm meeting came out of confidence

COMMITTEE RECOMMENDATIONS

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Jason Veliskou**

That:

1. the Committee Recommendations be moved en bloc.

Carried Unanimously

8.31pm Councillor Crossland left the meeting
8.33pm Councillor Crossland re-entered the meeting

Confirmation of the Minutes of the Review and Selection Committee Meeting held on 17 September 2019

Report Reference: GC191008R02

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Jason Veliskou**

That Council:

1. Receives and notes the minutes of the Review and Selection Committee meeting held on 17 September 2019 (Appendix 1).

Carried Unanimously

Confirmation of the minutes for the Review and Selection Committee Meeting held on 24 September 2019

Report Reference: GC191008R03

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Jason Veliskou**

That Council:

1. Receives and notes the minutes of the Review and Selection Committee meeting of 24 September 2019 (Appendix 1).

2. Notes that separate reports will be brought to Council for consideration of any recommendations from the Review and Selection Committee.

Carried Unanimously

Confirmation of the minutes of the Urban Planning Committee Meeting held on 1 October 2019

Report Reference: GC191008R04

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Jason Veliskou**

That Council:

1. Receives and notes the minutes of the Urban Planning Committee meeting of 1 October 2019 (Appendix 1).

2. Notes that separate reports will be brought to Council for consideration of any recommendations from the Urban Planning Committee.

Carried Unanimously

CONFIDENTIAL ITEMS

Confirmation of the minutes of the Review and Selection Committee Meeting held on 24 September 2019

Report Reference: GC191008F01

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Raelene Telfer**

That:

1. Pursuant to Section 90(2) and 90(3)(a) of the Local Government Act 1999, the Council orders that all persons present with the exception of the following persons: Adrian Skull, Tony Lines, Sorana Dinmore, Ilia Houridis, Steph Roberts, Kate McKenzie and Jaimie Thwaites, be excluded from the meeting as Council receives and considers information relating to the Confirmation of Confidential Minutes of the Review and Selection Committee Meeting held on 24 September 2019, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the personal affairs of any persons.

Carried Unanimously

8.35 pm meeting went into confidence

Moved **Councillor - Kendra Clancy** **Seconded** **Councillor - Matthew Shilling**

That Council:

1. Receives and notes the confidential minutes of the Review and Selection Committee meeting of 24 September 2019 (Appendix 1).

2. Notes that separate reports will be brought to Council for consideration of any recommendations from the Review and Selection Committee.

3. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, Confirmation of Confidential Minutes of the Review and Selection Committee meeting held on 24 September 2019, and any appendices arising from this report having been considered in confidence under Section 90(2) and (3)(a), be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

Carried Unanimously

8.35pm meeting came out of confidence

Code of Conduct

Report Reference: GC191008F02

CONFLICT OF INTEREST

Councillor Hull declared a conflict of interest in the item as the complaint related to him and left the meeting.

8.37pm Councillor Hull left the meeting

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Maggie Duncan**

That Council:

1. Pursuant to Section 90(2) and (3)(a) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following, Adrian Skull, Chief Executive Officer, Kate McKenzie, Manager Corporate Governance and Jaimie Thwaites, Unit Manager Governance and Records, be excluded from the meeting where the Council will receive and consider information pertaining to the item Code of Conduct upon the basis it is satisfied that the requirements for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration other matter confidential on the ground that the report contains information relating to personal affairs.

Carried Unanimously

8.38 pm meeting went into confidence

PERSONAL EXPLANATION

Councillor Hull was invited back into the meeting to provide a personal explanation.

8.38pm Councillor Hull re-entered the meeting

Councillor Hull gave a personal explanation. He apologised and advised he should have contacted staff to seek information.

8.39 pm Councillor Hull left the meeting

Moved **Councillor -Ian Crossland** **Seconded** **Councillor - Jason Veliskou**

That:

1. formal Meeting procedures be suspended to enable discussion on the item.

Carried Unanimously

8.41pm formal meeting procedures suspended

8.48pm formal meeting procedures resumed

Moved **Councillor -Kendra Clancy** **Seconded** **Councillor - Matthew Shilling**

That:

1. Council finds that Councillor Hull has breached the Code of Conduct and accepts his voluntary apology.
2. Council requests Councillor Hull to be more respectful to staff and Council Members, including on Social Media, in line with the Council Members' Code of Conduct.

Carried Unanimously

8.51 pm meeting came out of confidence

CORPORATE REPORTS FOR DECISION

Housing Diversity DPA

Report Reference: GC191008R07

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Tim Gard**

That Council:

1. Notes:

   (a) the decision of the Minister for Planning to approve the Housing Diversity Development Plan Amendment (DPA) (Part 1); and,

   (b) the decision of the Minister for Planning not to proceed at this time with the proposed Housing Diversity DPA (Part 2) in relation to the suburbs of Darlington, Marino, Seacliff Park, Seacombe Heights and Seaview Downs, and the Urban Corridor Zone along Marion Road (Plympton Park, South Plympton, Park Holme, Ascot Park, Marion and Mitchell Park).

   (c) the subsequent release by the State Government of the Draft Planning and Design Code (the Draft Code) for consultation on 1 October 2019.

   (d) that on early review, the Draft Code contains significant changes to Marion's development zoning framework and that the Housing Diversity DPA changes may now be superseded by these new policies.

   (e) that any further development policy changes (other than the Seacliff Park Residential and Centre DPA) would likely be superseded by the Code when it is active from July 2020.

2. Based on recommendation 1 above, do not proceed with any further development policy changes at this time (other than the Seacliff Park DPA that is currently on consultation).

3. Notes the development planning team will review the Planning and Design Code and will update and seek input from the Urban Planning Committee and Elected Members as appropriate.

4. Writes to the Minister of Planning to confirm the intention not to proceed with Part 2 of the Housing Diversity DPA or other policy changes (other than the Seacliff Park DPA), and also of Council's intention to pursue the best outcomes for our community as part of the Code implementation process.

Carried Unanimously

Asset Management Strategy

Report Reference: GC191008R09

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Ian Crossland**

That Council endorses:

1. The Draft Asset Management Strategy (Appendix 1).

Carried Unanimously

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Maggie Duncan**

That:

1. the following items be endorsed en bloc:
   - Policy Review - Final Community Gardens Policy (GC191008R10)
   - Policy Review - Draft Environmental Policy (GC191008R11)
   - Policy Review - Draft Waste Management Policy (GC191008R12)

Carried Unanimously

Policy Review - Final Community Gardens Policy

Report Reference: GC191008R10

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Maggie Duncan**

That Council:

1. Notes the outcomes of the public consultation on the Draft Community Gardens Policy (Attachment 1);

2. Endorses the Final Community Gardens Policy (Attachment 2);

3. Amends the 'Leasing and Licensing of Council Owned Facilities Policy' to remove the requirements for community garden groups to pay lease or license fees and water rates for community gardens on Council owned land.

Carried Unanimously

Policy Review - Draft Environmental Policy

Report Reference: GC191008R11

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Maggie Duncan**

That Council:

1. Endorses the Draft Environmental Policy (Attachment 1) for public consultation;

2. Notes that final draft Environmental Policy and summary of public consultation findings will be brought to Council for consideration and endorsement in December 2019.

Carried Unanimously

Policy Review - Draft Waste Management Policy

Report Reference: GC191008R12

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Maggie Duncan**

That Council:

1. Endorse the Draft Waste Management Policy (Attachment 1) for public consultation;

2. Notes that final draft Policies and summary of public consultation findings will be brought to Council for consideration and endorsement in December 2019.

Carried Unanimously

Appointment of Date, Time and Place of Council Meetings

Report Reference: GC191008R13

Moved **Councillor - Ian Crossland** **Seconded** **Councillor - Raelene Telfer**

That Council:

1. Adopt the following meeting cycle to facilitate open, responsive and accountable government as well as the timely conduct of Council's business:
    - General Council Meeting to be held on Tuesday, 28 January 2020.
    - General Council Meetings to be held on the 2nd and 4th Tuesday of the month in February, March, May, June, August and October.
    - General Council Meetings to be held on the 4th Tuesday of the month in April, July, September, and November.
    - General Council Meeting to be held on Tuesday, 8 December 2020.
    - General Council meetings will be held in the Chamber, at the City of Marion Administration Centre, 245 Sturt Road, Sturt commencing at 6.30pm.

2. Adopts that the Urban Planning Committee meets on the first Tuesday bi-monthly from March 2020 to November 2020.

3. Adopts that the Infrastructure and Strategy Committee meets bi-monthly from February 2020 to December 2020.

4. Adopts the schedule of meeting dates for 2020 provided at Appendix 1 to the report. |

5. Publish the Schedule of Meetings for 2020 in the Guardian Messenger.

Carried

Policy Review - Draft Community Awards and Recognition Policy

Report Reference: GC191008R14

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Joseph Masika**

That Council:

1. Endorses the draft Community Awards and Recognition Policy.

Carried Unanimously

Elected Member Representatives for various positions 2019 - 2020

Report Reference: GC190819R15

MEETING EXTENSION

Moved Councillor Veliskou **Seconded Councillor Crossland**

That:

1. the meeting be extended until the conclusion of the following items:
- Elected Member Representatives for Various Positions 2019-2020 (GC191008R15)
- Review of Neighbourhood Centre Exercise Class Fee Schedule (GC191008R16)

Carried

9.25pm meeting extended

Chair sought and was granted leave of the meeting to suspend formal meeting procedures to enable discussion on the item.

9.26pm formal meeting procedures suspended.

9.34pm formal meeting procedures resumed

CONFLICT OF INTEREST

Councillors Crossland and Veliskou declared conflicts of interest in the matter as they were being nominated as Chairs of the Committees and if successful would receive an additional allowance for the positions and left the meeting.

9.35 pm Councillors Crossland and Veliskou left the meeting

Moved **Councillor - Nathan Prior** **Seconded** **Councillor - Maggie Duncan**

That Council:

1. Appoints Councillor Gard and Councillor Shilling to the Finance and Audit Committee for a term commencing on 28 November 2019 and concluding on 30 November 2020.

2. Appoints Councillor Prior, Councillor Duncan, and Councillor Masika, to the Urban Planning Committee for a term commencing on 28 November 2019 and concluding on 30 November 2020.

3. Appoints Councillor Crossland as the Presiding Member of the Urban Planning Committee for a term commencing on 28 November 2019 and concluding on 30 November 2020.

4. Appoints Councillor Clancy, Councillor Hutchinson and Councillor Shilling, to the Review and Selection Committee for a term commencing on 28 November 2019 and concluding on 30 November 2020.

5. Appoints Councillor Gard, Councillor Telfer, Councillor Hull, and the Elected Member elected to fill the casual vacancy to the Infrastructure and Strategy Committee for a term commencing on 28 November 2019 and concluding on 30 November 2020.

6. Appoints Councillor Veliskou as the Presiding Member of the Infrastructure and Strategy Committee for a term 28 November 19 to 30 November 2020.

Carried Unanimously

9.37pm Councillors Crossland and Veliskou re-entered the meeting

Review of Neighbourhood Centres Exercise Class Fee Schedule

Report Reference: GC191008R16

Moved **Councillor - Ian Crossland** **Seconded** **Councillor - Raelene Telfer**

That:

1. formal meeting procedures be suspended to enable discussion on the item

9.34pm formal meeting procedures suspended
9.38pm formal meeting procedures resumed

Moved **Councillor - Jason Veliskou** **Seconded** **Councillor - Maggie Duncan**

That:

1. Council Notes this report.

2. Council Adopts Option 2 [$5 per class with unlimited classes after paying for 3 classes] for the costs of exercise classes at Neighbourhood Centres.

3. The fees and charges schedule be updated to reflect this pricing.

4. The head petitioners be advised of the Council resolution

AMENDMENT:

Moved **Councillor - Ian Crossland** **Seconded** **Councillor - Luke Hutchinson**

That:

1. Council Notes this report.

2. Council Adopts Option 2 ($5 per class with unlimited classes across all neighbourhood centres after paying for 3 classes) for the costs of exercise classes at Neighbourhood Centres for the remainder of the 2019/20 financial year

3. The cost increases to $7 per class (with unlimited classes across all neighbourhood centres after paying for 3 classes) for the costs of exercise classes at Neighbourhood Centres from 2020/21.

4. The 2019/20 fees and charges schedule be updated to reflect the Option 2 pricing. |

5. The head petitioners be advised of the Council resolution

Amendment to become the motion was carried

The amended motion was

Carried

CORPORATE REPORTS FOR INFORMATION/NOTING - Nil

WORKSHOP / PRESENTATION ITEMS - Nil

MOTIONS WITH NOTICE - Nil

QUESTIONS WITH NOTICE - Nil

MOTIONS WITHOUT NOTICE - Nil

QUESTIONS WITHOUT NOTICE - Nil

OTHER BUSINESS - Nil

ITEMS NOT CONSIDERED

The following items were not considered at the meeting:

- Policy Review - Draft Sister Cities Policy (GC191008R17)
- Policy Review - Draft Disposal of Land and Assets Policy (GC191008R18)
- Policy Review - Draft Economic Development Policy (GC191008R19)
- Review of Hire Charges of Council Operated Facilities (GC191008R20)
- Urban Activation Project - Data Update (GC191008R21)
- Leases and Licences Update (GC191008R22)
- Elected Member Conduct Register (GC191008M01)
- Citizenship Dress Code (GC191008M02
- Rescission Motion - Youth Engagement and Consultation Report (GC191008M03)

MEETING CLOSURE

Council shall conclude on or before 9.30pm unless there is a specific motion adopted at the meeting to continue beyond that time.

MEETING CLOSURE - Meeting Declared Closed at 9.45pm

CONFIRMED THIS 22 DAY OF OCTOBER 2019

.....
CHAIRPERSON

Confirmation of the minutes for the Special General Council Meeting held on 15 October 2019

Originating Officer Governance Officer - Victoria Moritz

Corporate Manager Manager Corporate Governance - Kate McKenzie

Report Reference: GC191022R02

RECOMMENDATION:

That the minutes of the Special General Council Meeting held on 15 October 2019 be taken as read and confirmed.

ATTACHMENTS:

#	Attachment	Type
1	SGC191015 - Final Minutes	PDF File

MINUTES OF THE SGC191015 - SPECIAL GENERAL COUNCIL MEETING

Tuesday, 15 October 2019 at 06:30 PM

Council Administration Centre, 245 Sturt Road, Sturt

PRESENT :

Elected Members

Mayor - Kris Hanna, Councillor - Ian Crossland, Councillor - Tim Gard, Councillor - Jason Veliskou, Councillor - Nathan Prior, Councillor - Raelene Telfer, Councillor - Luke Hutchinson, Councillor - Kendra Clancy, Councillor - Maggie Duncan, Councillor - Matthew Shilling,

In Attendance

Chief Executive Officer - Adrian Skull General
General Manager City Development – Ilia Houridis
General Manager Corporate Services – Sorana
Dinmore Manager Governance – Kate McKenzie
Unit Manager Governance and Council Support – Jaimie Thwaites

OPEN MEETING

The Mayor opened the meeting at 06:30 PM

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

DISCLOSURE

All persons in attendance are advised that the audio of this General Council meeting will be recorded and will be made available on the City of Marion website.

ELECTED MEMBER'S DECLARATION OF INTEREST (if any)

Nil declarations were made

DEPUTATIONS

Nil

CONFIDENTIAL ITEMS

Rescission Motion - Cove Cobras Football Club Tenancy

Report Reference: SGC19115F01

Moved Councillor Prior, Seconded Councillor Veliskou

That:

1. pursuant to Section 90(2), (3)(a) and (3)(g) of the *Local Government Act 1999,* the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Sorana Dinmore, Ilia Houridis, Fiona Harvey, Tony Lines, Kate McKenzie, Jaimie Thwaites, Craig Clarke, and Clare Benn, be excluded from the meeting as the Council receives and considers information relating to the item *Rescission Motion - Cove Cobras Football Club Tenancy*, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to personal information and is the subject of a current confidential order.

Carried

6.32pm the meeting went into confidence

Moved Councillor Veliskou, Seconded Councillor Crossland that formal meeting procedures be suspended.

Carried Unanimously

6.36pm formal meeting procedures suspended

7.12pm Councillor Veliskou left the meeting

7.14pm formal meeting procedures resumed

7.16pm Councillor Veliskou re-entered the meeting

Moved Councillor Veliskou, Seconded Councillor Prior that formal meeting procedures be suspended.

Carried Unanimously

7.27pm formal meeting procedures suspended

7.41pm formal meeting procedures resumed

Moved Councillor Shilling, Seconded Councillor Hutchinson

1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council

orders that the minutes arising from the report, Rescission Motion – Cove Cobras Football Club Tenancy', having been considered in confidence under Section 90(3)(a) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection until after the Cove Cobras Football Club have been advised of the resolution.

2. Notwithstanding the confidentiality order of Council, as resolved with this report, the Council authorises the Chief Executive Officer or his delegate/s to advise affected parties of Council's resolutions regarding this matter.

Carried Unanimously

7.55pm the meeting came out of confidence

CORPORATE REPORTS FOR DECISION

Local Government Reforms - Council Submission

Report Reference: SGC191015R01

Moved Councillor Crossland, Seconded Councillor Telfer that formal meeting procedures be suspended to enable discussion on the item.

Carried Unanimously

7.52pm formal meeting procedures suspended

8.20pm formal meeting procedures resumed

Moved Councillor Prior, Seconded Councillor Telfer

That Council:

1. Adopts the submission to Minister Knoll provided in Appendix 1 to this report regarding the proposed Local Government Reforms subject to the following amendments:

    - item 1.5 - last sentence to be amended to read 'Council would need to know more and request more information about the process'.
    - item 1.9 - Council agrees with forming a new conduct framework. It is opposed to a new Committee, as it will add an additional layer of bureaucracy. Council supports in principle model 3, however Council is curious about how the model would work (e.g. how would it function, what would the cost be, timings etc)
    - item 1.17 - disagree. Although this may create consistency across the sector, Council may end up paying more than they wish if it is set independently
    - item 3.4 - disagree
    - item 3.6 - no comment
    - item 3.7 - agreed - identifying if they reside within Council area and the ward area

- item 3.11 - disagree. To avoid use for commercial purposes and protect security of people's information.
- item 4.12 - agree. Avoid the need for hard copies to be available but can be provided in hard copy at request (for a fee).

Carried Unanimously

OTHER BUSINESS

Nil

MEETING CLOSURE - Meeting Declared Closed at 8.24pm

CONFIRMED THIS 22 DAY OF OCTOBER 2019

.....
CHAIRPERSON

COMMUNICATIONS

CITY OF MARION

Mayor Communication Report

Date of Council Meeting 22 October 2019

Name of Elected Member Mayor - Kris Hanna

Report Reference GC191022R03

Details

Date	Event	Comments
20/9/19	Crown Street Reserve Opening	Hosted event; opened reserve
21/9/19	Marion City Band 50th Birthday Celebrations	Attended; gave speech
21/9/19	Cultural Night organised by Adelaide University Rotaract Club	Attended
23/9/19	Lecture: Christian Witness in a Multicultural and Multifaith World	Attended
23/9/19	Campbelltown Council Mayor, Councillors and staff	Met the working party to tour Marion Cultural Centre
24/9/19	Ascot Park Primary School Special Gymnastics Assembly	Attended
26/9/19	CoastFM Radio Segment	Interviewed by host Dave Hearn
26/9/19	Coastal Climate Change Information Session	Attended; gave speech
28/9/19	Citizenship Ceremonies (x3)	Attended; gave speeches
2/10/19	Marino Residents Association representatives re: boundary reform	Attended
2/10/19	Afghan Cycles documentary launch	Attended; gave speech
4/10/19	Meeting with Adelaide Property Brokers re: a planning decision	Attended
5/10/19	Meeting with Dr Abu Sitta	Attended
6/10/19	Bangladesh Puja and Cultural Society, Durga Puja Festival	Attended
7/10/19	Meeting with Tony Kernahan, President of Cove Football Club	Attended
11/10/19	Finance and Audit Committee interviews	Attended
12/10/19	Citizenship ceremonies (x2)	Attended; gave speeches
13/10/19	Marriage vows renewal ceremony	Attended
14/10/19	Marion Hotel Launch Party	Attended
15/10/19	Mitchell Park Oval Playground Upgrade Opening	Attended; gave speech

CITY OF MARION

Deputy Mayor Communication Report

Date of Council Meeting 22 October 2019

Name of Elected Member Councillor - Matthew Shilling

Report Reference GC191022R04

Details

Date	Event	Comments
28/9/19	Attended 2 Citizenship Ceremonies	Spoke
1/10/19	Meeting with Cove Cobras, SFL President, and Mat Duldig (SANFL)	Adrian Skull, Fiona Harvey and Craig Clarke were present
1/10/19	Southern Hills Ward Briefing	
12/10/19	Attended 2 Citizenship Ceremonies	Spoke
16/10/19	Met with Sorana Dinmore	

CITY OF MARION

CEO and Executive Communications Report

Date of Council Meeting 22 October 2019

Report Reference GC191022R03

Details

Date	Activity	Attended By
25 September 2019	Meeting | Fiona Harvey, Sorana Dinmore, Craig Clarke, Tony Kernahan (Cove Football Club Preident)	Fiona Harvey Sorana Dinmore
25 September 2019	Meeting | Housing Renewal Australia re Stormwater at Oaklands Park	Tony Lines
25 September 2019	Meeting | Council Ready Governance Group	Tony Lines
26 September 2019	Meeting | Indigenous Land and Sea Corporation & Indigenous Business Australia re LKCC	Tony Lines
28 September 2019	MC | Three Citizenship Ceremonies	Tony Lines
1 October 2019	Meeting | Adrian Skull, Cr Matthew Shilling, Fiona Harvey, Craig Clarke, Tony Kernahan (Cove Football Club President), Scott Gill - (Cove Football Club committee member), Craig Warman (Southern Football League President) Mat Duldig (SANFL)	Adrian Skull
1 October 2019	Meeting | Adrian Skull & Mark Goldstone (CEO City of Adelaide)	Adrian Skull
2 October 2019	Meeting | Minister's LG Reform CEO's Reference Group - Workshop Session	Adrian Skull
2 October 2019	Meeting | Fleet Management/Procurement - Cities of Charles Sturt, Port Adelaide Enfield and Marion	Tony Lines Sorana Dinmore
3 October 2019	Move It Marion Program Launch	Ilia Houridis
3 October 2019	Meeting | Adrian Skull (City of Marion), Mark Dowd (City of Onkaparinga), Nikki Govan (SAEDB) and Andrew Downs (SAGE)	Adrian Skull
3 October 2019	Board Meeting | SAEDB	Adrian Skull

3 October 2019	Meeting | Adrian Skull, Tony Gray and Anthony Genovese (JLTA) re 2019 Scheme update	Adrian Skull
8 October 2019	Meeting | Mayor Kris Hanna, Adrian Skull and Steve Murray MP	Adrian Skull
10 October 2019	Collaboration Meeting |Cities of Charles Sturt and Marion	Tony Lines
11 October 2019	Cross Council Collaboration ICT meeting	Sorana Dinmore
12 October 2019	MC | Citizenship Ceremonies (2)	Adrian Skull
15 October 2019	Mitchell Park Oval Playground Upgrade Celebration	Sorana Dinmore Ilia Houridis
15 October 2019	Meeting | LKCC Steering Group Sub Committee	Tony Lines
16 October 2019	Meeting | Adrian Skull, Adam Luscombe (SAALC) and Carolyn Morris (CEO YMCA)	Adrian Skull
16 October 2019	Meeting | Draft Planning & Design Code Briefing - Meeting with Mayor Kris Hanna, Adrian Skull and Michael Lennon - Chair, State Planning Commission, Anita Allen and Rhiannon Hardy - DPTI	Adrian Skull
16 October 2019	Meeting | Fleet Management/Procurement with Cities of Charles Sturt, Port Adelaide Enfield and Marion	Tony Lines Sorana Dinmore
17 October 2019	SAALC Governance Meeting	Adrian Skull
22 October 2019	Meeting | Local Government Chief Executives - Productivity Commission Roundtable	Adrian Skull

ELECTED MEMBER VERBAL COMMUNICATIONS

In accordance with the *Code of Practice - Procedures at Council Meetings 2017/18* an Elected Member has the right to speak for up to two minutes in the second meeting of Council every second month from February (with the exception of caretaker period).

ADJOURNED ITEMS - Nil

DEPUTATIONS

Mr George Dunlop - Resident

Originating Officer Elected Member Support Officer - Tom Matthews

Corporate Manager Manager Corporate Governance - Kate McKenzie

Report Reference: GC191022D01

SPEAKER:

Mr George Dunlop

ORGANISATION:

Resident

COMMENTS:

Mr Dunlop has requested to give a deputation to Council about the levels of noise around Delaine Avenue, Edwardstown.

Mr Steve Robertson - Resident

Originating Officer	Elected Member Support Officer - Tom Matthews
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference:	GC191022D02

SPEAKER:

Mr Steve Robertson

ORGANISATION:

Resident

COMMENTS:

Mr Steve Robertson has requested a deputation regarding his opposition to the closure of Diagonal Way.

A copy of his correspondence on the matter to the CEO is attached under the Diagonal Way Corporate Report in this agenda - Report Reference GC191022R14.

CITY OF MARION

COMMITTEE RECOMMENDATIONS

Confirmation of Minutes of the Infrastructure and Strategy Committee Meeting - 1 October 2019

Originating Officer	Executive Assistant to General Manager Corporate Services - Louise Herdegen
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R06

REPORT OBJECTIVE

The purpose of this report is to facilitate the receiving and noting of the minutes from 1 October 2019 Infrastructure and Strategy Committee meeting.

EXECUTIVE SUMMARY

A summary of items considered by Committee Members are noted below. Key discussion points for each item are outlined within the attached minutes (Appendix 1):

- Business Arising Statement - Action Items
- South Australian Productivity Commission
- City Transport and Moveability Plan
- Seaview High School Sports Facilities Partnership
- Oaklands Smart Precinct Project - Update
- Capital Construction Program - Update
- Review of Use of Economic Statement
- Corporate Information and Communication Technology Update

RECOMMENDATION

That Council:

1. **Receives and notes the minutes of the Infrastructure and Strategy Committee meeting of 1 October 2019.**
2. **Notes that separate reports will be brought to Council for consideration of any recommendations from the Infrastructure and Strategy Committee.**

Attachment

#	Attachment	Type
1	ISC191001 - Draft Minutes	PDF File

MINUTES OF THE ISC191001 - INFRASTRUCTURE AND STRATEGY COMMITTEE MEETING - 1 October 2019

Tuesday, 01 October 2019 at 06:30 PM

Council Administration Centre, 245 Sturt Road, Sturt

PRESENT :
Mayor - Kris Hanna, Councillor - Matthew Shilling, Councillor - Tim Gard, Councillor - Bruce Hull

In Attendance:
Chief Executive Officer - Adrian Skull
General Manager Corporate Services - Sorana Dinmore
General Manager City Services - Tony Lines
General Manager City Development - Ilia Houridis
Manager Engineering & Field Services - Mathew Allen
Acting Manager Innovation & Strategy - Cass Gannon
Acting Manager City Property - Clare Benn
Unit Manager Sport & Recreation Facilities - James O'Hanlon
Acting Unit Manager Open Space and Recreation Planning – Renee Pitcher
Strategy Leader - Elaine Delgado
Smart Cities Project Officer - Georgie Johnston

Councillor Jason Veliskou
Councillor Raelene Telfer
Councillor Maggie Duncan

OPEN MEETING

In the absence of the Chair, the Chief Executive Officer opened the meeting at 6.36 pm on Tuesday, 1 October 2019.

Nominations for Chair

In the absence of the Chair the Chief Executive Officer called for nominations for a chair to preside over the meeting. The following nominations were received:

- Councillor Shilling

Moved Councillor Hull **Seconded Councillor Gard**

That Councillor Shilling be nominated to preside over the meeting.

Carried

KAURNA ACKNOWLEDGEMENT
We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

ELECTED MEMBER'S DECLARATION (if any)

DRAFT

CONFIRMATION OF MINUTES

Confirmation of the minutes for the Infrastructure and Strategy Committee Meeting held on 4 June 2019 and 2 July 2019

Report Reference: ISC191001R01

Moved **Councillor - Tim Gard** **Seconded** **Mayor - Kris Hanna**

That the minutes of the Infrastructure and Strategy Committee Meeting held on 4 June 2019 and 2 July 2019 be taken as read and confirmed.

Carried Unanimously

BUSINESS ARISING

Review of the Business Arising from previous meetings of the Infrastructure and Strategy Committee Meetings

Business Arising Statement - Action Items

Subject

Report Reference ISC191001R02

Moved **Mayor - Kris Hanna** **Seconded** **Councillor - Tim Gard**

That the Infrastructure and Strategy Committee:

1. Notes the business arising statement, meeting schedule and upcoming items.

Carried Unanimously

WORKSHOP / PRESENTATION ITEMS

South Australian Productivity Commission

Report Reference GC191001R03

The Chief Executive Officer presented a summary of the collaboration achievements of the City of Marion, City of Charles Sturt and City of Port Adelaide Enfield that have been highlighted in the draft report on the South Australian Productivity Commission (SAPC) Inquiry into Local Government Costs and Efficiency.

DRAFT

6:40 pm Mayor Hanna left the meeting. Quorum was lost however the committee agreed to continue with the presentation and discussion.

Following the presentation, the discussion points are noted below:

- would like to see more done to dissect the business ie ways of cutting costs
- real enthusiasm between the councils for collaboration
- opportunities in the future
    - integrated IT systems
    - planning and development reform
    - utilities optimisation - potential for substantial savings
    - civil construction incl asset management - review starting this month
    - fleet management - better utilisation of fleet

7:15 pm Mayor Hanna returned to the meeting. Quorum resumed.

- neighbouring council's may be open to collaboration in future as savings realised by the Cities of Marion, Charles Sturt & Port Adelaide Enfield.

CONFIDENTIAL ITEMS - Nil

REPORTS FOR DISCUSSION

City Transport and Moveability Plan

Report Reference ISC191001R04

The Manager Engineering & Field Services and Strategy Leader gave a presentation on the City Transport and Moveability Plan that is being developed to meet the requirements of Council's Business Plan 2019-2023.

The following discussion points were noted:

- development of the plan is in the initial stages
- it is important the plan considers transport needs within the broader regional context and potential increase in use of electric and autonomous vehicles
- Beames Scooters have contacted Council to query the potential to supply scooters for public use which requires Ministerial approval. Potential impacts on safety and visual amenity were raised.
- basis of plan should be what people need to move around the City of Marion
- Community feedback on issues relating to travel could be sought to inform the plan
- back to basics / awareness of ageing population - focus on trip hazards on footpaths, overhanging trees, potholes, access for prams / gophers / walkers

Action: Topic to be added to the Elected Member Forum in February 2020.

Moved **Councillor - Tim Gard** **Seconded** **Councillor - Bruce Hull**

That the Infrastructure and Strategy Committee:

1. Note the report.

2. Provide input into the project's opportunities, challenges and scope.

3. Provide feedback on the development of a Transport and Moveability policy and plan.

Carried

Seaview High School Sports Facilities Partnership

Report Reference ISC191001R05

Prior to the commencement of this item, there was a brief discussion between Councillor Hull and Councillor Shilling regarding perceived conflict of interest. It was decided Councillor Hull would stay in the meeting to keep quorum but would not have any discussion on the matter and could vote as it is not a decision making committee.

The Acting Manager City Property and the Unit Manager Sport & Recreation Facilities discussed the possible options for a multi-purpose facility at Seaview High School.

The following discussion points were noted:

- oval heavily used and not possible to expand capacity further
- concerns around building a community asset that would have limited community use (unavailable during school hours), with a potential lack of control over the facility management
- Council would have full control over community assets on Tarnham Road site
- Management model not formalized
- Council to be presented with a range of options and indicative costings. May need to rescind previous Council decision.

Moved **Mayor - Kris Hanna** **Seconded** **Councillor - Tim Gard**

That the Infrastructure and Strategy Committee:

1. Notes the report.

2. Provides feedback on the range of options to progress this initiative.

3. Notes a report will be presented to Council on a preferred range of option(s) to progress.

Carried

REPORTS FOR NOTING

Oaklands Smart Precinct Project - Update

Report Reference ISC191001R06

The Acting Manager Innovation & Strategy and Smart Cities Project Officer provided an update on the Oaklands Smart Precinct Project. The following discussion points were noted:

- A letter has been sent to Minister Knoll regarding the opportunity add smart infrastructure to the DPTI carparking at Oaklands Station.
- Potential to include smart drinking water fountains in the project design following discussions with SA Water.
- Detailed design for the precinct is underway which will assist members with understanding the project.

Moved **Mayor - Kris Hanna** **Seconded** **Councillor - Tim Gard**
That the Infrastructure and Strategy Committee:

1. Notes the Oaklands Smart Precinct Project progress report (Appendix 1).

Carried Unanimously

Capital Construction Program - Update

Report Reference ISC191001R07

The General Manager City Services provided an overview of the quarterly capital construction progress. The following discussion points were noted:

- working on 4 designs including revised streetscape program
- carryover streetscaping / LED street lights expected to be completed by the end of the year
- resourcing impacted the completion of some works.

Moved **Councillor - Tim Gard** **Seconded** **Councillor - Bruce Hull**
That the Infrastructure and Strategy Committee:

1. Notes the report.

Carried Unanimously

DRAFT

Review of Use of Economic Statement

Report Reference ISC191001R09

Moved **Mayor - Kris Hanna** **Seconded** **Councillor - Tim Gard**

That the Infrastructure and Strategy Committee:

1. Notes this report
2. Notes that no future Economic Statements will be produced

Carried Unanimously

Report Reference ISC191001R08

Corporate Information and Communication Technology Update

The General Manager Corporate Services provided an update on the progress of the corporate information and communication technology projects. The following discussion points were noted:

- encouraged by all the work that has been done to date
- focus is on what we can do better particularly with our customers (internal & external) and achieving planned outcomes.

Moved **Mayor - Kris Hanna** **Seconded** **Councillor - Tim Gard**
That the Infrastructure and Strategy Committee:

1. Notes the update on the Corporate ICT Function, next steps and priority projects for the 19/20 financial year

Carried Unanimously

OTHER BUSINESS - NIL

MEETING CLOSURE
The meeting shall conclude on or before 9.30pm unless there is a specific motion adopted at the meeting to continue beyond that time.

MEETING CLOSURE - Meeting Declared Closed at 09:24 PM

CONFIRMED THIS 5TH DAY OF NOVEMBER 2019

.....
CHAIRPERSON

DRAFT

Confirmation of Minutes for the Finance and Audit Committee Meeting 8 October 2019

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R07

REPORT OBJECTIVE

The purpose of this report is to facilitate the receiving and noting of the minutes from the 8th October 2019 Finance and Audit Committee meeting.

EXECUTIVE SUMMARY

Items considered at this meeting are summarised below:

- Elected Member Report
- Annual Financial Statements for the year end 30 June 2019
- Meeting with the External Auditors in Confidence (without management present)
- Internal Audit Plan
- Meeting with the Internal Auditors in Confidence (without management present)
- Mitchell Park Sports and Community Centre revised Section 48
- Service Review Program and Recommendations - Progress Update
- Independence of Council's Auditor
- Finance and Audit Committee Annual Report to Council 2018/19
- Fraud and Corruption Management Annual Performance Report 2019
- Debtors Report
- Investment Performance 2018/19
- Internal Audit Program - Implementation of Recommendations

RECOMMENDATION

That Council:

1. **Receives and notes the minutes of the Finance and Audit Committee Meeting of 8 October 2019 (Appendix 1).**
2. **Notes that separate reports will be bough to Council for consideration of any recommendations from the Finance and Audit Committee.**

Attachment

#	Attachment	Type
1	FAC191008 -Final Minutes	PDF File

FAC191008 - FINANCE AND AUDIT COMMITTEE MEETING - 8 October 2019

Tuesday, 08 October 2019 at 09:30 AM

Council Administration Centre, 245 Sturt Road, Sturt

IN ATTENDANCE

Mr Greg Connor (Chair), Mrs Emma Hinchey, Ms Natalie Johnston, Councillor Clancy

In Attendance

Mr Adrian Skull	Chief Executive Officer
Ms Sorana Dinmore	General Manager, Corporate Services
Mr Tony Lines	General Manager City Services
Ms Illa Houridis	General Manager City Development
Mr Ray Barnwell	Manager Finance
Ms Kate McKenzie	Manager Corporate Governance
Mr Dave Harman	Unit Manager, Statutory Finance & Payroll
Ms Karen Brewster	Acting, Innovation Leader
Ms Sherie Walzcak	Unit Manager Risk
Mr Lee Girolamo	Deloitte Touche Tohmatsu
Mr Charlie Hall	Deloitte Touche Tohmatsu
Mr Eric Beere	KPMG
Mr James Rivett	KPMG
Mr Michael Richardson	BRM Advisory

OPEN MEETING

The Chair opened the meeting at 09:30 AM.

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

ELECTED MEMBERS DECLARATION (if any)

CONFIRMATION OF MINUTES

Confirmation of the minutes for the Finance and Audit Committee Meeting held on 20 August 2019 Report Reference: FAC191008R01

Moved Councillor Clancy, Seconded Ms Johnston

1. That the minutes arising from the Finance and Audit Committee Meeting held on 20 August 2019 be taken as read and confirmed subject to the typos identified.

Carried Unanimously

BUSINESS ARISING

Business Arising Statement
Report Reference: FAC191008R02

That the Finance and Audit Committee notes the Business Arising Statement and the work program presented in the agenda. The Committee noted that all reports were listed in accordance with the schedule.

The Committee noted that at the previous meeting, the desktop review of infrastructure construction was noted and a report was to be bought back to the Committee in October / November 2019. The Committee requested that this be added to the schedule of reports.

ACTION: that a report on the desktop review of Infrastructure Construction be bought to the December 2019 Finance and Audit Committee Meeting.

CONFIDENTIAL ITEMS - Nil

REPORTS FOR DISCUSSION

Elected Member Report
Report Reference: FAC191008R03

The Committee enquired about the Council decision regarding the Cove Cobra Football Club and the media attention around the matter. It was noted that the Council had undertaken an independent investigation and determined to not renew the clubs tenancy on the basis of a finding of inappropriate, sexist and intimidating behaviour. The Committee noted the community interest and that Council would receive a petition with approximately 6500 signatures. The Committee also queried if the Club had been provided natural justice as part of the process and it was noted that the Club had been aware of issues for a long time.

Annual Financial Statements for the year ended 30 June 2019
Report Reference: FAC191008R04

Mr Lee Girolamo from Deloittes provided an overview and thanked staff for the smooth audit.

He noted that the audit was completed in accordance with the requirements of the Local Government Act and the accounting standards. The Audit is now substantially complete and no misstatements with a material impact were noted. Additionally, no insufficiencies in internal controls were identified however some control observations were made.

The audit procedure focused on audit risks and included the following:

- Infrastructure, Property, Plant and Equipment (IPPE)
- Rates, revenue and grants.
- Grant income – ensuring the funds are expended in accordance with the agreement. No issues noted

The Committee made the following comments:

- That new accounting standards in relation to leases and revenue will commence for the year end June 2020 and Council will need to comply.

- That detailed testing had occurred on expenditure and strong controls were evident
- All journals reviewed had appropriate explanation
- All minor matters raised have been rectified by management.
- A total of 103 internal controls were tested and risk rated. Only two (2) items, noted as insignificant, were identified. One relating to the process of review for the Register of Allowances and Benefits and the other relating to the system being able to report changes to the Masterfile in Authority. The Committee noted that this can still be tracked and you can see who made the last change, however the system can't produce a report. The Committee asked that the recommendations be tracked as part of the internal audit recommendations so the Committee can see the progress at each meeting.

  Action - Add the external audit recommendations to the report for the internal audit recommendations to ensure consistency in reporting.

The Manager Finance also made the following comments on the Annual Financial Statements:

- Council's Auditors have indicated that they expect to issue an unmodified audit opinion.
- The Council recorded an operating surplus of $12.134m, compared to an operating surplus of $10.904m for 2017/18 and $7.740m greater than the surplus forecast in the original adopted 2018/19 budget. The analytical review provided on pages 34-36 of the agenda outlines the key variances from both original budget and movement from prior years accounts
- Total Operating income for 2018/19 was $95.637m compared to $92.566m in 2017/18. The increase of $3.071m predominantly results from an increase in Rates of $2.3m (from an adopted rate increase of 1.8% + growth) in addition to the advance receipt of 2019/20 and 2020/21 Supplementary Road grant funding of $0.963m.
- Total Operating expense for 2018/19 was $83.503m compared to $81.662m in 2017/18. The increase of $1.841m (2.3%) predominantly relates to an increase in Materials, Contracts & Other Expenses of $2.313m (7.5%) which includes a significant once-off cash contribution ($1m) to the Oaklands Crossing grade separation project, election expenses incurred every 4 years ($0.367m) and other annual increases to waste collection and utilities..
- Employee costs came in slightly below adopted 2018/19 budget at $34.8m but increased $1.587m (4.8%) from 2017/18 including annual increases from Enterprise Agreements (2.3% Salary and 2.5% Wages) and lower than average capitalised labour (where staff costs are allocated to capital works). In addition, there were increases to grant funded positions ($170k) and Council approved positions ($211k).
- Other key variances reported on the Statement of Comprehensive Income are Amounts Received Specifically for New or Upgraded Assets (up $3.117m) predominantly relating to State Government Grants received for the Sam Willoughby International BMX Track ($1.3m) and Birch Crescent Streetscape ($1.8m). Physical resources received free of charge has increased by $5.189m primarily due to contributed assets relating to the Tonsley redevelopment. Depreciation has dropped by 11%.
- The key ratios are strong and reflect solid cash position. Council currently has $38m in reserves, however there are a number of large projects in the 2019/20 budget which are due to commence shortly that will use some of these reserves.

The Committee cautioned the Council about how many major projects are being managed at one time to ensure resources are adequately allocated. It may be a significant risk to manage three major projects at the one time without appropriate resources.

The Committee also noted/queried:

- That the financial ratios look fabulous and terrible at the same time. The Council is in a strong position but is keeping a lot in reserves. Is Council collecting too much from rates and not doing enough with it? The Capital works program this year is $44m (including) Mitchell park. It would be good to demonstrate how the key ratios appear each year under the LTFP.

  Action – The key ratios are to be calculated for each year of the LTFP and brought to the next meeting.

- Council needs to ensure that its KPI's are enabling the business to function and not restricting its ability to delivery.
- The increase in carryovers and noted that $9.8m related to grants plus $1m for the Asset Management System and $1.8 for Streetscapes retimed to future years.
- That the Buildings Asset Renewal program which has yet to be defined will impact on the ratios.
- Why the insurance rebate is considered as income and not a reduction in the expenditure?

  Action: In the Business Arising statement for the next meeting, please provide details as to why the insurance rebate is considered as income and not a reduction in the expenditure?

- Why the sundry debtors had increased - it was noted that this mainly related to significant grant funding for Tonsley Greenway ($1.7m) and the final grant payment for the Edwardstown redevelopment ($400k). These grants had been invoiced prior to year-end but funding had not been received at the end of the financial year.
- That the Materials, Contracts and Other expenses has increased by $1m due to the once-off cash contribution to Oaklands grade separation project.
- The two regional subsidiary financial statements. The Committee noted SRWRA is doing well but didn't provided a dividend this year however they are looking strong and spending the surplus on improvements to the business. The Committee questioned what the long term outlook for Council Solutions is, as Council is doing a lot with Charles Sturt and Port Adelaide Enfield. The Committee noted that there is low risk for Council using other procurement options.

Moved Ms Hinchey, Seconded Councillor Clancy

That the Finance and Audit Committee:

1. Recommends to Council that the audited Annual Financial Statements for the year ended 30 June 2019, as included at Attachments 3-5, be adopted.

2. Notes Deloitte's management letter, as included at Attachment 6.

3. Notes the comparative analysis to prior year Audited Financial Statements and original adopted budget (Analytical Review), as included at Attachment 2.

4. Update the ratios before being presented to Council – 5 year average.

5. Note that the letters will be signed as noted within the Committee reports.

Carried Unanimously

Meeting with the External Auditors in Confidence (without management present)
Report Reference: FAC191008R05

Moved Councillor Clancy, Seconded Ms Hinchey

That the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(g) of the *Local Government Act 1999,* orders that all persons present, be excluded from the meeting, with the exception of Mr Lee Girolamo and Charlie Hall from Deloitte Touche Tomatsu, as the Finance and Audit Committee meets with Council's External Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.

2. Include the following comments within the minutes:

10.23am The Committee moved into confidence

The members of the Finance and Audit Committee met representatives of Deloitte's Lee Girolamo and Charlie Hall without Management present. The Deloitte representatives were asked about the relationship they felt they had with the Management team during the Audit process. Mr Girolamo commented that they had received good support and assistance from the Marion team during the Audit. Information requested was received in a timely and accurate manner. He went on to say that the Marion had added extra controls to their own audits which showed a good culture existing internally.

Adjournment
The Chair requested a 5 minute adjournment
10.35 am the meeting was adjourned
10.40 am the meeting resumed

Internal Audit Plan 2019 -2021
Report Reference: FAC191008R07

Mr Eric Beere and Mr James Rivett from KPMG entered the meeting. Mr Beere advised the Committee that this would be Mr Rivett's last meeting as he had tendered his resignation with KPMG. The Committee thanked Mr Rivett for this work with the Council over the past 4 years and wished him well. The Committee queried Mr Beere about the succession plan? It was noted that this was currently being worked through with the Manager Corporate Governance.

Mr Beere provided an overview of the Internal Audit Plan (IAP) highlighting that the proposed plan was for two years however there was still flexibility within the second year. The IAP proposed four (4) collaborative projects across the two years and was drafted via collaborative workshops (including a joint session with both Executive Teams) and individual stakeholder meetings. He highlighted that there was strong engagement for the collaborative model.

The Committee noted that:

- Five (5) projects had been proposed for year one (1) and three (3) of these were collaborative projects.

- The second year only had one (1) collaborative project however this may change.
- The IAP wasn't a traditional program but more business reviews auditing the effectiveness of the business. A review of the Service Review Program and IAP has been completed to ensure that resources had been allocated appropriately.
- It may be easy to overlook the basics and Council needesto ensure that the internal controls are still adequately audited.
- WHS hadn't been included within the program however, it will be audited via other means (i.e. insurance schemes)
- The Community Facilities management model review didn't include benchmarking. It was noted that this should be included within the scope and ensure best practice is measured.

The Committee queried what interaction had occurred with the external auditors? It was noted that it had been limited to date but KPMG will formalise this and organise to catch up a few times a year.

Moved Councillor Clancy, Seconded Ms Johnston

That the Finance and Audit Committee endorses the draft Internal Audit Plan 2019-21.

Carried Unanimously

Meeting with the Internal Auditors in Confidence (without management present)
Report Reference: FAC191008R06

Moved Ms Hinchey, Seconded Ms Johnston

That the Finance and Audit Committee:

1. Pursuant to Section 90(2) and (3)(g) of the *Local Government Act 1999,* orders that all persons present, be excluded from the meeting, with the exception of Eric Beere and James Rivett from KPMG, as the Finance and Audit Committee meets with Council's Internal Auditors, on the basis that the Finance and Audit Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to commercial information of the Council.

Carried Unanimously

10.49 am The Committee moved into confidence

The Members of the Finance and Audit Committee met representatives of KPMG Eric Beere and James Rivett without Management present. The Committee noted that Mr Rivett was leaving KPMG and was assured by Mr. Beere that he would be replaced by equally experienced staff. When asked about the relationship with the Marion staff Mr Beere commented that the relationship was a good one and that they (KPMG) found Marion staff to be engaged in the process, providing information in a timely manner. They also were very open to constructive comments and the team were able to have healthy debates around a range of issues. He also commented on the excellent support they received from the Corporate Governance area. The next few years where the Collaboration Model will be embedded across the two Councils should see greater learnings, savings and efficiencies coming back to all parties.

Mitchell Park Sports and Community Centre revised Section 48
Report Reference: FAC191008R08

Michael Richardson from BRM Advisory provided an overview of the report highlighting that the project had

a long history and the model had changed from four (4) courts to two (2) courts. There is a lack of indoor courts south of Adelaide. There is a high probability that the courts will be readily sort after. The preliminary decision for four (4) courts was discussed by Council prior to any external funding being received and Council was originally looking for 50% contribution for the project being $10m from Council and $10m externally. Council received $5m commitment from Nicole Flint MP as part of the Federal Election process and the Council resolved to contribute up to $10m and hence, the project was re-scoped to fit within available budget.

The Committee noted the report and made the following comments:

- The calculations for $185k in court hire revenue from the proposed two courts is unclear within the report? It was noted that research undertaken to determine what revenue can be made per court found that, one court can earn up to $100k per annum.
- The operating model for the Centre has the Council managing the facility including the bar and meals. The Committee noted that this would remove this income opportunity from the clubs. It was noted that Mitchell Park is operating with a different management model with the Club currently paying all service staff rather than having volunteers. The Club is currently running cost neutral with no surplus.
- The operating model provides 2.5 FTE council funded positions and if the Neighbourhood Centre is included on this site, the Neighbourhood Centre staff could also assist also with some of the administration requirements during the day Monday-Friday when the courts component of the Centre is less busy.
- Additional elements of the design have been removed to make the project fit the budget. The Committee requested that management confirm that the elements that have been removed, will not impact in the success and/or operations of the site. It was confirmed that these design elements were the 'nice to haves' and not critical to the operations.
- The financial analysis is unclear as the detailed design has not been completed. The Section 48 Prudential Report was unable to comment sufficiently as the financial analysis seems incomplete. The financial information was gathered in 2015 reviewed and updated however in order for the Section 48 Report to be as useful as possible, BRM need access to more up to date information. The Committee suggested that further detailed design work is required which will inform the financials and needs to be completed to understand the full picture before the Committee can recommend to Council to progress with the project. The Committee also suggested that the Return on Investment be calculated for the project with 2 courts and with 4 courts for comparison and decision-making purposes.
- The Community has not been consulted since 2016 and hence further community engagement is required as the design is now different.
- The Council needs to ensure that it has capacity to support the long term running costs of the Centre. The Committee suggested that once the further design work and financials are completed, this will give the Council a better understanding of the financial risks of the project.
- The new design incorporates female facilities and change rooms to support growth in women's AFL.
- The federal government funding has not been received to date. Management is preparing a business case for receipt of the funding deed. It is recognized that this is a marginal seat and highly unlikely that the funding won't be received.
- Council's next iteration of the Long Term Financial Plan will be updated in December to incorporate the changed timing of and any additional costs for this project. The current LTFP includes Council's

contribution of $10m to the capital costs which is currently forecast to be funded through borrowings.

- The budget of $14k for marketing and promotion of the centre won't be enough. It is recommended that an increase in the marketing budget is required to make the project successful.
- The data is too old to make informed decision on.
- Council should review other projects (i.e. Edwardstown and City of Charles Sturt Rec Centre) and the post implementations reviews for any learnings that can be applied. Council could consider inviting the manager from Charles Sturt to sit on the project steering group for independent advice.
- Councils needs to be aware of other projects / competing priorities and ensure that resources are appropriately allocated.
- The project may require some additional project management resourcing to be included within the total project budget.

In summary, the Committee suggested that the project is a good investment for the Community however, the Council consider the following:

1. Completing further detailed design work
2. Updating cost estimates and the financial analysis within the Section 48 report
3. Reviewing the costs to date and the costs to be incurred if detailed design progresses.
4. Completing a return on investment analysis for a two (2) and four (4) court option. If the four (4) court option creates a higher revenue stream and a better return on investment, Council may consider reverting to this option (if the site is suitable for four courts).
5. Reviewing the financial analysis following detailed design to fully understand the long term running cost to Council of the centre.

Service Review Program and Recommendations - Progress Update
Report Reference: FAC191008R09

The Acting Innovation Leader provided an overview of the program highlighting the nine (9) reviews will be completed this financial year. One (1) will be internal only (Neighbourhood and Community Centres) and the eight (8) other reviews will be collaborative with Cities of Charles Sturt and Port Adelaide Enfield. It was noted that the Utility Review was underway and will be completed by January 2020. The Committee noted that there were no barriers to complete the full program by June 2020.

The Committee noted the report and the implementation of recommendations continues.

Independence of Council's Auditor
Report Reference: FAC191008R10

Moved Ms Hinchey, Seconded Ms Johnston

That the Finance and Audit Committee:

1. Notes the statement provided by Council's Auditor attesting to their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2018/19 financial year.

2. Notes that the CEO will be signing a statement that Council's external auditor Deloitte Touche Tohmatsu maintained their independence in accordance with the Local Government (Financial

Management) Regulations 2011 for the 2018/19 financial year.

3. Endorses the Chairperson signing a statement that Council's external auditor Deloitte Touche Tohmatsu maintained their independence in accordance with the Local Government (Financial Management) Regulations 2011 for the 2018/19 financial year.

Carried Unanimously

Finance and Audit Committee Annual Report to Council 2018/19
Report Reference: FAC191008R11

Moved Councillor Clancy, Seconded Ms Hinchey

That the Finance and Audit Committee:

1. Endorses the Annual Report to Council for 2018/19 provided at Appendix 1 to this report, subject to amendments as required, prior to being presented to the General Council meeting on 22 October 2019.

Carried Unanimously

Fraud and Corruption Management Annual Performance Report 2019
Report Reference: FAC191008R12

The Unit Manager Risk provided an overview of the report and project noting that it has focused on proactive initiatives, resourcing and training for staff. The program includes a corporate tool which leaders are required to complete to assist with the testing of internal controls. The actions from the corporate tool are monitored through the Risk Working Group.

It was noted that the Council will be providing mandatory training to all staff regarding the new requirements of the Public Interest Disclosure Act and ICAC refresher training. This will be rolled out before the end of the financial year.

The Committee noted that comments on credit cards and suggested that the Council may need to consider having more cards. They are generally a safe way to purchase with good controls around them.

The Committee suggested that it may be good to have some kind of fraud penetration testing undertaken to test controls and that an update on the records management items be bought back to the next meeting.

ACTION: that an update is provided through the business arising statement on the records management items at the next meeting

REPORTS FOR NOTING

Debtors Report
Report Reference: FAC191008R13

The Committee noted the report and noted that Council will be progressing utilising its powers under S184 to potentially sell properties to recover rates arrears greater than 3 years old in the next few months.

The Committee noted:

- That it is rare that the Council will write off funds and in recent years, this has been minimal ($3k - $6k).
- The Sundry debtors process starts at 60 days. It was suggested that a process step at 30 days should

also be included.

- The City of Charles Sturt have been using the S184 process well and it may be worth looking at to see if there are any opportunities for improvement in our processes.

Investment Performance 2018/19
Report Reference: FAC191008R14

The Committee noted the report and commented that:

- The Council is investing wisely. It was noted that Bank SA have recently been used for investment as they were competitive however, bulk of the Councils investment is with the Local Government Finance Authority (LGFA).
- The average daily cash balance is low however it is used for everyday transactions only. The cash flow can fluctuate from time to time depending the time of year.
- On page 276 of the agenda, the inclusion of the General Bank Account earnings is skewing the performance results and hence, consideration should be given to removing this. The Committee did note that it is included to deter balances from being kept in that low earning account which is a good control but others may be possible.

Internal Audit Program - Implementation of Recommendations
Report Reference: FAC191008R15

The Committee noted the report and that a fulsome review of the timing, intended actions and outstanding recommendations needs to be completed prior to the next meeting.

WORKSHOP / PRESENTATION ITEMS - Nil

OTHER BUSINESS
The Committee acknowledge and thanked Mr Connor for his contribution, advice and knowledge over the past 6 years and wish him well with his future endeavors. Mr Connor also thanked the staff and elected members and expressed his appreciation for being a part of the Committee. He indicated that he had enjoyed his time on the Committee and the Council was in a good position to deliver for its community.

MEETING CLOSURE - Meeting Declared Closed at 12:31 PM

CONFIRMED THIS 10 DAY OF DECEMBER 2019

.....

CHAIRPERSON

CITY OF MARION

Confirmation of Minutes of the Special Review and Selection Committee Meeting 15 October 2019

Originating Officer	Governance Officer - Angela Porter
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R08

REPORT OBJECTIVE

The purpose of this report is to facilitate the receiving and noting of the minutes from 15 October 2019 Special Review and Selection Committee meeting.

EXECUTIVE SUMMARY

A summary of items considered by Committee Members are noted below. Key discussion points for each item are outlined within the attached minutes (Appendix 1):

- Independent Member - Finance and Audit Committee
- Independent Member - Infrastructure and Strategy Committee

RECOMMENDATION

That Council:

1. **Receives and notes the minutes of the Special Review and Selection Committee meeting of 15 October 2019.**
2. **Notes that separate reports will be brought to Council for consideration of any recommendations from the Review and Selection Committee.**

Attachment

#	Attachment	Type
1	RSC191015 - Final Minutes	PDF File

MINUTES OF THE RSC191015 - SPECIAL REVIEW AND SELECTION COMMITTEE

Tuesday, 15 October 2019 at 06:00 PM

Council Administration Centre, 245 Sturt Road, Sturt

PRESENT

Elected Members

His worship the Mayor Kris Hanna
Councillors; Kendra Clancy, Jason Veliskou

In Attendance

Adrian Skull	Chief Executive Officer
Jaimie Thwaites	Unit Manager Governance and Council Support

OPEN MEETING

The Mayor opened the meeting at 06:00 PM

KAURNA ACKNOWLEDGEMENT

We acknowledge the Kaurna people, the traditional custodians of this land and pay our respects to their elders past and present.

ELECTED MEMBERS DECLARATION

Nil declarations were made.

CONFIRMATION OF MINUTES

Confirmation of the minutes for the Review and Selection Committee Meeting held on 24 September 2019

Report Reference: RSC191015R01

Moved Councillor Clancy, Seconded Councillor Veliskou

That

1. the minutes of the Special Review and Selection Committee Meeting held on 24 September 2019 be taken as read and confirmed.

Carried Unanimously

BUSINESS ARISING

Nil

CONFIDENTIAL ITEMS

Cover Report - Independent Member - Finance and Audit Committee

Report Reference: RSC191015F01

Moved Councillor Veliskou, Seconded Councillor Clancy

That:

1. pursuant to Section 90(2) and 90(3)(a) of the Local Government Act 1999, the Review and Selection Committee orders that all persons present, with the exception of the following persons: Adrian Skull and Jaimie Thwaites be excluded from the meeting as the Committee receives and considers information relating to the appointment of an independent member to the Finance and Audit Committee, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person.

Carried Unanimously

6.03pm the meeting went into confidence

Moved Councillor Veliskou, Seconded Councillor Clancy

That the Review and Selection Committee:

1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Review and Selection Committee orders that this report, Independent Member - Finance and Audit Committee and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) of the Act, except when required to effect or comply with the Committee's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

Carried Unanimously

6.06pm the meeting came out of confidence

Independent Member - Infrastructure and Strategy Committee

Report Reference: RSC191015F02

Moved Councillor Clancy, Seconded Councillor Veliskou

That

1. pursuant to Section 90(2) and 90(3)(a) of the Local Government Act 1999, the Review and Selection Committee orders that all persons present, with the exception of the following persons: Adrian Skull and Jaimie Thwaites be excluded from the meeting as the Committee receives and considers information relating to the appointment of an independent member to the Infrastructure and Strategy

Committee, upon the basis that the Committee is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person.

Carried Unanimously

6.07pm the meeting went into confidence

Moved Councillor Clancy, Seconded Councillor Veliskou

That the Review and Selection Committee:

1. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Review and Selection Committee orders that this report, Independent Member - Infrastructure and Strategy Committee and the minutes arising from this report having been considered in confidence under Section 90(2) and (3)(a) of the Act, except when required to effect or comply with the Committee's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

Carried Unanimously

6.15pm the meeting came out of confidence

OTHER BUSINESS

Nil

MEETING CLOSURE

The Committee meeting shall conclude on or before 6.30pm unless there is a specific motion adopted at the meeting to continue beyond that time.

Meeting Declared Closed at 06:15 PM

CONFIRMED THIS 5TH DAY OF NOVEMBER 2019

.....

CHAIRPERSON

CITY OF MARION

PETITIONS

Petition - Delaine Avenue, Edwardstown

Originating Officer	Unit Manager Engineering Services - Mark Griffin
Corporate Manager	Manager Engineering and Field Services - Mathew Allen
General Manager	General Manager City Services - Tony Lines
Report Reference:	GC191022P01

PETITION FROM:

Kathy and George Dunlop

NUMBER OF SIGNATORIES:

69

DATE PETITION RECEIVED:

8 October 2019

CORRESPONDENCE:

We, the undersigned, petition to the City of Marion, in accordance with Section 90(3)(a) of the Local Government Act and The City of Marion Petition Policy, request that the Council to remove the driveway link from Delaine Avenue Edwardstown on the following reasons:
The street has changed immensely since this link was installed in 1997. The speed limit was reduced to 50 km because of the church and now the church does not exist anymore and was replaced with units which are now residential. We consider the driveway, link is no longer necessary or inadequate because it is creating high levels of unacceptable traffic noise by vehicles towing trailer, heavy vehicles and accelerating (gear changes) heavy trucks. Many motorists consider this driveway link a challenge rather than a slow point. Majority do not slow down. There have been multiple incidences of vehicles hitting the bollards.

Due to high level of traffic noise, we residents are experiencing negative health-related quality of life. Traffic noise has exposed us to both cardiovascular disease and diabetes, and health-issues including sleeping problems, hearing loss, annoyance, and stress.

ORIGINATING OFFICER COMMENTS:

Background
Delaine Avenue is approximately 600 metres in length, between Towers Terrace to the rail corridor. It is classified as a collector road within the City of Marion's Road Hierarchy Plan. The road is effectively divided into 3 segments, with the driveway link (the traffic control device in question) being located immediately east of Macklin Street and a roundabout at the intersection with Harris Street. For details on the location, refer to Appendix 2.

The driveway link was installed in 1997 as part of a Local Area Traffic Management study and was supported by the majority of residents. It was designed in accordance with the Code of Technical Requirements and Australian Standard 1742, utilising a combination of landscaping, kerbs and a raised contrasting pavement area to produce a visual impact and to lower vehicle speeds.

Performance of the driveway link
The available traffic data indicates that the driveway link is operating well, as detailed below:

- Since the installation of the driveway link vehicle speeds have significantly reduced –refer to Appendix 3 'Traffic Data Comparisons'.
- A review of crash data for the period from 2014 to 2018, has revealed that only one collision has been reported in the vicinity of the driveway link (near Macklin Street). The details of this accident are:
    - A property damage only crash (PDO) occurring on Wednesday 17 August 2016 – estimated cost $5,000.
    - It involved a west bound vehicle leaving the road and hitting a fixed object (classified as a single vehicle accident) – it should be noted that the driveway link was not mentioned.
    - Apparent error – inattention.

Recent meeting with Mr & Mrs Dunlop – dated 20 February 2019

This meeting discussed the performance, condition and noise levels associated with the driveway link and involved Mr & Mrs Dunlop, Councillor Joseph Masika, Adrian Skull and Mark Griffin. At the time it was related to Mr & Mrs Dunlop that the driveway link was a road safety device and could not be removed based on noise levels. However, the following actions were agreed:

- Undertake a further traffic investigation to determine the effectiveness of the driveway link and ascertain if additional treatment was required. This investigation concluded that the device was operating well and additional treatment or modifying the device was not required or feasible.
- The landscaping of the device would be reviewed. This resulted in Mr Brett Jaggard (Unit Manager Open Space) visiting Mr & Mrs Dunlop to ascertain their concerns and determine what they wanted in regards to the landscaping.

Accordingly:

- Additional planting occurred;
- Various trees have been trimmed;
- Inappropriate plants were removed.

Furthermore, on-going maintenance of landscaping occurs on a regularly basis.

Potential risk and/or concerns with removal

- The aim of this type of device is to influence behaviour with an objective to reduce traffic volumes and speeds within the local road network to improve safety and liveability.
- This is predominantly a residential area and any increase in traffic speeds would potentially increase accidents and/or their severity. Consequently, it would be detrimental to community safety to remove the device.
- As Delaine Avenue is one of only two road crossings over the rail corridor in this area, the removal of the driveway link would make utilisation of the road more attractive, resulting in a transfer of traffic from Angus Avenue (immediately to the south) onto Delaine Avenue. At present the traffic volumes are reasonably balanced over the two roads, that is, in 2017 Delaine Avenue catered for 1,437 vehicles while Angus Avenue carried 1,281 per day (on average).
- Removal of the device would appear to be contrary to National Road Safety Strategy, which advocates that speed reduction is fundamental to improving the safety of the road transport system.
- Noise reduction (amenity) should not take priority over safety (such an occurrence would set a precedent).
- The removal would require a Traffic Impact Statement which must address the safety issues and the effects on all road users. This would mean that these increases in vehicle volumes, speeds and accident potential would be listed within a public document.

Health risks and road noise

The World Health Organisation states that road traffic is the biggest cause of community noise in most cities, and typically noise levels increase with higher traffic volumes and speeds.

Reducing traffic volumes reduces noise exposures, as well as air pollutants. Lower traffic values in neighbourhoods can generate other economic and social co-benefits such as higher property values and increased levels of pedestrian street activity and social interaction.

Conclusion
Generally the driveway link is considered to be operating well with traffic volumes, speeds and behaviour being controlled, this is supported by the traffic data. To remove this device would be detrimental and contrary to road safety strategy.

Therefore it is considered that the driveway link should be retained.

RECOMMENDATION:

That Council:

1. **Notes the report.**
2. **Retains the Driveway Link to ensure lower traffic speeds and maintain road safety.**
3. **Authorises the Head Petitioner be advised of Council's decision.**

ATTACHMENTS:

#	Attachment	Type
1	Appendix 1 - Delaine Ave Petition	PDF File
2	Appendix 2 - Location Plan	PDF File
3	Appendix 3 - Data Comparison	PDF File

RECEIVED
CITY OF MARION
- 8 OCT 2019
Original
File No:

Office Use Only:

Date Petition Received:

.....

Petition to City of Marion

Date: 01 October 2019

Petition Organiser: Kathy and George

Address: 25 Delaine Avenue Edwardstown SA **Contact**: 0427 850 659

We, the undersigned, petition to the City of Marion, in accordance with Section 90(3)(a) of the Local Government Act and The City of Marion Petition Policy, request that the Council to remove the driveway link from Delaine Avenue Edwardstown on the following reasons:

The street has changed immensely since this link was installed in 1997. The speed limit was reduced to 50 km because of the church and now the church does not exist anymore and was replaced with units which are now residential. We consider the driveway link is no longer necessary or inadequate because it is creating high levels of unacceptable traffic noise by vehicles towing trailer, heavy vehicles and accelerating (gear changes) heavy trucks. Many motorists consider this driveway link a challenge rather than a slow point. Majority do not slow down. There have been multiple incidences of vehicles hitting the bollards.

Due to high level of traffic noise, we residents are experiencing negative health-related quality of life. Traffic noise has exposed us to both cardiovascular disease and diabetes, and health-issues including sleeping problems, hearing loss, annoyance, and stress.

No.	Name	Address	Signature
1.	[illegible]	25 DELAINE AVE EDWARDSTOWN	[signature]
2.	[illegible]	25 DELAINE AVE EDWARDSTOWN	[signature]
3.	Gavin Brink	24A De Laine Ave Edwardstown	[signature]
4.	James Sanders	11 De Laine Ave Edwardstown	[signature]

5.	Emily Sanders	11 De Laine Ave Edwardstown	
6.	Jeevan Rijal	16 De Laine Edwardstown	
7.	DEEPAK PAUDEL	16 DE LAINE AVE	
8.	Rajani Maharjan	133/16 De Laine Avenue, Edwardstown	
9.	Manpreet Kaur	1/16 De Laine Avenue	Manpreet
10.	Evan Liang	18C De Laine Ave	
11.	DAVID FÉLIX STAC	24/DE LAINE AVE EDWARDSTOWN	
12.	Robyne Greer	28VE De Laine Ave Edwardstown	RJ Greer
13.	RHYS GRANT	29 DELAINE AVE EDWARDSTOWN	
14.	JUANITA ACKLAND	34B DELAINE AVE EDWARDSTOWN	J.P. Ackland.
15.	ROSS JENKINS	25 MACKLIN ST EDWARDSTOWN	
16.	Meixi Chen	26 De Lain Ave, Edwardstown	
17.	Heather McRae	26C De Laine Ave Edwardstown.	
18.	BEN MCNEIL	27 DE LAINE AVE	EDWARDSTOWN
19.	Dylan Forrest	33 De Laine Ave	Edwardstown
20.	SUE WRIGG	4/37 DELAINE AVE	EDWARDSTOWN.
21.	Mick Townsend	40 DELAINE AVE	"
22.	Blake Hammond	32C De Laine Ave	Edwardstown
23.	Justin Cook	39 De Laine Ave	
24.	Janet Hope	2/45 DELAINE AVE	
25.	GRANTHAM RUSSELL	53 DELAINE AVE	
26.	Sarah Finlayson	55a De Laine Ave	D.J. Finlayson.
27.	PAUL WURDEMANN	55c De Laine Ave	
28.	CHRIS LYAS	59 De Laine Ave	C Lyas
29.	JOHN LYAS	59 DELAINE AVE	
30.	J. HOPKINS	4/62 DELAINE AVE	

(12) My issues are:

- speeding / acceleration of vehicles through the Slow Point - SUV's see it as a 4WD challenge
- difficulty getting in & out of my drive way (build up of traffic waiting to transit through slow point)
- Noise of traffic crossing slow point (Bricks create more tyre noise)
- Very little notice taken of 25 km
- Bollard knock out when I was walking the dog
- stand offs in the middle of the slow point (aggression / road rage)

R. J. Green.

- WOULD LIKE TO SEE COMPLETELY BLOCKED OFF

31.			
32.	Joshua Davis	3/58 De Laine AVE	
33.	Prakash Rengasamy	5/56 De Laine Ave	
34.	Helen Jones	50 De Laine Ave	
35.	D.K. Athinson DAPHNE ATHINSON	44 De Laine Ave	D.K.A
36.	LISSA K. SUNNY	22 De laine Ave	
37.	MAURICE BAGGIO	20 DELAINE AVE	
38.	MARISA BAGGIO	10 WHEATON ST EDWARDSTOWN	Marisa Baggio
39.	John Szczesny	4/14 Delaine Ave	J. Szczesny
40.	KEVIN AMUNDSON	2/14 DELAINE AVE	K. Amundson.
41.	Tahlia Winx	1/14 de laine ave	
42.	Jacob Pantich	27 macklin st	
43.	JOHN WILKINSON	17 Delaine Ave	
44.	A & B BELSON	66 DELAINE AVE EDWARDSTOWN	
45.	TONY ERICKSON.	65 DELAINE AVE.	
46.	Jane Erickson		
47.	STEVE LITHARANGOMITES	35 DELAINE AVE EDWARDSTOWN	
48.	Hudson Siegfried	34a De laine Ave	
49.	H. Vakmamesh	1/38 De Laine Ave.	H. V
50.	C Lithrangomites	35 Delaine Ave	C. Lithrangomites
51.	M. G. SCOTT	54 DELAINE AVE	
52.	R. Prime & M. Harris	55 De Laine Ave	RJ
53.	Jarrod McCauley	55b De Laine Ave	
54.	Pete Turner	60 Delaine	
55.	WAYNE NELSON	49 DELAINE	
56.	ROBERT DRAGANI	51 DELAINE AVE	

57.	MARILYN DRAGIANIS	51 DELAINE AVE	
58.	Thomas Keizer	21 DeLaine Ave	
59.	Sheila Perkins.	23 DeLaine Av.	
60.	R.A. Greening (son in law of above)		
61.	M Withers	30A DELAINE Ave	
62.	CRAIG ALSTON	46 DE LANE AVE	
63.	LEWIS WILLIAMS.	46 DE LAINE AVE	
64.	Luis Aguilera	3/56 DE LAINE AV	
65.	Elle Gregory	4/58 De Laine Av	
66.	Chelsea Hayes	6/58 De Laine Av	
67.	Zahra Hassani	7/62 De Laine Av	
68.	Elisabeth Exyler	41 De Laine Ave	
69.	MARTIN ELLIS	30 DeLaine Ave	
70.	Aidan Regan	30 DeLaine Ave	
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18th March 2019

Mrs S. M Perkins

23 Delaine Avenue,

EDWARDSTOWN SA.

5039

The City of Marion Council

To whom it may concern

Re; Removal or modification of traffic pacifier.

Dear Sir/Madam,

I am writing to you to voice my concerns regarding loud noise and un-safe behavior of the traffic passing through the "traffic pacifier" situated in front of my house at 23 Delaine Avenue, Edwardstown SA.

I am a 92 year old person who values peace and quiet in my life and wants to feel safe when out in my front garden. At present my life is being negatively impacted by the level of noise and the unsafe environment created by the pacifier. The following points are my major concerns.

- Speeding traffic that considers the pacifier a challenge to their driving skills. Many drivers drive as fast as possible through it to accomplish this.
- Cars crashing into bollards that snap off and have landed on my lawn and footpath. Possible outcomes are severe injury or death if a person is hit by a flying bollard.
- Noisy vehicles passing through the pacifier
  Braking and accelerating noises as they pass my house.
  Commercial vehicles with loose loads and trailers clattering and clanging as they pass over the raised section. This occurs from an early hour and continues all day long. This intrudes on my life to a great extent.
- At present there are no obvious signs to indicate who gives way to who when two opposing vehicles get to the pacifier at the same time. The bully driver normally wins by creating a very confrontational situation and there are many near misses/crashes on a daily basis.
- Choice of vegetation for beautification and maintenance of them needs careful consideration. Views along the road approaching the pacifier are compromised

by the density and height of the plants chosen. This also increases the likelihood of accidents.

- I was glad to see time limits set for parking on Delaine Avenue. However vehicles do not observe the time limits and also park close to driveways and to the pacifier. This is creating risky situations for residents living close to it when exiting and entering their own driveways.

Delaine Avenue has always been a through road and the amount of vehicles using it seems to have increased over the years. The pacifier has created a set of new problems to citizens living near it. Lower the speed limit or divert traffic to other roads to share the load seems simple enough.

Yours sincerely

S M Perkins

Mrs S. M. Perkins.

CITY OF MARION

Appendix 2 – Location Plan

About this Document	Disclaimer
This map has been created for the purpose of showing basic locality information and is a representation of the data currently held by The City of Marion. This information is provided for private use only.	While every effort has been made to ensure the accuracy of the product, Council accepts no responsibility for any errors or omissions. Property boundary line network data is supplied by State Government.

Map Width: 642 m
Created by eng
Wednesday, 9 October 2019

N
W E
S

Appendix 3

Delaine Avenue, Edwardstown
Traffic Data Comparisons

East of the Driveway Link

Data	1994	Installation of the Driveway Link 1997	Oct 1998	Sept 2009	June 2017	Feb 2019
Traffic Volume (vehicles per day)	1121		1371	1429	1437	1588
Average speed	60 km/h		45 km/h	50 km/h	28 km/h	36 km/h
85th%ile Speed	68 km/h		53 km/h	42 km/h	34 km/h	43 km/h

West of the Driveway Link

Data	1994	Installation of the Driveway Link 1997	Oct 1998	Sept 2009	June 2017	Feb 2019
Traffic Volume (vehicles per day)	1402		1429	1217	1156	
Average speed	53 km/h		47 km/h	42 km/h	41 km/h	not
85th%ile Speed	61 km/h		55 km/h	50 km/h	48 km/h	available

Notes

- **85th%ile Speed** – is a recognised traffic engineering standard that indicates that 85% of motorists are travelling at this speed or less
- The driveway Link was installed as a result of a Local Area Traffic Management (LATM) study undertaken within Edwardstown (area bounded by Cross Road, South Road, Raglan Avenue and Towers Terrace/Chital Terrace).

CITY OF MARION

CONFIDENTIAL ITEMS

Cover Report - Marion Outdoor Pool Stage 3 - Progress Update

Originating Officer	Acting Manager City Property - Clare Benn
Corporate Manager	Acting Manager City Property - Clare Benn
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191022F01

RECOMMENDATION

That:

1. **Pursuant to Section 90(2) and (3)(b) of the Local Government Act 1999, the Council orders that all persons present, with the exception of the following persons: Adrian Skull, Tony Lines, Fiona Harvey, Sorana Dinmore, Kate McKenzie, Ray Barnwell, Clare Benn, Victoria Moritz, and Craig Clarke, be excluded from the meeting as the Council receives and considers information relating to Marion Outdoor Pool, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates commercial confidence.**

Marion Outdoor Pool Stage 3 –Progress Update

CONFIDENTIAL

Reason For Passing This Resolution:

Local Government Act (SA) 1999 S 90 (2) 3(b) (i) and (ii): information the disclosure of which (i) could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; and (ii) would, on balance, be contrary to the public interest.

Cover Report - Confirmation of Confidential Minutes of the Special Review and Selection Committee Meeting 15 October 2019

Originating Officer	Governance Officer - Angela Porter
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022F02

RECOMMENDATION

That:

1. **Pursuant to Section 90(2) and 90(3)(a) of the Local Government Act 1999, the Review and Selection Committee orders that all persons present, with the exception of the following persons: Adrian Skull, Sorana Dinmore, Tony Lines, Ilia Houridis, Kate McKenzie, Steph Roberts and Victoria Moritz be excluded from the meeting as the Committee receives and considers the Confidential Minutes of the Review and Selection Committee Meeting 15 October 2019, upon the basis that Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person.**

Confirmation of Confidential Minutes of the Special Review and Selection Committee Meeting 15 October 2019

CONFIDENTIAL

Reason For Passing This Resolution:

Local Government Act (SA) 1999 S 90 (2) 3(a): information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

Cover Report - Appointment of Independent Members - Finance and Audit Committee and Infrastructure and Strategy Committee

Originating Officer	Unit Manager Governance and Records - Jaimie Thwaites
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022F03

RECOMMENDATION

That:

1. **Pursuant to Section 90(2) and 90(3)(a) of the Local Government Act 1999, Council orders that all persons present, with the exception of the following persons: Adrian Skull, Tony Lines, Sorana Dinmore, Ilia Houridis, Kate McKenzie, Steph Roberts and Victoria Moritz be excluded from the meeting as the Council receives and considers information relating to the appointment of an independent member to the Finance and Audit Committee, upon the basis that the Council is satisfied that the requirement for the meeting to be conducted in a place open to the public has been outweighed by the need to keep consideration of the matter confidential given the information relates to the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person.**

Appointment of Independent Members - Finance and Audit Committee and Infrastructure and Strategy Committee

CONFIDENTIAL

Reason For Passing This Resolution:

Local Government Act (SA) 1999 S 90 (2) 3(a): information the disclosure of which would involve the unreasonable disclosure of information concerning the personal affairs of any person (living or dead).

CITY OF MARION

CORPORATE REPORTS FOR DECISION

Annual Financial Statements for the year ended 30 June 2019

Originating Officer	Unit Manager Statutory Finance and Payroll - David Harman
Corporate Manager	Manager Finance - Ray Barnwell
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R09

REPORT OBJECTIVE

This report presents the City of Marion's Annual Financial Statements for the financial year ended 30 June 2019. Reports provided include:

1. Representation letters (Attachment 1) - audit of annual financial report for period 1 July 2018 to 30 June 2019. The purpose of these letters is to express an opinion as to whether the financial report is prepared in accordance with Australian Accounting Standards, the Local Government Act 1999 and other mandatory reporting requirements in Australia. These letters will be signed by Adrian Skull, CEO and Sorana Dinmore, General Manager Corporate Services once the statements have been adopted by Council.

2. Comparative analysis to prior year Audited Financial Statements and original adopted budget (Analytical Review) – Attachment 2

3. Annual Financial Statements for year ended 30 June 2019 – Attachments 3 to 5.

4. External Auditor (Deloitte Touché Tohmatsu) report to Council – Attachment 6.

These reports were provided for consideration by the Finance and Audit Committee on 8 October 2019 (FAC191008R04) and have been fully endorsed by the Finance and Audit Committee prior to being brought to Council.

EXECUTIVE SUMMARY

The 2018/19 Annual Financial Statements demonstrate Council's ongoing strong financial performance, providing a sound basis for Council's long-term objectives set out in its Strategic Plan.

In summary, Council achieved an Operating Surplus of $12.134m, which was $7.740m greater than the surplus forecast in the original adopted 2018/19 budget.The higher than forecast operating surplus predominately relates to additional Grant Funding ($2.2m) and unexpended funds re-timed to future years in relation to the Southern Soccer facilities ($2.5m) and the replacement of the Asset Management system ($0.978m). Council also earned additional investment income ($0.510m) in 2018/19 which contributed to the higher than forecast surplus.

The Analytical Review – against Adopted Budget 2018/19 (Attachment 2) details the key factors resulting in this higher than expected operating surplus.

The Annual Financial Statements of the City of Marion, for the year ended 30 June 2019, have been completed with no audit findings with regards to the financial statements. Council's Auditors have indicated that they expect to issue an unmodified audit opinion subject to the satisfactory completion of the following matters:

- A subsequent events review up to the date of the audit opinion (to be provided 22 October 2019)
- Receipt of management's signed representation letters (following this meeting)

This report has been prepared in accordance with section 127 of the Local Government Act and the Local Government Accounting Regulations.

In accordance with section 125 of the Local Government Act 1999 Council's external auditors have also assessed the Internal Financial Control environment in regards to Council's compliance with all material aspects of the Act.

As outlined in their Management Letter (Attachment 6) Deloitte carried over two of their previous year Internal Financial Control audit findings with two new recommendations made to further strengthen our Internal Control environment. All of these have been categorised as 'insignificant' under the risk matrix and management have agreed to appropriately respond to all of these recommendations. Council's Auditors have indicated that they expect to issue an unmodified audit opinion with regards to Council's Internal Financial Control environment.

As part of the annual audit process Council's external auditors perform a number of minor grant audits, which are required as part of each individual funding agreement.

Next Steps

Following the adoption of the 2018/19 Audited Financial Statements the 1st Budget Review 2019/20 process will be conducted, which includes:

- Adoption of the 2018/19 Carryovers & Unexpended Grants (noting that the funding relating to projects which have been retimed will be brought into the budget when required) as part of the First Budget Review;

- Reconciling and identifying the 2018/19 funding savings achieved against Council's adopted 2018/19 budget.

RECOMMENDATION

That Council:

1. **Adopts the audited Annual Financial Statements for the year ended 30 June 2019 (Attachment 3).**

2. **Authorises the Mayor and CEO to sign off on the audited Financial Statements (Attachment 3) and authorise the CEO and General Manager Corporate Services to sign off the Management Representation Letters (Attachment 1).**

3. **Receives the Southern Region Waste Resource Authority (SRWRA) 2018/19 audited Financial Statements (Attachment 4).**

4. **Receives the Council Solutions Regional Authority 2018/19 audited Annual Financial Statements (Attachment 5).**

GENERAL ANALYSIS

The Statements have been prepared in accordance with applicable Australian Accounting Standards and the Local Government Regulations.

The Local Government Accounting Regulations require that a Council must prepare its accounts for audit by the second Friday in October and on or before 30 November, supply a copy of the Audited Financial Statements to each of the following:

- The Minister
- The Local Government Grants Commission
- The Deputy Commonwealth Statistician and Government Statistician

Legal / Legislative / Policy: Local Government Act 1999, Local Government (Financial Management) Regulations 2011

DISCUSSION

Four main statements are prepared as part of the Annual Financial Statements as summarised below:

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income details Council's revenues and expenses for the reporting period and reveals an operating surplus (before capital revenues and contributed assets) of $12.134m for 2018/19 compared to an operating surplus of $10.904m for 2017/18.

Operating Income – prior year comparison

Total Operating income for 2018/19 was $95.637m compared to $92.566m in 2017/18. The increase of $3.071m predominantly results from an increase in Rates of $2.3m (from an adopted rate increase of 1.8% + growth) in addition to the advance receipt of 2019/20 and 2020/21 Supplementary Road grant funding of $0.963m. A number of other smaller variances are outlined and further detailed in Attachment 2 (“Analytical Review – against Prior Year Actual”).

Operating Expenses – prior year comparison

Total Operating expense for 2018/19 was $83.503m compared to $81.662m in 2017/18. The increase of $1.841m (2.3%) predominantly relates to an increase in Materials, Contracts & Other Expenses of $2.313m (7.5%) which includes a significant once-off cash contribution ($1.0m) to the Oaklands Crossing grade separation project, election expenses incurred every 4 years ($.367m) and other annual increases in relation waste collection and utilities.

Employee costs of $34.861m were in line with adopted 2018/19 Budget of $34.896m. However, actual costs which increased $1.587m (4.8%) in 2018/19 from 2017/18 included annual increases from Enterprise Agreements (2.3% Salary and 2.5% Wages) and lower than average capitalised labour (where staff costs are allocated to capital works). In addition, there were increases to grant funded positions ($170k) and Council approved positions ($211k).

Further analysis is detailed in Attachment 2 - (“Analytical Review – against Prior Year Actual”).

Capital Revenues and Revaluation – prior year comparison

Other key variances reported on the Statement of Comprehensive Income are Amounts Received Specifically for New or Upgraded Assets (up $3.117m) predominantly relating to State Government Grants received for the Sam Willoughby International BMX Track ($1.3m) and Birch Crescent Streetscape ($1.8m). Physical resources received free of charge has increased by $5.189m primarily due to contributed assets relating to the Tonsley redevelopment.

Variances against the 2017/18 Statement of Comprehensive Income are further detailed in Attachment 2 (“Analytical Review – against Prior Year Actual”).

KEY OPERATING RATIOS

OPERATING SURPLUS RATIO	2019	2018	2017
Operating Surplus (before capital revenues)	**13%**	12%	13%

This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue. The target set in Council's Long Term Financial Plan is to "maintain a financial position at an average of between 0 and 10% over any five financial years". The average Operating Surplus over the last five financial years is 12%.

Comment:

The Operating Surplus Ratio in the adopted budget for 2018/19 was 4.75% and this has been significantly impacted by the advance receipt of 2019/20 and 2020/21 Grants Commission Supplementary Road Grant ($963k) and reduction in depreciation expense following the 2017/18 comprehensive asset revaluation ($2,087k).

RATE REVENUE RATIO	2019	2018	2017
Rate Revenue / Operating Revenue	**81%**	81%	82%

This ratio expresses rate revenue as a percentage of operating revenue.

Although this ratio is not a prescribed ratio required by the 'Model Set of Accounts' it is a valuable indicator as it highlights Council's reliance on rates as a revenue source and the need for Council to seek alternative sources of income.

Comment:

To address the dependency of Council on rate revenue the following programs have been implemented:

- Creation of the External Funding Attraction Program, with a focus on internal training and development of Council officers to maximise grant opportunities.
- Annual review of Fees and Charges Schedule.

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position provides details of Council's assets, liabilities and equity as at 30 June 2019.

Infrastructure, Property, Plant & Equipment (IPP&E):

Council's IPP&E increased by $19.313m (1.7%) compared to 2017/18 with the majority of the movement relating to Physical Assets Received Free of Charge of $5.320m primarily relating to the Tonsley redevelopment and a net revaluation increase of $2.055m.

The table below identifies the key contributors to the movement in Council's non-current assets which can mainly be attributed to revaluations of its Infrastructure assets.

	2019 $000s	2018 $000s	Increase/(Decrease) $000s
Buildings	111,509	106,068	5,441
Infrastructure	664,171	652,385	11,786

Other variances when comparing 2018/19 against the 2017/18 Statement of Financial Position are further detailed in Attachment 2 ("Analytical Review – against Prior Year Actual").

KEY FINANCIAL POSITION RATIOS

WORKING CAPITAL RATIO	2019	2018	2017
Current Assets - (Less Restricted Assets) / Current Liabilities - (Liabilities associated with Restricted Assets)	**2.9**	2.5	2.1

This ratio focuses on the liquidity position of Council, adjusting for restricted assets (e.g. unspent specific tied grants that would need to be excluded from Council's current assets as Council would be restricted from using this cash to meet short term liabilities).
Council's target for this ratio is between 1.0 and 1.1

Comment:

Council's cash flow is in a strong position to undertake day to day operations, along with having sufficient cash to cover the balances in its Asset Sustainability Reserve. Council's significant cash reserves quarantined for future major projects and long term asset management objectives have impacted on this ratio.

ASSET RENEWAL FUNDING RATIO	2019	2018	2017
Net Asset Renewals / Depreciation Expense	**114%**	75%	75%

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

This ratio indicates whether the Council is renewing or replacing existing assets at the rate of consumption. A long term average ratio of 95-100% would indicate that Council is investing adequately in maintaining its asset base.

Comment:

Council's Long Term Financial Plan (LTFP) is set to achieve an average Asset Renewal Funding Ratio of 96% over the next three years, and 91% over the 10-year term of the LTFP. The higher than average ratio of 114% achieved in 2018/19 is due to the renewal of the Edwardstown Soldiers Memorial Recreation Centre.

ASSET CONSUMPTION RATIO	2019	2018	2017

Carrying value of depreciable assets / Gross value of depreciable assets	**77%**	77%	78%

This ratio shows the consumption of the asset stock at a point in time (or the percentage of useful life remaining). Depreciation represents the reduction in value of the assets each year and therefore accumulated depreciation is the total reduction in the carrying value of the assets.
Council's target for this ratio is between 80-100%.

Comment:

A ratio higher than 80% indicates that Council's overall asset base has on average a relatively high remaining useful life. A result of between 40% and 80% is considered acceptable.

BORROWINGS

In assessing Council's financial position it is appropriate to consider liabilities in relation to borrowings. Borrowings are required by Council from time to time to finance strategic long-term assets for the orderly development of the City. Council's total borrowings as at the 30 June 2019 were $6.805m a net decrease of $1.100m over the level of borrowings in June 2018.

The following indicators are used to monitor Council's performance in relation to its current level of debt.

KEY DEBT RATIOS

NET FINANCIAL LIABILITIES RATIO	**2019**	2018	2017
Net Financial Liabilities / Total Operating Revenue	**(37%)**	(33%)	(25%)

This ratio indicates the extent to which net financial liabilities of the council can be met by the council's total operating revenue and is based on the Net Financial Liabilities above.

Comment:

This result is due to Council's Financial Assets currently exceeding its Financial Liabilities predominantly as a result a substantial holding of cash and other financial assets allocated for unexpended grants and funding for capital projects carried over or retimed to 2019/20 and beyond totalling $17.436m. Without these holdings this ratio would be (-19%). Council's capacity to meet its financial obligations from operating revenues is strong and it has capacity to meet future requirements identified in its Long Term Financial Plan.

INTEREST COVER RATIO	**2019**	2018	2017
Net Interest Expense / Total Operating Revenue	**(0.8%)**	(0.6%)	(0.4%)

Net interest costs are defined as total interest expenses less total interest revenues. This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues.

Comment:

Negative ratios have been recorded for the past 4 years reflecting interest revenues being greater than interest expenses.

DEBT SERVICING RATIO	2019	2018	2017
Principal + Interest / Total Operating Revenue	**1.6%**	1.9%	2.4%

This ratio identifies Council's ability to service its debt obligations from operating revenues, with a maximum target set at 5%.

Comment:

The ratio confirms that Council has a low debt holding and is well positioned for future borrowings outlined in its Long Term Financial Plan. The 1.6% result is below the maximum target of 5%.

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity reconciles the opening and closing balances of Council's equity over the reporting period.
The balance of equity represents Council's net worth of $1,197.9m as reflected in the Statement of Financial Position.

CASH FLOW STATEMENT

The Cash Flow Statement details the cash movements for the year ended and reconciles with Note 11 of the Annual Financial Statements.

The Statement indicates a decrease in Cash, Cash Equivalents and Investments of $2.375m compared to 30 June 2018. As previously mentioned a sizable portion of the cash position is committed to unexpended grants, carryovers and retimed works. Council also retains significant cash reserves quarantined for future major projects and long term asset management objectives.

KEY CASH RATIOS

OPERATING CASH FLOW COVERAGE	2019	2018	2017
Cash Flow from Operations - (Loan Principal Repayments) / Average Annual Optimal Level of Expenditure per Council's Asset Management Plans	**139%**	132%	147%

This ratio identifies Council's abilities to fund its operating and capital expenditure requirements without the need for significant sudden rate increases or service reductions, and whilst continuing to maintain intergenerational equity and the sustainable and responsible use of borrowings. Council's target for this ratio is between 100% and 105%.

Comment:

Council's operating cash flow coverage is sufficient to meet the asset renewal requirements included in its Long Term Financial Plan. This ratio has been impacted by higher than forecast investment returns with Council's significant cash reserves quarantined for future major projects and managing its long term asset management objectives.

RESERVE FUNDS

A review of the balances of Council's reserves indicates that they are at a level sufficient to meet their purpose and intent which are listed in Note 9 Reserves in Attachment 3. Council's current Reserve funds are made up of the following:

Grants and Carryovers Reserve: $17.436m
This is made up of grant funded carryover projects and capital works carried over to 2019/20 or retimed to future years as required.

Open Space Reserve: $2.186m
It is considered by management that the current balance of this fund is adequate to meet its intended purpose.

Asset Sustainability Reserve – General $10.718m
The current balance in this fund is considered by management to be adequate to provide Council with the funding capacity to not only respond to a major infrastructure failure ($2m is retained in this reserve for this specific purpose) but to also assist Council in managing its long term asset management objectives.

Asset Sustainability Reserve – Community Facility Partnership Fund (CFPP) $6.015m
Funding has been specifically set aside in the Asset Sustainability Reserve for the renewal, upgrade and purchase of Council assets as specifically resolved by Council. It includes a balance set aside to encourage organisations leasing council facilities to seek partnership funding for the required renewal and upgrade of those facilities.

Asset Sustainability Reserve – Major New Projects $1.525m
Funding has also been specifically set aside in the Asset Sustainability Reserve for major new projects. Council has endorsed a significant funding contribution to the Southern Region Soccer Facility from this reserve.

Water Reserve $0.531m
This reserve has been established to quarantine revenue received and savings identified from the sale and use of treated stormwater from the Oaklands Wetland to further develop third party supply opportunities.

EQUITY ACCOUNTED INVESTMENTS

Council has part ownership in two equity accounted investments and is required to include its equity share in these in its Annual Financial Statements along with copies of these entities' Financial Statements.

Southern Region Waste Resource Authority (SRWRA)

SRWRA provides and operates services for the management of waste and waste facilities on behalf of its constituent councils – The Cities of Onkaparinga, Marion and Holdfast Bay – ensuring that a long term Waste Management Strategy exists in the southern region of Adelaide. The City of Marion has a 30% share in SRWRA.

Council Solutions
Council Solutions is a joint initiative of the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully. Its purpose is to optimise the financial sustainability of its constituent councils through the benefits of collaborative strategic procurement and contract negotiation and management. The City of Marion has a 16.67% share in Council Solutions.

Attachment

#	Attachment	Type
1	1. Management Representation Letters	PDF File
2	2. Analytical Review	PDF File
3	3. Annual Financial Statements 2019 CoM	PDF File
4	4. SRWRA Annual Report 2019	PDF File
5	5. Council Solutions Financial statements 2019	PDF File
6	6. Deloitte Reports	PDF File

Attachment 1

(client letterhead)

22 October 2019

Deloitte Touche Tohmatsu
11 Waymouth Street
Adelaide, SA 5000

This representation letter is provided in connection with your audit of the financial report of the Corporation of the City of Marion for the year ended 30 June 2019, for the purpose of expressing an opinion as to whether the financial report is presented fairly, in all material respects, in accordance with the Local Government Act 1999 including compliance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government (Financial Management) Regulations 2001.

We confirm that:

1. We have fulfilled our responsibilities, as set out in the terms of the audit engagement dated 27 May 2019, for the preparation of the financial report in accordance with the Local Government Act 1999 including compliance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government (Financial Management) Regulations 2001; in particular the financial report is presented fairly, in all material respects, in accordance therewith.

2. We have provided you with:
    - Access to all information of which we are aware that is relevant to the preparation of the financial report such as records, documentation and other matters;
    - Additional information that you have requested from us for the purpose of the audit;
    - Unrestricted access to the persons within the entity from whom you determined it necessary to obtain audit evidence; and
    - All requested information, explanations and assistance for the purposes of the audit.

3. All transactions have been recorded in the accounting records and are reflected in the financial report.

4. We are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.

5. We have disclosed to you the results of our assessment of the risk that the financial report may be materially misstated as a result of fraud.

6. We have disclosed to you knowledge of any fraud or suspected fraud affecting the entity involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial report.

7. There have been no allegations of fraud, or suspected fraud, materially affecting the entity's financial report communicated by employees, former employees, analysts, regulators or others.

8. There have been no instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial report.

9. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.

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10. We have disclosed to you the identity of the entity's related parties and all the related party relationships and transactions of which we are aware.

11. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of the Local Government Act 1999 including compliance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government (Financial Management) Regulations 2001.

12. All known actual or possible litigation and claims whose effects should be considered when preparing the financial report have been disclosed to you and accounted for and disclosed in accordance with the Local Government Act 1999 including compliance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government (Financial Management) Regulations 2001.

13. There are no uncorrected misstatements to the financial report as a whole.

14. All events occurring subsequent to the date of the financial report and for which the Local Government Act 1999 including compliance with Australian Accounting Standards (including Australian Accounting Interpretations) and the Local Government (Financial Management) Regulations 2001 require adjustment or disclosure have been adjusted or disclosed within the financial report.

15. In respect of other information:
    - we have informed you of all the documents that we expect to issue that may comprise other information; and
    - The financial report and any other information obtained by you prior to the date of your auditor's report is consistent with one another, and the other information does not contain any material misstatements

16. The selection and application of accounting policies as described in Note [**1**] in the financial report are appropriate.

17. We have no plans or intentions that may affect the carrying value or classification of assets and liabilities.

18. Liabilities, both actual and contingent, have been properly recorded and, when appropriate, adequately disclosed in the financial report.

19. The entity has satisfactory title to, or control over all assets and there are no liens or encumbrances on such assets that have not been disclosed nor has any asset been pledged as collateral.

20. We have properly recorded and, when appropriate, adequately disclosed in the financial report the affects of any laws, regulations and contractual agreements on the financial report, including non-compliance.

21. We have communicated to you all deficiencies in internal control of which we are aware.

22. All post-employment benefits have been identified and properly accounted for and all events impacting the plans have been brought to the actuary's attention.

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23. For defined benefit plans:
    (a) the actuarial assumptions underlying the valuation of the plan are in accordance with the Council's best estimate of future events and are consistent with our knowledge of the business;
    (b) the actuary's calculations have been based on complete and up-to-date member information; and
    (c) the amounts included in the financial report derived from the work of the actuary are in accordance with the requirements of AASB 119 "Employee Benefits".

24. For any transactions and structures, including "Special Purpose Vehicles/Entities" that we consider are appropriately classified as off-balance sheet, we have not withheld any information and documentation from you and there are no side agreements that we have not disclosed to you. In addition, there are no other relationships of a related party nature which would affect how these transactions and structures are accounted for, that we have not disclosed to you.

25. We have obtained all necessary information from subsidiaries that are not subject to Accounting Standards in Australia, to enable us to make appropriate adjustments for the purpose of preparing the financial report. Appropriate adjustments have been made to the information provided by the subsidiaries, to enable the preparation of the financial report.

26. We have disclosed to you all financial guarantees that we have given to third parties and we have accounted for these guarantees in accordance with the requirements of AASB 9 "Financial Instruments".

We understand that your audit was conducted in accordance with Australian Auditing Standards and was, therefore, designed primarily for the purpose of expressing an opinion on the financial report of the entity taken as a whole, and that your test of the financial records and other auditing procedures were limited to those which you considered necessary for that purpose.

Yours faithfully

_____ _____

Adrian Skull **Date**
Chief Executive Officer

_____ _____

Sorana Dinmore **Date**
General Manager Corporate Services

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Appendix A to the Management Representation Letter
City of Marion 30 June 2019

Account Name	Account Number	Assets	Liabilities	Retained Earnings	Other Equity	Income Statement	Total
		DR/(CR)	DR/(CR)	DR/(CR)	DR/(CR)	DR/(CR)	DR/(CR)
Known misstatements							
None noted							
Likely misstatements							
None noted							
Carry over effects of prior year misstatements							
None noted							
		0	0	0	0	0	0

Description of Disclosure Deficiency	Disclosure Title	Disclosure Number	Amount (where applicable)	Management Reason for Disclosure Deficiency (e.g., not deemed material for disclosure)
None noted				

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(client letterhead)

22 October 2019

Lee Girolamo
Deloitte Touche Tohmatsu
11 Waymouth Street,
Adelaide, South Australia,
5000, Australia

Dear Lee Girolamo,

This representation letter is provided in connection with your reasonable assurance engagement for the purpose of you expressing an opinion as to whether, the requirement to design and implement internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities has been performed, in all material respects, in accordance Section 125 of the Local Government Act 1999 ("the Act") for the period 1 July 2018 to 30 June 2019.

We confirm that, to the best of our knowledge and belief, having made such enquiries as we considered necessary for the purpose of appropriately informing ourselves:

1. We have provided you with:
    (a) access to all information of which we are aware that is relevant to the purposes of your reasonable assurance engagement such as records, documentation and other matters;

    (b) additional information that you have requested from us for the purpose of the reasonable assurance engagement; and

    (c) unrestricted access to persons within the Corporation of the City of Marion from whom you determined it necessary to obtain evidence.

2. We have fulfilled our responsibilities, as set out in the terms of the reasonable assurance engagement letter dated 27 May 2019 for ensuring that the requirement to design and implement internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities has been performed, in accordance Section 125 of the Local Government Act 1999 ("the Act") for the period 1 July 2018 to 30 June 2019.

3. The effects of control deficiencies are immaterial, individually and in aggregate, to the requirement to design and implement internal controls in relation to the receipt, expenditure and investment of money, the acquisition and disposal of property and incurring of liabilities. A summary of such items is attached to this representation letter as Appendix A.

4. Significant assumptions used by us in making any material estimates are reasonable.

5. We have communicated to you all deficiencies in internal control relevant to the reasonable assurance engagement that are clearly not trivial or inconsequential of which we are aware.

6. We acknowledge that we are responsible for the underlying subject matter.

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Yours sincerely,

_____ _____

Adrian Skull **Date**
Chief Executive Officer

_____ _____

Sorana Dinmore **Date**
General Manager Corporate Services

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Appendix A to the Management Representation Letter - Internal Controls
30 June 2019

Control	Observation	Recommendation	Management Response
ASS-DEB-0012	There is no way of generating a report in the system which shows changes to debtor masterfile. It is possible to see the date a debtor was edited by clicking into each individual debtor however details of the change cannot be seen i.e. whether it was name, address etc.	Deloitte recommends that changes to the debtor master file are reviewed prior to the implementation of changes and supported with documented evidence of review.	As the system remains to not be able to generate a report that shows changes to the Masterfile, this will continue to be a finding. Management will continue to pursue enhancement of existing reporting software to enable this exception reporting.
ASS-FIX-0031	It was noted that no formal reconciliation is currently performed on the asset listings that are provided to the valuers at year end. As the listings are not reconciled to the general ledger, the completeness of these listings cannot be ensured.	Deloitte recommends that the asset listings are reconciled to the general ledger and reconciliation be supported with documented evidence of review.	Management is aware that this is an issue and are in the process of working on fixing it.Management is aware of this issue and are in the process of assessing options for the replacement of its Asset Management System. This will extend to include that all control requirements can be met including links back to the general ledger.

DRAFT

ANALYTICAL REVIEW - against Prior Year Actual

Statement of Comprehensive Income	2018/19 $000's	2017/18 $000's	Variance $000's	Variance %	Favourable/ (Unfavourable)	Analysis
Income						
Rates Revenues	77,175	74,864	2,311	3.1%	F	2018/19 Adopted Rate increase of 1.8% plus growth
Statutory Charges	2,277	2,305	(28)	(1.2%)	U	
User Charges	2,468	2,250	218	9.7%	F	Increase in sales income ($151k) - Marion Outdoor Pool kiosk, Marion Cultural Centre and Cove Sports Club plus admission fees for Marion Outdoor Pool and Living Kaurna Cultural Centre up by ($42k)
Grants, Subsidies & Contributions	10,917	9,954	963	9.7%	F	Receipt of Supplementary Road Grant for 2019/20 and 2020/21 in advance ($963k)
Investment Income	1,214	1,112	102	9.2%	F	Higher than expected cash holdings throughout the year resulting in greater investment income - refer Investment Report
Reimbursements	641	654	(13)	(2.0%)	U	
Other Income	732	894	(162)	(18.1%)	U	Reduction in insurance recovery ($119k) on prior year and sundry income ($45k)
Net Gain - Equity Accounted Businesses	213	533	(320)	(60.0%)	U	Movement in equity accounted investments - refer Note 19 and SRWRA & Council Solutions Annual Financial Statements
Total Income	**95,637**	**92,566**	**3,071**	**3.3%**		
Expenses						
Employee Costs	34,861	33,274	1,587	4.8%	U	Includes annual increases from Enterprise Agreements of 2.3% Salary, 2.5% Wages in addition to an increase in Grant funded positions ($170k) and council approved positions (211k)
Materials, Contracts & Other Expenses	33,157	30,844	2,313	7.5%	U	Increase in costs for SA Water ($185k) , Waste Contract ($296k), Admin Foyer Refurbishment ($421k), Elections Expense ($333k), contribution towards Oaklands Crossing design ($1,000k)
Depreciation, Amortisation & Impairment	15,018	16,991	(1,973)	(11.6%)	F	Decrease in depreciation expense due to comprehensive revaluation in 2017/18
Finance Costs	467	541	(74)	(13.7%)	F	No new borrowings were taken out resulting in a decrease in interest expense
Net Loss - Equity Accounted Businesses	0	12	(12)	(100.0%)	F	Movement in equity accounted investments - refer Note 19 and Council Solutions Annual Financial Statements
Total Expenses	**83,503**	**81,662**	**1,841**	**2.3%**		
Operating Surplus/(Deficit)	**12,134**	**10,904**	**1,230**	**11.3%**		
Asset Disposal & Fair Value Adjustments	(2,149)	(1,311)	(838)	63.9%	U	Asset disposal related differences, including disposal of remaining assets at Edwardstown Oval.
Amounts Received Specifically for New or Upgraded Assets	4,639	1,522	3,117	204.8%	F	Relates predominantly to State Government grants received for the Sam Willoughby International BMX track ($1.3m) and Birch Crescent Streetscape ($1.8m)
Physical Resources Received Free of Charge	5,320	131	5,189	3961.1%	F	
Net Surplus/(Deficit)	**19,944**	**11,246**	**8,698**	**77.3%**		
Other Comprehensive Income						
Changes in Revaluation Surplus - IPP&E	2,055	(4,922)	6,977	(141.8%)	F	Reflects change in the valuation of assets following desktop revaluation of infrastructure assets undertaken by independent professional valuers in 2018/19
Total Other Comprehensive Income	**2,055**	**(4,922)**	**6,977**	**(141.8%)**		
Total Comprehensive Income	**21,999**	**6,324**	**15,675**	**247.9%**		

ANALYTICAL REVIEW - against Prior Year Actual

Statement of Financial Position	2018/19 $000's	2017/18 $000's	Variance $000's	Variance %	Analysis
ASSETS					
Current Assets					
Cash & Cash Equivalents	11,784	21,509	(9,725)	(45.2%)	Additional funds invested in term deposits at 30 June with over 90 day terms included below in Other Financial Assets
Trade & Other Receivables	8,312	5,878	2,434	41.4%	Predominantly reflects State ($1.9m) and Federal ($0.4m) grant funding invoiced and not received at year end.
Other Financial Assets	34,800	27,450	7,350	26.8%	Relates to funds invested in term deposits with over 90 day terms at 30 June.
Inventories	243	227	16	7.0%	
Total Current Assets	**55,139**	**55,064**	**75**	**0.1%**	
Non-Current Assets					
Equity Accounted Investments in Council Businesses	6,028	5,815	213	3.7%	Movement in equity accounted investments - refer Note 19 and SRWRA and Council Solutions Annual Financial Statements
Infrastructure, Property, Plant & Equipment	1,151,845	1,132,532	19,313	1.7%	Movements in valuation of assets, net of asset acquisitions, disposals and depreciation
Other Non-Current Assets	4,290	6,826	(2,536)	(37.2%)	Decrease in Work In Progress, predominantly relating to the multi-year redevelopment of Edwardstown Soldiers Memorial Oval
Total Non-Current Assets	**1,162,163**	**1,145,173**	**16,990**	**1.5%**	
TOTAL ASSETS	**1,217,302**	**1,200,237**	**17,065**	**1.4%**	
LIABILITIES					
Current Liabilities					
Trade & Other Payables	6,248	10,339	(4,091)	(39.6%)	Larger volume of capital works completed in June 2018, invoiced in June 2018
Borrowings	1,170	1,100	70	6.4%	Current borrowings have increased as no new loans were taken out in the period
Provisions	5,765	5,422	343	6.3%	
Total Current Liabilities	**13,183**	**16,861**	**(3,678)**	**(21.8%)**	
Non-Current Liabilities					
Borrowings	5,635	6,805	(1,170)	(17.2%)	Reduction in total borrowings in line with scheduled repayments of existing loans - no new borrowings taken out during 2018/19
Provisions	614	700	(86)	(12.3%)	
Total Non-Current Liabilities	**6,249**	**7,505**	**(1,256)**	**(16.7%)**	
TOTAL LIABILITIES	**19,432**	**24,366**	**(4,934)**	**(20.2%)**	
Net Assets	**1,197,870**	**1,175,871**	**21,999**	**1.9%**	
EQUITY					
Accumulated Surplus	397,167	380,504	16,663	4.4%	Refer Statement of Comprehensive Income & Statement of Change in Equity (movement in comprehensive income net of reserve transfers)
Asset Revaluation Reserves	762,292	760,237	2,055	0.3%	Reflects change in the valuation of assets following desktop revaluation of infrastructure assets undertaken by independent professional valuers in 2018/19
Other Reserves	38,411	35,130	3,281	9.3%	Increase in amounts held in reserves
Total Council Equity	**1,197,870**	**1,175,871**	**21,999**	**1.9%**	

ATTACHMENT 2

ANALYTICAL REVIEW - against Adopted Budget

Statement of Comprehensive Income	2018/19 $000's	Original Budget $000's	Variance $000's	Variance %	Favourable/ (Unfavourable)	Analysis
Income						
Rates Revenues	77,175	77,173	2	0.0%	F	
Statutory Charges	2,277	2,121	156	7.4%	F	Parking fines ($86k), and dog registration & fines ($62k)
User Charges	2,468	2,175	293	13.5%	F	Increase in Marion Outdoor Pool admission charges ($128k) and a number of minor increases
Grants, Subsidies & Contributions	10,917	8,658	2,259	26.1%	F	Advance payment of 2019/20 and 2020/21 Grants Commission Supplementary Road Grant ($963k), Warradale Tennis Club Flood Lights ($250k), Smart Cities & Suburbs ($196k) and Move It Marion ($141k)
Investment Income	1,214	704	510	72.4%	F	Actual interest reflects on actual cash holdings throughout the year and variance in interest rate (2.47% budgeted, 2.58% actual - $47k) - refer Investment Report
Reimbursements	641	540	101	18.7%	F	
Other Income	732	878	(146)	(16.6%)	U	Minor variances over a number of different areas
Net Gain - Equity Accounted Businesses	213	344	(131)	(38.1%)	U	Movement in equity accounted investments - refer Note 19 and SRWRA Annual Financial Statements
Total Income	**95,637**	**92,593**	**3,044**	**3.3%**		
Expenses						
Employee Costs	34,861	34,896	(35)	(0.1%)	F	
Materials, Contracts & Other Expenses	33,157	35,731	(2,574)	(7.2%)	F	Replacement of Asset Management System deferred to 2019/20 ($978k), contribution for Southern Soccer Facility deferred until 2019/20
Depreciation, Amortisation & Impairment	15,018	17,105	(2,087)	(12.2%)	F	Decrease in depreciation expense following comprehensive asset revaluation in 2017/18
Finance Costs	467	467	0	0.0%	F	
Net Loss - Equity Accounted Businesses	0	0	0	0.0%	F	Movement in equity accounted investments - refer Note 19 and Council Solutions Annual Financial Statements
Total Expenses	**83,503**	**88,199**	**(4,696)**	**(5.3%)**		
Operating Surplus/(Deficit)	**12,134**	**4,394**	**7,740**	**176.1%**	F	
Asset Disposal & Fair Value Adjustments	(2,149)	0	(2,149)	0.0%	U	Predominantly relates to demolition of Edwardstown Soldiers Memorial Recreation Oval buildings being replaced.
Amounts Received Specifically for New or Upgraded Assets	4,639	0	4,639	0.0%	F	Relates predominantly to Government grants and club contributions received for the Sam Willoughby International BMX track ($1.3m), Birch Crescent Streetscape ($1.8m), Morphettville Park Sports Club Redevelopment ($500k) and Vietnam Veterans RSL Clubhouse relocation ($417k)
Physical Resources Received Free of Charge	5,320	0	5,320	0.0%	F	Contributed assets relating to the Tonsley redevelopment
Net Surplus/(Deficit)	**19,944**	**4,394**	**15,550**	**353.9%**	F	
Other Comprehensive Income						
Changes in Revaluation Surplus - IPP&E	2,055	0	2,055	0.0%	F	
Share of Other Comprehensive Income - Equity Accounted Council Business	0	0	0	0.0%		
Total Other Comprehensive Income	**2,055**	**0**	**2,055**	**0.0%**		
Total Comprehensive Income	**21,999**	**4,394**	**17,605**	**400.7%**	F	

City of Marion

GENERAL PURPOSE FINANCIAL STATEMENTS
for the year ended 30 June 2019

City of Marion

General Purpose Financial Statements
for the year ended 30 June 2019

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City of Marion

General Purpose Financial Statements
for the year ended 30 June 2019

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 2019 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.

Adrian Skull
CHIEF EXECUTIVE OFFICER

Kris Hanna
MAYOR

Date:

City of Marion

Statement of Comprehensive Income
for the year ended 30 June 2019

$ '000	Notes	2019	2018
Income			
Rates Revenues	2a	77,175	74,864
Statutory Charges	2b	2,277	2,305
User Charges	2c	2,468	2,250
Grants, Subsidies and Contributions	2g	10,917	9,954
Investment Income	2d	1,214	1,112
Reimbursements	2e	641	654
Other Income	2f	732	894
Net Gain - Equity Accounted Council Businesses	19	213	533
Total Income		**95,637**	**92,566**
Expenses			
Employee Costs	3a	34,861	33,274
Materials, Contracts & Other Expenses	3b	33,157	30,844
Depreciation, Amortisation & Impairment	3c	15,018	16,991
Finance Costs	3d	467	541
Net loss - Equity Accounted Council Businesses	19	-	12
Total Expenses		**83,503**	**81,662**
Operating Surplus / (Deficit)		12,134	10,904
Asset Disposal & Fair Value Adjustments	4	(2,149)	(1,311)
Amounts Received Specifically for New or Upgraded Assets	2g	4,639	1,522
Physical Resources Received Free of Charge	2i	5,320	131
Net Surplus / (Deficit) [1]		19,944	11,246
Other Comprehensive Income			
Amounts which will not be reclassified subsequently to operating result			
Changes in Revaluation Surplus - I,PP&E	9a	2,055	(4,922)
Total Other Comprehensive Income		**2,055**	**(4,922)**
Total Comprehensive Income		21,999	6,324

[1] Transferred to Statement of Changes in Equity

City of Marion

Statement of Financial Position
as at 30 June 2019

$ '000	Notes	2019	2018
ASSETS			
Current Assets			
Cash and Cash Equivalents	5a	11,784	21,509
Trade & Other Receivables	5b	8,312	5,878
Other Financial Assets	5c	34,800	27,450
Inventories	5d	243	227
Total Current Assets		**55,139**	**55,064**
Non-Current Assets			
Equity Accounted Investments in Council Businesses	6a	6,028	5,815
Infrastructure, Property, Plant & Equipment	7a	1,151,845	1,132,532
Other Non-Current Assets	6b	4,290	6,826
Total Non-Current Assets		**1,162,163**	**1,145,173**
TOTAL ASSETS		1,217,302	1,200,237
LIABILITIES			
Current Liabilities			
Trade & Other Payables	8a	6,248	10,339
Borrowings	8b	1,170	1,100
Provisions	8c	5,765	5,422
Total Current Liabilities		**13,183**	**16,861**
Non-Current Liabilities			
Borrowings	8b	5,635	6,805
Provisions	8c	614	700
Total Non-Current Liabilities		**6,249**	**7,505**
TOTAL LIABILITIES		19,432	24,366
Net Assets		1,197,870	1,175,871
EQUITY			
Accumulated Surplus		397,167	380,504
Asset Revaluation Reserves	9a	762,292	760,237
Other Reserves	9b	38,411	35,130
Total Council Equity		1,197,870	1,175,871

City of Marion

Statement of Changes in Equity
for the year ended 30 June 2019

$ '000	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	Total Equity
2019					
Balance at the end of previous reporting period		380,504	760,237	35,130	**1,175,871**
a. Net Surplus / (Deficit) for Year		19,944	-	-	**19,944**
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	2,055	-	**2,055**
Other Comprehensive Income		-	2,055	-	**2,055**
Total Comprehensive Income		**19,944**	**2,055**	**-**	**21,999**
c. Transfers between Reserves		(3,281)	-	3,281	**-**
Balance at the end of period		**397,167**	**762,292**	**38,411**	**1,197,870**
2018					
Balance at the end of previous reporting period		373,871	765,159	30,517	**1,169,547**
a. Net Surplus / (Deficit) for Year		11,246	-	-	**11,246**
b. Other Comprehensive Income					
- Gain (Loss) on Revaluation of I,PP&E	7a	-	(4,922)	-	**(4,922)**
Other Comprehensive Income		-	(4,922)	-	**(4,922)**
Total Comprehensive Income		**11,246**	**(4,922)**	**-**	**6,324**
c. Transfers between Reserves		(4,613)	-	4,613	**-**
Balance at the end of period		**380,504**	**760,237**	**35,130**	**1,175,871**

City of Marion

Statement of Cash Flows

for the year ended 30 June 2019

$ '000	Notes	2019	2018
Cash Flows from Operating Activities			
Receipts			
Rates Receipts		76,887	74,602
Statutory Charges		2,305	2,335
User Charges		2,715	2,475
Grants, Subsidies and Contributions (operating purpose)		11,375	10,222
Investment Receipts		1,214	1,112
Reimbursements		701	711
Other Receipts		3,818	5,665
Payments			
Payments to Employees		(34,991)	(33,446)
Payments for Materials, Contracts & Other Expenses		(39,842)	(35,993)
Finance Payments		(467)	(541)
Net Cash provided by (or used in) Operating Activities	11b	**23,715**	**27,142**
Cash Flows from Investing Activities			
Receipts			
Amounts Received Specifically for New/Upgraded Assets		4,639	1,522
Sale of Replaced Assets		2,233	529
Sale of Surplus Assets		132	318
Distributions Received from Equity Accounted Council Businesses		-	765
Payments			
Expenditure on Renewal/Replacement of Assets		(19,412)	(13,223)
Expenditure on New/Upgraded Assets		(12,582)	(8,687)
Net Purchase of Investment Securities		(7,350)	(15,550)
Net Cash provided by (or used in) Investing Activities		**(32,340)**	**(34,326)**
Cash Flows from Financing Activities			
Receipts			
Nil			
Payments			
Repayments of Borrowings		(1,100)	(1,197)
Repayment of Bonds & Deposits		-	(23)
Net Cash provided by (or used in) Financing Activities		**(1,100)**	**(1,220)**
Net Increase (Decrease) in Cash Held		**(9,725)**	**(8,404)**
plus: **Cash & Cash Equivalents at beginning of period**	11	21,509	29,913
Cash & Cash Equivalents at end of period	11	11,784	21,509
Additional Information:			
plus: **Investments on hand - end of year**	5a	34,800	27,450
Total Cash, Cash Equivalents & Investments		46,584	48,959

The above statement should be read in conjunction with the accompanying Notes and Significant Accounting Policies.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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 on a going concern basis using the historical cost convention 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 31 May 2018.

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

City of Marion is incorporated under the South Australian *Local Government Act 1999* and has its principal place of business at 245 Sturt Road, Sturt. 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.

Other entities in which Council has an interest but does not control are reported in Note 19.

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 including supplementary road grants has varied from the annual allocation as shown in the table below:

	Cash Payment Received	Annual Allocation	Difference
2016/17	$4,091,214	$2,700,069	+$1,391,145
2017/18	$3,399,489	$3,269,242	+$130,247
2018/19	$4,416,029	$3,380,264	+$1,035,765

Because these grants are untied, the Australian Accounting Standards require that payments be recognised upon receipt. 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 recognised initially at the transaction price, less the expected lifetime credit losses to be recognised.

All financial instruments are recognised at amortised cost. 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.

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.

Category	Individual Threshold
Infrastructure	$5,000
Land	N/a
Land Improvements	$5,000
Buildings	$5,000
Furniture and Fittings	$3,000
Equipment	$3,000
Other	$3,000

Thresholds are also applied to Aggregated Assets in determining whether the value is considered material.

Category	Aggregated Threshold
Infrastructure	
Reserve Lighting	$250,000
Reserve Pathways	$500,000
Buildings	
Bus Shelters	$1,000,000
Shelters/Gazebos	$250,000
Fencing	$500,000

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Furniture and Fittings	$25,000
Equipment	
Irrigation	$1,000,000
LED Lighting	$1,000,000
Other	
BBQs	$250,000
Reserve Furniture	$500,000
Drink Fountains	$50,000
Reserve Bollards	$250,000
Reserve Bins	$100,000
City Band Instruments	$100,000
Council Artwork	$100,000

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.

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.

	Short Life Years	*Long Life Years*
Furniture & Equipment		
Office Equipment	3 to 10	N/a
Office Furniture	15	N/a
Vehicles and Heavy Equipment	3 to 15	N/a
Other Plant & Equipment	7 to 25	N/a
LED Lighting	50	N/a
Irrigation – Equipment	10	N/a
Irrigation - Pipework	60	N/a
Buildings		
Sub Structure	N/a	80 to 200
Super Structure	40 to 80	N/a
Roofing	40	N/a
Services	40 to 50	N/a
Fitout	30 years	N/a
Infrastructure		
Sealed Roads – Surface	25 to 40	N/a
Road Base	60 to 100	200
Road Formation	200	N/a
Kerb	70 - 105	200
Footpath – Bitumen/Rubber	20 to 40	60 to 100
Footpath – Concrete	50 to 85	N/a
Footpath – Paved	50 to 85	N/a
Other Road Structures	20 to 100	20 to 40
Traffic Signs	15 to 20	N/a
Bridges	80 to 140	200
Stormwater Pipes Concrete	100 to 175	200
Stormwater Pipes PVC	60 to 100	N/a
Stormwater Pipes Ribloc	60 to 100	200
Junction Boxes	100 to 175	200
Pollutant Traps	100 to 175	200
Box Culverts	100 to 175	200
Headwalls	100 to 175	200
Drainage Pits	100 to 175	200
Other Infrastructure		
Wetland Assets	15-100	250 years
Car Parks	25 to 40	N/a
Lighting	15-25	N/a
Recreation Pathways	30-40	N/a
Sports Floodlights	25	N/a

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Other Assets		
Playground Equipment	20	N/a
Reserve Furniture	25	N/a
Band Instruments	30	N/a
Civic Art Structures	15 to 80	N/a

6.5 Impairment

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, are not subject to impairment testing.

Other 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).

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.

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 Leases

Lease arrangements have been accounted for in accordance with Australian Accounting Standard 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.

11 Equity Accounted Council Businesses

Council participates in cooperative arrangements with other Councils for the provision of services and facilities. Council's interests in cooperative arrangements, which are only recognised if material, are accounted for in accordance with AASB 128 and set out in detail in Note 19.

12 GST Implications

In accordance with Interpretation 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.

13 New accounting standards and interpretations

In the current year, Council adopted all of the new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (AASB) that are relevant to its operations and effective for the current reporting period. The adoption of the new and revised Standards and Interpretations has not resulted in any material changes to Council's accounting policies.

City of Marion has not applied any Australian Accounting Standards and Interpretations that have been issued but are not yet effective.

AASB 7 Financial Instruments - Disclosures and AASB 9 Financial Instruments commenced from 1 July 2018 and have the effect that non-contractual receivables (e.g. rates & charges) are now treated as financial instruments. Although the disclosures made in Note 13 Financial Instruments have changed, there are no changes to the amounts disclosed.

Some Australian Accounting Standards and Interpretations have been issued but are not yet effective. Those standards have not been applied in these financial statements. Council will implement them when they are effective.

The standards that are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 July 2019

- AASB 15 Revenue from Contracts with Customers, AASB 1058 Income of Not-for-Profit Entities and AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities.

  AASB 1058 clarifies and simplifies the income recognition requirements that apply to not-to-profit (NFP) entities, in conjunction with AASB 15, and AASB 2016-8. These Standards supersede the majority of income recognition

Note 1. Summary of Significant Accounting Policies (continued)

requirements relating to public sector NFP entities, previously in AASB 1004 Contributions.

Identifiable impacts at the date of this report are:

Some grants received by the Council will be recognised as a liability, and subsequently recognised progressively as revenue as the Council satisfies its performance obligations under the grant. At present, such grants are recognised as revenue upfront.

Grants that are not enforceable and/or not sufficiently specific will not qualify for deferral, and continue to be recognised as revenue as soon as they are controlled. Council receives several grants from the Federal Government and State Government for which there are no sufficiently specific performance obligations these are expected to continue being recognised as revenue upfront assuming no change to the current grant arrangements.

Depending on the respective contractual terms, the new requirements of AASB 15 may potentially result in a change to the timing of revenue from sales of the Council's goods and services such that some revenue may need to be deferred to a later reporting period to the extent that the Council has received payment but has not met its associated performance obligations (such amounts would be reported as a liability in the meantime).

Prepaid rates will not be recognised as revenue until the relevant rating period starts. Until that time these receipts will be recognised as a liability (unearned revenue). There will be no impact upon the recognition of other fees and charges.

Transition method

The Council intends to apply AASB 15, AASB 1058 and AASB 2016-8 initially on 1 July 2019, using the modified retrospective approach. The recognition and measurement principles of the standards will be retrospectively applied for the current year and prior year comparatives as though the standards had always applied, consistent with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors.

The Council intends to apply the practical expedients available for the full retrospective method. Where revenue has been recognised in full under AASB 1004, prior to 1 July 2019, but where AASB 1058 would have required income to be recognised beyond that date, no adjustment is required. Further, Council is not required to restate income for completed contracts that start and complete within a financial year. This means where income under AASB 1004 was recognised in the comparative financial year (i.e. 2018/19), these also do not require restatement.

The following list identifies all the new and amended Australian Accounting Standards, and Interpretation, that were issued but not yet effective at the time of compiling these illustrative statements.

The standards are expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities, which will commence from 1 July 2019, affect the timing with which revenues, particularly special purpose grants, are recognised. Amounts received in relation to contracts with sufficiently specific performance obligations will in future only be recognised as these obligations are fulfilled.

- AASB 1058 Income of Not-for-Profit Entities (Appendix D)

The standards are not expected to have a material impact upon Council's future financial statements are:

Effective for annual reporting periods beginning on or after 1 January 2019

- AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 1. Summary of Significant Accounting Policies (continued)

Equipment, and that the lease liability be disclosed as a liability.

- AASB 16 Leases (Appendix D)
- AASB 1059 Service Concession Arrangements: Grantors
- AASB 1059 Service Concession Arrangements: Grantors (Appendix D)
- AASB 2016-8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Not-for-Profit Entities
- AASB 2017-1 Amendments to Australian Accounting Standards - Transfers of Investment Property, Annual Improvements 2014-2016 Cycle and Other Amendments
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015–2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendment, Curtailment or Settlement
- AASB 2018-3 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements
- AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public Sector Licensors

Effective for annual reporting periods beginning on or after 1 January 2021

- AASB 17 Insurance Contracts
- AASB 17 Insurance Contracts (Appendix D)

14 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.

15 Disclaimer

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

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income

$ '000	Notes	2019	2018
(a). Rates Revenues			
General Rates			
General Rates		76,747	74,161
Less: Mandatory Rebates		(1,802)	(1,357)
Less: Discretionary Rebates, Remissions & Write Offs		(3)	(3)
Total General Rates		74,942	72,801
Other Rates (Including Service Charges)			
Natural Resource Management Levy		1,933	1,801
Total Other Rates		1,933	1,801
Other Charges			
Penalties for Late Payment		300	262
Total Other Charges		300	262
Total Rates Revenues		77,175	74,864
(b). Statutory Charges			
Development Act Fees		821	899
Town Planning Fees		71	74
Animal Registration Fees & Fines		558	531
Parking Fines / Expiation Fees		827	801
Total Statutory Charges		2,277	2,305
(c). User Charges			
Hall & Equipment Hire		252	285
Sales - General		524	373
Sundry		898	887
Admission Fees		502	460
Rental Income		292	245
Total User Charges		2,468	2,250
(d). Investment Income			
Interest on Investments			
- Local Government Finance Authority		1,201	1,103
- Banks & Other		13	9
Total Investment Income		1,214	1,112

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income (continued)

$ '000	Notes	2019	2018
(e). Reimbursements			
Private Works		248	250
Other		393	404
Total Reimbursements		641	654
(f). Other Income			
Insurance & Other Recoupments - Infrastructure, IPP&E		56	175
Sundry		97	145
Donations & Contributions income		579	574
Total Other Income		732	894
(g). Grants, Subsidies, Contributions			
Amounts Received Specifically for New or Upgraded Assets		4,639	1,522
Total Amounts Received Specifically for New or Upgraded Assets		**4,639**	**1,522**
Other Grants, Subsidies and Contributions		8,360	8,433
Individually Significant Item - Additional Grants Commission Payment (refer below)		2,557	1,521
Total Other Grants, Subsidies and Contributions		**10,917**	**9,954**
Total Grants, Subsidies, Contributions		15,556	11,476

The functions to which these grants relate are shown in Note 12.

(i) Sources of grants

Commonwealth Government	5,254	4,256
State Government	9,329	7,133
Other	973	87
Total	15,556	11,476

(ii) Individually Significant Items

Grant Commission (FAG) Grant Recognised as Income	1,594	1,521
Grants Commission - Supplementary Road Grant recognised as income	963	-

2019: In June 2019, Council received payment of the first two instalments of the 2019/20 Grants Commission Financial Assistance Grants. This was offset by the 2017/18 Grants Commission payment received in June 2018.
In June 2019, Council also received payment of the 2019/20 and 2020/21 Grants Commission Supplementary Road Grant. This had a material affect on council's operating result in the 2018/19 financial year.

2018: In June 2018, Council received payment of the first two instalments of the 2018/19 Grants Commission Financial Assistance Grants.This was offset by the 2017/18 Grants Commission payment received in June 2017.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 2. Income (continued)

$ '000	Notes	2019	2018
(h). Conditions over Grants & Contributions			
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:			
Unexpended at the close of the previous reporting period		4,028	2,839
Less:			
Expended during the current period from revenues recognised in previous reporting periods			
Other		(1,632)	(443)
Subtotal		**(1,632)**	**(443)**
Plus:			
Amounts recognised as revenues in this reporting period but not yet expended in accordance with the conditions			
Other		5,018	1,632
Subtotal		**5,018**	**1,632**
Unexpended at the close of this reporting period		7,414	4,028
Net increase (decrease) in assets subject to conditions in the current reporting period		**3,386**	**1,189**
(i). Physical Resources Received Free of Charge			
Roads, Bridges & Footpaths		5,207	112
Stormwater Drainage		-	12
Buildings		20	-
Other		93	7
Total Physical Resources Received Free of Charge		5,320	131

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses

$ '000	Notes	2019	2018
(a). Employee Costs			
Salaries and Wages		29,425	28,259
Employee Leave Expense		2,858	2,571
Superannuation - Defined Contribution Plan Contributions	18	2,693	2,540
Workers' Compensation Insurance		701	806
Less: Capitalised and Distributed Costs		(816)	(902)
Total Operating Employee Costs		34,861	33,274
Total Number of Employees (full time equivalent at end of reporting period)		365	360
(b). Materials, Contracts and Other Expenses			
(i) Prescribed Expenses			
Auditor's Remuneration			
- Auditing the Financial Reports		37	34
Bad and Doubtful Debts		6	3
Elected Members' Expenses		344	329
Operating Lease Rentals - Cancellable Leases		613	483
Subtotal - Prescribed Expenses		**1,000**	**849**
(ii) Other Materials, Contracts and Expenses			
Contractors		14,502	14,022
Energy		1,831	2,022
Maintenance		3,532	3,046
Legal Expenses		281	249
Levies Paid to Government - NRM levy		1,918	1,799
Levies - Other		230	174
Parts, Accessories & Consumables		3,497	3,031
Professional Services		959	1,342
Sundry		3,502	2,485
Insurance		520	521
Fringe Benefits Tax		182	181
Advertising		109	138
Printing & Postage		286	333
Memberships & Subscriptions		259	260
Bank Fees & Charges		166	200
Telecommunication Charges		182	192
Library Materials		201	-
Subtotal - Other Material, Contracts & Expenses		**32,157**	**29,995**
Total Materials, Contracts and Other Expenses		33,157	30,844

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 3. Expenses (continued)

$ '000	Notes	2019	2018
(c). Depreciation, Amortisation and Impairment			
(i) Depreciation and Amortisation			
Buildings & Other Structures		3,507	4,884
Infrastructure		8,642	8,493
- Other		1,051	1,409
Plant & Equipment		1,233	1,210
Furniture & Fittings		79	77
Intangible Assets		59	58
Other Assets		534	965
Subtotal		**15,105**	**17,096**
(ii) Impairment			
Nil			
Less: Capitalised and Distributed costs		(87)	(105)
Total Depreciation, Amortisation and Impairment		15,018	16,991
(d). Finance Costs			
Interest on Loans		467	541
Total Finance Costs		467	541

Note 4. Asset Disposal & Fair Value Adjustments

Infrastructure, Property, Plant & Equipment			
(i) Assets Renewed or Directly Replaced			
Proceeds from Disposal		2,299	688
Less: Carrying Amount of Assets Sold		(4,452)	(2,053)
Gain (Loss) on Disposal		**(2,153)**	**(1,365)**
(ii) Assets Surplus to Requirements			
Proceeds from Disposal		66	159
Less: Carrying Amount of Assets Sold		(62)	(105)
Gain (Loss) on Disposal		**4**	**54**
Net Gain (Loss) on Disposal or Revaluation of Assets		(2,149)	(1,311)

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 5. Current Assets

$ '000	Notes	2019	2018
(a). Cash & Cash Equivalents			
Cash on Hand at Bank		684	309
Short Term Deposits & Bills, etc.		11,100	21,200
Total Cash & Cash Equivalents		11,784	21,509
(b). Trade & Other Receivables			
Rates - General & Other		2,576	2,315
Rates Postponed for State Seniors		186	159
Accrued Revenues		208	328
Debtors - General		4,130	1,501
GST Recoupment		680	988
Prepayments		532	587
Total Trade & Other Receivables		8,312	5,878
(c). Other Financial Assets (Investments)			
Other Financial Assets (Term Deposits with over 90 days to maturity)		34,800	27,450
Total Other Financial Assets (Investments)		34,800	27,450

Amounts included in other financial assets that are not expected to be received within 12 months of reporting date are disclosed in Note 13

(d). Inventories			
Stores & Materials		243	227
Total Inventories		243	227

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 6. Non-Current Assets

$ '000	Notes	2019	2018
(a). Equity Accounted Investments in Council Businesses			
Southern Region Waste Resource Authority	19	5,890	5,739
Council Solutions	19	138	76
Total Equity Accounted Investments in Council Businesses		6,028	5,815
(b). Other Non-Current Assets			
Capital Works-in-Progress		4,146	6,660
Computer Software & Licences		1,215	1,178
Less Accumulated Amortisation		(1,071)	(1,012)
Total Other Non-Current Assets		4,290	6,826

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 7a (i). Infrastructure, Property, Plant & Equipment

$ '000	Fair Value Level	as at 30/6/2018				Asset Movements during the Reporting Period							as at 30/6/2019			
						Asset Additions										
		At Fair Value	At Cost	Acc. Dep'n	Carrying Value	New / Upgrade	Renewals	WDV of Asset Disposals	Depreciation Expense (Note 3c)	Adjustments & Transfers	Revaluation Decrements to Equity (ARR) (Note 9)	Revaluation Increments to Equity (ARR) (Note 9)	At Fair Value	At Cost	Acc. Dep'n	Carrying Value
Land	2	351,995	-	-	351,995	489	-	(665)	-	-	-	-	351,330	489	-	351,819
Buildings & Other Structures	3	168,688	2,399	65,019	106,068	1,970	8,757	(1,772)	(3,507)	(7)	-	-	166,292	12,253	67,036	111,509
Infrastructure	3	756,151	2,055	139,601	618,605	8,741	7,248	-	(8,642)	-	-	2,055	778,466	2,055	152,514	628,007
- Other	3	42,819	3,164	12,203	33,780	1,094	2,939	(598)	(1,051)	-	-	-	41,637	7,151	12,624	36,164
Plant & Equipment		-	21,872	9,164	12,708	326	3,848	(1,330)	(1,233)	7	-	-	-	22,792	8,466	14,326
Furniture & Fittings		-	1,774	967	807	10	81	-	(79)	-	-	-	-	1,865	1,046	819
Other Assets		11,290	537	3,258	8,569	1,194	120	(148)	(534)	-	-	-	10,964	1,851	3,614	9,201
Total Infrastructure, Property, Plant & Equipment		**1,330,943**	**31,801**	**230,212**	**1,132,532**	**13,824**	**22,993**	**(4,513)**	**(15,046)**	**-**	**-**	**2,055**	**1,348,689**	**48,456**	**245,300**	**1,151,845**
Comparatives		1,294,926	58,420	217,684	**1,135,662**	9,454	11,534	(2,158)	(17,038)	-	(31,114)	26,192	1,330,943	31,801	230,212	**1,132,532**

Note 7a (ii). Investment Property

Nil

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

$ '000

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

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.

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.

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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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

$ '000

Valuation of Assets (continued)

Other Information
At 1 July 2004 upon the transition to AIFRS, Council elected pursuant to AASB 1.D5 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 deter-mined 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.

Highest and best use
All of Council's non financial assets are considered as being utilised for their highest and best use.

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.

Fair value hierarchy level 2 valuations: Land is 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 valuations of buildings, infrastructure and other assets : There is no known market for these assets and they 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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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. A comprehensive revaluation was carried out by independent valuation for the previous reporting period, 30 June 2018.

Freehold land 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.

Land improvements, including bulk earthworks with an assessed unlimited useful life, are recognised on the cost basis. Additions are recognised at cost.

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. Currently there are no assets that require this treatment.

Buildings & Other Structures
A comprehensive revaluation was carried out by independent valuation for the previous reporting period, 30 June 2018.

Infrastructure
A desktop revaluation of infrastructure assets (roads, footpaths, kerbs, drains, bridges, traffic devices and traffic signs) was carried out by independent valuation for this reporting period, 30 June 2019.

A comprehensive revaluation was carried out by independent valuation for the previous reporting period, 30 June 2018 for other infrastructure assets such as car parks, lighting, walking trails and reserve pathways

All acquisitions made after the respective dates of valuation are recorded at cost.

Plant, Equipment & Equipment
These assets are recognised on the cost basis.

All other Assets
A comprehensive revaluation was carried out by independent valuation for the previous reporting period, 30 June 2018.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 8. Liabilities

$ '000	Notes	2019 Current	2019 Non Current	2018 Current	2018 Non Current
(a). Trade and Other Payables					
Goods & Services		5,332	-	9,537	-
Payments Received in Advance		22	-	21	-
Accrued Expenses - Employee Entitlements		742	-	744	-
Accrued Expenses - Other		14	-	18	-
Other		138	-	19	-
Total Trade and Other Payables		6,248	-	10,339	-
(b). Borrowings					
Loans		1,170	5,635	1,100	6,805
Total Borrowings		1,170	5,635	1,100	6,805
(c). Provisions					
Employee Entitlements (including oncosts)		5,765	614	5,422	700
Total Provisions		5,765	614	5,422	700

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

Note 9. Reserves

$ '000	1/7/2018	Increments (Decrements)	Transfers	Impairments	30/6/2019
(a). Asset Revaluation Reserve					
Land	250,696	-	-	-	250,696
Buildings & Other Structures	84,875	-	-	-	84,875
Infrastructure	3,896	2,055	-	-	5,951
- Stormwater Drainage	97,742	-	-	-	97,742
- Other	298	-	-	-	298
- Roads, Bridges, Footpaths	318,547	-	-	-	318,547
Other Assets	5,073	-	-	-	5,073
JV's / Associates - Other Comprehensive Income	(890)	-	-	-	(890)
Total Asset Revaluation Reserve	760,237	2,055	-	-	762,292
Comparatives	765,159	(4,922)	-	-	760,237

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9. Reserves (continued)

$ '000	1/7/2018	Tfrs to Reserve	Tfrs from Reserve	Other Movements	30/6/2019
(b). Other Reserves					
Open Space Reserve	1,218	987	(19)	-	2,186
Grants/Carry Forward Projects Reserve	12,256	15,948	(10,768)	-	17,436
Asset Sustainability Reserve	21,656	3,099	(6,175)	(322)	18,258
Water Reserve	-	209	-	322	531
Total Other Reserves	35,130	20,243	(16,962)	-	38,411
Comparatives	30,517	19,228	(14,615)	-	35,130

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).

Open Space Reserve

Purpose - this reserve has been established to account for the following:
I. set aside open space contributions provided by developers in accordance with the Development Act (conditions may apply)
II. separate net proceeds associated with Road Closures.
III. net proceeds associated with disposal of minor land holdings
IV. funds received from the 'Urban Trees Fund'

Use of Fund - monies can be applied to the development of Open Space facilities as approved by Council and in accordance with the Open Space Policy. Interest revenues earned on contributions provided by developers are transferred to the Fund.

Grants and Carryovers Reserve

Purpose - this reserve was created for:
Grants received in advance - occasionally a funding body has provided Grant funds relating to the following financial year in advance. When this has occurred, it has been necessary to transfer these funds to this reserve so that they can be matched against the expenditures planned to be incurred in the next financial year.
Unexpended Grants - when grant monies have not been fully acquitted in the financial year this reserve is used to transfer the unexpended balance to the following year.
Carryovers - typically represents unspent capital and service improvements budgets carried forward to the following financial year.
Use of Fund - monies are utilised in accordance with the original purpose.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 9. Reserves (continued)

$ '000

(b). Other Reserves (continued)

Asset Sustainability Reserve

Purpose - this is a reserve fund established to:
I. Primary Purpose – Provide Council with the ability to access sufficient funds to enable it to respond to a major infrastructure failure or fund an infrastructure gap identified in periodic asset audits. A minimum balance of $2 million will be retained in the Asset Sustainability Reserve for this purpose.
II. Assist Council fund its Long Term Asset Management objectives.
III. Provide a means by which to spread the cost of intergenerational assets thereby reducing the need for borrowing
IV. Provide a means by which Council can strategically plan to maintain its asset base within a long term Financial framework.
V. Quarantine funds specifically set aside in the Community Facilities Partnership Program (CFPP) for the purpose of funding the renewal, upgrade and purchase of Council assets as resolved by Council. This will include encouraging organisations leasing council facilities to seek partnership funding for required renewal and upgrade of those community facilities.
The Asset Sustainability Reserve will be funded from planned surpluses identified in the Long Term Financial Plan (LTFP) and from funds specifically set aside for the CFPP in the LTFP.
Use of Fund - Reserve transfers will be controlled by specific Council resolutions or identified as part of the approved annual Strategic Plan and Budget.

Water Reserve

Purpose - this reserve is established to quarantine revenue received and savings identified from the sale and use of treated stormwater from Oaklands Wetland to further develop third party supply opportunities.
Use of Fund - Reserve transfers require approval at Executive level.

Note 10. Assets Subject to Restrictions

$ '000	Notes	2019	2018
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.			
Cash & Financial Assets			
Unexpended amounts received from Federal Government			
Other		7,414	4,028
Total Cash & Financial Assets		**7,414**	**4,028**
Total Assets Subject to Externally Imposed Restrictions		**7,414**	**4,028**

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 11. Reconciliation to Statement of Cash Flows

$ '000	Notes	2019	2018
(a). Reconciliation of Cash			
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	11,784	21,509
Balances per Statement of Cash Flows		**11,784**	**21,509**
(b). Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus/(Deficit)		**19,944**	**11,246**
Non-Cash Items in Income Statements			
Depreciation, Amortisation & Impairment		15,018	16,991
Equity Movements in Equity Accounted Investments (Increase)/Decrease		(213)	(521)
Non-Cash Asset Acquisitions		(5,320)	(131)
Grants for Capital Acquisitions (Treated as Investing Activity Receipts)		(4,639)	(1,522)
Net (Gain) Loss on Disposals		2,149	1,311
Other		-	2
		26,939	**27,376**
Add (Less): Changes in Net Current Assets			
Net (Increase)/Decrease in Receivables		(2,434)	(38)
Net (Increase)/Decrease in Inventories		(16)	21
Net (Increase)/Decrease in Other Current Assets		22	58
Net Increase/(Decrease) in Trade & Other Payables		(1,053)	(457)
Net Increase/(Decrease) in Unpaid Employee Benefits		257	182
Net Cash provided by (or used in) operations		**23,715**	**27,142**
(c). Non-Cash Financing and Investing Activities			
Acquisition of assets by means of:			
- Physical Resources Received Free of Charge	2i	5,320	131
Amounts recognised in Income Statement		**5,320**	**131**
Total Non-Cash Financing & Investing Activities		**5,320**	**131**
(d). Financing Arrangements			
Unrestricted access was available at balance date to the following lines of credit:			
Corporate Credit Cards		75	75
LGFA Cash Advance Debenture Facility		11,000	11,000

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Council also has immediate access to a short-term draw-down facility, and variable interest rate borrowings under a cash advance facility, both from the Local Government Finance Authority of SA.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

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)	
$ '000	**Actual 2019**	Actual 2018	**Actual 2019**	Actual 2018	**Actual 2019**	Actual 2018	**Actual 2019**	Actual 2018	**Actual 2019**	Actual 2018
Leader in the Delivery of the Community Vision										
Development Assessment	**981**	1,042	**3,646**	3,823	**(2,665)**	(2,781)	**9**	-	**-**	-
Crime Prevention	**2**	1	**353**	388	**(351)**	(387)	**1**	-	**-**	-
Community Support & Development	**6,675**	5,269	**10,548**	10,130	**(3,873)**	(4,861)	**4,833**	3,399	**121,809**	116,030
Public & Environment Health	**105**	87	**897**	895	**(792)**	(808)	**58**	35	**-**	-
General Inspection	**1,422**	1,359	**1,680**	1,610	**(258)**	(251)	**1**	-	**-**	-
Public Infrastructure	**3,522**	3,503	**19,502**	18,988	**(15,980)**	(15,485)	**2,879**	2,910	**686,220**	676,208
Open Space	**606**	711	**14,091**	13,288	**(13,485)**	(12,577)	**185**	468	**291,518**	290,111
Public Conveniences	**4**	3	**608**	607	**(604)**	(604)	**1**	-	**3,402**	3,172
Strategic Projects	**106**	182	**1,329**	1,356	**(1,223)**	(1,174)	**6**	-	**47**	-
Asset Management	**-**	-	**-**	-	**-**	-	**-**	-	**15,765**	15,967
Neighbourhood Centres	**749**	778	**2,600**	2,481	**(1,851)**	(1,703)	**492**	521	**7,749**	7,820
Cultural Development	**401**	353	**3,400**	3,453	**(2,999)**	(3,100)	**9**	2	**14,638**	14,852
Libraries	**412**	675	**7,113**	7,483	**(6,701)**	(6,808)	**313**	558	**14,485**	14,612
Waste & Recycling	**118**	96	**8,468**	7,956	**(8,350)**	(7,860)	**34**	9	**5,890**	5,739
Trees	**-**	48	**1,722**	1,405	**(1,722)**	(1,357)	**3**	-	**-**	-
Economic Development	**139**	195	**912**	1,002	**(773)**	(807)	**121**	200	**-**	-
Total Leader in the Delivery of the Community Vision	**15,242**	14,302	**76,869**	74,865	**(61,627)**	(60,563)	**8,945**	8,102	**1,161,523**	1,144,511
Organisation of Excellence										
Governance	**-**	1	**3,997**	4,191	**(3,997)**	(4,190)	**25**	-	**-**	-
Service Quality	**-**	-	**93**	168	**(93)**	(168)	**-**	-	**507**	589
Total Organisation of Excellence	**-**	1	**4,090**	4,359	**(4,090)**	(4,358)	**25**	-	**507**	589
Treasury	**80,182**	77,730	**2,544**	2,426	**77,638**	75,304	**1,947**	1,852	**55,272**	55,137
Total Functions/Activities	**95,424**	**92,033**	**83,503**	**81,650**	**11,921**	**10,383**	**10,917**	**9,954**	**1,217,302**	**1,200,237**

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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12b. Components of Functions

$ '000

The activities relating to Council functions are as follows:

DEVELOPMENT ASSESSMENT

Building and planning services which ensure that houses are safely constructed and designed and developed in a manner which is sympathetic to the local neighbourhood

CRIME PREVENTION

Services such as graffiti removal and working with other agencies to improve the safety and amenity of the community

COMMUNITY SUPPORT & DEVELOPMENT

Services such as home and community care, youth services, support for volunteers and community transport providing direct support to groups within the community

PUBLIC & ENVIRONMENTAL HEALTH

Services such as food safety and public health inspections, immunisation and enforcement of certain environmental regulations as well as Planning, information, advice and demonstration to promote environmentally sensitive practices by both Council and the community

COMMUNITY SAFETY INSPECTION

Services include dog and cat control, pest control, parking control and the enforcement of by-laws to ensure that the community is safe and orderly

PUBLIC INFRASTRUCTURE

Includes the design, development and maintenance of footpaths, streets, drainage and kerb and water table, as well as street signs, traffic control devices and line-marking ensuring that local neighbourhoods are safe and accessible with good amenity

OPEN SPACE

Parks, reserves, ovals and streetscape development and maintenance providing well maintained public spaces for use by all members of the community

PUBLIC CONVENIENCES

Services such as provision and maintenance of public toilets in close proximity to highly frequented reserves and other open space areas

STRATEGIC PROJECTS

Delivery of Major Projects across the city aimed at providing improved services and facilities for the Community

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12b. Components of Functions (continued)

$ '000

ASSET MANAGEMENT

Management and maintenance of Council properties enabling them to be utilised by members of the community for various purposes such as meetings, social activities and programs

NEIGHBOURHOOD CENTRES

Providing opportunities for learning and social activities for all ages and interests

CULTURAL DEVELOPMENT

Supporting community involvement in arts and cultural activity and expression, celebrating diversity, indigenous people and those from culturally and linguistically diverse backgrounds. This includes the Marion Cultural Centre and Living Kaurna Cultural Centre providing cultural and artistic experiences for the community

LIBRARIES

Three libraries and a delivery service providing opportunities for learning and social activities for all ages and interests

WASTE & RECYCLING

Services including domestic kerbside collection, hard rubbish collection, street sweeping and general litter collection to maintain cleanliness and amenity

TREES

Provision of street trees and revegetation programs to improve amenity and promote, where possible, the use of indigenous plants

ECONOMIC DEVELOPMENT

Planning and support for existing and potential businesses to assist businesses to adapt to changing circumstance and provide an employment base for the Marion community

ORGANISATION OF EXCELLENCE

To lead in the delivery of the Community Vision, the organisation must maintain its sustainability. This underpins our Corporate Vision of “An Organisation of Excellence”. To achieve this, the following essential support services are funded in the budget.

Governance

Elected Member Support
Provision of services which enable Elected Members to undertake their role in making decisions for the Council and community, including Council meetings, elections, council receptions and Sister City activities

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 12b. Components of Functions (continued)

$ '000

Strategic, corporate and sustainability planning and policy development
To ensure that Council is progressing towards achieving the Community Vision 2040 and its strategic social, cultural, and economic and environmental sustainability goals in a transparent and accountable manner, working with our Local, State, and Federal Government partners

Risk management policy, development and internal audit
Activities to ensure that Council is continuously improving its management systems

External relations, communication and community engagement
Enables the community to be appropriately and adequately informed about the activities and decisions of the Council

Service Quality

Customer Experience
In particular the Customer Service Centre, which enables Council staff to liaise with the community to address issues and concerns directly with Council, as well as provide the community with information and referral to other services provided in the region

Information Technology
Provides support to Council staff for their technological needs to enable them to contribute towards delivery of the Community Vision as well as access by the community to Council information and services through the internet and email

Information Management
Enables Council to keep adequate and appropriate records of activities and decisions

TREASURY

Including budgeting, rating, accounts management and payroll, which ensure sound and transparent financial management which enables Council to provide adequate services and facilities and appropriately address community needs

Note 13. Financial Instruments

Recognised Financial Instruments

Bank, Deposits at Call, Short Term Deposits

Accounting Policy:
Carried at ammortised cost; Interest is recognised when earned.

Terms & Conditions:
Deposits are returning fixed interest rates between 1.75% and 2.38% (2018: 2.15% and 2.35%). Short term deposits have an average maturity of 86 days and an average interest rate of 2.28% (2018: 98 days and 2.34%).

Carrying Amount:
Approximates fair value due to the short term to maturity.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

$ '000

Recognised Financial Instruments

Receivables
Rates & Associated Charges
(including legals & penalties for late payment)

Accounting Policy:
Carried at ammortised cost. No expected credit loss is recognised as these are secured over the subject land.

Terms & Conditions:
Secured over the subject land, arrears attract interest of 2% (2018: 2%). 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.

Receivables
Fees & Other Charges

Accounting Policy:
Carried at amortised cost less expected credit loss.
The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience.

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).

Receivables
Other Levels of Government

Accounting Policy:
Carried at ammortised cost.

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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

$ '000

Recognised Financial Instruments

Liabilities
Creditors and Accruals

Accounting Policy:
Liabilities are carried at amortised cost 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 amortised cost. Interest is charged as an expense as it accrues.

Terms & Conditions:
Secured over future revenues, borrowings are repayable over 10 to 15 years; interest is charged at fixed rates between 5.8% and 6.85% (2018: 5.80% and 6.85%).

Carrying Amount:
Represents fair value.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2019					
Financial Assets					
Cash & Equivalents	11,784	-	-	11,784	11,784
Receivables	4,338	-	-	4,338	4,338
Other Financial Assets	34,800	-	-	34,800	34,800
Total Financial Assets	**50,922**	**-**	**-**	**50,922**	**50,922**
Financial Liabilities					
Payables	6,248	-	-	6,248	6,248
Current Borrowings	1,570	-	-	1,570	1,170
Non-Current Borrowings	-	4,812	2,074	6,886	5,635
Total Financial Liabilities	**7,818**	**4,812**	**2,074**	**14,704**	**13,053**

$ '000	Due < 1 year	Due > 1 year & ≤ 5 years	Due > 5 years	Total Contractual Cash Flows	Carrying Values
2018					
Financial Assets					
Cash & Equivalents	21,509	-	-	21,509	21,509
Receivables	1,829	-	-	1,829	1,829
Other Financial Assets	27,450	-	-	27,450	27,450
Total Financial Assets	**50,788**	**-**	**-**	**50,788**	**50,788**
Financial Liabilities					
Payables	10,339	-	-	10,339	10,339
Current Borrowings	1,570	-	-	1,570	1,100
Non-Current Borrowings	-	5,301	3,155	8,456	6,805
Total Financial Liabilities	**11,909**	**5,301**	**3,155**	**20,365**	**18,244**

The following interest rates were applicable to Council's Borrowings at balance date:	30 June 2019		30 June 2018	
	Weighted Avg Interest Rate	**Carrying Value**	**Weighted Avg Interest Rate**	**Carrying Value**
Fixed Interest Rates	6.14%	6,805	6.16%	7,905
		6,805		**7,905**

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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 13. Financial Instruments (continued)

$ '000

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 Mangement 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.

Note 14. Commitments for Expenditure

$ '000	Notes	2019	2018
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Land		1	69
Buildings		1,212	533
Infrastructure		2,041	1,237
Plant & Equipment		1,411	21
Other		63	274
		4,728	**2,134**
These expenditures are payable:			
Not later than one year		4,728	2,134
Later than one year and not later than 5 years		-	-
Later than 5 years		-	-
		4,728	**2,134**

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 15. Financial Indicators

$ '000	Amounts 2019	Indicator 2019	Prior Periods 2018	2017
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 / Total Operating Income	**12,134 / 95,637**	**13%**	12%	13%
This ratio expresses the operating surplus as a percentage of total operating revenue.				
2. Net Financial Liabilities Ratio				
Net Financial Liabilities / Total Operating Income	**(35,464) / 95,637**	**(37%)**	(33%)	(25%)
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.				
Adjustments to Ratios				
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. These Adjusted Ratios correct for the resulting distortion in key ratios for each year and provide a more accurate basis for comparison.				
Adjusted Operating Surplus Ratio		10%	10%	12%
Adjusted Net Financial Liabilities Ratio		(37%)	(33%)	(25%)
3. Asset Renewal Funding Ratio				
Net Asset Renewals / Infrastructure & Asset Management Plan required expenditure	**17,179 / 15,018**	**114%**	75%	75%
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.				

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 16. Uniform Presentation of Finances

$ '000	2019	2018
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.		
All Councils in South Australia have agreed to summarise annual budgets and long-term financial plans on the same basis.		
The arrangements ensure that all Councils provide a common 'core' of financial information, which enables meaningful comparisons of each Council's finances.		
Income	95,637	92,566
less Expenses	(83,503)	(81,662)
Operating Surplus / (Deficit)	**12,134**	**10,904**
Net Outlays on Existing Assets		
Capital Expenditure on Renewal and Replacement of Existing Assets	(19,412)	(13,223)
add back Depreciation, Amortisation and Impairment	15,018	16,991
add back Proceeds from Sale of Replaced Assets	2,233	529
Subtotal	**(2,161)**	**4,297**
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets (including Investment Property & Real Estate Developments)	(12,582)	(8,687)
add back Amounts Received Specifically for New and Upgraded Assets	4,639	1,522
add back Proceeds from Sale of Surplus Assets (including Investment Property, Real Estate Developments and Non-Current Assets Held for Resale)	132	318
Subtotal	**(7,811)**	**(6,847)**
Net Lending / (Borrowing) for Financial Year	**2,162**	**8,354**

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 17. Operating Leases

$ '000	2019	2018

Lease Payment Commitments of Council

Council has entered into non-cancellable operating leases for various items of computer and other plant and 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	331	279
Later than one year and not later than 5 years	306	292
Later than 5 years	145	142
	782	**713**

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 18. Superannuation

$ '000

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 2018/19; 9.50% in 2017/18). 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 2017/18) of "superannuation" salary.

In addition, Council makes a separate contribution of 3.2% 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, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 19. Interests in Other Entities

$ '000

All joint ventures and associates are required to prepare Annual Financial Statements that comply with the SA Local Government Model Financial Statements.

	Council's Share of Net Income		Council's Share of Net Assets	
	2019	2018	2019	2018
Joint Ventures	213	521	6,028	5,815
Total	213	521	6,028	5,815

(i) JOINT VENTURES, ASSOCIATES AND JOINT OPERATIONS

(a) Carrying Amounts

Name of Entity	Principal Activity	2019	2018
Southern Region Waste Resource Authority (SRWRA)	Waste Disposal	5,890	5,739
Council Solutions	Procurement	138	76
Total Carrying Amounts - Joint Ventures & Associates		**6,028**	**5,815**

Southern Region Waste Resource Authority (SRWRA)
The Southern Region Waste Resource Authority was established under Section 43 of the Local Government Act to provide and operate services for the management of waste and waste facilities under its control on behalf of its constituent councils.

The SRWRA owns and operates the Southern Region Waste Disposal Depot on behalf of the Cities of Holdfast Bay, Marion and Onkaparinga.

The City of Marion has an equal voting right and a 30% interest in the assets and liabilities of SRWRA. For the year ended 30 June 2019, the net assets of SRWRA total $19,633,000. The City of Marion interest, totalling $5,890,000 is disclosed below.

In 2006 the decision was taken to equity account for this investment due to a change in the operations of the business. Initial balances were brought to account through accumulated surplus.

Council Solutions
Established by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully in December 2012, this regional joint venture has been established for the purposes of providing a centre of excellence in procurement and to provide services to the Constituent Councils

The City of Marion has a 16.67% interest in the assets and liabilities of Council Solutions. For the year ended 30 June 2019, the net assets of Council Solutions total $829,000. The City of Marion interest, totalling $138,000 is disclosed below.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 19. Interests in Other Entities (continued)

$ '000

(b) Relevant Interests

Name of Entity	Interest in Operating Result 2019	Interest in Operating Result 2018	Ownership Share of Equity 2019	Ownership Share of Equity 2018	Proportion of Voting Power 2019	Proportion of Voting Power 2018
Southern Region Waste Resource Authority (SRWRA)	30%	30%	30%	30%	30%	30%
Council Solutions	17%	17%	17%	17%	17%	17%

(c) Movement in Investment in Joint Venture or Associate

	Southern Region Waste Resource Authority (SRWRA) 2019	Southern Region Waste Resource Authority (SRWRA) 2018	Council Solutions 2019	Council Solutions 2018
Opening Balance	5,739	5,971	76	88
Share in Operating Result	151	533	62	(12)
Distributions Received	-	(765)	-	-
Council's Equity Share in the Joint Venture or Associate	**5,890**	**5,739**	**138**	**76**

(d). Share of Joint Operations Expenditure Commitments

Expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

(i) Operating Expenditures Payable

Not later than one year	19	18
Later that one year and not later than 5 years	-	19
Later than 5 years	-	-
	19	**37**

Note 20. Non-Current Assets Held for Sale & Discontinued Operations

Council does not have any Non-Current Assets Held for Sale or any Discontinued Operations

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

The following assets and liabilities do not qualify for recognition in the Balance Sheet, but knowledge is considered relevant to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. LAND UNDER ROADS

As reported in the Financial Statements, Council is of the opinion that it is not possible to attribute a value sufficiently reliably for these assets to qualify for recognition, and accordingly land under roads has not been recognised in the 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.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 21. Contingencies & Assets/Liabilities Not Recognised in the Balance Sheet

2. POTENTIAL INSURANCE LOSSES
Council is a multi-purpose organisation providing a large range of building, parks infrastructure, playgrounds and other facilities accessible to the public. At any time, it is likely that claims will have been made against Council that remain unsettled.

Council insures against all known insurable risks using a range of insurance policies, each of which is subject to deductable "insurance excesses", the amount of which varies according to the class of insurance.

Council has recognised the potential losses arising from claims known at reporting date based on average historical net cost (including insurance excess) of similar types of claims. Other potential claims not reported to Council may have existed at reporting date.

3. BANK GUARANTEES
Council currently has no guaranteed loans or other banking facilities advanced to community organisations and sporting bodies at reporting date.

4. LEGAL MATTERS
Council is the planning consent authority for its area under the Development Act 1993 (as amended). Pursuant to that Act, certain persons aggrieved by a planning decision of the Council may appeal. It is normal practice that parties bear their own legal costs. At the date of these reports, Council had notice of 6 appeals against planning decisions made prior to reporting date. All known costs have been recognised, but the amount of further costs cannot be known until the appeals are determined.

Note 22. Events after the Balance Sheet Date

Events that occur after the reporting date of 30 June 2019, up to and including the date when the financial statements are "authorised for issue" have been taken into account in preparing these statements.

Council has adopted the date of receipt of the Certification of Financial Statements as the appropriate "authorised for issue" date relating to these General Purpose Financial Statements.

Accordingly, the "authorised for issue" date is 22/10/19.

Council is unaware of any material or significant "non adjusting events" that should be disclosed.

City of Marion

Notes to and forming part of the Financial Statements
for the year ended 30 June 2019

Note 23. Related Party Transactions

$ '000	2019	2018

Key Management Personnel

Transactions with Key Management Personel

The Key Management Personnel of the Council include the Mayor, Councillors, CEO and certain prescribed officers under section 112 of the Local Government Act 1999. In all, 21 persons were paid the following total compensation:

The compensation paid to Key Management Personnel comprises:

Salaries, Allowances & Other Short-Term Employee Benefits	1,232	1,190
Post-Employment Benefits	79	77
Total	1,311	1,267

Amounts paid as direct reimbursement of expenses incurred on behalf of Council have not been included above.

Receipts from Key Management Personnel comprise:

Other than amounts paid as ratepayers or residents (e.g. rates, swimming pool entry fees, etc.), Council received no receipts from Key Management Personnel.

City of Marion

General Purpose Financial Statements
for the year ended 30 June 2019

Certification of Auditor Independence

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of City of Marion for the year ended 30 June 2019, the Council's Auditor, Deloitte Touche Tohmatsu 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.*

Adrian Skull
CHIEF EXECUTIVE OFFICER

Greg Connor
PRESIDING MEMBER, AUDIT COMMITTEE

Date: 8.10.19

SRWRA

Southern Region Waste Resource Authority

ANNUAL REPORT

2018 *to* 2019

SRWRA is a regional subsidiary established by the Cities of Onkaparinga, Marion and Holdfast Bay, pursuant to Section 43 of the Local Government Act, 1999.

Under our Charter, SRWRA is responsible for providing and operating waste management services on behalf of our Constituent Councils.

At a practical level, our core business activity is the management of our SRWRA Landfill, and a Recycling Operation employing innovative resource recovery approaches in managing all products and materials as valuable and finite resources. SRWRA is one of the State's major landfill operations currently receiving over 100,000 tonnes of waste annually.

SRWRA's joint venture operation with Integrated Waste Services (IWS) has developed through 2018 – 2019 with significant improvements in the recycling programme through the jointly operated Southern Recycling Centre (SRC) realising significant improvements in the reduction of waste to landfill.

SRWRA CONSTITUENT COUNCILS

CITY OF ONKAPARINGA

CITY OF MARION

CITY OF HOLDFAST BAY

JOINT VENTURE PARTNER

IWS

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CHAIRPERSON'S MESSAGE

Less waste, more resources, is the title of Australia's National Waste Policy which was released in 2018.

The Policy reports that as a nation we produce 2.7 tonnes of waste per person; encouragingly this has declined by 10% since 2006. Increasingly, we are recognising that we can reduce our environmental impacts if we harness the value of the materials we have previously disposed of by returning them to productive use.

Our National Waste Policy embodies the circular economy where we seek to maintain the economic value of resources for as long as possible. Our State waste strategy, not surprisingly has a similar focus, setting the objective for South Australia to become a resource efficient economy securing best or full value from products and materials. In 2018-19 SRWRA's planning focused on supplementing our landfill activities with the potential for a substantial investment in a modern materials recovery facility that will receive, separate and prepare recyclable materials for marketing to end-use manufacturers ensuring Southern Adelaide is well-placed to contribute to a resource efficient economy.

We are planning to integrate our activities with those of researchers and with industry to provide recovered materials for manufactured reuse, creating employment and generating economic activity in the south of Adelaide. The next 18 months will be exciting times for SRWRA as the traditional landfill site moves towards becoming a truly integrated waste management precinct.

Consistent with national Policy and the State Strategy our landfill activities have continued to focus on the diversion, recovery, and productive use of materials before resorting to landfilling. It is pleasing that over the past year the Southern Recycling Centre has successfully diverted 17,463 tonnes of material from landfill and that material has been put to a productive use. This is a significant improvement over the previous year and with further enhancements to our processes we expect that this will continue to increase again in coming years.

I am pleased to advise that, while maintaining very competitive waste disposal costs, for the year ended 30 June 2019 SRWRA reported an Operating Surplus of $0.503 million which will be reinvested in our future waste management activities.

From a governance perspective the past year was one of much change. Since 2013 the Authority has been capably led by CEO Mark Hindmarsh, who returned to his native Scotland in early 2019. On behalf of the board I wish to acknowledge the significant contribution he made to the growth and development of SRWRA during his tenure. The board also extends its thanks to Paul Thorne who acted as CEO prior to appointment of Chris Adams and to all our staff whose efforts underpin our success. I wish to thank my fellow board members for their commitment, insight and acumen, these are invaluable in ensuring we are well placed to meet the challenges that lie ahead. In doing so I wish to recognise, in particular the contributions of Vincent Mifsud, Alison Hancock and Lynda Yates who left the Board in the past year.

I commend the annual report to you.

Mark Booth
CHAIRPERSON

BOARD OF MANAGEMENT
AS AT JUNE 30TH 2019

CHAIRPERSON
Mark Booth

MEMBERS

CITY OF ONKAPARINGA
Kirk Richardson

CITY OF ONKAPARINGA
Alison Hancock
Term Completed June 2019

CITY OF MARION
Adrian Skull
Appointed May 2019

CITY OF MARION
Ian Crossland

CITY OF HOLDFAST BAY
Roberto Bria

CITY OF HOLDFAST BAY
John Smedley
Appointed December 2018

DEPUTY MEMBERS

CITY OF ONKAPARINGA
Heidi Greaves

CITY OF MARION
Bruce Hull
Appointed October 2018

CITY OF MARION
Ray Barnwell
Appointed May 2019

CITY OF HOLDFAST BAY
Clare Lindop

CHIEF EXECUTIVE OFFICER'S MESSAGE

The last 12 months has continued to see significant disruption to the waste management industry. SRWRA is responding to this disruption by positioning itself to support the evolving needs of its Constituent Councils and their communities. This is evidenced by the following activities undertaken throughout the year:

- With our Joint Venture Partners we have continued to maximise waste avoidance, re-use, recycling and recovery opportunities prior to landfill disposal.
- Approved the installation of a Gas Utilisation Facility to be completed in December 2019 that will generate, at full design capacity, 25,500MWh of electricity from the methane gas generated by the landfill operations.
- Commenced planning for a Materials Recovery Facility (MRF) to process the kerbside recyclables from our Constituent Councils including researching new and evolving circular economy markets for the re-use and re-purposing of the recycled materials.

The Authority has continued to provide a cost effective and environmentally responsible waste management solution for its Constituent Councils and their communities. Our focus on our operations resulted in a full-year Operating Surplus of $0.503 million. The Authority is in a strong financial position with net assets of $19.633 million ensuring that we can meet all current and future landfill liabilities without the need for additional funding from our Constituent Councils.

Over the last 12 months the Authority invested in the education of schoolchildren within our communities through the Les Perry Memorial Grants Program. This year, 12 schools from our three Constituent Council areas received a total of $5,537 in grant funding to support them learning about environmental responsible waste management. Given the outcomes being achieved the Board has approved an increase in the maximum grant amount of $750 per school, up from $500.

Although I have only been with the Authority for a short period of time, it has been gratifying to experience the energy, passion and commitment of the Board, Audit Committee, Staff, Joint Venture Partners and contract partners in responding to and capitalising on the significant changes occurring in our industry. I look forward to the next 12 months as we continue to transition our services for the delivery of innovative and sustainable waste management solutions for the benefit of our southern Adelaide communities and the environment.

Chris Adams
CHIEF EXECUTIVE OFFICER

SRWRA
Southern Region Waste Resource Authority

FINANCIAL REPORT

FOR THE FINANCIAL YEAR ENDED **30 JUNE 2019**

SOUTHERN REGION WASTE RESOURCE AUTHORITY

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SOUTHERN REGION WASTE RESOURCE AUTHORITY

ANNUAL FINANCIAL STATEMENTS
for the year ended 30 June 2019

CERTIFICATION OF FINANCIAL STATEMENTS

We have been authorised by the Southern Region Waste Resource Authority Board 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 Authority's financial position at 30 June 2019 and the results of its operations and cashflows for the financial year.

- internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable throughout the financial year.

- the financial statements accurately reflect the Authority's accounting and other records.

.....

Mark Booth
Chairman

.....

Chris Adams
Chief Executive Officer

Dated the 4th **day of** Sept **2019**

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF COMPREHENSIVE INCOME
for the financial year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
INCOME			
User charges	2	10,578	11,713
Investment income	2	647	620
Other Income	2	464	1,201
Net gain - equity accounted Joint Venture	15	437	176
Total Income		**12,126**	**13,710**
EXPENSES			
Employee costs	3	1,301	1,189
Materials, contracts & other expenses	3	9,445	9,777
Depreciation, amortisation & impairment	3	868	908
Other Expenses	3	-	80
Net loss - equity accounted Joint Venture	15	-	-
Total Expenses		**11,614**	**11,954**
OPERATING SURPLUS / (DEFICIT)		**512**	**1,756**
Net gain (loss) on disposal or revaluation of assets	4	(9)	21
Amounts received specifically for new or upgraded assets		-	-
NET SURPLUS / (DEFICIT)		**503**	**1,777**
transfer to Equity Statement			
Other Comprehensive Income			
Changes in revaluation surplus - property, plant & equipment		-	-
Total Other Comprehensive Income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**503**	**1,777**

This Statement is to be read in conjunction with the attached Notes.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF FINANCIAL POSITION
as at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents	5	17,497	16,343
Trade & other receivables	5	1,666	1,839
Inventories	5	-	-
		19,163	**18,182**
Total Current Assets		**19,163**	**18,182**
Non-current Assets			
Equity Accounted Joint Venture	15	832	885
Property, Plant & Equipment	6	15,440	15,580
Total Non-current Assets		**16,272**	**16,465**
Total Assets		**35,435**	**34,647**
LIABILITIES			
Current Liabilities			
Trade & Other Payables	7	2,201	2,436
Provisions	7	126	101
Total Current Liabilities		**2,327**	**2,537**
Non-current Liabilities			
Provisions	7	13,475	12,980
Total Non-current Liabilities		**13,475**	**12,980**
Total Liabilities		**15,802**	**15,517**
NET ASSETS		**19,633**	**19,130**
EQUITY			
Accumulated Surplus		19,633	19,130
TOTAL EQUITY		**19,633**	**19,130**

This Statement is to be read in conjunction with the attached Notes.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF CHANGES IN EQUITY
for the financial year ended 30 June 2019

2019	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		**19,130**	**-**	**-**	**19,130**
Adjustments due to compliance with revised Accounting Standards		**-**	-	-	**-**
Adjustments to give effect to changed accounting policies		**-**	-	-	**-**
Restated Opening Balance		**19,130**	**-**	**-**	**19,130**
Net Surplus/ (Deficit) for Year		503			**503**
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		**-**	-	-	**-**
Transfers between reserves		**-**	-	-	**-**
Distributions to Member Councils		-	-	-	**-**
Balance at end of period		**19,633**	**-**	**-**	**19,633**

2018	Notes	Accumulated Surplus	Asset Revaluation Reserve	Other Reserves	TOTAL EQUITY
Balance at end of previous reporting period		**19,903**	-	-	19,903
Adjustments due to compliance with revised Accounting Standards		**-**	-	-	-
Adjustments to give effect to changed accounting policies		**-**	-	-	-
Restated Opening Balance		**19,903**	**-**	**-**	**19,903**
Net Surplus/ (Deficit) for Year		**1,777**	-	-	**1,777**
Other Comprehensive Income					
Gain on revaluation of infrastructure, property, plant & equipment		**-**	-	-	**-**
Transfers between reserves		**-**	-	-	**-**
Distributions to Member Councils		(2,550)	-	-	**(2,550)**
Balance at end of period		**19,130**	**-**	**-**	**19,130**

This Statement is to be read in conjunction with the attached Notes

SOUTHERN REGION WASTE RESOURCE AUTHORITY

STATEMENT OF CASH FLOWS

for the year ended 30 June 2019

	Notes	**2019** **$'000**	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating receipts		12,337	13,439
Investment receipts		647	623
Payments			
Operating payments to suppliers & employees		(11,965)	(12,322)
Net Cash provided by (or used in) Operating Activities	8 (b)	**1,019**	1,740
CASH FLOWS FROM INVESTING ACTIVITIES			
Receipts			
Amounts specifically for new or upgraded assets		-	-
Sale of surplus assets		21	33
Distributions received from equity accounted Joint Venture	15	490	-
Payments			
Expenditure on renewal/replacement of assets		(256)	(341)
Expenditure on new/upgraded assets		(120)	(2,479)
Capital contributed to equity accounted Joint Venture	15	-	-
Net Cash provided by (or used in) Investing Activities		**135**	(2,787)
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments			
Distribution to Member Councils		-	(2,550)
Net Cash provided by (or used in) Financing Activities		**-**	(2,550)
Net Increase (Decrease) in cash held		**1,154**	**(3,597)**
Cash & cash equivalents at beginning of period		16,343	19,940
Cash & cash equivalents at end of period	8 (a)	**17,497**	16,343

This Statement is to be read in conjunction with the attached Notes

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 1 - SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report 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 equivalents to International Financial Reporting Standards

This general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS) as they apply to not-for-profit entities, other authoritative pronouncements of the Australian Accounting Standards Board (AASB), Urgent Issues Group Interpretations (UIGs) and relevant South Australian legislation.

The Authority is a Local Government Authority Section 43 Regional Subsidiary under the control of City of Onkaparinga, City of Marion and the City of Holdfast Bay.

1.2 Historical Cost Convention

Except where 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 AIFRS requires the use of certain critical accounting estimates, and requires management to exercise its judgement in applying the Authority'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 this Note.

1.4 Rounding

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

2 The Local Government Reporting Entity

Southern Region Waste Resource Authority operates as a regional subsidiary pursuant to Section 43 of the SA Local Government Act 1999 and Section 25 of the Local Government Implementation Act 1999, and has its principal place of business at 112 Bakewell Dr, Seaford Heights SA 5169.

3 Income recognition

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

4 Cash, Cash Equivalents and other Financial Instruments

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

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 10.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 1 - Significant Accounting Policies (cont)

5 Infrastructure, Property, Plant & Equipment
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".

5.1 Initial Recognition
All assets are initially recognised at cost. 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. For assets acquired at no cost or for nominal consideration, cost is determined as fair value at the date of acquisition. The cost of non-current assets constructed by the Authority 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 balance date are recognised as other non-current assets and transferred to infrastructure, property, plant & equipment when completed ready for use.

5.2 Materiality
Assets with an economic life in excess of one year are only capitalised where the cost of acquisition exceeds materiality thresholds established by Authority 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. No capitalisation threshold is applied to the acquisition of land or interests in land.

Capitalisation threshold applied of $1,000 for all asset classes. Any purchases greater than this amount are capitalised and depreciated on the Authority's asset register.

5.3 Depreciation of Non-Current Assets
Other than land, all infrastructure, property, plant and equipment assets recognised are systematically depreciated over their useful lives in a manner which reflects the consumption of the service potential embodied in those assets.

Depreciation is recognised on a straight-line basis. Major depreciation periods for each class of asset are shown below. Depreciation on Landfill Construction assets are amortised proportionately to the rate of filling based upon the projected remaining airspace of landfill cells as at the beginning of the reporting period. The Authority annually assesses the remaining airspace of landfill cells and accordingly, depreciation and amortisation rates are adjusted to reflect these estimates. Depreciation periods for infrastructure assets have been estimated based on the best information available to the Authority, 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.

Plant, Furniture & Equipment	3 -10 years
Buildings	30 - 50 years
Waste Facility	10 - 15 years
Landfill Construction	Amortised proportionately to rate of filling

6 Payables
6.1 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.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 1 - Significant Accounting Policies (cont)

7 Employee Benefits

7.1 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.

The Authority recognises all presently entitled liabilities as current liabilities regardless of whether it is expected to be paid within the preceding 12 months of reporting date.

7.2 Superannuation

The Authority makes employer superannuation contributions in respect of its employees to Statewide Super. The Scheme has two types of membership, each of which is funded differently.

Accumulation Fund Members

Accumulation fund members receive both employer and employee contributions on a progressive basis. Employer contributions are normally based on a fixed percentage of employee earnings in accordance with Superannuation Guarantee Legislation 9.5% in 2018/19 (9.5% in 2017/18). No further liability accrues to the employer as the superannuation benefits accruing to employees are represented by their share of the net assets of the Fund.

Defined Benefit Members

Defined benefit scheme is where the benefit payable is based on a formula determined by the member's contribution rate, number of years of contribution and final average salary. The Authority makes employer contributions as determined by the scheme's Trustee based on advice from the Scheme's Actuarial. The most recent full actuarial investigation conducted by the Scheme's actuary, Louise Campbell, FIAA, of Willie Towers Watson as at 30 June 2017. 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 the Authority's contribution rates at some future time.

The Authority 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 new assets of the scheme, and no further liability attaches to the Authority.

8 Rehabilitation

Expenditures relating to ongoing rehabilitation and restoration reduce any provision previously established.

The Authority annually monitors the liability recorded for landfill rehabilitation and restoration estimates and makes adjustments to the liability as required to ensure an accurate projected cost of the liability is showing in the balance sheet. The Authority will be undertaking further detailed reviews of all rehabilitation and restoration liability costs in future years with the assistance of external consultants to ensure all projected costs have been independently verified.

9 Inventory

Inventory held by the Authority reflect materials stored on site which have either been purchased or gifted which will be used for future Cell and Capping construction works to be undertaken in future years.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 1 - Significant Accounting Policies (cont)

10 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.

11 Comparative Information
Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with AIFRS.

12 New Accounting Standards
Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

The Authority is of the view that none of the new standards or interpretations will affect any of the amounts recognised in the financial statements, but that they may impact certain information otherwise disclosed.

13 Valuation of Land and Building Assets
Land and Building assets held by the Authority were valued by Opteon (South Australia) Pty Ltd with an effective valuation date of 30 June 2014 applied for financial reporting purposes. Assets were valued to their market value based on the current zoning of the Onkaparinga Council Development Plan and Environmental Protection Agency (EPA) constraints and assessed market values based on highest and best use. All purchases made post 30 June 2014 have been recorded at Cost.

14 Capping Liability Review
During the 2018/19 financial year, the Authority undertook a review of all the key assumptions and estimates in relation to the measurement of landfill cell capping liabilities recorded in Note 7 of the Financial Statements. The Authority engaged Golder Associates Pty Ltd to complete the independent assessment of the liability. As a result of work completed by Golder Associates, the estimated capping liability has been increased to $7.823 million as at 30 June 2019. This represented in an increase of $0.382m to capping liability estimates be recognised in 2018/19.

The Authority as at 30 June 2019 has consolidated all capping liability obligations as a single activity given that landfill operations have consolidated into a single cell operation. A new capping liability disclosed as 'Super Cell Capping' has been recognised in Note 7.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 2 - INCOME

	Notes	2019 $'000	2018 $'000
USER CHARGES			
Landfill Operations		**10,578**	11,713
		10,578	11,713
INVESTMENT INCOME			
Interest on investments			
Local Government Finance Authority		**421**	444
Banks & other		**18**	24
Investment property rental income		**208**	152
		647	620
OTHER INCOME			
Movement in Landfill Liabilities		**-**	886
Other Income		**63**	48
Southern Recycling Centre		**401**	267
		464	1,201

Note 3 - EXPENSES

EMPLOYEE COSTS		
Salaries and Wages	**1,146**	1,092
Employee leave expense	**12**	(42)
Superannuation	**95**	87
Workers' Compensation Insurance	**48**	52
Less: Capitalised and distributed costs	**-**	-
Total Operating Employee Costs	**1,301**	1,189
Total Number of Employees	***13***	*11*
(Full time equivalent at end of reporting period)		
MATERIALS, CONTRACTS & OTHER EXPENSES		
Prescribed Expenses		
Auditor's Remuneration		
- Auditing the financial reports	**19**	18
Board Expenses	**41**	38
Subtotal - Prescribed Expenses	**60**	56
Other Materials, Contracts & Expenses		
Contractors	**418**	143
Fuel	**132**	113
Equipment Hire	**-**	68
Maintenance	**270**	299
Legal Expenses	**16**	21
Levies paid- EPA Levy	**8,010**	8,547
Professional services	**36**	28
Southern Recycling Centre	**255**	187
Sundry	**248**	315
Subtotal - Other Materials, Contracts & Expenses	**9,385**	9,721
	9,445	9,777

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 3 - EXPENSES (cont)

	Notes	2019 $'000	2018 $'000
DEPRECIATION, AMORTISATION & IMPAIRMENT			
Depreciation			
Landfill Construction		**374**	394
Buildings & Waste Facility		**143**	140
Plant & Equipment		**351**	374
Impairment	6	**-**	-
		868	908
OTHER EXPENSES			
Transfer to Provision of Cell 3-1 & 3-2 Capping		**-**	80
		-	80

Note 4 - ASSET DISPOSAL & FAIR VALUE ADJUSTMENTS

PROPERTY, PLANT & EQUIPMENT		
Proceeds from disposal	**21**	33
Less: Carrying amount of assets sold	**(30)**	(12)
Gain (Loss) on disposal	**(9)**	21
NET GAIN (LOSS) ON DISPOSAL OF ASSETS	**(9)**	21

Note 5 - CURRENT ASSETS

CASH & EQUIVALENT ASSETS		
Cash on Hand and at Bank	**1,755**	2,013
Short Term Deposits & Bills, etc	**15,742**	14,330
	17,497	16,343
TRADE & OTHER RECEIVABLES		
Accrued Revenues	**37**	22
Debtors - general	**1,626**	1,813
Prepayments	**3**	4
	1,666	**1,839**
INVENTORIES		
Stores & Materials	**-**	-
	-	-

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2018 $'000				2019 $'000			
	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT	AT FAIR VALUE	AT COST	ACCUM DEP'N	CARRYING AMOUNT
Land	1,427	2,556	-	3,983	**1,427**	**2,556**	**-**	**3,983**
Buildings	560	4,042	(491)	4,111	**560**	**4,044**	**(634)**	**3,970**
Plant & Equipment	-	4,393	(2,651)	1,742	**-**	**4,600**	**(2,980)**	**1,620**
Office Equipment	-	148	(113)	35	**-**	**153**	**(123)**	**30**
Landfill Construction:								
Super Cell		7,511	(5,042)	2,469		**7,565**	**(5,195)**	**2,370**
Super Cell Capping		4,887	(1,982)	2,905		**5,269**	**(2,183)**	**3,086**
Post Closure Rehabilitation	-	5,974	(5,756)	218	**-**	**6,064**	**(5,774)**	**290**
Future Restoration Costs	-	4,159	(4,159)	-	**-**	**4,196**	**(4,161)**	**35**
Work in Progress	-	117	-	117	**-**	**56**	**-**	**56**
TOTAL PROPERTY, PLANT & EQUIPMENT	1,987	33,787	(20,194)	15,580	**1,987**	**34,503**	**(21,050)**	**15,440**
Comparatives	***1,987***	***30,784***	***(17,690)***	***15,081***	***1,987***	***33,787***	***(20,194)***	***15,580***

This Note continues on the following pages.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 6 - PROPERTY, PLANT & EQUIPMENT

	2018 $'000	CARRYING AMOUNT MOVEMENTS DURING YEAR $'000							2019 $'000
	CARRYING AMOUNT	Additions		Disposals	Depreciation	Impairment	Adjustments	Transfer	CARRYING AMOUNT
		Capital	Renewals						
Land	3,983	-	-	-	-	-	-	-	3,983
Buildings	4,111	-	2	-	(143)	-	-	-	3,970
Plant, Equipment & Motor Vehicles	1,742	-	249	(30)	(341)	-	-	-	1,620
Office Equipment	35	-	5	-	(10)	-	-	-	30
Landfill Construction:									
Super Cell	2,469	54	-	-	(153)	-	-	-	2,370
Super Cell Capping	2,905	382	-	-	(201)	-	-	-	3,086
Post Closure Rehabilitation	218	90	-	-	(18)	-	-	-	290
Future Restoration Costs	-	37	-	-	(2)	-	-	-	35
Work in Progress	117	66	-	-	-	-	(127)	-	56
TOTAL PROPERTY, PLANT & EQUIPMENT	**15,580**	629	256	(30)	(868)	-	(127)	-	**15,440**
Comparatives	***15,081***	***2,742***	***341***	***(12)***	***(908)***	***-***	***(1,664)***	***-***	***15,580***

This Note continues on the following pages.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2019

Note 7 - LIABILITIES

		2019 $'000		2018 $'000	
TRADE & OTHER PAYABLES	Notes	**Current**	**Non-current**	Current	Non-current
Goods & Services		**2,139**	**-**	2,371	-
Payments received in advance		**16**	**-**	-	-
Accrued expenses - other		**46**	**-**	65	-
		2,201	**-**	2,436	-
PROVISIONS					
Annual Leave		**66**	**-**	63	-
Long Service Leave		**60**	**25**	38	39
Super Cell Capping		**-**	**7,823**	-	-
Post Closure Rehabilitation		**-**	**3,985**	-	3,895
Cell Capping - 3-1 & 3-2		**-**	**-**	-	2,554
Cell Capping - 3-3 & 3-4 (Lower)		**-**	**-**	-	2,937
Cell 4 Capping		**-**	**-**	-	1,950
Future Restoration Costs		**-**	**1,642**	-	1,605
		126	**13,475**	101	12,980

Movements in Provisions - 2019 year only *(current & non-current)*	*Opening Balance*	*Additional Amounts Recognised/ (Derecognised)*	*Transfers*	*Closing Balance*
Super Cell Capping	*-*	*382*	*7,441*	***7,823***
Post Closure Rehabilitation	*3,895*	*90*	*0*	***3,985***
Cell Capping -3-1 & 3-2	*2,554*	*0*	*(2,554)*	*-*
Cell Capping - 3-3 & 3-4 (Lower)	*2,937*	*0*	*(2,937)*	*-*
Cell 4 Capping	*1,950*	*0*	*(1,950)*	*-*
Future Restoration Costs	*1,605*	*37*	*0*	***1,642***
Total	*12,941*	*509*	*-*	***13,450***

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 8 - RECONCILIATION OF CASH FLOW STATEMENT

(a) Reconciliation of Cash

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 Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	Notes	**2019 $'000**	2018 $'000
Total cash & equivalent assets	5	**17,497**	16,343
Less: Short-term borrowings		**-**	-
Balances per Cash Flow Statement		**17,497**	16,343
(b) Reconciliation of Change in Net Assets to Cash from Operating Activities			
Net Surplus (Deficit)		**503**	1,777
Non-cash items in Income Statement			
Depreciation, amortisation & impairment		**868**	908
Net (Gain) loss in Equity Movement Joint Venture		**(437)**	(176)
Movement in Landfill Provisions		**-**	(886)
Work in Progress Write-Off		**127**	-
Net (Gain) Loss on Disposals		**9**	(21)
		1,070	**1,602**
Add (Less): Changes in Net Current Assets			
Net (increase) decrease in receivables		**173**	186
Net (increase) decrease in inventories		**-**	-
Net (increase) decrease in other current assets		**-**	-
Net increase (decrease) in trade & other payables		**(235)**	(93)
Net increase (decrease) in other provisions		**11**	45
Net Cash provided by (or used in) operations		**1,019**	1,740

(c) Non-Cash Financing and Investing Activities

Acquisition of assets by means of:		
- Physical resources received free of charge	**-**	-
- Non-cash grants & contributions		
Amounts recognised in Income Statement	**-**	-
- Finance Leases	**-**	-
	-	-

(d) Financing Arrangements

Unrestricted access was available at balance date to the following lines of credit:		
Corporate Credit Cards	**18**	18

The Authority has no bank overdraft facility.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 9 - FINANCIAL INSTRUMENTS

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 of 1 - 2.25% (2018: 1.25 - 2.5%). Short term deposits have an average maturity of 90 days (2018: 90 days). **Carrying amount:** approximates fair value due to the short term to maturity.
Receivables - Gate Fees & Associated 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. **Carrying amount:** approximates fair value (after deduction of any allowance).
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 Authority. **Terms & conditions:** Liabilities are normally settled on 30 day terms. **Carrying amount:** approximates fair value.

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 Authority.

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 Authority is the carrying amount, net of any provision for doubtful debts. All investments are made with the SA Local Government Finance Authority and the ANZ Bank. 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 the Authority'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 the Authority will encounter difficulty in meeting obligations with financial liabilities. In accordance with the model Treasury Policy (LGA Information Paper 15), liabilities have a range of maturity dates based on cash inflows.

Interest Rate Risk is the risk that future cash flows will fluctuate because of changes in market interest rates. Most of the Authority's financial instruments are at fixed rates. Any such variations in future cash flows will not be material in effect on either the Authority's incomes or expenditures.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 9 (cont) - FINANCIAL INSTRUMENTS

Liquidity Analysis

2019		Floating Interest Rate	Fixed interest maturing in ≤ 1 year	Fixed interest maturing in > 1 year ≤ 5 years	Fixed interest maturing in > 5 years	Non-interest bearing	Total
Financial Assets		$'000	$'000	$'000	$'000	$'000	$'000
Fair Value through P&L							
Cash Assets		**1,755**	**15,742**	**-**	**-**	**-**	**17,497**
Loans & Receivables							
Receivables		**-**	**-**	**-**	**-**	**1,666**	**1,666**
	Total	**1,755**	**15,742**	**-**	**-**	**1,666**	**19,163**
Weighted Average Interest Rate		***1.00%***	***2.25%***				
Financial Liabilities							
Payables		**-**	**-**	**-**	**-**	**2,201**	**2,201**
	Total	**-**	**-**	**-**	**-**	**2,201**	**2,201**
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES		**1,755**	**15,742**	**-**	**-**	**(535)**	**16,962**

2018		Floating Interest Rate	Fixed interest maturing in ≤ 1 year	Fixed interest maturing in > 1 year ≤ 5 years	Fixed interest maturing in > 5 years	Non-interest bearing	Total
Financial Assets		$'000	$'000	$'000	$'000	$'000	$'000
Fair Value through P&L							
Cash Assets		2,013	14,330	-	-	-	16,343
Loans & Receivables							
Receivables		-	-	-	-	1,839	1,839
	Total	2,013	14,330	-	-	1,839	18,182
Weighted Average Interest Rate		*1.25%*	*2.50%*				
Financial Liabilities							
Payables		-	-	-	-	2,436	2,436
	Total	-	-	-	-	2,436	2,436
EXCESS OF FINANCIAL ASSETS OVER LIABILITIES		2,013	14,330	-	-	(597)	15,746

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the financial year ended 30 June 2019

Note 10 - COMMITMENTS FOR EXPENDITURE

	Notes	2019 $'000	2018 $'000
Capital Commitments			
Capital expenditure committed for at the reporting date but not recognised in the financial statements as liabilities:			
Committed Projects		-	-
		-	-

As at 30 June 2019, the Authority has entered into no capital commitments that are not already recorded on the Statement of Financial Position.

Other Expenditure Commitments

Other expenditure committed for (excluding inventories) at the reporting date but not recognised in the financial statements as liabilities:

Audit Services	**19**	37
	19	37
These expenditures are payable:		
Not later than one year	**19**	18
Later than one year and not later than 5 years	-	19
Later than 5 years	-	-
	19	37

Note 11 - CONTINGENCIES & ASSETS & LIABILITIES NOT RECOGNISED IN THE STATEMENT OF FINANCIAL POSITION

The following assets and liabilities do not qualify for recognition in the Statement of Financial Position but knowledge of those items is considered relevant to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

1. Potential Insurance Losses

The Authority insures against all known insurable risks using a range of insurance policies, each of which is subject to a deductible "insurance excess", the amount of which varies according to the class of insurance.

2. Legal Expenses

All known costs have been recognised.

Note 12 - EVENTS OCCURRING AFTER REPORTING DATE

There were no events subsequent to 30 June 2019 that need to be disclosed in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 13 - UNIFORM PRESENTATION OF FINANCES

The following is a high level summary of both operating and capital investment activities of the Authority prepared on a uniform and consistent basis. The uniform presentation represents a simplified version of reporting under the Government Finance Statistics (GFS) framework of the Australian Bureau of Statistics.

	2019 $'000	2018 $'000
Income	**12,126**	13,710
less Expenses	**(11,614)**	(11,954)
Operating Surplus / (Deficit)	**512**	1,756
Net Outlays on Existing Assets		
Capital Expenditure on renewal and replacement of Existing Assets	**(256)**	(341)
Depreciation, Amortisation, Impairment and Movement in Landfill Provisions	**868**	988
Proceeds from Sale of Replaced Assets	**-**	-
	612	647
Net Outlays on New and Upgraded Assets		
Capital Expenditure on New and Upgraded Assets	**(120)**	(2,479)
Amounts received specifically for New and Upgraded Assets	**-**	-
Proceeds from Sale of Surplus Assets	**21**	33
	(99)	(2,446)
Net Lending / (Borrowing) for Financial Year	**1,025**	(43)

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the year ended 30 June 2019

Note 14 - DISCLOSURES OF RELATED PARTY TRANSACTIONS

The Key Management Personnel include the Chair of the Board, Chief Executive and other officers prescribed under Section 112 of the *Local Government Act 1999* . The following payments were made to Key Management Personnel during the year:

	2019 $'000
Salaries, allowances & other short term benefits	373
Post-employment benefits	-
Long term benefits	-
Termination Benefits	-
TOTAL	**373**

Transactions with Related Parties:

The following transactions occurred with Related Parties:

Related Party Entity	Sale of Goods and Services ($'000)	Amounts Outstanding from Related Parties ($'000)	Description of Services Provided to Related Parties
City of Onkaparinga	4,944	509	Provision of waste disposal services
City of Holdfast Bay	930	67	Provision of waste disposal services
City of Marion	2,083	164	Provision of waste disposal services
Southern Recycling Centre	6,920	528	Provision of waste disposal services

Amounts recorded as outstanding from Related Parties are recorded in Trade and other receivables in Note 5.

The Authority has a total amount outstanding of $0.613m to the Southern Recycling Centre as at 30 June 2019.

The Related Parties disclosed above are equity owners of the Authority and are referred to as Member Councils. Member Councils have equal representation on the Board of the Authority and accordingly have significant influence on the financial and operating decisions of the Authority. No one Member Council individually has control of those policies.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS for the financial year ended 30 June 2019

Note 15 - EQUITY ACCOUNTED JOINT VENTURE

Southern Recycling Centre (SRC)

The Authority has entered into a joint venture arrangement with Integrated Waste Services Pty Ltd to operate the Southern Recycling Centre located on the Authority's landfill site.

	2019	**2018**
	$'000	$'000
The Authority's respective interests are:		
- interest in operating result:	50.00%	50.00%
- ownership of equity	49.99%	49.99%
- the proportion of voting power	50.00%	50.00%
Movement in Investment in Joint Operation:		
Opening Balance	**885**	709
New Capital Contributions	**-**	-
Share in Operating Result	**437**	176
Equity Adjustment	**-**	-
Distributions Received	**(490)**	-
Share in Equity of Joint Operation	**832**	885

Expenditure Commitments

There were no expenditure commitments at reporting date that required to be recognised in the financial statements.

Contingent Liabilities

There were no contingent liabilities at reporting date that required to be recognised in the financial statements.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 16 - FAIR VALUE MEASUREMENTS

The Authority measures and recognises the following assets at fair value on a recurring basis after initial recognition:

– Land assets.

The Authority does not subsequently measure any liabilities at fair value on a recurring basis, or any assets or liabilities at fair value on a non-recurring basis.

(a) **Fair value hierarchy**

AASB 13: *Fair Value Measurement* requires the disclosure of fair value information according to the relevant level in the fair value hierarchy. This hierarchy categorises fair value measurements into one of three possible levels based on the lowest level that a significant input can be categorised into. The levels are outlined below:

Level 1	Level 2	Level 3
Measurements based on quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.	Measurements based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.	Measurements based on unobservable inputs for the asset or liability.

The fair value of assets and liabilities that are not traded in an active market is determined using one or more valuation techniques. These valuation techniques maximise, to the extent possible, the use of observable market data. If all significant inputs required to measure fair value are observable, the asset or liability is included in Level 2. If one or more significant inputs are not based on observable market data, the asset or liability is included in Level 3.

Valuation techniques

The Authority selects valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value. The availability of sufficient and relevant data primarily depends on the specific characteristics of the asset or liability being measured. The valuation techniques selected by the association are consistent with one or more of the following valuation approaches:

– *Market approach:* uses prices and other relevant information generated by market transactions involving identical or similar assets or liabilities.

– *Income approach:* converts estimated future cash flows or income and expenses into a single current (i.e. discounted) value.

– *Cost approach:* reflects the current replacement cost of an asset at its current service capacity.

Each valuation technique requires inputs that reflect the assumptions that buyers and sellers would use when pricing the asset or liability, including assumptions about risks. When selecting a valuation technique, the Authority gives priority to those techniques that maximise the use of observable inputs and minimise the use of unobservable inputs. Inputs that are developed using market data (such as publicly available information on actual transactions) and reflect the assumptions that buyers and sellers would generally use when pricing the asset or liability are considered observable, whereas inputs for which market data are not available and therefore are developed using the best information available about such assumptions are considered unobservable.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 16 - FAIR VALUE MEASUREMENTS (Cont.)

The following tables provide the fair values of the Authority's assets measured and recognised on a recurring basis after initial recognition, categorised within the fair value hierarchy.

	Note	Level 1	Level 2	Level 3	Total
		$	$	$	$
2019					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		**-**	**1,987**	**-**	**1,987**
2018					
Recurring fair value measurements					
Infrastructure, Property, Plant & Equipment					
- Land	6	-	1,427	-	1,427
- Buildings	6	-	560	-	560
Total financial assets recognised at fair value		**-**	**1,987**	**-**	**1,987**

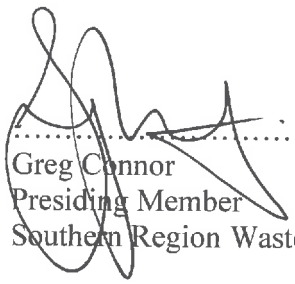
(b) **Disclosed fair value measurements**

The following table provides the level of the fair value hierarchy within which the disclosed fair value measurements are categorised in their entirety and a description of the valuation technique(s) and inputs used.

	Fair Value Hierarchy Level	Valuation Technique	Inputs Used
There has been no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.	2	Market Value	Observable sales of similar properties – both vacant land and land with improvements

Presiding Member Southern Region Waste Resource Authority
Audit Committee – Auditor Independence

I, Greg Connor the person occupying the position of Presiding Member of the Southern Region Waste Resource Authority's Audit Committee, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.



.....

Greg Connor
Presiding Member
Southern Region Waste Resource Authority Audit Committee

27/8/19
Dated

Galpins
Accountants, Auditors
& Business Consultants

David Chant CA, FCPA
Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
Luke Williams CA, CPA
Daniel Moon CA

CHARTERED ACCOUNTANTS™
AUSTRALIA + NEW ZEALAND

SOUTHERN REGION WASTE RESOURCE AUTHORITY

GENERAL PURPOSE FINANCIAL STATEMENTS
For the year ended 30 June 2019

Statement by Auditor

I confirm that, for the audit of the financial statements of the Southern Region Waste Resource Authority for the year ended 30 June 2019, 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) Regulation 2011*.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

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ABN: 30 630 511 757

Liability limited by a scheme approved under Professional Standards Legislation

Galpins
Accountants, Auditors
& Business Consultants

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Simon Smith CA, FCPA
David Sullivan CA, CPA
Jason Seidel CA
Renae Nicholson CA
Tim Muhlhausler CA
Aaron Coonan CA
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INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

INDEPENDENT ASSURANCE REPORT ON THE INTERNAL CONTROLS OF THE SOUTHERN REGION WASTE RESOURCE AUTHORITY

Opinion

We have audited the compliance of the Southern Region Waste Resource Authority ("the Authority") with the requirements of *Section 125 of the Local Government Act 1999* in relation only to the Internal Controls established by the Authority to ensure that financial transactions relating to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 have been conducted properly and in accordance with law.

In our opinion, the Authority has complied, in all material respects, with Section 125 of the *Local Government Act 1999* in relation to internal controls established by the Authority in relation to the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities so as to provide reasonable assurance that the financial transactions of the Authority have been conducted properly and in accordance with law for the period 1 July 2018 to 30 June 2019.

Basis for Opinion

We conducted our engagement in accordance with applicable Australian Standards on Assurance Engagement ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Financial Information* and ASAE 3150 A*ssurance Engagement on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements of the Australian professional accounting bodies.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The Authority's Responsibility for Internal controls

The Authority is responsible for implementing and maintaining an adequate system of internal controls, in accordance with *Section 125 of the Local Government Act 1999* to ensure that the receipt, expenditure and investment of money, with acquisition and disposal of property, and incurring of liabilities have been conducted properly and in accordance with law.

Our Independence and Quality Control

We have complied with the independence and other relevant ethical requirements relating to assurance engagements, and applied Auditing Standard ASQC 1 *Quality Control for Firms that Performs Audits and Reviews of Financial Reports and Other Financial Information, and Other Assurance Engagements* in undertaking this assurance engagement.

Auditor's responsibility

Our responsibility is to express an opinion on the Authority's compliance with Section 125 of the *Local Government Act 1999* in relation only to the internal controls established by the Authority to ensure that financial transactions relating to receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities, based on our procedures. Our engagement has been conducted in accordance with applicable Australian Standards on Assurance Engagements ASAE 3000 *Assurance Engagements Other than Audits or Reviews of Historical Information* and ASAE 3150 *Assurance Engagements on Controls*, issued by the Australian Auditing and Assurance Standards Board, in order to state whether, in all material respects, the Authority has complied with Section 125 of the *Local Government Act 1999* in relation only to the internal controls specified above for the period 1 July 2018 to 30 June 2019. ASAE 3000 also requires us to comply with the relevant ethical requirements for the Australian professional accounting bodies.

Limitations of Controls

Because of the inherent limitations of any internal control structure it is possible that, even if the controls are suitably designed and operating effectively, the control objectives may not be achieved so that fraud, error, or non-compliance with laws and regulations may occur and not be detected.

An assurance engagement on controls is not designed to detect all instances of controls operating ineffectively as it is not performed continuously throughout the period and the tests performed are on a sample basis. Any projection of the outcome of the evaluation of controls to future periods is subject to the risk that the controls may become inadequate because of changes in conditions, or that the degree of compliance with them may deteriorate.

Limitation of Use

This report has been prepared for the members of the Authority in Accordance with *Section 129 of the Local Government Act 1999* in relation to the Internal Controls Specified above. We disclaim any assumption of responsibility for any reliance on this report to any persons or users other than the members of the Authority, or for any purpose other than which it was prepared.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

Galpins

Accountants, Auditors
& Business Consultants

David Chant CA, FCPA
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INDEPENDENT AUDITOR'S REPORT

To the members of the Southern Region Waste Resource Authority

Report on the Audit of the Financial Report

Opinion

We have audited the accompanying financial report of the Southern Region Waste Resource Authority ("the Authority"), which comprises the balance sheet as at 30 June 2019, the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the statement by the Executive Officer and the Chairman.

In our opinion, the accompanying financial report presents fairly, in all material aspects, the financial position of the Authority as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the Australian Accounting Standards, *Local Government Act 1999 and Local Government (Financial Management) Regulations 2011.*

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility for the Financial Report

The Authority is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations), the *Local Government Act 1999* and the *Local Government (Financial Management) Regulations 2011* and for such internal control as the Authority determines is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Authority is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibility for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit of the financial report in accordance with Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the financial report in order to design procedures that are appropriate in the circumstances, but for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GALPINS ACCOUNTANTS, AUDITORS & BUSINESS CONSULTANTS

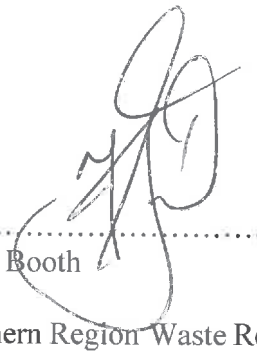
Simon Smith FCPA, Registered Company Auditor

Partner

05/09/2019

Southern Region Waste Resource Authority
Board Chair – Auditor Independence

I, Mark Booth, the person occupying the position of Chair of the Southern Region Waste Resource Authority's Board, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the Southern Region Waste Resource Authority, Galpins, has not been engaged by the Southern Region Waste Resource Authority to provide services to the Southern Region Waste Resource Authority outside of the scope of the audit functions under the Local Government Act 1999.



.....
Mark Booth
Chair
Southern Region Waste Resource Authority Board

4/9/19
Dated

Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority

I, Mark Dowd the person for the time being occupying the position of Chief Executive Officer of the City of Onkaparinga, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the *Local Government (Financial Management) Regulations 2011*), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the *Local Government Act 1999*.

.....

Mark Dowd
Chief Executive Officer
City of Onkaparinga

12/8/19

City of Onkaparinga
PO Box 1
Noarlunga Centre
South Australia 5168
www.onkaparingacity.com

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Noarlunga Centre
Telephone (08) 8384 0666
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Willunga office
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Willunga
Telephone (08) 8384 0666
Facsimile (08) 8382 8744

Woodcroft office
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Morphett Vale
Telephone (08) 8384 0666
Facsimile (08) 8382 8744

9 August 2019

CITY OF MARION

PO Box 21, Oaklands Park
South Australia 5046

245 Sturt Road, Sturt
South Australia 5047

T (08) 8375 6600
F (08) 8375 6699
E council@marion.sa.gov.au

Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority

I, Adrian Skull, the person for the time being occupying the position of Chief Executive Officer of the City of Marion, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

.....
Adrian Skull
Chief Executive Officer
City of Marion

9.8.19
.....
Dated

The City of Marion acknowledges it is part of Kaurna land and recognises the Kaurna people as the traditional and continuing custodians of the land.

CITY OF HOLDFAST BAY

holdfast.sa.gov.au
Brighton Civic Centre 24 Jetty Road, Brighton SA 5048
PO Box 19 Brighton SA 5048
P 08 8229 9999 F 08 8298 4561
Glenelg Customer Service Centre and Library
2 Colley Terrace, Glenelg SA 5045

Chief Executive Officer's Certificate of Compliance – Auditor Independence
Southern Region Waste Resource Authority

I, Roberto Bria, the person for the time being occupying the position of Chief Executive Officer of the City of Holdfast Bay, being a Constituent Council of the Southern Region Waste Resource Authority, do hereby certify (for the purposes of Regulation 22 (3) of the Local Government (Financial Management) Regulations 2011), that the auditor of the subsidiary, Galpins, has not been engaged by the subsidiary to provide services to the subsidiary outside of the scope of the audit functions under the Local Government Act 1999.

.....
Roberto Bria
Chief Executive Officer
City of Holdfast Bay

9/8/19
Dated

ATTENDANCE AT BOARD MEETINGS

BOARD MEMBERS	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
CHAIRMAN Mark Booth	6	6
CITY OF ONKAPARINGA Kirk Richardson	6	5
CITY OF ONKAPARINGA Alison Hancock *Term Completed June 2019*	6	5
CITY OF MARION Vincent Mifsud *Resigned May 2019*	5	4
CITY OF MARION Adrian Skull *Appointed May 2019*	1	0
CITY OF MARION Ian Crossland	6	4
CITY OF HOLDFAST BAY Roberto Bria	6	6
CITY OF HOLDFAST BAY Lynda Yates *Resigned November 2018*	3	2
CITY OF HOLDFAST BAY John Smedley *Appointed December 2018*	3	3

DEPUTY BOARD MEMBERS

Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology

CITY OF ONKAPARINGA Heidi Greaves	0
CITY OF MARION Nick Kerry *Term Completed October 2018*	0
CITY OF MARION Bruce Hull *Appointed October 2018*	0
CITY OF MARION Ray Barnwell *Appointed May 2019*	1
CITY OF HOLDFAST BAY John Smedley *Resigned December 2018*	2
CITY OF HOLDFAST BAY Clare Lindop *Appointed December 2018*	1

ATTENDANCE AT AUDIT COMMITTEE MEETINGS

	MEETINGS HELD WHILST MEMBER	MEETINGS ATTENDED
Please Note: Deputy Members are only required to attend a Meeting when the Member is an apology		
CHAIRMAN Greg Connor	4	4
David Powell	4	4
Vicki Brown *Resigned March 2019*	3	3
Sam Spadavecchia *Appointed March 2019*	1	1
Mark Booth	4	4
Lynda Yates *Deputy SRWRA Representative* *Resigned November 2018*	0	0
John Smedley *Deputy SRWRA Representative* *Appointed February 2019*	0	0

PERFORMANCE AGAINST BUSINESS PLAN

Each year SRWRA prepares an Annual Business Plan that is submitted to the Constituent Councils detailing its aims and objectives.

AIMS AND OBJECTIVES	STATUS
Assessments of Long Term Financial Plan Assumptions	Achieved
Further Development of the Southern Recycling Centre recycling operations	Achieved
Cell Construction feasibility & development project	In Progress
Redesign of capping system for super cell area	In Progress
Solar/alternative energy projects	In Progress
Work with Constituent Councils to explore options and feasibility surrounding the operations of a "Waste to Energy" and "Materials Recycling Facility" in the region.	In Progress

SRWRA
Southern Region Waste Resource Authority

SRWRA CONSTITUENT COUNCILS

CITY OF ONKAPARINGA

CITY OF MARION

CITY OF HOLDFAST BAY

SRWRA
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COUNCIL SOLUTIONS REGIONAL AUTHORITY
General Purpose Financial Reports
for the year ending 30 June 2019

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COUNCIL SOLUTIONS REGIONAL AUTHORITY
Certification Of Financial Statements
for the year ending 30 June 2019

I have been authorised by the Council Solutions Regional Authority Board to certify the financial statements of the Council Solutions Regional Authority in their final form. In my 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 Solutions Regional Authority's financial position at 30 June 2019 and the results of its operations and cash flows for the financial year.
- Internal controls implemented by the Authority provide a reasonable assurance that the Authority's financial records are complete, accurate and reliable and were effective throughout the financial year.
- The financial statements accurately reflect the Council Solutions Regional Authority's accounting and other records.

.....

Jeff Tate
Chair Of The Board

Date: 29 August 2019

Appendix A

COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF COMPREHENSIVE INCOME
for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
INCOME			
Investment Income	2	**7**	**4**
Management Fees	2	**1,056**	**1,054**
Other Income	2	**270**	**641**
Total Income		**1,333**	**1,699**
EXPENSES			
Materials, contracts & other expenses	3	**960**	**1,770**
Total Expenses		**960**	**1,770**
OPERATING SURPLUS / (DEFICIT)		**373**	**(71)**
NET SURPLUS / (DEFICIT)		**373**	**(71)**
Total Other Comprehensive Income		**-**	**-**
TOTAL COMPREHENSIVE INCOME		**373**	**(71)**

This Statement is to be read in conjunction with the attached Notes.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
BALANCE SHEET
as at 30 June 2019

	Notes	2019 $'000	2018 $'000
ASSETS			
Current Assets			
Cash and cash equivalents		**539**	**174**
Receivables		**342**	**564**
Total Current Assets	4,7	**881**	**738**
Total Assets		**881**	**738**
LIABILITIES			
Current Liabilities			
Trade & Other Payables		**37**	**124**
Other Current Liabilties		**15**	**158**
Total Current Liabilities	5,7	**52**	**282**
Total Liabilities	5,7	**52**	**282**
NET ASSETS		**829**	**456**
EQUITY			
Accumulated Surplus		**686**	**313**
Share Capital		**143**	**143**
TOTAL EQUITY		**829**	**456**

This Statement is to be read in conjunction with the attached Notes.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
STATEMENT OF CHANGES IN EQUITY
for the year ended 30 June 2019

2019	Initial Contribution by Owners $'000	Accumulated Surplus $'000	Total $'000
Opening Balance	143	313	**456**
Net Surplus for Year	-	373	**373**
Balance at end of period	**143**	**686**	**829**

2018	Initial Contribution by Owners $'000	Accumulated Surplus $'000	Total $'000
Opening Balance	143	385	**527**
Net Surplus for Year	-	(71)	**(72)**
Balance at end of period	**143**	**313**	**456**

CASH FLOW STATEMENT
for the year ended 30 June 2019

	Notes	2019 $'000	2018 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Operating receipts		1,548	1,600
Investment Income		7	4
Payments			
Operating payments to suppliers & employees		(1,190)	(1,764)
Net Cash provided by (or used in) Operating Activities		**365**	**(160)**
Net Increase (Decrease) in cash held		**365**	**(160)**
Cash & cash equivalents at beginning of period		**174**	**334**
Cash & cash equivalents at end of period	6	**539**	**174**

This Statement is to be read in conjunction with the attached Notes

COUNCIL SOLUTIONS REGIONAL AUTHORITY

Notes to and forming part of the Financial Statements for the year ending 30 June 2019

Note 1 - Significant Accounting Policies

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.

Council Solutions Regional Authority is a Regional Subsidiary under Section 43 and Schedule 2 of the Local Government Act 1999. The Constituent Councils and their respective share of equity are as follows:

Constituent Council	Equity Share
Adelaide City Council	16.67%
City of Charles Sturt	16.67%
City of Marion	16.67%
City of Onkaparinga	16.67%
City of Salisbury	16.67%
City of Tea Tree Gully	16.67%

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.
The financial report was authorised for issue by certificate under regulation 14 of the *Local Government (Financial Management) Regulations 2011.*

1 Basis of Preparation

The financial report has been prepared on an accruals basis and is based on historical costs. All amounts in the financial statements have been rounded to the nearest thousand dollars ($'000).

2 Income recognition

Management Fee Income is recognised when the Constituent Councils enter into the purchase of a good or service from a Supplier contracted to provide the Authority (or in the case of some prior contracts that were created jointly between the six constituent Council) with a Management Fee.

3 Cash, Cash Equivalents and other Financial Instruments

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

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.

4 Infrastructure, Property, Plant & Equipment

The Authority did not procure any non-current assets during the reporting period and does not hold any non-current assets as at the reporting date.

5 Employee Benefits

All employees are employed through Adelaide City Council, one of the Constituent Councils. Those employees are then contracted to the Authority.

COUNCIL SOLUTIONS REGIONAL AUTHORITY

Notes to and forming part of the Financial Statements for the year ending 30 June 2019

6 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.
- Amounts included in the Statement of Cash Flows are disclosed on a gross basis.

7 Comparative Information

Comparative information has been reclassified to be consistent with the current year disclosure of equivalent information in accordance with Australian Accounting Standards.

8 Critical Accounting Estimates and Judgements

The Authority evaluates estimates and judgements incorporated into the financial report based on historical knowledge and best available current information.

Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the authority.

Accounts receivable are reviewed at each reporting date to establish the collectability.

9 Pending Accounting Standards

Certain new accounting standards and UIG interpretations have been published that are not mandatory for the 30 June 2019 reporting period and have not been used in preparing these reports.

AASB 7	Financial Instruments – Disclosures
AASB 9	Financial Instruments
AASB 15	Revenue from Contracts with Customers
AASB 16	Leases
AASB 1058	Income of Not-for-Profit Entities

Standards containing consequential amendments to other Standards and Interpretations arising from the above - AASB 2010-7, AASB 2014-1, AASB 2014-3, AASB 2014-4, AASB 2014-5, AASB 2014-6, AASB 2014-7, AASB 2014-8, AASB 2014-9, AASB 2014-10, AASB 2015-1, AASB 2015-2, AASB 2015-3, AASB 2015-4, AASB 2015-5, AASB 2015-6 and AASB 2015-7.

(Standards not affecting local government have been excluded from the above list.)

AASB 16 Leases, which will commence from 1 July 2019, requires that the right of use conveyed by leasing contracts - except leases with a maximum term of 12 months and leases for non-material amounts - be recognised as a form of Infrastructure, Property, Plant and Equipment, and that the lease liability be disclosed as a liability.

At 30 June 2019, Council has no leases to which this treatment will need to be applied.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 2 - INCOME

	2019 $'000	2018 $'000
INVESTMENTS		
Interest Income	7	4
	7	4
REBATES		
Management Fees	1,056	1,054
	1,056	1,054
OTHER INCOME		
Reimbursements	270	641
	270	641

Note 3 - EXPENSES

	2019 $'000	2018 $'000
MATERIALS, CONTRACTS & OTHER EXPENSES		
Advertising	0	1
Audit Fees	4	4
Catering	1	1
Contractors	40	45
Consultant Fees	92	532
Insurance	28	27
IT Expenses	23	34
Legal Fees	35	63
Membership Fees & Subscriptions	5	4
Motor Vehicle	2	2
Reimbursements - Salary & Wages	665	982
Rent	27	26
Sitting Fees	19	32
Sundry	13	13
Telephone	2	2
Training and Development	4	2
	960	1,770

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 4 - CURRENT ASSETS

	2019 $'000	2018 $'000
CASH & CASH EQUIVALENTS		
Cash at Bank	**539**	**174**
	539	**174**
RECEIVABLES		
Accounts Receivables	**226**	**419**
Accrued Income	**116**	**143**
Prepaid Expenses	**-**	**2**
	342	**564**
TOTAL CURRENT ASSETS	**881**	**738**

Note 5 - LIABILITIES

	2019 $'000	2018 $'000
TRADE & OTHER PAYABLES		
Creditors	**28**	**120**
Expenses Accrued	**9**	**4**
	37	**124**
OTHER CURRENT LIABILITIES		
Payable to Adelaide City Council	**15**	**158**
	15	**158**
TOTAL LIABILITIES	**52**	**282**

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 6 - RECONCILIATION TO CASH FLOW STATEMENT

(a) Reconciliation of Cash

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 Cash Flow Statement is reconciled to the related items in the Balance Sheet.

	2019	2018
	$'000	$'000
Cash at Bank	**539**	**174**
Balances per Cash Flow Statement	**539**	**174**

(b) Reconciliation of Change in Net Assets to Cash from Operating Activities

Net Surplus	**373**	**(71)**
Net (increase)/decrease in Receivables	**222**	**(95)**
Net increase/(decrease) in Current Liabilities	**(230)**	**6**
Net Cash provided by (or used in) operations	**365**	**(160)**

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 7 - FINANCIAL INSTRUMENTS

(a) Interest Rate Risk

The Authority's exposure to interest rate risk, which is the risk that the value of a financial instrument will fluctuate as a result of changes in market interest rates, and the effective weighted average interest rates on those applicable financial assets and liabilities is as follows;

2018-19	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		$'000	$'000	$'000	$'000	$'000
Financial Assets:						
Cash	1.9%	539	-	-	-	539
Receivables	0.0%	-	-	-	-	342
Total Financial Assets		539	-	-	-	881
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	52
Total Financial Liabilities		-	-	-	-	52

2017-18	Weighted Average Interest Rate	Fair Value of Variable Interest Rate Instruments	Fair Value of Fixed Interest rate instruments maturing within One Year	Fair Value of Fixed Interest rate instruments maturing Due > 1 less 5 Yrs	Fair Value of Fixed Interest rate instruments maturing Due > 5 Yrs	Fair Value of Non-Interest Bearing Instruments
		$'000	$'000	$'000	$'000	$'000
Financial Assets:						
Cash	1.8%	174	-	-	-	174
Receivables	0.0%	-	-	-	-	564
Total Financial Assets		174	-	-	-	738
Financial Liabilities:						
Creditors and Provisions	0.0%	-	-	-	-	282
Total Financial Liabilities		-	-	-	-	282

(b) Credit Risk

Credit Risk respresents the loss that would be recognised if other entities failed to perform as contracted.
The Authority's exposure to credit risk is summarised as follows;
Receivables - the Authority's maximum exposure is disclosed in the financial statements net of any provision for doubtful debts

(c) Net Fair Value

The net fair value of a financial instrument is defined as its value net of all costs to settle the asset and liability. The financial assets and liabilities as stated or referred to in notes (a) and (b) above, are stated at their face value (less provision for doubtful debts if applicable).

Due to the nature of financial instruments held in the Authority, the cost associated with their settlement would not be material, and hence, have not been considered.

COUNCIL SOLUTIONS REGIONAL AUTHORITY
NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS
for the year ended 30 June 2019

Note 8 - RELATED PARTY DISCLOSURES

KEY MANAGEMENT PERSONNEL

The Key Management Personnel of the Council include the Chair of the Board, the Board, Independent Members of the Audit Committee and the CEO, Acting CEO and General Manager.

Salaries, allowances & other short term benefits paid by Council Solutions to KMP were $232k (2018-19) and $259k (2017-18)

The following qualifying related party disclosures have been identified in relation to the 2018-19 financial year

Related Party Entity	Amounts received from related parties during 2018-19 FY	Amounts outstanding from related parties as at 30 June 2019	Amounts outstanding to related parties as at 30 June 2019
	$ '000	$ '000	$ '000
City of Adelaide	112	26	-
City of Charles Sturt	116	26	-
City of Marion	100	-	-
City of Salisbury	3	-	-
City of Tea Tree Gully	3	-	-
City of Onkaparinga	3	-	-

The above amounts received represent reimbursements of designated project costs paid by the above listed Constituent Councils to Council Solutions at various times throughout the year. These amounts have been approved by the Board and reported on as part of the ongoing annual budget setting and budget review process.

Council Solutions provides procurement services to the above listed entities.

Council Solutions Regional Authority

Certification Of Auditor Independence
for the year ending 30 June 2019

To the best of our knowledge and belief, we confirm that, for the purpose of the audit of the Council Solutions Regional Authority for the year ended 30 June 2019, the Council's Auditor, Ian G McDonald FCA, 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) (b) Local Government (Financial Management) Regulations 2011.

.....

Jeff Tate
CHAIR – Council Solutions

Date: 15 August 2019

.....

Tanya Johnston
Presiding Member of Audit Committee

Date: 15 August 2019

.....

Mark Dowd
CHIEF EXECUTIVE OFFICER
City of Onkaparinga

Date: 12 August 2019

.....

Mark Goldstone
CHIEF EXECUTIVE OFFICER
Adelaide City Council

Date: 13/8/2019

.....

Paul Sutton
CHIEF EXECUTIVE OFFICER
City of Charles Sturt

Date: 9/8/2019

.....

Adrian Skull
CHIEF EXECUTIVE OFFICER
City of Marion

Date: 12.8.19

.....

John Harry
CHIEF EXECUTIVE OFFICER
City of Salisbury

Date: 13/8/2019

.....

John Moyle
CHIEF EXECUTIVE OFFICER
City of Tea Tree Gully

Date: 9/8/2019

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Council Solutions Regional Authority

ANNUAL FINANCIAL STATEMENTS
For the year ended 30 June 2019

STATEMENT BY AUDITOR

We confirm that, for the audit of the financial statements of the Council Solutions Regional Authority for the year ended 30 June 2019, we have maintained our 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.*

Ian G McDonald FCA

Dated this 2nd day of August 2019

Ian G McDonald FCA

CHARTERED ACCOUNTANTS
AUSTRALIA + NEW ZEALAND

Council Solutions Regional Authority
Independent Auditor's Report

We have audited the attached financial statements, being a general purpose financial report, of Council Solutions Regional Authority for the year ended 30 June 2019.

Opinion
In our opinion, the financial statements of the Authority are properly drawn up:

a) to present fairly the financial position of the Authority as at the 30 June 2019 and the results of its operations for the period then ended, and;
b) according to Australian Accounting Standards.

Basis for Opinion
For the audit of the Authority we have maintained our independence in accordance with the relevant ethical requirements of APES 110 Section 290. We believe that the audit evidence that we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information – Basis of Accounting and Restriction on Distribution
Without modifying our opinion, we draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report is prepared to assist the authority to meet the requirements of Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011. As a result, the financial report may not be suitable for another purpose. Our report is intended solely for the members.

Responsibilities of Management for the Financial Report
The Board of Management is responsible for the preparation of the financial report in accordance with Local Government Act 1999 together with the Local Government (Financial Management Regulations 2011 and for such internal control as management determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Financial Report
Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the schedule is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the association's preparation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the association's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ian G McDonald FCA
Registered Company Auditor

Dated at Grange this 2nd day of September 2019

Deloitte.

Corporation of the City of Marion

Report to the Finance and Audit Committee and Elected Members for the year ended 30 June 2019

1 October 2019

Deloitte.

11 Waymouth Street
Adelaide SA 5000
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Adelaide SA 5001 Australia
Tel: +61 8 8407 7000
www.deloitte.com

Mr Greg Connor
Chair, Finance & Audit Committee
Corporation of the City of Marion
245 Sturt Road
STURT SA 5047

1 October 2019

Dear Greg

We are pleased to present this report to the Finance and Audit Committee and Elected Members of the Corporation of the City of Marion ("City of Marion" or "the Council") in connection with the year end audit as of 30 June 2019.

We have substantially completed our audit and subject to the satisfactory resolution of the matters detailed in the Executive Summary we expect to issue an unmodified audit report. Included in the attached report are matters arising from our audit of the financial report of the Corporation of the City of Marion for the year ended 30 June 2019 which we consider appropriate for the attention of the Finance and Audit Committee ("the Committee") and Elected Members. These matters have been discussed with management of the Council and their comments have been included, where appropriate.

We look forward to the Committee meeting on 8 October 2019 where we will have the opportunity to discuss this report. In the interim, should you require clarification on any matter in this report please do not hesitate to contact us.

We would like to take this opportunity to extend our appreciation to management and staff for their assistance and cooperation during the course of our audit.

Yours faithfully

Lee Girolamo
Audit Partner

We have prepared this report solely for the use of the Corporation of City of Marion and it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept responsibility for any reliance that they might place on it.

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A. Audit focus areas

B. Other audit focus areas

C. Internal control

D. Summary of uncorrected misstatements and disclosure deficiencies

E. Independence

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Executive Summary

Purpose

This report has been prepared to assist the Finance and Audit Committee and Elected Members in fulfilling its governance obligations relating to the City of Marion for the year ended 30 June 2019.

This report includes only those matters which have come to our attention as a result of our audit procedures which we believe require the attention of the Finance and Audit Committee and Elected Members.

Scope

We have conducted an audit of the financial report of the City of Marion for the year ended 30 June 2019 ("financial report") in accordance with the requirements below with the objective of expressing an opinion on the financial report.

- Australian Auditing Standards
- *Local Government Act 1999*
- *Local Government (Financial Management) Regulations 2011*

We have also conducted a compliance audit of the Council with the requirements of *Section 125 of the Local Government Act 1999* in relation to the Internal Controls established by the Council to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 are in accordance with legislative provisions.

Status

Our audit of the financial report is substantially complete. We expect to issue unmodified audit opinions on the financial report, grant audit, audit of the Workers Compensation Declaration and ASAE 3100 engagement with respect to the Council's compliance with Section 125 of the Local Government Act subject to the completion of:

- appropriate procedures relating to subsequent events up to the date of our audit opinion
- receipt of the signed written representation letters from management
- adoption of the accounts by the Council and signing of Certification of the financial report by the Chief Executive Officer and Mayor.

We have not identified any uncorrected misstatements that, in our judgement, either individually or in aggregate, could have a material effect on the financial report for the year ended 30 June 2019.

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Executive Summary

Internal Controls

In performing our audit we have not identified any significant deficiencies in internal control relating to the prevention and detection of fraud and error which would impact upon our ability to provide our opinion on the financial report.

We have however, noted a number of control observations as part of our engagement on the compliance with section 125 of the Local Government Act 1999. These findings are summarised in our letter to management circulated separately.

Summary of uncorrected misstatements

We have not identified any uncorrected misstatements for the year ended 30 June 2019.

Summary of uncorrected disclosure deficiencies

We detected no uncorrected disclosure deficiencies in the financial report.

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A. Audit focus areas

Audit focus areas
Other focus areas
Internal controls
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Independence

Our audit procedures were focused on those areas of the City of Marion's financial report that were identified and assessed as audit risks. These areas were identified as a result of:

- The risk assessment processes undertaken during the planning phase and throughout our engagement
- Our understanding of the business risks faced by the City of Marion, obtained through our prior experiences providing services to the Corporation of the City of Marion as well as a number of other Councils across South Australia and Australia
- Discussion with management during the course of our audit

We detail on the following pages the areas of focus which we have identified as relevant to our audit that include significant risks and other areas of interest that we are required to and/or have determined should be, communicated to you.

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A. Audit focus areas

Infrastructure, Property, Plant and Equipment

Audit focus areas
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Areas of Audit Focus	The majority of Infrastructure, Property, Plant & Equipment gets re-valued on an annual basis at a value equal to depreciated replacement cost per City of Marion policy. In the 2019 financial year the revaluation resulted in a net increase in revaluation surplus of $2m.

Summary of response and findings
Deloitte performed the following:

Evaluation of the assumptions made by your independent expert (APV) in their valuation report, by comparing the assumptions they have made with prior year valuation reports and understanding any material variances. We also obtained control reliance by performing extensive testing around key controls in the property, plant and equipment business cycle.

Our detail testing covered the following areas:
- Existence of fixed assets
- Additions of fixed assets
- Disposal of fixed assets

We have also performed the following procedures:

- Developing an expectation of depreciation expenditure in accordance with policy.
- Review of the reconciliation of the fixed asset register to the financial statements.

We noted no issues through our testing for the year ending 30 June 2019.

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A. Audit focus areas

Rates Revenue and Grant Income

Audit focus areas
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Areas of Audit Focus	Rate revenue has been identified as a significant transaction cycle given the size of the account balance. Grant revenue has been identified as a material account balance in relation to recognition requirements as set out in AASB 1004 (Contributions). In accordance with this standard local government councils are required to recognise the revenue at the point where: • The Council has a right to receive the revenue, or • The Council has control over the grant funding.

Summary of response and findings
Deloitte performed the following:

Rate Revenue
Given the stability of rate revenue, we have established an expectation of the overall rate revenue using published rates and Valuer General reports to support property valuations.

No issues in relation to rate revenue were noted.

Grant Income
Based on the above, we have assessed the revenue recognised during the current year and ensured no grant revenue was inappropriately deferred to the statement of financial position.

We noted no issues through our testing for the year ending 30 June 2019.

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A. Audit focus areas

Expenditure

Audit focus areas
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Areas of Audit Focus	Given the volume, magnitude and public accountability of City of Marion expenditures the preventative and detective controls over expenditures, including the budgetary cycle were given consideration.

Summary of response and findings
Deloitte performed the following:

Detailed testing has been performed over operating expenditure.

For employee costs, an expectation was developed using staff numbers, average pay and known increases awarded.

Depreciation expenditure was analysed for each asset category for compliance with the City of Marion approved policy which also included an assessment of the useful lives and residual values of the fixed assets.

No issues in relation to these account balances were noted.

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B. Other audit focus areas

Audit focus areas
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Financial reporting update

Non-compliance with applicable laws and regulations

In performing our audit of the City of Marion for the year ended 30 June 2019 we have not become aware of any instances of non-compliance with applicable laws and regulations that would have an impact on the determination of material amounts and disclosures in the financial report.

Journal Entry Testing

Through the use of our proprietary software 'My Analytics' we were able to apply a data driven approach to journal entry testing in order to improve audit detection risk. The technique enabled analysis of the complete journal entry population with a specific focus on manual journals and assisted us in addressing the risk of management override of controls.

All journal entries identified for further investigation had appropriate explanations and supporting evidence.

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C. Internal controls

Audit focus areas
Other focus areas
Internal controls
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Independence

Objective

We were engaged to perform a compliance audit of the City of Marion with the requirements of Section 125 of the Local Government Act 1999 in relation to the Internal Controls established by the City of Marion to ensure that the receipt, expenditure and investment of money, acquisition and disposal of property and incurring of liabilities for the period 1 July 2018 to 30 June 2019 are in accordance with legislative provisions.

Summary of internal control

The 31 business processes are divided into 6 risk categories including Assets, Liabilities, Expenses, Revenue, Strategic Financial Planning and External Services. The Better Practice Model provided by the South Australian Local Government Financial Management Group (SALGFMG) identifies risks for each business process and suggests several controls to address each risk. In total there are 491 controls, of which 233 are considered "Core" and 258 are considered "Additional".

Summary of results

We have performed the control assessment on a rotation basis for each of six risk categories. For the financial year ended 30 June 2019, we have selected the risk categories of Revenue and Expenses as well as scoping in controls that fit the following profile:

- Control activities which are different from last year and different from the Better Practice Model
- Control activities which have different assessors or reviewers from last year
- Control activities which have a rating for assessor or reviewer which are equal or less than 2
- Control activities which the rating for assessor and reviewers are different by 2 or more
- Control activities which had findings identified from last year
- Control activities which are significant to the statutory audit

In performing our audit of the City of Marion for the year ended 30 June 2019 whilst we have not identified any significant deficiencies in internal controls relating to the prevention and detection of fraud and error which would impact upon our ability to provide our opinion on the financial report for the year ended 30 June 2019, we noted a number of control observations as part of our engagement on the compliance with section 125 of the Local Government Act 1999. These findings are summarised in our letter to management circulated separately.

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C. Internal controls

Audit focus areas
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Future Considerations

The City of Marion has conducted a risk analysis and implemented 219 of 233 core controls in accordance with the recommendations of the Better Practice Model, in order to comply with Section 125 of the Local Government Act 1999. We recommend that management perform further risk profiling analysis on these core controls to identify, and further reduce the key controls required to address the risks specific to the City of Marion.

Not all the core controls have been implemented due to alternative or mitigating controls being identified. In addition the Council has adopted additional Governance, Ethics and ICT (GEI) controls which are not required by the Better Practice Model, however show a strong culture of internal control at the Council.

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D. Summary of uncorrected misstatements and disclosure deficiencies

Audit focus areas
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Summary of uncorrected misstatements
We have not identified any uncorrected misstatements that we believe could, either individually or in aggregate, have a material effect on the financial report for the year ended 30 June 2019.

Summary of disclosure deficiencies
No material uncorrected disclosure deficiencies were detected in the financial report.

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E. Independence Declaration

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Independence

Mr Greg Connor
Chair, Finance and Audit Committee
Corporation of the City of Marion
245 Sturt Road
STURT SA 5047

1 October 2019

Dear Sir

Auditor's Independence Declaration to the Corporation of the City of Marion

In accordance with the Local Government (Financial Management) Regulations 2011, I am pleased to provide the following declaration of independence to the councillors of the Corporation of the City of Marion.

I confirm that, for the audit of the financial statements of the Corporation of the City of Marion for the 30 June 2019 financial year, 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.

Yours faithfully

Deloitte Touche Tohmatsu

Lee Girolamo
Partner

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E. Independence Letter

Audit focus areas
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Mr Greg Connor
Chair, Finance and Audit Committee
Corporation of the City of Marion
245 Sturt Road
STURT SA 5047

1 October 2019

Dear Sir

Independence letter for the Finance and Audit Committee

Deloitte Touche Tohmatsu ("Deloitte") has prepared the following letter to facilitate our communication with the Finance and Audit Committee of the Corporation of the City of Marion (the "Council") and to assist you in meeting your requirements under the *Local Government Act 1999* to communicate matters to the members of Council regarding Auditor independence.

To the best of our knowledge and belief, there have been no contraventions of the auditor independence requirements of the Local Government Act or of any applicable code of professional conduct in relation to the audit for the financial year ended 30 June 2019.

We are not aware of any relationships between Deloitte and the Council that, in our professional judgment, may reasonably be thought to bear on our independence.

This report is intended solely for the information and use of the Council and management for the purposes stated herein, and is not intended to be and should not be used or relied upon by any other person or by any person for any other purpose.

Should you have any queries or wish to discuss this matter further please do not hesitate to contact me on 8407 7070.

Yours faithfully

Deloitte Touche Tohmatsu

Lee Girolamo
Partner

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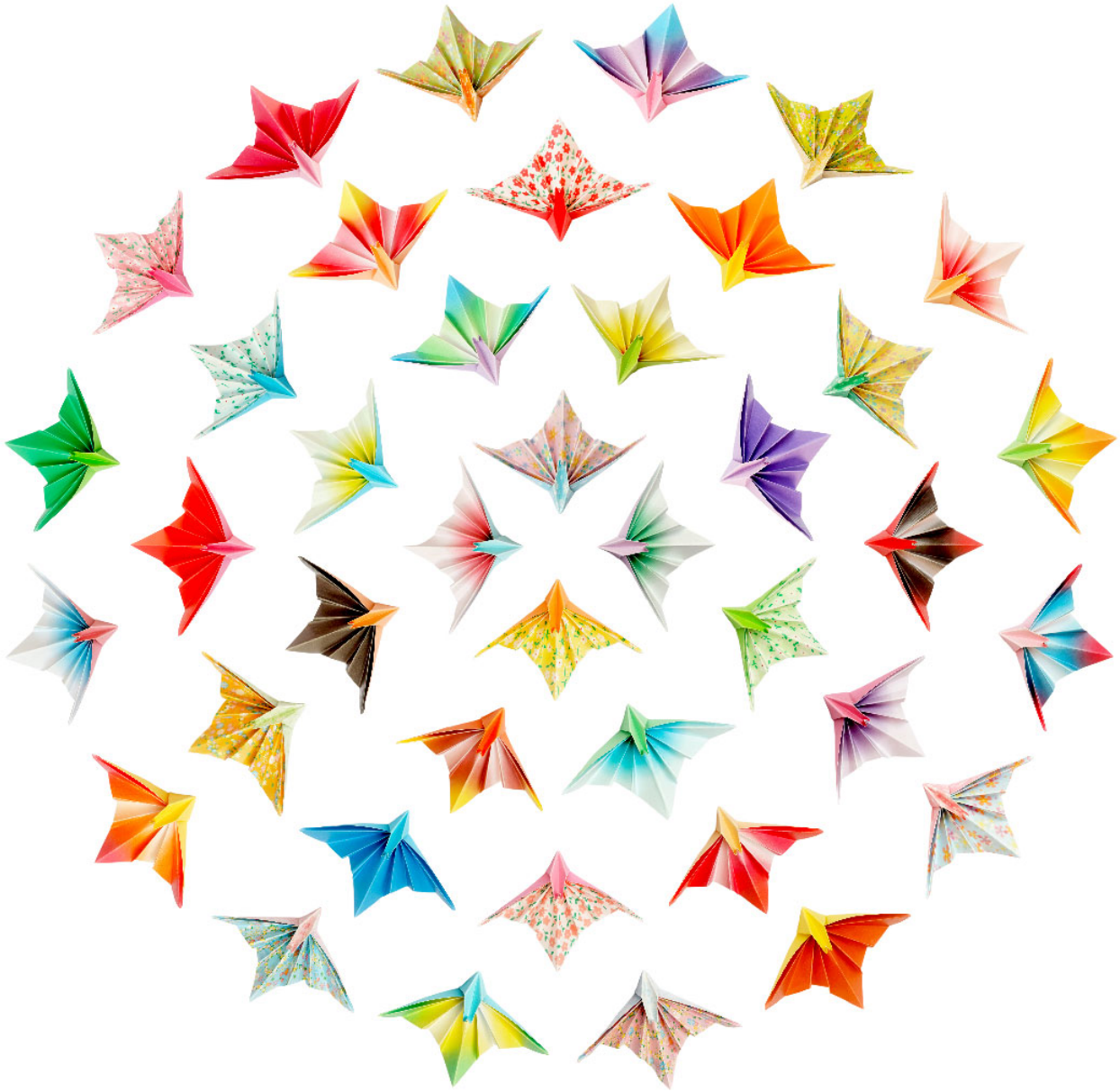

The Corporation of the City of Marion

Management letter

Year ended 30 June 2019

Deloitte.

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Mr Kris Hanna
Mayor
Corporation of the City of Marion
PO Box 21
OAKLANDS PARK SA 5046

2 October 2019

Dear Sir

Matters arising from the Audit of the Corporation of the City of Marion for the year ended 30 June 2019

We have completed our audit of the Corporation of the City of Marion ("the Council") for the year ended 30 June 2019, and our Report to the Finance and Audit Committee and Elected Members was discussed at the Finance and Audit Committee meeting on 8 October 2019. That report included the most significant internal control, accounting and other matters which came to our attention during the 30 June 2019 audit. This report provides a discussion on certain matters concerning the company's internal control and accounting practices which came to our attention during our field work in connection with the audit for the year ending 30 June 2019 and our recommendations for improvements.

You will appreciate that our normal audit procedures are designed primarily to enable us to form an opinion on the financial statements as a whole and therefore do not necessarily bring to light at each audit all the weaknesses in internal control or accounting practice which a special investigation might do. Recommendations for improvements should be assessed by you for their full commercial impact before they are implemented.

We have prepared this report solely for the use of the Council's management. As you know, this report forms part of a continuing dialogue between the Council and us and, therefore, it is not intended to include every matter, whether large or small, that has come to our attention. For this reason we believe that it would be inappropriate for this report to be made available to third parties and, if such a third party were to obtain a copy without our prior written consent, we would not accept any responsibility for any reliance that they might place on it.

We would like to take this opportunity to extend our appreciation to management and staff throughout the Council for their assistance and cooperation during the course of our audit.

We shall be pleased to discuss with you any matters mentioned in this report.

Yours faithfully

Lee Girolamo
Partner

DRAFT

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1 Introduction and scope of work

We have completed both the statutory audit of the Corporation of the City of Marion ("the Council") and the ASAE 3100 engagement with respect to the Council's compliance with *Section 125 of the Local Government Act* for the year ended 30 June 2019. The scope of our audit was set out in our audit engagement letter dated 27 May 2019 and the audit service plan dated 22 May 2019.

During the audit, every effort was made to identify audit, accounting, internal and IT control deficiencies, disaster recovery and other issues which would be of benefit to the Council and its controlled entities.

In accordance with our normal practice, we write to draw your attention to those matters which came to our attention during the audit for the year ended 30 June 2019

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2 Audit Findings – Internal Controls

2.1 Background

Amendments to the *Local Government Act 1999* (the "Act") require local government auditors to provide separate formal opinions in relation to:

- The financial statement audit; and
- Financial internal controls audit as prescribed in Section 125 of the Act.

Implications for Councils

To comply with these changes Council has implemented an internal control framework as that prescribed in the South Australian Local Government Financial Management Group ("SALGFMG") Better Practice Model – Financial Internal Controls.

Objectives

We have provided you with the following risk rating matrix and details of the results of our testing and recommendations for improvement as part of the services as determined by the scoping agreed on between City of Marion management and Deloitte.

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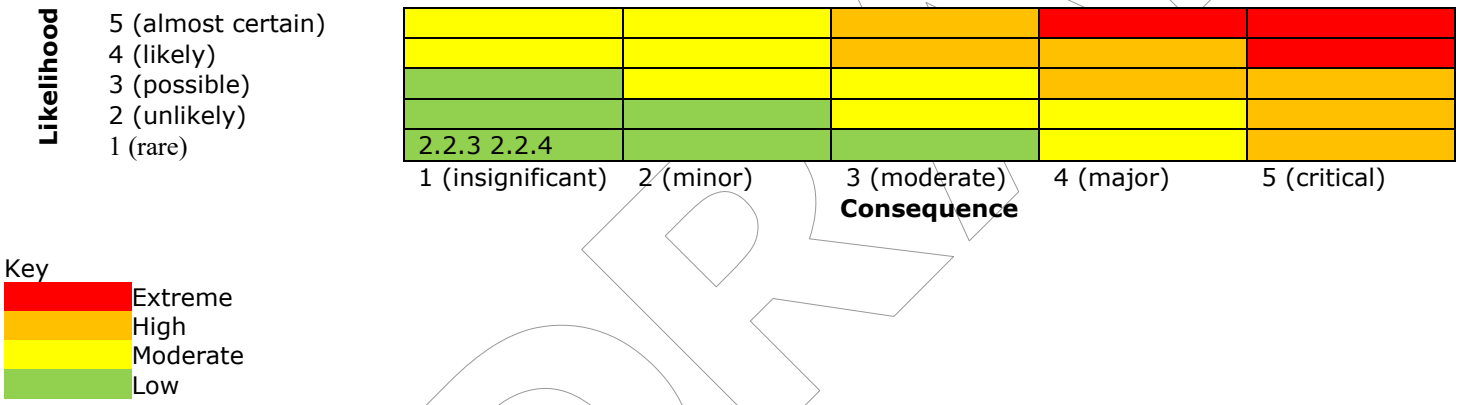
2.2 Overview

Sample controls within the best practice model as developed by the SALGFMG have been tested by Deloitte. Any control deficiencies identified by Deloitte on the controls tested have been summarised below.

Summary	Strategic Planning	Revenue	Expenses	Assets	Liabilities	External Contracts	Governance	Total
Number of controls tested	38	7	21	7	25	0	5	103
Findings	0	0	0	2	0	0	0	2
No Findings	38	7	21	5	25	0	5	101

Risk Matrix

The Risk Ratings provided in this report were based on the criteria below and have been determined in accordance with the Local Government Act –Better Practice model.



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Findings Raised in Prior Year

Observation	Recommendation	Prior Year Response	Update as at 30 June 2019
2.1.1 Register of Allowances and Benefits			
EXP-ELE-0005 There is no formal management review evidence available for the regular review of the Register of Allowances and Benefits conducted by Governance and Records.	Deloitte recommends there is a formal review process in place.	The process in place for preparation of the Register of Allowances and Benefits involves a two stage review process – first by the Unit Manager Governance and Records, followed by the Manager Corporate Governance. This will be formalised to ensure an evidentiary process is established to show that the register has been reviewed.	The formal review system has been implemented and reviewed by Deloitte with all allowances and benefits now reviewed and approval before being published.
2.1.2 Authority Exception Reports – Masterfile Changes			
GEI-ITE-0009 There is no way of generating a report in the system which shows changes to creditor masterfile. It is possible to see the date a creditor was edited by clicking into each individual creditor however details of the change cannot be seen i.e. whether it was name, address etc.	Deloitte recommends that changes to the creditor master file are reviewed and supported with documented evidence of review.	The risk and consequence of change of address details is deemed to be low as the majority of suppliers are paid via EFT. It is important to note that Council has the ability to report on changes to Bank Details, and these are reviewed on a regular basis. Bank details changes must be supported by an invoice with the new information on them (emails and phone calls are not sufficient). New suppliers must be created via a documented approval process.	The system remains unable to generate a report that shows changes to the masterfile. The comment from the previous year remains applicable. Management will continue to pursue enhancement of existing reporting software to enable this exception reporting.

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Findings Raised in Current Year

Observation	Implication	Recommendation	Management Response
2.1.3 Authority Exception Reports – Masterfile Changes			
ASS-DEB-0012 There is no way of generating a report in the system which shows changes to debtor masterfile. It is possible to see the date a debtor was edited by clicking into each individual debtor however details of the change cannot be seen (i.e. whether it was name, address etc.)	Deficiency in this control means there is no formal way of monitoring changes to the debtors master file data.	Deloitte recommends that changes to the debtor master file are reviewed and supported with documented evidence of review.	As the system remains to not be able to generate a report that shows changes to the Masterfile, this will continue to be a finding. Management will continue to pursue enhancement of existing reporting software to enable this exception reporting.
2.1.4 Asset Database Maintenance			
ASS-FIX-0031 It was noted that no formal reconciliation is currently performed on the asset listings that are provided to the valuers at year end. As the listings are not reconciled to the general ledger, the completeness of these listings cannot be ensured.	Deficiency in this control means there is no way of ensuring the completeness of the asset listings that are maintained by the asset team.	Deloitte recommends that the asset listings are reconciled to the general ledger and reconciliation be supported with documented evidence of review.	Management is aware of this issue and are in the process of assessing options for the replacement of its Asset Management System. This will extend to include that all control requirements can be met including links back to the general ledger.

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CITY OF MARION

Finance and Audit Committee Annual Report to Council 2018/19

Originating Officer	Manager Corporate Governance - Kate McKenzie
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R10

REPORT OBJECTIVE

The purpose of this report is to present the Finance and Audit Committee Annual Report for 2018/19 to Council and to invite Council's feedback on the opportunities for continuing development of the Committee's operations. **Appendix 1** is a copy of the Report which provides a summary of the work of the Committee pursuant to the Committee's Terms of Reference and Annual Work Program.

EXECUTIVE SUMMARY

The Finance and Audit Committee Terms of Reference provides that the Audit Committee shall report annually to the Council on its operation and activities during the year. This report provides an important communication tool with Council in addition to the minutes received after each meeting.

The primary objective of the Finance and Audit Committee is to add value through the provision of advice to ensure that the resources of the City of Marion are being used efficiently and effectively. it assists Council to accomplish its objectives by contributing to a systematic and disciplined approach to evaluating and improving the effectiveness of financial management, risk management, control and governance processes.

RECOMMENDATION

That Council:

1. **Notes the Finance and Audit Committee's Annual Report to Council for 2018/19 provided at Appendix 1.**

Attachment

#	Attachment	Type
1	Appendix 1 - FAC Annual Report 2018-19	PDF File

APPENDIX 1

REPORT TO THE CITY OF MARION COUNCIL

ON THE OPERATIONS OF THE FINANCE AND AUDIT COMMITTEE FOR 2018/19

INTRODUCTION

This report provides an overview of the City of Marion Finance and Audit Committee (The Committee) operations for 2018/19 financial year.

Clause 4.21 of the Finance and Audit Committee Policy provides that the Audit Committee shall report annually to the Council on its operation and activities during the year. This report includes:

- A summary of the Committee's assessment of the City of Marion's Risk & Control Framework;
- A summary of the work the Committee performed during the year including a focus on;
    - Risk and internal control,
    - Financial reporting and prudential requirements,
    - Service reviews and internal audit.
- Meeting statistics;
- Future work scheduled for 2019/20.

This report is intended to invite comment and discussion from Council.

THE FINANCE AND AUDIT COMMITTEE'S ASSESSMENT OF THE CITY OF MARION'S RISK & CONTROL FRAMEWORK

The Committee's assessment of the Council's Risk, Control and Audit Frameworks draws from a number of sources including Council's external and internal audits/reviews, and Council's control and risk frameworks.

Work progressed in the last financial year to further imbed the organisations risk management framework and risk management process across the organisation. This is evident in the fluid management of the high risks across the Council which are monitored quarterly by Council.

The Committee recognises that the City of Marion has a mature and planned internal and external audit program. They are both outsourced creating an increased level of independency. The Internal Audit Program takes a risk approach and a number of high risks identified have been reviewed via the program with findings to further mitigate the risks.

It is evident that the Council's governance, prudential obligations and risk management culture continues to improve and reduce risk to acceptable levels. It is acknowledged that the Council is reviewing is Risk Management Framework and Policy and continuing on a path of further embedding solid risk management practices consistently across the Council.

SUMMARY OF WORK PERFORMED DURING THE FINANCIAL YEAR (2018-19)

Significant items brought before the Committee for consideration during the year included:

External Audit 2017/18 (considered in October 2018)

- Deloitte Touch Tohmatsu confirmed their independence in accordance with the Local Government Financial Regulations.
- The 2017/18 external audit was completed in accordance with the Australian Auditing Standards. No contraventions of the *Local Government Act 1999* were identified, and an unmodified audit opinion was given by Deloitte's identifying that:
    - The financial statements provide a true and fair view of the Council's financial position for the year ended 30 June 2018.

  - The Council is in a strong financial position and demonstrated good performance by reporting an Operating Surplus of $10.9m down on the $11.7m reported from the previous financial year.
  - Council received an unmodified audit opinion for the 2017/18 financial year with respect to the report effectiveness of its internal control environment and Council's compliance with section 125 of the *Local Government Act 1999.*
  - A full comprehensive valuation was completed in 2017/18 for both Infrastructure Assets and Land and Buildings. Council's Infrastructure, Property, Plant and Equipment decreased by $3.1m or .03% compared to the previous year. Land valuation also decreased by $8m which predominantly related to the re-classification of land at the Marion Golf Course from Residential to Hills facing.
  - Employee costs were down by approximately $740k on original budget and this was due to vacancies (particularly from the restructure from the previous financial year). It was noted that there were no retrenchment costs in the 2017/18 financial year.

- Council received a cash distribution from its regional subsidiary, Southern Region waste Authority (SRWRA) of $765k.
- The Committee met with Council's external Auditors in the absence of management. The Committee also met with the Internal Auditors without management being present. In both instances, both sets of auditors reported a willingness from management to provide timely information, and act quickly on any recommendations made.
- The Committee recommended to Council the adoption of the Audited Financial Statements for 2017/18 and noted the excellent results and financial outcomes.

Financial Reporting and Prudential Requirements

- The Committee considered and provided feedback on the framework and key assumptions of the *Annual Business Plan and Budget 2019/20*. Following this, the Committee reviewed the draft *Annual Business Plan and Long Term Financial Plan* noting that the program Council has set is very ambitious and it needs to ensure that it has the resources available to deliver. The Committee also noted that with the full program of works, it provides little opportunity for new ideas or projects.
- The Committee noted that Council was looking to keep rates low at approximately 1.8%.
- The Committee reviewed a section 48 Prudential Report for Waste Services. This report was considered in confidence due to the commercial information of the tenders.

Service Reviews

- The Committee reviewed and provided comment regarding the progress of the Service Review Program noting that the data and quality of the service review program has improved as the program has matured. The following services were reviewed with various opportunities for improvement identified:
  - Open Space Operations Transformations Phase 2
  - Records Management
  - Corporate Information and Communication (ICT)
- The Committee considered the Service Review Plan for 2019/20 noting that the following reviews will occur:
  - Neighbourhood/Community Centres
  - Cross Council Service Reviews
  - Capital Construction and Maintenance

- Open Space recreation and Planning
- Water and Electricity Bill Validation
- Fleet Maintenance

Internal Audit

- The City of Marion's Internal Audit 2017-2019 program was completed.
- The Committee considered the final year of the Internal Audit program and ensured the Audits were aligned to Councils high risks.
- Various internal audit reports were presented to the Committee during the financial year including:
  - Fines and Enforcement
  - Development Assessment Planning
  - Procure to Pay
  - Customer Experience
  - Tendering
  - Business Continuity
  - Cyber Security
- Each of these audits had various findings and the Committee continues to monitor closely the implementation of recommendations.
- The tender for Internal Audit was also advertised as a joint tender with the City of Charles Sturt to enhance collaboration across the sector. The tender was competitive and KPMG was appointed as Internal Auditors for both Councils for 2 years (with the option for a further 2 year extension).

Internal Controls and Risk Management

- Internal controls are reviewed annually as part of the external audit process.
- The Committee focused on a number of risk programs during the 2017/18 financial year including:
  - Implementation of the Fraud and Corruption Framework
  - Outcomes of the Biennial WHS and Risk Evaluation from the LGA
  - Climate Change Risks
  - Maturity of the Business Continuity Program
- The Committee considered the corporate risk profile at its meeting in May 2019. This report identified 107 risks with nine (9) risks being rated as high, 79 as medium and 19 as low (after consideration of controls). The nine (9) high risks come from the following categories:
  1. Property and Infrastructure
  2. WHS Management
  3. Governance and Risk
  4. ICT/Cyber Security
  5. Contractor Management
  6. Business Continuity and Community Safety
  7. Major Projects
  8. Environment Management/ Climate Change
- In comparison to industry counterparts, the City of Marion's risks are aligned to the sector's top rated risks. It is noted that two of the sector's top risks, Financial Sustainability/Stability and Human Resources Management, are rated as medium or low by the City of Marion (hence not listed above). This provides assurance to Council

that the risk management program is working well to mitigate risks and reduce the risk exposure against the sector's highest rated risks.

Bi-Annual Performance and Effectiveness Review of the Finance and Audit Committee

Section 5.6.5 of the Committees terms of reference states that the Committee will review its performance on a bi-annual basis using performance indicators developed for that purpose. The Committee therefore completed its bi-annual performance and effectiveness survey noting good results and the Committee is performing well. The Committee agreed that further work on the size of the agenda, report quality and a review of the risk appetite would be beneficial in 2019. The Committee agreed that a workshop with Council and the Committee in August 2019 on risk tolerance would be a positive step.

Other

Other reports considered by the Committee in 2018/19 included;

- WHS – Annual Performance Report 2018
- Business Continuity Exercise Report
- Corporate Reporting Framework
- Australian Service Excellence Standards – Audit Outcomes
- Debtors Report
- Investment Performance 17/18
- Claims and Insurance Report
- FAC Annual Report to Council 2017/18
- Project Management Framework
- Expression of Interest – 262 Sturt Road – outcome of business case (confidential report)
- Ombudsman's Annual Report 2017/18
- Framework and Key Assumptions for the preparation of the 19/20 ABP&B and LTFP
- Biennial WHS and Risk combined evaluation
- The Committees work program and meeting schedule for 2019
- Treasury Management – Borrowings versus Cash Strategy

DETAILS OF MEETINGS

During 2018/19, five meetings were convened;

- 21 August 2018 (joint Council and FAC Forum)
- 2 October 2018
- 12 December 2018
- 26 February 2019
- 28 May 2019

The Committee went into confidence on three (3) occasions to consider the following reports;

- Internal Audit Tender
- Section 48 Prudential Report for Waste Services
- Expression of Interest – 262 Sturt Road, Marion – Outline of Business Case Process

Committee Member attendance at meetings overview		
Member	**Eligible to attend**	**Attended**
Mr Greg Connor (Chairperson)	5	5
Ms Emma Hinchey	5	5
Ms Natalie Johnston	5	4
Councillor Raelene Telfer	2	2
Councillor Nick Kerry	2	1
Councillor Tim Gard	3	3
Councillor Kendra Clancy	3	2

FUTURE WORK PROGRAM PROPOSAL

Major items for the Committee to review and provide comment / feedback for 2018/19 include progress on:

- Collaboration Internal Audit Program with City of Charles Sturt
- Review of the Risk Management Framework
- Section 48 Report for Mitchell Park Sports and Community
- Service Review Program

CONCLUSION

In conclusion, this report indicates that the Committee has undertaken its principal functions as set out in Section 126(4) of the Local Government Act 1999 which include:

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

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

c) Liaising with the Council's auditor.

The body of work undertaken by the Committee is maturing and the Committee is striving to ensure that its work is useful in the context of contributing to the City of Marion's strategic objectives. The Committee invites Council's feedback on the opportunities for continuing development of the Committee's operations.

I record my thanks for the support and diligence of those involved in the Committee being my fellow Finance and Audit Committee Members and the Council's Elected Members. I would also like to thank the management team for their hard work in the production of quality reporting that allows robust and fruitful discussions. As this is my last report as Chair of the Finance and Audit Committee, I wish the Council well with its future endeavours.

Greg Connor
Chairperson
City of Marion Finance and Audit Committee

CITY OF MARION

City of Marion Annual Report 2018/19

Originating Officer	Governance Officer - Victoria Moritz
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R11

REPORT OBJECTIVE

The purpose of this report is to present the City of Marion 2018/19 Annual Report, excluding the audited financial statements for the City of Marion, the Southern Region Waste Resource Authority, and Council Solutions Regional Authority which are being considered by Council under a separate agenda item at this meeting, for Council consideration and adoption.

EXECUTIVE SUMMARY

The annual report is a legislative requirement of the Local Government Act 1999 but also acts as a means of communicating Council's business, services and achievements with residents, ratepayers, businesses and prescribed bodies. The full report, including financial statements, will be available on Council's website from mid-November.

RECOMMENDATION

That :

1. **Council adopts the City of Marion Annual Report 2018/19 (Appendix 1 to this covering report) subject to the following amendments:**
   -
   -
   -
2. **The City of Marion Financial Statements 2018/19 being considered in report GC191022R09 be included within the published version of the City of Marion Annual Report 2018/19.**
3. **The Southern Region Waste Resources Authority audited financial statements being considered in report GC191022R09 be included within the published version of the City of Marion Annual Report 2018/19.**
4. **The Council Solutions audited financial statements being considered in report GC191022R09 be included within the published version of the City of Marion Annual Report 2018/19.**
5. **Administration distributes copies of the City of Marion Annual Report 2018/19 in accordance with legislative requirements.**
6. **Administration distributes copies of the City of Marion Annual Report 2018/19 via a link to the Annual Report provided on the City of Marion Website, including a summary of the Annual Report achievements.**
7. **A summary of the Annual Report 2018/19 be distributed to households, businesses and stakeholders via City Limits.**

DISCUSSION

Council is required to prepare and adopt an Annual Report on or before 30 November each year. The City of Marion Annual Report 2018/19 (Appendix 1) has been developed in accordance with legislative requirements and is required to be forwarded to Parliament by 31 December 2019.

The Annual Report includes:

- Details of Council's performance, operation and achievements
- The audited Annual Financial Statements for the City of Marion
- The audited Southern Region Waste Resource Authority Annual Financial Statements
- The audited Council Solutions Regional Authority Annual Financial Statements

Distribution and Promotion

The City of Marion Annual Report 2018/19 will be available on Council's website from mid-November 2019.

A summary of the report will be included in the December edition of City Limits distributed to more than 43,000 homes and businesses.

Additionally, to meet legislative requirements, electronic/hard copies will be distributed to Parliament with government and community sectors invited to read the full report on Council's website.

Financial Implications

The costs for producing and printing the City of Marion Annual Report 2018/19 (complete with annual financial statements from City of Marion, Southern Region Waste Authority and Council Solutions Regional Authority) will be within Council's budget of $1,500.

The City of Marion Annual Report 2018/19 complies with legislative responsibilities and provides a comprehensive review of Council's financial status, corporate governance and achievements of 2018/19.

Attachment

#	Attachment	Type
1	Appendix 1 - City of Marion 2018-19 Annual Report	PDF File

ANNUAL REPORT 2018-19

CITY OF MARION

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WELCOME FROM THE MAYOR

Welcome to the City of Marion Annual Report for 2018/19.

In November 2018 the Council elections were held: the Mayor and 9 out of 12 Councillors werevoted back in, so we had a fair degree of continuity.

For 2018/19, Council introduced an average residential rate rise of 1.8 per cent – Marion's lowest in more than 15 years.

In June this year we voted to maintain that same low rate rise for 2019/20. It is the lowest residential rate rise of any suburban Council in Adelaide this year, and services have been maintained. This was despite a State Government levy rise which added about .5% to Council payments commencing in the current financial year. At the same time, we pay off about $1m a year off Council loans!

Daily traffic jams are a thing of the past following the completion of the $174 million Oaklands Crossing upgrade, which I opened with Federal and State MPs in July. Council campaigned long and hard to achieve this. I thank the Federal and State Governments for funding almost all of the project.

Our transformation of sporting and community facilities continued with:

- Opening the $8.8 million upgrade of Edwardstown Oval Soldiers' Memorial Recreation Ground (including a $4 million contribution from the Federal Government)
- Committing to the $3.7 million rebuild of Morphettville Park Sports and Community Club
- Securing $5 million of Federal Government funding to add to Council's $10 million set aside to redevelop Mitchell Park Sports and Community Centre (although this amount only provides for 2 indoor courts in addition to the complete renewal of the current building and a new community centre)
- Removing obstacles to a new $5 million soccer facility planned for Majors Road (with $2.5 million from Council and matching funding from State Government)
- Continuing to work on a cost-effective means to build a track for the local BMX club (with the $5.8m cost shared between the State Government, Marion and Onkaparinga Councils).

Our playgrounds are becoming known as among the best in Adelaide. Last financial year some highlights were finalised upgrades at Oaklands Estate Reserve, the Oaklands Estate Recreation Plaza and the Hendrie Street Inclusive Playground.

In the 2018-19 financial year one very significant problem remained unaddressed - excessive urban infill. Not that we didn't try to do something about it. After a 2 year process, on behalf of the community in December 2017 we lodged plans with the Planning Minister so he could approve limits to infill north of Seacombe Road. More than 18 months later, the Minister largely granted our wishes. With new planning laws to standardise everything, however, it remains to be seen whether our good work will be undone.

A trend is becoming clear: State Government taking ever more money from Council ratepayers, adding more costs to Council operations, and placing ever greater restrictions on what Councils can actually do for the community.

Thank you to everyone who helped to make our area a better place to live, work and play.

Yours faithfully,

Kris Hanna,
Mayor City of Marion

MESSAGE FROM THE CEO

The foyer in the Administration Building has been transformed into a modern service hub continuing our work to put customers first. This is reducing wait times, improving access to specialist staff and greater privacy for customers.

This builds on the City of Marion Customer Experience Charter which seeks to deliver the best possible service to our community. Council continued to strive for excellence in governance and risk management with safety at the forefront of everything we do.

As well making considerable investment in upgrading sporting and community facilities, parks and playgrounds we:

- Completed $1.1 million of streetscape upgrades to Finniss Street
- Began $1.1 million streetscape upgrade to Railway Terrace
- Upgraded lighting at Marion Cultural Centre plaza to support evening events
- Delivered a $250,000 project to activate local cafes by installing decking, benches, murals and bike racks
- Established the Smart South Consortium to bring together education, industry, and governments to pilot new projects that address community concerns
- Began preliminary work to build a new park, footpaths and streetscape using the technology to create a “smart precinct” adjacent to the Oaklands Station

We also began the city-wide installation of more than 7,000 energy-saving LED globes.

Additionally, we planted 25,000 local native seedlings, more than 1,800 street trees and 400 mature trees.

Tonsley Innovation District continues to develop, and we worked with the State Government and other stakeholders to support its growth as a leading edge integrated employment and residential district. The redevelopment is expected to attract $1 billion of private investment.

Events played an increasing role in bringing our community together. A combined total of almost 20,000 people attended Touch-a-Truck, the Marion Celebrates cultural festival, and Concert at the Cove.

The Marion Cultural Centre hosted more than 30 events as part of the internationally-renowned Adelaide Fringe Festival, attracting about 14,000 people.

Our volunteers play a hugely important role in delivering these events and other services, including driving the Community Bus and supporting activities at libraries and neighbourhood centres.

Marion Council became the first organisation in Australia to be recognised for setting new standards in volunteering. We were presented with the national standards quality mark to recognise our work in developing our more than 350 volunteers whose service is valued at $1.2 million.

These achievements are down to the hard work of the Mayor, Elected Members, the community and all of our staff.

Thank you to everyone who has contributed to making our city more modern, dynamic and sustainable.

Regards,

Adrian Skull,
Chief Executive Officer

OUR PURPOSE, VISION AND VALUES

OUR PURPOSE (Why we exist)	**To improve our residents' quality of life; continuously, smartly and efficiently**
OUR COMMUNITY VISION (What we want to become)	**A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected**
OUR VALUES	**With the community and safety at the forefront of everything we do, we value:** **Respect** - Treating everyone as we want to be treated, where all contributions are valued **Integrity** - Fostering trust and honesty in all of our interactions **Achievement** - Enhancing our knowledge and performance to reach our shared goals, while being dedicated to supporting one another **Innovation** - Encouraging new ideas, and learning from our experience to do things better

ABOUT THE CITY OF MARION – FAST FACTS

Location	South-Western suburbs of Adelaide
Land area	56.18 kms^2
Estimated resident population	92,308
Residents born overseas	24,185
Landmarks	Cove Civic Centre Living Kaurna Cultural Centre Hallett Cove Coastal Walking Trail 7.5 km Hallett Cove Conservation Park Marion Cultural Centre Marion Outdoor Pool Morphettville Racecourse Oaklands Wetlands & Recreation Plaza SA Aquatic and Leisure Centre Tonsley Innovation District Westfield Shopping Centre
Gross Regional Product	$3.590 billion
Leading Employment Sectors	Retail, Health, Community, Manufacturing
Elected Members	13
Wards	6
Operating Expenditure	$83.5 million
Revenue	$95.6 million with $74.9 million from general rates
Rateable properties	43,085
Average residential rate	$1,453
Rate increase from 2017/18	1.8% (lowest rate rise in over 15 years)
Library items loaned	761,651
Website visits	627,787
Volunteers	344 contributing 42,474 hrs totalling $1.79 million
Street trees planted	2,077
Development applications	2,275
Value of Development applications	$277 million
Distance of footpaths	860.5 km
Distance of roads	489.5 km
Distance of drains	275 km

STRATEGIC PLANS

The City of Marion's 10-Year Strategic Plan 2017-2027 and 3-Year Business Plan 2016-2019 have provided directions for strategic decision-making.

In 2018/19 work areas within Council commenced, progressed and/or delivered a significant number of projects including a suite of major infrastructure projects including:

- The Edwardstown Soldiers Memorial Oval
- The region's first playground for children of all abilities at Hendrie Street, Park Holme
- The Hallett Cove Foreshore Redevelopment
- Streetscape Improvements
- Oaklands Estate Reserve
- LED Streetlights

Details of these projects are provided in this Annual Report.

These actions and projects will help us to deliver the Community Vision for a city that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected.

CITY OF MARION

COMMUNITY VISION › TOWARDS 2040

Six themes of our Community Vision

These six themes represent the shared values and aspirations that will guide how our city develops.

LIVEABLE
By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

VALUING NATURE
By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate, and protecting the natural environment.

ENGAGED
By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

PROSPEROUS
By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

INNOVATIVE
By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

CONNECTED
By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially, and harnesses technology to enable them to access services and facilities.

BRIEF OVERVIEW OF FINANCIAL PERFORMANCE

The City of Marion is in a strong financial position, providing a sound basis for Council's long-term objectives identified in the Strategic Plan. Below is a synopsis of Council's financial position.

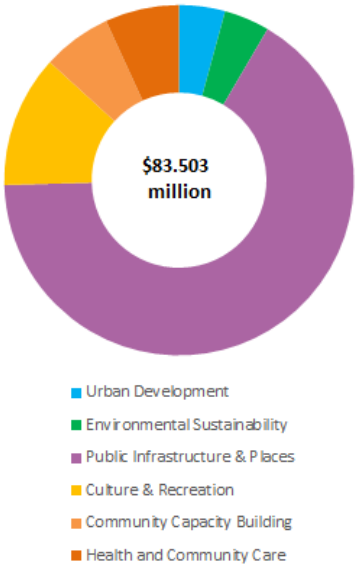
There has been a strong commitment from Council to reduce the financial rate burden while continuing to deliver significant Infrastructure projects. Our rate increase has continued to decline (see diagram below) with 2018/19 achieving an average 1.8% increase, achieving an operating surplus of $12.134 million. The operating surplus achieved was above the original budgeted operating surplus of $4.394m adopted by Council. The main factors for this increase include:

- Statutory Charges and User Charges increased $0.449m
- Supplementary Road Grant for 2019/20 and 2020/21 received in advance $0.963m
- Other Grants, subsidies and contributions increased $1.296m
- Lower than Budgeted Materials, Contracts and Other expenses $2.574m
- Reduction in Depreciation, Amortisation & Impariment $2.087m

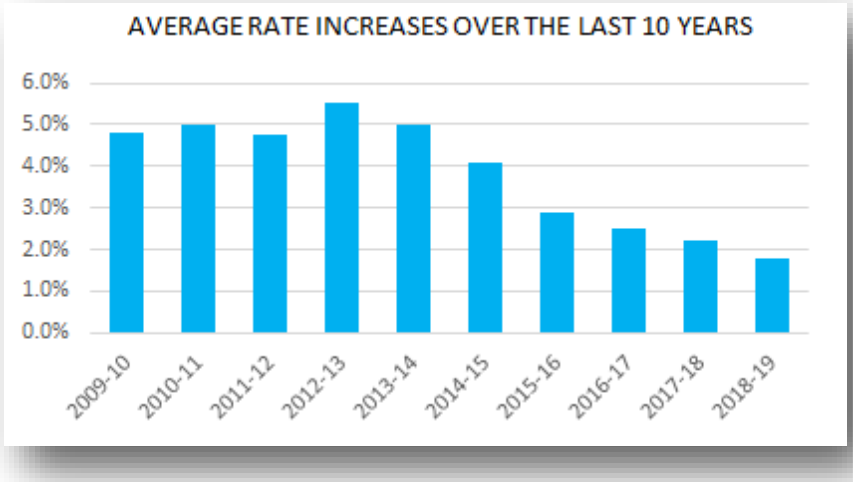
Sustaining an operating surplus is critical to renewing and maintaining the $1.2 billion of community assets under Council's control in accordance with our Asset Management Plans and to ensure Council's ability to fund major projects identified in the Long Term Financial Plan. The following information relates to the Financial Statements contained further in the Annual Report.

- An operating surplus of $12.134 million which provides funding for renewal, replacement and upgrade of community assets along with funding for the Community Facilities Partnership Program.
- $95.637 million revenue with 81 per cent coming from rates.
- $83.503 million operating expenditure (see diagram below)
- $1.2 billion net assets, providing community facilities, infrastructure and open space.

TOTAL OPERATING EXPENDITURE



FUNCTION	Expenses
Development	
Urban Development	$3.549m
Environment	
Environmental Sustainability	$3.514m
Infrastructure	
Public Infrastructure & Places	$55.195m
Community	
Culture & Recreation	$10.192m
Community Capacity Building	$5.329m
Health and Community Care	$5.724m
TOTAL	**$83.503m**

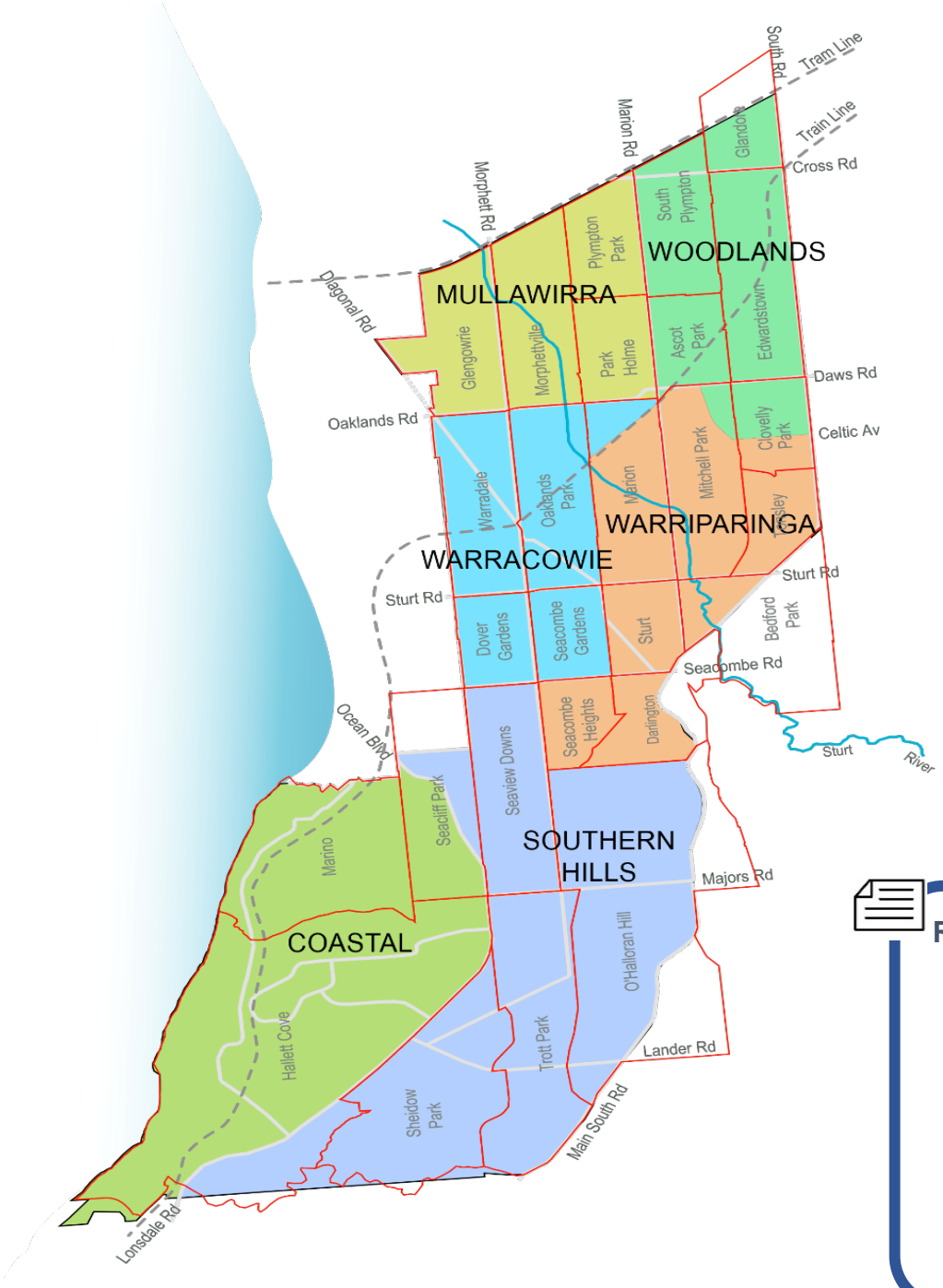


COUNCIL AREA AND WARD BOUNDARIES

The Council comprises an elected Mayor and 12 Councillors. The city has six wards, each represented by two Councillors, and 27 suburbs.

In the City of Marion, one Elected Member represents 4,939 voters (known as a 'representation quota') (compared with the City of Tea Tree Gully with 5,589 voters for the same amount of Elected Members). In 2013, the City of Marion reviewed its ward structure to ensure Elected Members fairly represent residents and facilities in each ward. In accordance with legislation, a review is scheduled for 2021, where the outcome will be implemented at the 2022 Local Government Election.

The Local Government Elections were held in November 2018 in accordance with the provisions of the *Local Government (Elections) Act 1999.* Local Government Elections are held every four years to determine the membership of each Council. In the 2018 Election, there were 33 candidates in total contesting 13 positions including the Mayor. Four new Councillors were elected as a result of the Election.



Representation Quota

1:4939
(Marion)

1:5589
(Tea Tree Gully)

1:2223
(Adelaide)

ELECTED MEMBERS

MAYOR
Kris Hanna
Jun '18 – Nov '18
Nov '18 – Jun '19
Review and Selection Committee (Presiding Member)
Urban Planning Committee (ex-officio)
Infrastracture and Strategy Committee (ex-officio)

COASTAL WARD COUNCILLORS

MARINO, SEACLIFF PARK (PART), HALLETT COVE (PART)

COUNCILLOR
Ian Crossland
Jun '18 – Nov '18 Review and Selection Committee
Nov '18 – Jun '19 Infrastructure and Strategy Committee

COUNCILLOR
Tim Gard
Jun '18 – Nov '18 Infrastructure and Strategy Committee
Nov '18 – Jun '19 Infrastructure and Strategy Committee
Nov '18 – Jun '19 Finance and Audit Committee

MULLAWIRRA WARD COUNCILLORS

GLENGOWRIE, PLYMPTON PARK, PARK HOLME, MORPHETTVILLE

COUNCILLOR
Jason Veliskou
Jun '18 – Nov '18 Urban Planning Committee
Nov '19 – Jun '19 Review and Selection Committee

COUNCILLOR
Jerome Appleby
Term concluded November 2018
Jun'18 – Nov '18 Review and Selection Committee

COUNCILLOR
Kendra Clancy
Elected November 2018
Nov '18 – Jun '19 Finance and Audit Committee
Nov '18 – Jun '19 Review and Selection Committee

SOUTHERN HILLS WARD COUNCILLORS

SEAVIEW DOWNS, O'HALLORAN HILL (PART), TROTT PARK, SHEIDOW PARK (PART), SEACLIFF PARK (PART), HALLETT COVE (PART)

COUNCILLOR
Janet Byram
Term Concluded November 2018
Deputy Mayor
Jun '18 – Nov '18
Jun '18 – Nov '18 Review and Selection Committee
Jun '18- Nov '18 Council Assessment Panel

COUNCILLOR
Nick Westwood
Term Concluded November 2018
Jun '18 – Nov '18 Urban Planning Committee

COUNCILLOR
Maggie Duncan
Elected November 2018
Nov '18 – Jun '19 Urban Planning Committee
Nov '18 – Jun '19 Council Assessment Panel

COUNCILLOR
Matthew Shilling
Elected November 2018
Nov '18 – Jun '19 Infrastructure and Strategy Committee

WARRACOWIE WARD COUNCILLORS

WARRADALE, OAKLANDS PARK, DOVER GARDENS, SEACOMBE GARDENS, MARION (PART)

COUNCILLOR
Bruce Hull
Jun '18 – Nov '18 Infrastructure and Strategy Committee
Nov '18 – Jun '19 Infrastructure and Strategy Committee

COUNCILLOR
Nathan Prior
Jun '18 – Nov '18 Infrastructure and Strategy Committee
Nov '18 – Jun '19 Urban Planning Committee (Presiding Member)

WARRIPARINGA WARD COUNCILLORS

MARION (PART), MITCHELL PARK (PART), STURT, BEDFORD PARK (PART), CLOVELLY PARK (PART), SEACOMBE HEIGHTS, DARLINGTON (PART)

COUNCILLOR
Raelene Telfer
Jun '18 – Nov '18 Finance and Audit Committee
Jun '18 – Nov '18 Urban Planning Committee (Presiding Member)
Nov '18 – Jun '19 Urban Planning Committee
Nov '18 – Jun '19 Council Assessment Panel (stand-in member)

COUNCILLOR
Luke Hutchinson
Jun '18 – Nov '18 Infrastructure and Strategy Committee (Presiding Member)
Nov '18 – Jun '19 Infrastructure and Strategy Committee (Presiding Member)
Jun '18 – Nov '18 Council Assessment Panel (stand-in member)

WOODLANDS WARD COUNCILLORS

SOUTH PLYMPTON, GLANDORE (PART), ASCOT PARK, EDWARDSTOWN, MITCHELL PARK (PART), CLOVELLY PARK (PART)

COUNCILLOR
Tim Pfeiffer
Deputy Mayor
Nov '18 – Jun '19
Jun '18 – Nov '18 Infrastructure and Strategy Committee
Nov '18 – Jun '19 Review and Selection Committee

COUNCILLOR
Nick Kerry
Term Concluded November 2018
Jun '18 – Nov '18 Finance and Audit Committee
Jun '18 – Nov '18 Urban Planning Committee

COUNCILLOR
Joseph Masika
Elected November 2018
Nov '18 – Jun '19 Urban Planning Committee

EXECUTIVE LEADERSHIP TEAM

CHIEF EXECUTIVE OFFICER
Adrian Skull

HUMAN RESOURCES, CITY SERVICES, CITY DEVELOPMENT, CORPORATE SERVICES

GENERAL MANAGER, CITY SERVICES
Tony Lines

ENGINEERING & FIELD SERVICES, COMMUNITY CONNECTIONS, CUSTOMER EXPERIENCE

GENERAL MANAGER, CITY DEVELOPMENT
Abby Dickson

CITY PROPERTY, INNOVATION & STRATEGY, DEVELOPMENT & REGULATORY SERVICES, CITY ACTIVATION

GENERAL MANAGER, COPRORATE SERVICES
Vincent Mifsud

FINANCE, ICT, CORPORATE GOVERNANCE

DECISION-MAKING AND STRUCTURE OF COUNCIL

One of the most important functions undertaken by the Mayor and Elected Members is attending Council meetings and participating in the decision-making process. Decisions made at a formal Council meeting provide the direction and authority for the organisation's ongoing operations. While decisions are made at Council meetings, the City of Marion also has four Committees, which assist the Council to accomplish its objectives and add value to the decisions of Council through the provision of advice.

From the 1 July 2018 – 30 June 2019, Council's formal decision-making and Committee structure comprised of:

- General Council
- Infrastructure and Strategy Committee
- Urban Planning Committee
- Review and Selection Committee
- Finance and Audit Committee

Pursuant to the Planning, Development and Infrastructure Act, the Council has also established a Council Assessment Panel (CAP). The CAP considers a wide range of development applications, ensuring that new development proposals are consistent with the Council's Development Plan.

All meetings are open to the public. Documentation for each meeting (notice of meeting, agenda with reports, attachments and minutes) are available through Council's Administration Building, website and libraries. Hard copies are also available at the meeting. The table below shows the total number of meetings attended that an Elected Member was eligible to attend. Noting that there was a change in Committee Members from November 2018.

	General Council	Special Council	Urban Planning	Finance & Audit	Council Assessment Panel	Infrastructure & Strategy	Review & Selection
Number of Meetings	**18**	**1**	**3**	**5**		**10**	**6**
Mayor Kris Hanna	18/18	1/1	2/3			9/10	6/6
Cr Ian Crossland	18/18	1/1				6/6	1/1
Cr Tim Gard	13/18	1/1		3/3		8/10	
Cr Jason Veliskou	18/18	1/1					5/5
Cr Jerome Appleby	6/6						1/1
Cr Janet Byram	6/6				4/4		1/1
Cr Nick Westwood	5/6						
Cr Bruce Hull	16/18	1/1				10/10	
Cr Nathan Prior	17/18	1/1	3/3			2/4	
Cr Raelene Telfer**	17/18	1/1	2/3	2/2	0/4		
Cr Luke Hutchinson**	16/18	1/1			0/5	8/10	
Cr Nick Kerry	3/6			1/2			
Cr Tim Pfeiffer	18/18	1/1				4/4	4/5
Cr Maggie Duncan*	12/12	1/1	3/3		5/5		
Cr Matthew Shilling*	12/12	1/1				5/6	
Cr Joseph Masika*	11/12	1/1	2/3				
Cr Kendra Clancy*	11/12	1/1		1/3			4/5

* Newly Elected Councillors as a result of the 2018 Local Government Elections.
The figures shown indicate the number of meetings a member attended out of the maximum they were eligible to attend.

** 'stand-in' member only (Council Assessment Panel)

COUNCIL MEETINGS

The *Local Government Act 1999* (The Act) provides the legislative framework for legal and transparent Council decision-making expected from the City of Marion and wider South Australian community.

FUNCTION

To make decisions on behalf of their constituents as a collective for the benefit of the community.

OTHER DETAILS

All Elected Members attend. Council meets on the second and/or fourth Tuesday of the month with special meetings called when required.

RESOLUTIONS OF GENERAL COUNCIL

A 'resolution' is a legal decision formed by a majority vote within a formally constituted meeting of council. During the financial year, 498 resolutions were made by Council resulting from 226 corporate reports seeking a decision.
The Community was heard by the following deputations:

- Seaview High School Sport Facilities Partnership (President of the Dover Square Tennis Club) – *August '18*
- Seaview High School Sport Facilities Partnership (Seaview High School) – *August '18*
- Morphettville Park Sports Club Redevelopment – *August '18*
- Marion Golf Club – *December '18*
- Bicycle Institute of South Australia – *December '18*
- Cove BMX Club – *January '19*
- South Adeliade Basketball Club – *February '19*
- Mitchell Park Sports and Community Club – *February '19*
- Mitchell Park Football Club – *February '19*
- Climate Change Emergency – *March '19*
- Bandon Terrace Upgrade – *March '19*
- Streetscape Policy and Verge Guidelines – *April '19*
- Amendment to the Streetscape Policy and Verge Guidelines – *May '19*
- Cul de Sac Footpaths – *May '19*

Petitions were received on the following matters:

- Phillis Court, Warradale Development – *July '18*
- Frederick Street, Glengowrie – Parking Petition – *November '18*
- Marion Cultural Centre – *March '19*
- Bandon Terrace Reserve Upgrade – *March '19*
- Newstart Allowance - *April '19*
- Woodend Primary School – Residents of Franklin and Edison Court, Sheidow Park – *June '19*

The following Workshops/Presentations were held in council meetings:

- Proposed Class Action (Andrew Johnson LGA) – *Confidential – September '18*
- Oaklands Park Urban Renewal Proposal (Housing Renewal Australia Pty Ltd) *Confidential – January '19*
- Public Submissions on the Draft 4 Year Business Plan 2019-2023 and Draft Annual Business Plan 2019/2020 – *May '19*

ELECTED MEMBERS

The *Local Government Act 1999* provides the legislative framework and ambit of responsibility for an Elected Member as an individual and as the decision making body of Council. Their role is fundamental in delivering upon the expectations of the local and wider community.

ELECTED MEMBER ALLOWANCES

An Elected Member is entitled to an annual allowance determined every four years by the Remuneration Tribunal of South Australia. The tribunal's determination on 30 August 2018 (came into effect from the conclusion on the 2018 Elections) provides for a CPI increase each financial year.

Mayor	$82,520
Deputy Mayor	$25,788
Elected Members	$20,630

TRAINING AND DEVELOPMENT

Elected Members have ongoing training based on current Council business and their own professional development requirements.

The following training and development opportunities were attended by various Elected Members:

- Elected Member Leadership Program (*Local Government Association)*

Other training sessions throughout the year (EM Forum) for Elected Members include:

- Elected Members in the workplace delivered by Kaye Smith from EMA Legal
- Economic / Financial responsibilities of Council delivered by Henry Botha, Chartered Accountant
- Role of an Elected Member delivered by Kate McKenzie, Manager Corporate Governance
- Conflict of Interest Training delivered by Felice D'Agostino and Chris Alexandrides, Norman Waterhouse Lawyers

KEY DECISIONS OF GENERAL COUNCIL

Council made many significant decisions during the financial year. For the period during September – November 2018, Council was in Caretaker Period in the lead up to the 2018 Local Government Elections. Duirng this time, Council was unable to make certain decisions that may bind the incoming Council or any designated decisions in line with the *Local Government (Elections) Act 1999.* The following list does not encompass *all* decisions, rather *key* decisions made as an elected body. It does, however, demonstrate the diverse ambit of Council's decision-making power.

2018	Key decisions	2019	Key decisions
July	• Endorsed Marion's Community Emergency Management Plan • Sixth Avenue Reserve at Ascot Park will be re-named after the late Joan Herraman in recognition of her long-term service as a community advocate and former councillor • Council resolved to enter into a 21-year lease with Marion RSL's sub-branch clubrooms on Norfolk Rd	**January**	• Sheidow Park Primary School - Traffic and Parking ImprovementsEndorsed providing in kind support • Endorsed the release of funding, up to $165,000 to supply and install a second balancing tank and advanced filtering system, at Oaklands Wetland. • Council to progress building the Sam Willoughby BMX track at the Majors Rd, O'Halloran Hill site - and spend $1million to remedy latent soil conditions (subject to discussions with the State Government to address the traffic management issues).
August	• Approved Youth Development Grants, totaling $120,000 • Banned the sale and/or public distribution of food and drinks served on or in, non-recyclable, single use plastics at all Council events. • Council endorsed to proceed to design the Morphettville Sports Club complex and will inject $3.2 million into the project	**February**	• Commited up to $10 million to undertake the redevelopment of Mitchell Park Sports and Community Club, and neighbourhood centre facilities. • Nominated Elected Members to act as Council Liaison Officers to various external bodies for a period of two years • Resolved to install a plaque at Hendrie Street Inclusive Playground to honour the memory of Quentin Kenihan
September	• Authorised finalisation to enter into a 21 year lease with Marion Sports and Community Club •Re-appointed Ms Emma Hinchey to the Finance and Audit Committee for a 3-year period •Council endorsed the City of Marion 2016 - 2018 Progress Report on Public Health Planning	**March**	• Resolved to Stage the Adelaide Symphony Orchestra (ASO) at Warriparinga on a date to be fixed in 2019 • Appointed Mr Greg Connor to the Southern Region Waste Resource Authority Audit Committee as the City of Marion Representative for the period from February 2019 to November 2019
October	• Adopted audited Annual Financial Statements for the Year ended 30 June 2018 • Adopted a 50% discount to residents and businesses registered within the City of Marion to the Fees and Charges for the hire of Council operated facilities	**April**	• Endorsed a draft submission to the Minister for Local Government regarding the Local Government Reform proposal • Oaklands Crossing Contributing Works Program - Endorsed the proposed works program scope, scheduling and design budgets • Council will support extra hard waste collection during peak periods at a cost of $45,000 per year.
November	• Re-established Council Committees • Appointed Elected Members Representatives for various poitions • Declared Edwardstown Oval and Velodrome dog on leash areas • Endorsed a Coastal Climate Change Adaptation Study, which identified risks from global warming along Marion's coastline	**May**	• Endorsed a 3 year CALD (Culturally and Linguistically Diverse) Disability and Aboriginal Traineeship Program • Resolved to register its publicly accessible war memorials with the new National Register of War Memorials, Places of Pride. • Endorsed the proposed Streetscape program divided into three delivery segments of 5 years each • Endorsed to increase the service delivery at the City of Marion's neighbourhood centres.
December	• Approved Community Grant Applications totaling $48,970 • Endorsed an additional allocation of up to $101,800 towards the Cove Sports and Community Club lighting project • Endorsed The City of Marion Walking and Cycling Guidelines 2018-2022	**June**	• Resolved to temporarily close a 2.5km section of the Coastal Walkway while staff undertake further assessment and repairs. • Endorsed the enclosed fenced playground areas of Hendrie Street Reserve, Jervois Street Reserve and Dumbarton Avenue Reserve as Dog Free areas. • Adopted the Draft 4-Year Business Plan 2019 – 2023 • Adopted Annual Business Plan 2018/19 and Long Term Financial Plan

CONFIDENTIAL ITEMS

The City of Marion is committed to the principle of open and accountable government while acknowledging that on occasions, it may be necessary to restrict access to discussions and/or documents.

The Act regulates how Council administers confidential items, with an underlying principle that as government is accountable to its public, only certain circumstances evoke the appropriate use of confidential orders. During the financial year, Council (excluding committees) considered 47 reports in confidence in relation to matters in accordance with the *Local Government Act 1999*. The following table provides further detailed information about Council's use of various sections of the Act.

Relevant placita of *Local Government Act (SA)* 1999	**Explanation** **S 90 (2) Information the disclosure of which would;**	**Number of times used**
3(a)	• involve unreasonable disclosure of information concerning the personal affairs of any person (living or dead).	15
3(b)(i) and (ii)	• could reasonably be expected to confer a commercial advantage on a person with whom the council is conducting, or proposing to conduct, business, or to prejudice the commercial position of the council; • on balance, be contrary to the public interest.	17
3(c)	• reveal a trade secret	0
3(d)(i) and (ii)	• commercial information of a confidential nature (not being a trade secret) the disclosure of which— • could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; • on balance, be contrary to the public interest.	19
3(e)	• matters affecting the security of council, members or employees of the council or council property, or the safety of any person.	1
3(f)	• could reasonably be expected to prejudice the maintenance of law, including by affecting (or potentially affecting) the prevention, detection or investigation of a criminal offence, or the right to a fair trial.	0
3(g)	• matters that must be considered in confidence in order to ensure that the council does not breach any law, order or direction of a court or tribunal constituted by law, any duty of confidence, or other legal obligation or duty.	1
3(h)	• legal advice.	4
3(i)	• information relating to actual litigation, or litigation that the council or council committee believes on reasonable grounds will take place, involving the council or an employee of the council;	0
3(j)(i) and (ii)	• would divulge information provided on a confidential basis by or to a Minister of the Crown, or another public authority or official (not being an employee of the council, or a person engaged by the council); • on balance, be contrary to the public interest.	0
3(k)	• tenders for the supply of goods, the provision of services or the carrying out of works.	1
3(m)	• relating to a proposed amendment to a Development Plan under the Development Act 1993 (SA) before a Development Plan Amendment proposal relating to the amendment is released for public consultation under that Act.	0
3(n)	• relevant to the review of a determination of a council under the Freedom of Information Act 1991 (SA).	0

Council undertook a rigorous review of its confidential orders in December 2018 resulting in 4 confidential reports being released and 1 report released in part. At the conclusion of the financial year, Council currently has 139 reports with confidential orders remaining in place to be reviewed again December 2019.

Relevant placita of *Local Government Act (SA)* 1999	**Explanation** **S 91 Minutes and release of documents**	**Number of times used**
(7) + (9)	If an order is made under subsection (7)— the council or council committee must specify the duration of the order or the circumstances in which the order will cease to apply, or a period after which the order must be reviewed, and, in any event, any order that operates for a period exceeding 12 months must be reviewed at least once in every year.	139 All to be reviewed Dec 2019 (unless released prior)

INFORMAL GATHERINGS

Council has a policy position regarding its administration of informal gatherings in accordance with legislative provisions. The Policy states that:

- Informal gatherings are open to the public whenever possible.
- Decisions to hold informal gatherings in confidence are made on a case-by-case basis.
- Council publishes notification details on the website to ensure that interested members of the public can attend.
- If Council decides to hold an informal gathering in confidence, the reason for this decision is briefly stated on the website and reported upon via the Annual Report process.
- On 11 occasions, the Forum Agenda identified that an allotment of time *may* be allocated for Elected Member/CEO or Elected Member only discussion.
- The following occasions detail when confidentiality provisions were applied;
    - *20 February 2018*: Urban Activation Project (divulge commercial information) 90(3)(d)
    - *21 August 2018:* Coastal Walkway (90)(3)(h) – Legal Advice
    - *19 January 2019:* Planning Day (90)(8) – Planning session of a general or strategic nature
    - *16 February 2019:* Bus Tour (90)(8) – Planning session of a general or strategic nature
    - *19 March 2019:* Rating Data 19/20 (90)(8) – Planning session of a general or strategic nature
    - *23 March 2019:* Bus Tour (90)(8) – Planning session of a general or strategic nature

	Elected Member attendance at Informal Gatherings												
	Jul	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Total**
	1	**1**	**Caretaker Period**	**Caretaker Period**	**1**	**1**	**2**	**1**	**1**	**3**	**1**	**1**	**13**
Mayor Kris Hanna	1	1			1	1	2	1	1	3	1	1	13/13
Cr Ian Crossland	1	1			1	1	2	1	1	3	1	1	13/13
Cr Tim Gard	1	1			1	1	2	0	1	3	1	1	12/13
Cr Jason Veliskou	1	1			1	1	2	1	1	2	1	0	11/13
Cr Jerome Appleby	1	0											1/2
Cr Janet Byram	1	1											2/2
Cr Nick Westwood	1	1											2/2
Cr Bruce Hull	1	1			1	1	2	1	1	3	1	1	13/13
Cr Nathan Prior	1	1			1	1	2	1	1	3	1	1	13/13
Cr Raelene Telfer	1	1			1	0	2	1	1	3	1	1	12/13
Cr Luke Hutchinson	1	0			1	0	2	1	1	2	0	0	8/13
Cr Nick Kerry	1	1											2/2
Cr Tim Pfeiffer	1	1			1	1	2	1	1	3	1	1	11/13
Cr Joseph Masika*					0	1	2	1	1	3	1	0	9/11
Cr Kendra Clancy*					1	1	2	1	1	3	1	1	11/11
Cr Maggie Duncan*					1	1	2	1	1	3	1	1	11/11
Cr Matthew Shilling*					1	1	2	1	1	3	1	1	11/11

*Elected following 2018 Local Government Elections

COUNCIL COMMITTEES

The Act allows the Council to form Committees to assist the decision making of Council. These committees do not make formal decisions as they are established to assist the Council in the performance of its functions (such as overseeing or providing advice).

INFRASTRUCTURE AND STRATEGY COMMITTEE - FUNCTION

The Committee has five (5) and one (1) Independent Member. Meetings convened monthly on the first Tuesday of the month. The Committee met on 10 occasions in 2018/19. Sitting fees are set at $1,000 per meeting for independent members. Established for the purpose of:

- Advising Council regarding the development, implementation and review of its strategic management plans
- Ensuring that Council policy and strategies provide and promote Community 'wellbeing' through enhancing and sustaining economic, environmental and community development of the City of Marion
- Reviewing any topic specific strategies or plans (not included within any other Committees Terms of Reference) prior to Council consideration and adoption
- Development and implementation of Council policy relating to the management and utilisation of Council assets and infrastructure
- Monitoring and potential implementation strategies for the sporting facilities priorities of the City of Marion
- Monitoring, development and implementation of Council's Strategic Asset Management Plans in accordance with Council's Asset Management Policy
- Opportunities to either acquire new assets or dispose of assets in accordance with Council's Disposal of Land and Assets Policy
- Monitoring of major projects of the City of Marion or within the City of Marion
- Opportunities to further develop strategic transport and integration of transport needs of the Community

Key discussion items were major projects including:

- BMX Project
- Stormwater Management Tonsley Water Agreement
- Asset Optimisation
- Positive Ageing
- Coastal Climate Change Plan
- Renewable Energy and Battery Opportuniteis
- Development of Council's 4-Year Business Plan 2019-2023
- Morphettville Park Sports Club Redevelopment
- Edwardstown Soldiers Memorial Recreation Grounds
- Innovative Smart Initiatives
- Oaklands Smart Precinct
- Hallett Cove Sea Pool
- Future of Lighting
- Urban Activation
- Seaview High School Sports Facilities Partnership
- Current challenges and future opportunities for management of waste and recycling at the City of Marion

REVIEW AND SELECTION COMMITTEE - FUNCTION

The Committee has four (4) Elected Members – Mayor and three (3) Elected Members. The meetings convened as required. In 2018/19, the Committee met on six occasions.

Established for the purpose of:

- CEO Employment Agreement and Performance Review
- Vacancy of the Office of the Chief Executive Officer
- Process to source appointment of expert members to Section 41 Committees
- Process to source appointment of expert members for the Council Assessment Panel (CAP)
- Review Committee's Performance
- Reviewing, monitoring and recommending to Council relevant strategies regarding the organisation's culture and performance associated with the conduct of Elected Members, employees and volunteers.
- Monitor the organisations direction regarding the efficient and effective delivery of strategic and operational human resource functions
- Ensure the organisation has appropriate employee well-being strategies.

FINANCE AND AUDIT COMMITTEE - FUNCTION

The Committee has two (2) Elected Members (who are not the Mayor) and three (3) external expert members. The Finance and Audit Committee met on five occasions in 2018/19. Sitting fees per meeting include Committee chairperson $1,200 and Independent members $1,000.

Established for the purpose of:

- External audit
- Internal audit and service reviews
- Financial Reporting and Prudential Requirements
- Internal controls and risk management

URBAN PLANNING - FUNCTION

The committee has four (4) Elected Members. The Urban Planning Committee met on three occasions in 2018/19.

Established for the purpose of:

- Strategic planning and development policies
- Developing a revised Development Plan for the City
- Review Committee's performance

COMMITTEE SITTING FEES

Sitting fees are set per session and range from $1,000 to $1,200 for Independent Members and nil for Elected Members. Elected Members presiding over Committee meetings receive a 25% loading above their regular annual allowance.

INDEPENDENT MEMBER ATTENDANCE AT MEETINGS

The following table identifies external members appointed to a committee and their attendance at meetings throughout the financial year.

The following Committees do not have any external members appointed:

- Urban Planning
- Review and Selection

Name of Committee	**Finance & Audit (FAC)**	**Council Assessment (CAP)**	**Infrastructure & Strategy (ISC)**
Total number of meetings	**(5)**	**(9)**	**(10)**
Gavin Lloyd-Jones *(*'stand in' member for DAP)*		3/9	
Nathan Sim *(CAP)*		7/9	
Terry Mosel (*Chair – CAP*)		8/9	
Sue Giles *(CAP)*		8/9	
Don Donaldson *(CAP Jul '18 – Jun '19)*		9/9	
Christian Reynolds *(ISC)*			6/10
Greg Connor *(Chair FAC)*	5/5		
Emma Hinchey *(FAC)*	5/5		
Natalie Johnston *(FAC)*	4/5		

COUNCIL ASSESSMENT PANEL - FUNCTION

The task of the panel is to assess certain development proposals against the Marion Council Development Plan, which sets out the planning policies applicable to the Council area. The Panel considers the 'pros and cons' of an application. This involves judgment based on whether a development satisfies, or is at variance with the policies set out in the Development Plan. The Council Assessment Panel comprises five members appointed by Council, four of which are independent members with experience in development-related disciplines and one Elected Member.

The Council Assessment Panel comprises five members appointed by Council, four of which are independent members with experience in development-related disciplines and one Elected Members.

While the State Government is undertakin ghte Planing Reforms, the Panel operates under both the *Planning, Development and Infrastructure Act 2016* as well as the *Development Act 1993.*

The Panel met on 10 occasions during the financial year. The Presiding Member receives $500 per meeting; Independent members receive $400 per meeting and Elected Members $200 per meeting.

DEVELOPMENT SERVICES

Where Council is the relevant authority for development assessment matters, an internal team of development and building officers undertake a range of assessment duties under the *Planning, Development and Infrastrucutre Act 2016* as well as the *Development Act 1993.*

ACHIEVEMENTS FOR 2018/19 FINANCIAL YEAR

City of Marion granted more than $277 million of building applications – an increase of approximately $56 million from 2017/18.

The two largest value approvals were for a $30 million development at Westminster School for additions and alterations in the form of two, three storey additions to existing school buildings, alterations to a remaining building, and the removal of four regulated trees and associated demolition and a $10 million dollar internal refurbishment of the existing Westpac Call Centre on Laffer Drive at Bedford Park. The largest value residential approvals were for three single storey residential flat buildings and three single storey group dwellings with associated parking and at 8 Sturm Court Oaklands Park, and a four storey residential flat building comprising fifteen dwellings at 44-46 MAB Circuit Tonsley with a value of $6.6m and $2.6m respectively.

The total number of applications granted was 1771. This included 850 new dwellings and 115 dwelling additions, along with 1423 approvals for class 10 structures, including sheds, pools and verandahs. Over the year 299 demolitions were granted. Four offices, 51 shops, 12 warehouses and 20 public buildings were also approved.

NUMBER OF BUILDING CONSENTS AND VALUES[1]

2014/15	2015/16	2016/17	2017/18	2018/19
1751	1795	1789	1771	1734
$195.5m	$182.1m	$180.5m	$221m	$277m

DEVELOPMENT PLAN AMENDMENTS (DPA)

HOUSING DIVERSITY DPA

The intention of the DPA is to support the development of a range of housing types and densities throughout the Council area and promote mixed use development in key strategic locations. The DPA will also involve protection of character areas and inner-suburb areas that demonstrate a high quality streetscape by promoting sensitive low density infill development within those areas. The DPA also investigates the introduction of mixed use areas within and adjacent to activity centres and along certain transit corridors. More vibrant activity centres will boost the local economy and create employment.
Following public consultation the DPA was amended, taking into account comments received, and forwarded to the Minister for authorisation in late December 2017.

[1] *These figures include development approvals granted by Council or private certification only. They do not include developments such as land divisions, tree applications or developments that do not require building rules consents. They do not reflect applications refused by Council or granted approval by the Development Assessment Commission.*

In May 2019, Council agreed to a request from Planning Minister Stephan Knoll to split the DPA in two. This would see part of the DPA proceed and further community consultation undertaken on other areas.

As of July 2019, Council is awaiting a formal response from the Minister regarding the status of the DPA.

MORPHETTVILLE RACECOURSE DPA
The DPA facilitates the development of surplus land at the Morphettville Racecourse (and surrounds) for mixed use development incorporating higher density residential, a neighbourhood level activity centre, offices, bulky goods and the renewal of core racing facilities, centered around an upgraded tram station. The proposed development is located in two Council areas (Marion and West Torrens) and includes the Department of Transport and Infrastructure (DPTI) controlled tram corridor. The DPA is being undertaken by the Minister for Planning. The DPA was placed on public consultation in late 2017 and is currently being considered by the Department of Planning Transport and Infrastructure (DPTI).

SOUTHERN INNOVATION AREA DPA
Part 2 of the DPA was authorised by the Minister and consolidated into Council's Development Plan on 29 November 2018. The changes to the Development Plan brought about by Part 2 of the DPA will facilitate the opportunity to create a gateway to the adjacent Tonsley Precinct, along Alawoona Avenue, with a mix of retail/commercial and medium density residential uses, within multi-storey buildings, with active ground floor frontages.

SEACLIFF PARK RESIDENTIAL AND CENTRE DPA (joint DPA with City of Holdfast Bay)
The intention of the DPA is to facilitate the development of land located in the suburbs of Seacliff, Seacliff Park and Marino (informally referred to as Cement Hill and/or the Monier/Lorenzin land) for multi-level, medium density residential development, shopping and community facilities and open space,

The DPA has been 'on hold' for a number of years whilst an agreement on the relocation of the quarry haulage road was negotiated between the proponent and Boral Resources.

Given the extent of the intervening period and the proposal to include additional land within the Affected Area, the Statement of Intent has recently been reconsidered by the current Planning Minister. His agreement to the amended SOI was given on 7 June 2019.

The DPA is currently being progressed for public consultation purposes.

COMMUNITY LAND

Previously Council resolved to revoke the community land classification over Louise Avenue Reserve, Warradale, Luke Court Reserve, O'Halloran Hill and Ranger Street Reserve, Hallett Cove and to place the properties on the market for sale. During 2018/19 Louise Avenue Reserve and Luke Court Reserve were sold and settled. The net proceeds from the sales were paid into the Open Space Reserve Fund for the development of other open space facilities.

It is proposed that Ranger Street Reserve is divided into two residential allotments for individual sale. This process is under way.

Council's open space has been classified under the Open space Policy. Upon completion of the current review of the Council owned facilities, the Community Land Management Plans will be reviewed.

Council resolved to purchase land adjacent Marino Hall and will undertake assessment of future development opportunities for this site.

REGIONAL SUBSIDIARIES

Council has the ability to join another or more Councils to establish a regional subsidiary to provide a specified service or to manage/administer property or activities on behalf of the constituent Councils. The City of Marion has two such subsidiaries as described below.

SOUTHERN REGION WASTE RESOURCE AUTHORITY

The Southern Region Waste Resource Authority (SRWRA) is a section 43 Regional Subsidiary of the Cities of Marion, Holdfast Bay and Onkaparinga. SRWRA is responsible for providing and operating waste management services on behalf of the Constituent Councils and ensuring that a long-term Waste Management Strategy exists in the southern region of Adelaide.

SRWRA is managed by a board of 10 people. Each council provides three representatives with the 10th being an independent expert in business or waste management. The board is chaired by the independent member whom only has a casting vote. The equitable interest of the constituent councils in the authority is agreed as follows:

City of Holdfast Bay 15 per cent
City of Marion 30 per cent
City of Onkaparinga 55 per cent

COUNCIL SOLUTIONS

Council Solutions was established on 20 December 2012. It is owned in equal parts by the Cities of Adelaide, Charles Sturt, Marion, Onkaparinga, Salisbury and Tea Tree Gully. Council Solutions is responsible for managing selected procurement and service delivery on behalf of the constituent councils. A key objective is to secure best value for money in these activities to improve the financial sustainability of the constituent councils for the benefit of their communities and ratepayers.

Council Solutions is managed by a board of seven members. Each council provides one representative, with the seventh being an independent member with expertise relevant to the activities of the authority. The board is chaired by the independent member who has a casting vote.

GOVERNANCE

The *Local Government Act 1999* (SA) provides the legislative framework for legal and transparent decision. The term 'governance' incorporates practices and procedures that make for informed decision-making.

The following pieces of information are legislatively required to be provided within an Annual Report.

LIST OF REGISTERS AND CODES OF CONDUCT OR PRACTICES

Following is a list of registers kept by Council:

- Register of Interests – Elected Members*
- Register of Interests – Staff
- Register of Elected Members' allowances and benefits*
- Register of staff salaries and benefits
- Register of campaign donations
- Register of Elected Members' gifts and benefits*
- Register of Fees and Charges*
- Register of By Laws*
- Register of Informal Gatherings*
- Register of Elected Member Conflicts of Interest (excl. Confidential items)*

*These documents can be downloaded from the City of Marion's Website – alternatively a copy can be requested from Customer Service in line with the Fees and Charges Schedule.

CODE OF PRACTICE

Following is a list of Council Codes of Conduct or Practice, adopted in accordance with the Local Government Act 1999 or the Local Government (Elections) Act 1999 and Local Government (Procedures at Meetings) Regulations 2000:

- Code of Conduct – Council Members
- Code of Conduct - Employees
- Code of Practice – Access to meetings and documents
- Code of Practice – Procedures at Meetings

The Code of Conduct for council members and staff are mandatory codes published by the Minister for Planning for the purposes of Section 63 (1) and Section 110 (1) respectively of the Local Government Act 1999. These codes are to be observed by all elected members and staff to ensure that all activities of Council are conducted legally, ethically and in accordance with expected standards of behaviour.

SENIOR EXECUTIVE OFFICER INFORMATION

Council had four senior executives whose salary packages include the use of a motor vehicle and allows for private use. Salary packages for the four senior executives including superannuation and the use of a motor vehicle, ranged from $213,446 to $305,287 for the CEO.

HUMAN RESOURCES INFORMATION

The City of Marion had 330.19 full-time equivalent staff as at the 30 June 2019. The following human resource management or development programs were delivered:

- Gap Year – Council has for the third year employed two persons who completed their Year 12 studies and live in Marion. The program provides these young people with the skills and knowledge that will help them identify a career and increase their chances of finding work post the program.
- Career Transition Program (CTP) – This program enables the City of Marion to put initiatives in place for those nearing or reaching retirement age. 55+ aged staff are given access to flexible working arrangements and the ability to explore alternative roles to transition out of fulltime work and a plan for maintaining involvement in activities outside of the organisation.
- Leadership Development – Our leadership programs promote the City of Marion's Leadership Capabilities and Values and provides access to structured, high quality learning and development. The program has been enhanced under the banner of Grow your Leadership at the City of Marion which includes four distinct programs tailored to the differing needs of our people leaders. The Leadership Fundamentals program includes training a team for the LG Professionals Management Challenge held in May. Our City of Marion Team achieved second place. We are looking forward to continuing to provide innovative and ongoing development programs.
- Volunteers - contributed 42,374 hours of their time and skills to the community. Volunteers make our community a better place. Our Volunteer Strategy, developed the year before, has provided more opportunities for volunteers than ever before. We have developed a system to attract volunteers wanting to contribute outside the traditional roles on offer. Building and nurturing community relations with other volunteer-driven bodies has been fruitful in sharing best practice and identifying areas for collaboration.
  Along with some new initiatives, in 2019/20 we aim to make big strides in not only keeping the City of Marion as a first choice for volunteers but also adapting to the changing demands of volunteers expectations.
- Reward and Recognition - The organisation was shortlisted for the LG Professionals Australia Annual Leadership Excellence Awards in the People and Culture category for the implementation of an enhanced employee reward and recognition program. The program was implemented to focus on empowering our leaders to recognise employees and teams for leading the Council values ande delivering for our resident.
- Diversity and Inclusion - Our approach embraces strategies to foster an inclusive and safe workplace for employees and volunteers where all persons are welcomed, valued, and have opportunities to grow and develop. Our online learning for Cultural Awareness training was launched which enhances our commitment to embracing diversity and inclusivity.

NATIONAL COMPETITION POLICY

The *National Competition Policy* (NCP) supports economic reform from practices that restrained Australian markets and industries. This policy identifies various principles to encourage competitive markets that would enhance national productivity for the benefit of the community whilst eliminating any unfair advantages.

In relation to government activities, it specifies that government should not enjoy any competitive advantage simply as a result of their public ownership. By virtue of clause 7, of the NCP Principles Agreement, local government is also bound.

The City of Marion is required to report any activities undertaken in the financial year in relation to competitive neutrality principles such as:

- The commencement or cessation of significant business activities
- Any reviews or reformed By-Laws that restrict competition, including proposals for new By-laws
- Complaints received alleging a breach/es of the NCP or unfairly competitive practices
- Structural reform of public monopolies

For the 2018/19 financial year, compliance with the NCP is reflected within the principles of Council's Procurement and Contractor Management Policy which seeks to:

- Obtain value in the expenditure of public money
- Providing for ethical and fair treatment of participants
- Ensuring probity, accountability and transparency in procurement operations

COMPETITIVE TENDERING

The City of Marion provides open and effective competition by providing contractors with fair and reasonable access to opportunities to do business with Council. In procuring goods, services and construction works, the City of Marion maximises value for money at an acceptable level of risk to support the delivery of infrastructure, facilities and services which benefit the community.

Public tendering is required for contracts valued at more than $100,000.

The City of Marion is also part owner of Council Solutions, a regional subsidiary established by six large metro councils. Council Solutions procurement activities are subject to public tender.

REVIEW OF DECISIONS

As required by the Local Government Act 1999 the Council has developed a procedure for the Review of Decisions, outlining how decisions of Council or other people acting on behalf of council are reviewed. Council's internal review of a Council decision policy and procedure is available from the City of Marion website. If possible, Council endeavor to resolve any complaint or grievanes in line with the policy and procedure, without it being esculated to the formal review process. In 2018/19 Council received two formal requests to conduct an internal review of decisions of Council. The complaints related to the following:

- Development matter regarding a driveway crossover *(October 2018)* – review did not proceed
- Tree Removal *(July 2018)* – review did not proceed

WORK HEALTH AND SAFETY

The safety of our people and the protection of members of the public is a key priority, which is reflected in the City of Marion Values being "With the community and safety at the forefront of everything we do, we value respect, achievement, integrity and innovation." The Think Safe Live Well WHS Plan outlines a vision; 'Through our thoughts, work and actions we can all make a difference and reduce harm'. The Plan's commitments focus on further developing our leadership styles, organisational culture and WHS systems through Safety Leadership, Hazard Management, Incident Management and Continual Improvement.

The KPI set by Council is to reduce the Lost Time Injury Frequency Rate (LTIFR) by 10% against the previous year. Council's LTIFR outlined in blue in the table below, using data sourced from the Local Government Association Workers' Compensation Scheme (LGAWCS) Claim Analysis Portal once claims have been determined, can be measured and monitored against our local government sector counterparts being the Group A Councils (GAC[1]). The City of Marion recorded an LTIFR of 9.4 in 2018/19 which represents a 52% increase over the previous 12 months and does not meet the KPI of 10% reduction on the LTIFR from the previous year. However, despite recording an increase in the LTIFR this year, it should be noted that significant reductions have been made over the past three years including; a reduction of 57% from 2015-16 to 2016-17 which reduced again by 50% in 2017-18. These reductions equate to a 67% reduction over the three years from 2015-16 to 2018-19. The City of Marion, historically, has also recorded a higher LTIFR when compared against our industry counterparts being the Group A Councils and we have recorded lower than the sector now for three years in a row.

LTIFR COMPARED AGAINST GROUP A COUNCILS

RISK

The City of Marion is committed to excellence in governance and risk management is an integral contributor to good governance to foster effective decision making in the achievement of Council's vision and strategic objectives, which focus on our corporate values and the community's wellbeing.

[1] GaC are metropolitan councils with more than 300 staff (Marion, Adelaide, Charles Sturt, Onkaparinga, Playford, Port Adelaide Enfield, Salisbury and Tee Tree Gully).

The aim of the risk management program is to provide Council with assurance that the City of Marion is managing its corporate risks through its approved suite of documents including the Risk Management Policy, Framework and the Corporate Risk Register, in their alignment with ISO31000:2018 'Risk Management - Guidelines'. In 2018/19 work progressed to further embed risk management processes which is evident in the fluid management of risk across the organisation. Key initiatives in the areas of corporate risk, business continuity management, emergency management plus fraud and corruption management continue to grow the risk management culture and maturity across the organisation.

FREEDOM OF INFORMATION

Council is required to publish statistical data for the financial year in relation to the public and local community having access to official documents and records kept. These legislative requirements provide further transparency and therefore accountability of our management of various records.

STATEMENT AND STATISTICS

The City of Marion website provides a statement and information regarding the process to follow when requesting such documentation. The following provides a summary of the number of Freedom of Information (FOI) requests and resulting outcomes throughout the year;

		Of the 11 applications determined:	
Number of applications	12	Full release	5
Withdrawn	1	Partial release	4
Determined	11	Refused	2

AMENDMENT OF COUNCIL DOCUMENTS

Should any member of the public consider that any document they have accessed is incorrect, incomplete, misleading or out of date, they may request an amendment by writing to;

Freedom of Information Officer,
City of Marion
PO BOX 21
OAKLANDS PARK SA 5046

LOCAL NUISANCE AND LITTER CONTROL

The nuisance provisions of the *Local Nuisance and Litter Control Act* 2016 (SA) (the Act) came into operation on 1 July 2017. The Act regulates Council's management of nuisance and litter related complaints. In addition, Council is required to publish various details for the relevant financial year of such complaints received.

STATISTICS

The City of Marion is required to include various details of complaints received by the community that is managed by legislation. This ensures consistency across Council boundaries in dealing with nuisance and litter control.

Total Complaints received = **638**

Nature of Complaints received:

- Dust - **68**
- Smoke - **25**
- Noise - **169**
- Odour - **24**
- Unsightly - **123**
- Dumped Rubbish on Council land and offender known - **138**
- Dumped Rubbish on Private Property - **30**
- Noisy Bird - **18**
- Other Animals - **43**
  (poultry, rats, sheep, snakes)

Offences Expiated = **1**
Offences prosecuted = **0**
Number of nuisance abatement notices issued = **0**
Number of litter abatement notices issued = **0**
Number of civil penalties negotiated = **0**

FINANCIAL MANAGEMENT

The City of Marion is in a strong financial position, providing a sound basis for Councils long-term objectives identified in the Strategic Plan. Below provides further information articulating income and expense streams with ratios provided as a mechanism to measure Council's alignment with budget targets.

STATEMENT OF COMPREHENSIVE INCOME

The Statement of Comprehensive Income details Council's revenue and expenses for the reporting period and reveals an operating surplus (before capital revenues and contributed assets) of $12.134m for 2018/19 compared to an operating surplus of $10.904m for 2017/18.

Included in Council's operating surplus is grant funding of $2.4m received for the redevelopment of Edwardstown Soldiers Memorial Recreation Oval and advance payment of Supplementary Road Grants for 2019/20 and 2020/21 of $0.963m.

OPERATING INCOME

Total Operating income for 2018/19 was $95.637m compared to $92.566m in 2017/18. The increase of $3.071m predominantly results from an increase in Rates of $2.3m (from an adopted rate increase of 1.8% + growth) in addition to the advance receipt of 2019/20 and 2020/21 Supplementary Road grant funding of $0.963m.

OPERATING EXPENSES

Total Operating expense for 2018/19 was $83.503m compared to $81.662m in 2017/18. The increase of $1.841m (2.3%) predominantly relates to an increase in Materials ($0.246m), Contractors ($0.745m) & Other Expenses of ($1.324m). These include increases in election expenses, waste collection, utilities and a significant cash contribution ($1.0m) to the Oaklands Crossing grade separation project.

Employee costs increased $1.587m (4.8%) in 2018/19 with increases from Enterprise Agreements (2.3% Salary and 2.5% Wages) and increases to grant funded positions ($170k) and Council approved positions ($211k).

CAPITAL REVENUES AND CONTRIBUTED ASSETS

Other key variances reported on the Statement of Comprehensive Income are *Amounts Received Specifically for New or Upgraded Assets* (up $3.117m) predominantly relating to State Government Grants received for the Sam Willoughby International BMX Track ($1.3m) and Birch Crescent Streetscape ($1.8m). Physical resources received free of charge has increased by $5.189m due to contributed assets from the State Government in the form of roads, drainage and footpaths relating to the Tonsley redevelopment.

CRUCIAL OPERATING/FINANCIAL RATIOS

The City of Marion utilises 'ratios' in order to measure Council's alignment (or otherwise) with expected budget targets by expressing the difference between actual versus expected budget outcomes as a percentage.

OPERATING SURPLUS RATIO

This ratio expresses the operating surplus/(deficit) as a percentage of total operating revenue. Council has set a target for this ratio of between 0 and 10% on a five year rolling average.

	2017	2018	2019
Operating Surplus Ratio	13%	12%	13%

The Operating Surplus Ratio in the adopted budget for 2018/19 was 4.75% and this has been significantly impacted by the the advance payment of Supplementary Road Grants for 2019/20 and 2020/21 ($0.963m), and the reduction in depreciation of Council's fixed assets ($2.087m). The average Operating Surplus Ratio over the last five financial years is 12%.

With council's focus on maintaining a balanced or better cash funding position it is necessary that an operating surplus sufficient to meet Council's capital expenditure requirements is achieved.

RATE REVENUE RATIO

This ratio expresses rate revenue as a percentage of operating revenue. Although this ratio is not a prescribed measure required by the 'Model Set of Accounts' it is a valuable indicator as it highlights Council's reliance on rates as a revenue source and the need for Council to seek alternative sources of income.[1] Council's reliance on rates has decreased by 4% over the past three years.

	2017	2018	2019
Rate Revenue Ratio	82%	81%	81%

STATEMENT OF FINANCIAL POSITION

The Statement of Financial Position provides details of Council's assets, liabilities and equity as at 30 June 2019. The majority of Council's assets relate to community property and infrastructure assets (roads, paths, drainage, etc.).

Infrastructure, Property, Plant & Equipment (IPP&E):

Council's IPP&E increased by $19.313m (1.7%) compared to 2017/18 with the majority of the movement relating to Physical Assets Received Free of Charge (including roads, drainage and footpaths) of $5.320m from the State Government as part of the Tonsley Redevelopment and a net revaluation increase of $2.055m.

The table below identifies the key contributors to the movement in Council's non-current assets which can mainly be attributed to revaluations of its Infrastructure assets.

	2018 $'000	2019 $'000	Increase/ (Decrease) $'000
Building assets	106,068	111,509	5,441
Infrastructure assets	652,385	664,171	11,786

WORKING CAPITAL RATIO

This ratio focuses on the liquidity position of Council, adjusting for restricted assets (eg. unspent specific tied grants that would need to be excluded from Council's current assets as Council would be restricted from using this cash to meet short term liabilities). It is calculated by dividing current assets (less restricted assets) by current liabilities (less liabilities associated with restricted assets). Council's target for this ratio is between 1.0 and 1.1.[2]

	2017	2018	2019
Working Capital Ratio	2.1	2.5	2.9

ASSET RENEWAL FUNDING RATIO

Net asset renewal expenditure is defined as net capital expenditures on the renewal and replacement of existing assets and excludes new capital expenditure on the acquisition of additional assets. It is calculated by dividing net asset renewal figures by depreciation expenses. This ratio indicates whether the Council is renewing or replacing existing assets at the rate of consumption. A long-term average ratio of 95-100% would indicate that Council is investing adequately in maintaining its asset base.[3]

	2017	2018	2019
Asset Renewal Funding Ratio	75%	75%	114%

[1] To address Council's dependence on rate revenue, it has focused upon training and development of Officers to maximise grant opportunities and annual reviews of its Fees and Charges Schedule.

[2] Council's cash flow is in a good position to undertake day to day operations, along with having sufficient cash to cover the balances in its Asset Sustainability Reserve. Council's significant cash reserves quarantined for future major projects and long term asset management objectives have impacted on this ratio.

[3] Council's Long Term Financial Plan (LTFP) is set to achieve an average Asset Renewal Funding Ratio of 96% over the next three years, and 91% over the 10-year term of the LTFP. The higher than average ratio of 114% achieved in 2018/19 is due to the renewal of the Edwardstown Soldiers Memorial Recreation Centre.

ASSET CONSUMPTION RATIO

This ratio shows the consumption of the asset stock at a point in time (or the percentage of useful life remaining). Depreciation represents the reduction in value of the assets each year and therefore accumulated depreciation is the total reduction in the carrying value of the assets. It is calculated by dividing the carrying value of depreciable assets by the gross value of depreciable assets. Council's target for this ratio is between 80-100%. A ratio higher than 80% indicates that Council's overall asset base has on average a relatively high remaining useful life. A result between 40% and 80% is considered acceptable. The ratio reflected below indicate on average a relatively high remaining useful life for assets.

	2017	2018	2019
Asset Consumption Ratio	78%	77%	77%

BORROWINGS

In assessing Council's financial position, it is appropriate to consider liabilities in relation to borrowings. Borrowings are required by Council from time to time to finance strategic long-term assets for the orderly development of the City. Council's total borrowings at 30 June 2019 were $6.805m – a net decrease of $1.100m over the level of borrowings in June 2018.

KEY DEBT RATIOS

The following indicators are used to monitor Council's performance in relation to its current level of debt;

NET FINANCIAL LIABILITIES RATIO

This ratio indicates the extent to which net financial liabilities of the Council can be met by Councils' total operating revenue and is calculated by dividing the former by the latter. The result below highlights Council's Financial Assets exceed its Financial Liabilities predominantly as a result of a substantial holding of cash and other financial assets allocated for unexpended grants and committed funding for capital projects carried over or retimed to 2019/20 and beyond totalling $17.436m.[4] Council also retains significant cash reserves quarantined for future major projects and long term asset management objectives.

	2017	2018	2019
Net Financial Liabilities Ratio	(25%)	(33%)	(37%)

INTEREST COVER RATIO

Net interest costs are defined as total interest expenses less total interest revenues. This ratio indicates the extent to which Council's commitment to interest expenses are met by total operating revenues. Negative ratios have been recorded for the past four years reflecting interest revenues being greater than interest expenses.

	2017	2018	2019
Interest Cover Ratio	(0.4%)	(0.6%)	(0.8%)

DEBT SERVICING RATIO

This ratio identifies Council's ability to service its debt obligations from operating revenues, with a maximum target set at 5%. The ratio confirms that Council has a low debt holding and is well positioned for the future borrowing outlined in the Long Term Financial Plan. The 1.6% result is below the maximum target of 5% as illustrated in the table below.

	2017	2018	2019
Debt Servicing Ratio	2.4%	1.9%	1.6%

STATEMENT OF CHANGES IN EQUITY

The Statement of Changes in Equity reconciles the opening and closing balances of Council's equity over the reporting period. The balance of equity represents Council's net worth of $1,197.9m as reflected in the Statement of Financial Position.

CASH FLOW STATEMENTS

The Cash Flow Statement details the cash movements for the year ended and reconciles with *Note 11* of the Annual Financial Statements. The Statement indicates a decrease in Cash, Cash Equivalents and Investments of $2.375m compared to 30 June 2018. As previously mentioned a sizable portion of the cash position is committed to unexpended grants, carryovers and

[4] Council's capacity to meet its financial obligations from operating revenues is strong and it has capacity to meet future funding requirements identified in the Long Term Financial Plan.

retimed works. Council also retains significant cash reserves quarantined for future major projects and long term asset management objectives.

OPERATING CASH FLOW COVERAGE RATIO

This ratio identifies Council's ability to fund its operating and capital expenditure requirements (without the need for significant sudden rate increases or service reductions) whilst continuing to maintain intergenerational equity and both sustainable and responsible use of borrowings. It is calculated by dividing cash flow from operations (less loan principal repayments) by the average annual optimal level of expenditure per Councils' Asset Management Plans. Council's target for this ratio is between 100% and 105%.[5]

	2017	2018	2019
Operating Cash Flow Coverage Ratio	147%	132%	139%

RESERVE FUNDS
A review of the balances of these reserves indicates that they are at a level sufficient to meet their purpose and intent as listed in *Note 9 Reserves* of the Annual Financial Statements. Council's current reserve funds include the following:

GRANTS AND CARRYOVERS RESERVE: $17.436m
This consists of grant funded carryover projects and capital works carried over to 2019/20 or retimed to future years as required.

OPEN SPACE RESERVE: $2.186m
It is considered by management that the current balance of this fund is adequate to meet its intended purpose.

ASSET SUSTAINABILITY RESERVE – GENERAL: $10.718m
The current balance in this fund is considered by management to be adequate to provide Council with the funding capacity to not only respond to a major infrastructure failure ($2m is retained in this reserve for this specific purpose) but to also assist Council in managing its long term asset management objectives.

ASSET SUSTAINABILITY RESERVE – COMMUNITY FACILITY PARTNERSHIP FUND (CFPP): $6.015m
Funding has been specifically set aside in the Asset Sustainability Reserve for the renewal, upgrade and purchase of Council assets as specifically resolved by Council. It includes a balance set aside to encourage organisations leasing council facilities to seek partnership funding for the required renewal and upgrade of those facilities.

ASSET SUSTAINABILITY RESERVE – MAJOR NEW PROJECTS: $1.525m
Funding has also been specifically set aside in the Asset Sustainability Reserve for major new projects. Council has endorsed a significant funding contribution to the Southern Region Soccer Facility from this reserve.

WATER RESERVE: $0.531m
This reserve has been established to quarantine revenue received and savings identified from the sale and use of treated stormwater from the Oaklands Wetalnd to further develop third party supply opportunities

LONG TERM FINANCIAL PLAN (LTFP)

Council has a LTFP focused upon;
- Achieving the City of Marion's Strategic Directions.
- Addressing issues arising and opportunities identified from internal audit reviews, service reviews and business excellence assessments.
- Maintaining a breakeven or better cash funding position.
- Improving the maintenance of assets in accordance with Council's Asset Management Plans, with a priority on maintenance *before* renewal, and/or renewal *before* new (whichever is more cost effective).
- Reviewing existing services and assets to ensure they meet prioritised community needs.
- Approving new Major Projects where it has the identified funding capacity to do so.
- Maintaining Council's position for an average residential rate that remains low (in comparison with other metropolitan councils).

[5] Council's operating cash flow coverage is sufficient to meet the asset renewal requirements included in its Long Term Financial Plan. This ratio has been impacted by higher than forecast investment returns with Council's significant cash reserves quarantined for future major projects and managing its long term asset management objectives.

LIVEABLE

LIVEABLE KEY ACHIEVEMENTS

By 2040 our city will be well planned, safe and welcoming, with high quality and environmentally sensitive housing, and where cultural diversity, arts, heritage and healthy lifestyles are celebrated.

EDWARDSTOWN SOLDIERS MEMORIAL OVAL

$8.8 million (Council $4.8 million, Federal Government $4 million) redevelopment of the Edwardstown Soldiers Memorial Oval was completed and officially opened in April 2019. Accommodating up to 250 patrons in new function spaces including four new multi-sport change rooms. The facility houses the historic WW1 Edwardstown Honour Roll and includes the redevelopment of the memorial gardens and surrounding landscaping. The site includes a concrete velodrome, new loop path, cycling club storage and consolidation of the cricket club facilities on site. A public art component encompasses the display of club and community memorabilia. In the first three months of operation an additional three female football teams were formed.

MORPHETTVILLE PARK SPORTS AND COMMUNITY CENTRE

The design and documentation for the delivery of the new clubroom facility that will meet AFL standards and include new female facilities was finalised during 2018/19. The project cost is $3.773 million and will include an oval realignment to provide a safer environment for players and spectators. The construction phase is due to commence July 2019 and is scheduled for completion in time for the 2020 football season.

SOUTHERN SOCCER FACILITY

The State Government committed $2.5 million towards a new Southern Soccer Facility within the City of Marion to be developed by the Football Federation of South Australia. The City of Marion has provided in-principle support to contribute $2.5 million towards the new facility. Concept development has been completed, identifying that there is a funding shortfall to deliver the soccer facility at Majors Road. The City of Marion and the Football Federation of South Australia will continue to work together to identify the preferred location for the Soccer facility in Southern Adelaide.

SAM WILLOUGHBY INTERNATIONAL UCI BMX TRACK

A joint partnership between the State Government and the Cities of Marion and Onkaparinga will see the delivery of the $5.8 million Sam Willoughby International UCI BMX Track. Following investigations to find a suitable site, the City of Marion announced an additional $1 million in funding (bring Council's total commitment to $1.75 million) to enable the Sam Willoughby International UCI BMX Track to be delivered at the Majors Road site, subject to a traffic management solution being resolved from Majors Road to the site with the State Government. Council is working with DPTI to resolve access to the site from Majors Road. Upon resolution, design and documentation will begin in 2019 with construction underway during 2020.

MITCHELL PARK SPORTS AN COMMUNITY CENTRE

Council committed $10 million and the Federal Government $5 million to the redevelopment of the existing club room building into an integrated regional sports and community hub. The facility will cater for the relocation of the Neighbourhood Centre, include indoor multipurpose courts, function / training / community spaces, new change rooms and a public art component. It is anticipated the facility will attract up to 1000 visitors a day. Design and Documentation will occur in 2019/20 with construction scheduled for 2021/22.

PLAYGROUND IMPLEMENTATION PROGRAM

In 2018/19 Council delivered 7 open space and playground upgrades. Sites that were delivered included:

- Heron Way Reserve, Hallett Cove
- Oaklands Estate Reserve, Oaklands Park
- Bandon Terrace Reserve, Marino;
- Crown Street Reserve;
- First Avenue Reserve, Ascot Park;
- Mitchell Park Oval Playground, Mitchell Park;
- Dumbarton Avenue dog friendly Reserve;

HALLETT COVE FORESHORE REDEVELOPMENT

Roadworks were completed during 2018/19 and included the realignment of parking bays, construction of rain gardens, footpath and landscaping. Construction of Stage 4 Reserve and Playground was completed in October 2018 at a cost of $1.1million and included connecting pathways, tunnel slide, climbing structure, sand and water play nature play areas, picnic setting, BBQ Shelters. Designs are currently being prepared for Stage 6 Café Plaza and connecting paths to provides links between the reserve and the Hallett Cove Conservation Park. It is anticipated that these works including car park alignment and line marking will be completed by June 2020.

MARION OUTDOOR POOL STAGED UPGRADE

The 2018/19 swimming season saw 93,750 attendances. Stage 2 works commenced upgrading the building to significantly improve the function, aesthetic appeal and expand service delivery options. The entry has a large canopy providing increased shade into the new foyer space, a multifunction room has been built as well as vastly improved staff and reception area. The new external kiosk server has a canopy and seating available. The renovated foyer provides improved flow, monitoring and safety for pool users. This build commenced in 2018/19 during the off-season and will continue in 2019/20 to ensure no impact to the swimming season.

FRINGE HUB AT THE MARION CULTURAL CENTRE

The Marion Cultural Centre participated in the 2019 Adelaide Fringe with demonstrated appreciation from residents attracting approximately 14,000 attendances to the venue. 32 events were presented including performances in the Domain Theatre, markets in the plaza and two outdoor festivals. Shows presented incorporated international comedians, cultural performances, youth bands, local artists performing for the first time, kids' shows, tribute bands and much more.

VALUING NATURE

VALUING NATURE KEY ACHIEVEMENTS

By 2040 our city will be deeply connected with nature to enhance peoples' lives, while minimising the impact on the climate and protecting the natural environment.

IMPLEMENT THE CLIMATE CHANGE POLICY AND PLAN (RESILIENT SOUTH PROGRAM)

During 2018/19 the City of Marion continued to work with partner Councils to deliver climate change adaptation initiatives through the Resilient South Program. Key projects were delivered including:

- Creation of a dedicated Resilient South website;
- Climate Ready Communities Program in partnership with Red Cross;
- Development of a metropolitan-Adelaide web portal for urban heat maps;
- Coastal Climate Adaptation Planning Project;
- Climate Risk and Governance Project;

During 2019/20 the Plan will be updated to include recommendations from the Climate Risk and Governance Project.

REGIONAL COASTAL MANAGEMENT PLAN

Council endorsed a Coastal Climate Change Adaptation Study that assesses the risk of the City of Marion Coastline to coastal climate change. The detailed study highlights that by global standards, the City of Marion has a positive outlook for coastal climate over the next 50 years. There are some areas that will need regular monitoring and protection / adaptation works into the future. An ongoing coastal monitoring plan has been endorsed by Council with matching funding to be sought from the State Government (Coast Protection Board) for the coming years.

ENVIRONMENTAL EDUCATION PROGRAMS

During 2018/19 the following education programs delivered included:

- Valuing Marion's Nature Program – providing an opportunity of the community to connect with and learn about local wildlife and natural areas. A total of 443 people attended 13 program events;
- Common Thread events. 287 attendances (workshops / presentations /hands on events);
- Sam Ryan – NRM Education (8 schools and pre-schools engaged through 38 support events);

Council continued to provide education on recycling, encouraging this through:

- 54 presentations to schools, kindergartens, businesses and community groups;
- 1136 free kitchen caddies distributed to households;
- 2 tours of recycling facilities and 2 workshops on home composting;
- Hazardous waste drop-off day - 805 vehicles deliver 27 tonnes of hazardous;
- The Recycle Right Bin Tagging Campaign was delivered to 695 households;
- Introduction of a ban on non-recyclable single-use plastic food and drink packaging items at our events;

In 2019/20 Council will continue to show its commitment to reducing waste to landfill and providing education to the community.

IRRIGATION & WETLANDS PROGRAM

Council continued to irrigate Ovals and Reserves in accordance with an endorsed Irrigation Management Plan. Wetlands at Oaklands and Glade Crescent provide an increasing percentage of the water used to keep our City Green. During summer of 2018/19 Over 270ML of stormwater was treated and stored at Oaklands Wetlands. This treated water was pumped into the aquifer, under a strict Environmental License, until it was required for irrigation or water sales. Council; will review the Irrigation Management Plan early in 2019/20 with the intent of increasing the number of reserves irrigated.

EXPANSION OF THE OAKLANDS WETLANDS WATER DISTRIBUTION NETWORK

Council owns and maintains over 13 km of water pipes under our streets that distributes treated water from Oaklands Wetlands to 35 Ovals, Bowling Clubs, Bus Depot, our own works Depot and other offtakes for water sales. The system is designed to allow for more connections.

During the 2018/19 summer 153ML of treated stormwater was pumped across the City. Approximately 25ML was sold to displace drinking water on two large construction sites (Darlington Superhighway and Oaklands Grade Separation Railways projects).It is envisaged that water supply to the parks and streetscapes within the Tonsley Innovation District will commence during summer 2019/20.

REMNANT NATIVE VEGETATION PLAN

The Plan outlines the strategies and principles that will be implemented to protect and manage remnant vegetation. In 2018/19 the Plan contributed to:

- Planting of around of 25,000 local native seedlings;
- Weed control and vegetation management; of 35 priority and opportunity native vegetation sites;
- Both the Trees for Life volunteer management agreement and the Bush for Life partnership agreements signed and procured;
- Oaklands Reserve National Tree day event in partnership with the Friends of Sturt River Landcare Group;
- Nari Reserve in partnership with the Friends of Glenthorne Park and the community planting event;

In 2019/20 planned works include the planting of approximately 18,000 local native seedlings and further vegetation management of all priority and opportunity native vegetation sites

ENHANCED TREE PLANTING PROGRAM

As part of the 2018/19 street tree planting program Council planted over 1,800 street trees. Over 400 advanced street trees were also planted, forming part of a ten year tree scaping program endorsed by Council. In 2019/20 Council will increase its street tree planting target from 1,400 street trees per annum up to 3,000 street trees per annum. This will see a total target of over 3,400 street trees (400 advanced) planted for the year.

ENGAGED

ENGAGED KEY ACHIEVEMENTS

By 2040 our city will be a community where people are engaged, empowered to make decisions, and work together to build strong neighbourhoods.

MARION CULTURAL CENTRE EXTERNAL HIRE ENHANCEMENT PROJECT

The Marion Cultural Centre invested in upgrading the lighting within the Plaza with LED fixtures providing a significantly improved outdoor plaza area seeking to encourage more plaza and night activities throughout the year. The LED lights not only provide a better light spread but have less environmental impact, increased efficiency and a safer space for community. Additional markets are scheduled for delivery in the 2019/20 financial year.

FOYER REFURBISHMENT

The City of Marion has a commitment to Customer Experience and has transformed the foyer of the Administration Centre from its original design from its 80's decor to a modern Customer Service Hub. The entire design was centered around improving service to our customers. Benefits include the amalgamation of the Development and Regulatory and Customer Service counter, designated booths for delivery of service, self-serve options, digital sign-in and enhanced facilities for the JP Service. The Customer Service Centre is warm and inviting whilst reducing wait times for our customers. The project cost $420,000.

ABORIGINAL AND DISABILITY TRAINEESHIPS

The Disability and Aboriginal Traineeships, through Maxima Group, were approved by Council for one year. This enabled an increase to diversity and inclusion in the workforce by attracting a wider range of candidates to vacancies. Two trainees have valued the opportunity to undertake a traineeship and have developed key transferable skills, with the person undertaking the Aboriginal traineeship successfully gaining employment since completing her traineeship. One trainee has successfully completed her certificate 3 in business and the other has continued with this Certificate 3 in Aboriculture for a further year with Council. Council has Endorsed a three year Disability, CALD (Culturally and Linguistically Diverse) and Aboriginal Traineeship Program (nine trainees over a three year period).

COMMUNITY HUBS PROJECT

A funding project across all four Neighbourhood Centres enabling more programs to address needs, centre operating hours and assists in providing connection and engagement with our Culturally and Linguistically Diverse (CALD), Aboriginal and Indigenous communities. During 2018/19 there was an increase in programs, numer of participants, volunteers and level of connection with a diverse range of people. Programs have been developed with the view of engaging with more people and those who do not currently use one of the Centres. Following the introduction of Eventbrite for majority of events, there has been a substantial increase in new people attending the programs.

Key events and achievements included:

- Nunga Lunch at Cooinda during NAIDOC week – connecting Aboriginal people in our Centre.
- Increase in new participants across all Centres with increased program diversity.
    - 317 at Trott Park;
    - 306 at Mitchell Park;
    - 189 at Cooinda;
    - 411 at Glandore.

During 2019/20 work will continue to progress the project to provide more opportunities for people to connect, volunteer and gain new skills.

MARION LIBRARY SERVICE – 60 YEAR CELEBRATIONS

The City of Marion has three libraries across the city. Achievements in 2018/19:

- Loaned a total of 761,651 items;
- Attracted 450,983 visitors;
- 15,694 people attended library programs;

In February 2019 the Marion Library Service celebrated its 60th birthday. A suite of events and branded promotion was delivered to celebrate this significant milestone and the impact that the Marion Library Service continues to have within the community. Pick Your Pages was a program introduced in 2018, designed to engage people in the selection of library materials to ensure our collections are reflective of the needs and interests of the community.

COMMUNITY LEADERSHIP PROGRAM (CLP)

During 2018/19, 18 people graduated from the program. Participants aged from 28 to 70 years, who live, work or play within the City of Marion. They included City of Marion volunteers, people involved in local charities and organisations, and those in full-time, part-time work and unemployed. The CLP aims to increase community member's confidence to become leaders in the community to bring about change. The CLP gives participants the skills and confidence to develop their own community project and to motivate and encourage others to assume leadership roles in the community. This year's CLP focused on improving skills in: leadership, communication, conflict resolution, personality mapping, resilience, how to run a community event, how to apply for grants, marketing / media, budgeting, risk assessment, presentation skills and more.

YOUTH PARTNERHSIP PROGRAM

Voice It! Create It! Do It! was an engagement and consultation project that connected with over 4oo young people across the City of Marion. The project gave young people an opportunity to voice their priorities, passions, experiences and concerns. Young people contributed in many ways including an online Making Marion survey, workshops at local schools, pop-up sessions at Westfield Marion and a Youth forum held at the Marion Cultural Centre. The information gathered from this project will help to inform how we work with young people and ensure the grant and partnership funding is directed to areas of need.

PROSPEROUS

PROSPEROUS KEY ACHIEVEMENTS

By 2040 our city will be a diverse and clean economy that attracts investment and jobs, and creates exports in sustainable business precincts while providing access to education and skills development.

TONSLEY INNOVATION DISTRICT

Council continued to work with key stakeholders on the Tonsley development which is purposely designed to attract investment and create a thriving jobs and education precinct that includes residential and community living.

Key achievements include:

- A district energy scheme and recycled water will be provided by Enwave Australia as part of a 50 year development agreement with Renewal SA including 20,000 solar photovoltaic panels on the roofs of the Main Assembly Building (MAB);
- A number of commercial development applications lodged including a Solar Garage, Micro X, Autism SA, Hotel, multi deck carpark, Bedford Medical;
- Planning commenced on the retail hub located adjacent to the Boiler House, which will be delivered by PEET Limited;
- The first stage of the Tonsley Village residential development continued with residents moving into townhouses. Stages 2 and 3 are in construction;
- Planning commenced for future stages and open space landscaping integration;
- Renewal SA and partners hosted Tonsley Open Day with estimated attendance in excess of 10,000 people;
- Project commenced 2012 with scheduled completion 2027;

In 2019/20 Office pod accommodation within the MAB will be completed and available for tenants. Tonsley Greenway will be designed and coordinated to align with the construction of the Flinders Link project.

URBAN ACTIVATION PROJECT

The Urban Activation Project supported five café's in the City of Marion. Lampshade Café, Once and Again Café, Little Bici Café, The Next Chapter Café and the South Australian Aquatic and Leisure Centre were the successful recipients of the $250,000 project. Smart sensors were installed at each site to monitor the projects over a two year period.

REVIEW EDWARDSTOWN INDUSTRY / COMMERCE PLANNING FRAMEWORK TO SUPPORT FUTURE BUSINESS NEEDS

A forum was held on 23 May 2019 at Edwardstown to connect with the business community on the revitalisation of the precinct from an access, amenity and activation perspective. As a result of the consultation, a 12 month action plan was developed for Council's consideration.

BUSINESS ASSOCIATION SUSTAINABILITY

The Hallett Cove Business Association and Southern Business Connections are run by volunteers who deliver at least one event for business per month. Funds are used for administration, marketing and promotion and event management.

SOUTHERN ADELAIDE ECONOMIC DEVELOPMENT BOARD (SAEDB) PROJECTS

The Southern Adelaide Economic Development Board was revitalised in 2017 with a new Chair, Nikki Govan, and a new board to deliver a three year plan. $200,000 was received from the South Australian Government to deliver four projects. The Southern Energy Project delivered a Southern Adelaide Energy Report, Energy Survey of Southern Adelaide Businesses and a business support package for businesses in Woodlands Terrace, Edwardstown.

SMART SOUTH CONSORTIUM

The Smart South Consortium was established to deliver smart city trials within the South. This Consortium brings together education, industry, and governments to address community concerns and innovatively fill gaps in the market.

Achievements included:

- Establishing a governance model, bringing together education, industry and governments to identify technology solutions to civic problems;
- Pilot project identified to test the governance model

Opportunities and goals for the next 12 months include:

- Deliver pilot project around pedestrian movements in the Oaklands Precinct;
- Review governance approach at outcome of pilot project;
- Identify future projects and funding models.

DIGITAL ECONOMY PROGRAMS FOR BUSINESSES TO CAPITALISE ON THE NBN ROLL OUT

Digital programs under the SEED promotional banner for business have been rolled out at the Cove Business Hub for small business. An annual events calendar is updated monthly and is available on our website.

INNOVATIVE

INNOVATIVE KEY ACHIEVEMENTS

By 2040 our city will be a leader in embracing and developing new ideas and technology to create a vibrant community with opportunities for all.

SMART CITIES PROGRESS

This project provides infrastructure and support that enables innovation to flourish through technology and infrastructure opportunities**.**

Achievements included:

- $867,500 matched funding from the Australian Government Smart Cities and Suburbs grant program;
- Identifying strategic approach to scaling innovation to ensure data driven decisions, continuously improving the services provided to the community;
- Technology trials to improve service delivery within Playgrounds and measure Activation in Urban Precincts;

Opportunities and goals for the next 12 months include:

- Deliver Oakland's Smart Precinct (Smart Cities and Suburbs grant funding) as a testbed to scale and replicate across the City;
- Continue to review how data can continuously improve the services provided to the community;
- Continue to work with Tonsley Innovation District as a testbed to bring innovation into the community e.g. autonomous vehicles;
- Continue to embed Smart City Principles throughout the organisation;
- Deploy gateways to enable connectivity across the majority of the City for smart monitoring sensors.

RENEWABLES AND ENERGY EFFICIENCY MEASURES

Council focused on energy saving initiatives within Council operations. Key initiatives to reduce costs, energy use and carbon emissions from Council operations include:

- 410 kW solar panels on 10 Council-operated buildings;
- Energy efficiency upgrades in 8 Council-operated buildings;
- 194 kW solar panels on Council-owned leased facilities;
- LED street lighting project;
- Transition of council fleet from petrol / diesel vehicles with the purchase of 5 hybrid fleet vehicles;
- SAEDB Southern Energy Project.

COMMUNITY SURVEYS

The majority of Community and Neighbourhood Centre programs are now bookable online through Eventbrite. Council has seen a vast increase in new people attending programs across all four centres due to programs now available on Eventbrite. Within the first 6 months of using Eventbrite, 960 people booked online for programs. In the next 12 months training will be undertaken to use Making Marion for Program Evaluations to enable the tool to be used for further consultation and program feedback with the community and program participants.

LIBRARIES CUSTOMER RELATIONSHIP MANAGEMENT

In 2018/19 the libraries developed and delivered several key innovative programs:

- Literary Anything – a monthly podcast show designed to engage with readers, encourage library usage and provide an expert resource for reading recommendations, literary news and upcoming events.
- STEM programming for young people – regular term-time programs developed; Bricks 'n Bytes and Junior Builders. Sessions designed to introduce and develop digital skills in coding, robotics, building and creative thinking.
- Vox Books – a new collection of read-along books that provide high quality audio to a selection of fiction and non-fiction children's books. Designed to assist with literacy development and self-paced learning.

ICT BUSINESS SYSTEMS FITNESS REVIEW

The Business Systems Fitness Review (BSFR) consisted of an objective and balanced assessment of Councils core IT business systems. The key outcomes are a clearer understanding of current gaps and opportunities as well as future business needs to inform decision making strategies for new systems procurement. The BSFR consisted of 3 main phases:

Phase 1: Distribution of 3 online surveys for business users and the CoM ICT team

Phase 2: 'Closing the Loop' workshop sessions to present and validate the findings

Phase 3: Drafting of the key findings report and supporting documents

ONLIN BOOKING SYSTEM – PHASE 2

The online booking system was developed as a pilot project, enabling people to book and pay for hiring rooms at 3 locations. In 2019/19, the System was extended with a total of 9 locations using the System, including all of our neighbourhood centres. The system has increased functionality to enable tailored approach to each location. The focus for the next 12 months will be to add the remaining eligible council owned and leased facilities to the system. This will enable the community to locate all available rooms for hire in the one location. Total project spend to date is $110,000.

OAKLEIGH
DANGER
OVERHEAD LIVE WIRES
4010
4010-A
STAND BEHIND THE WHITE LINE

CONNECTED

CONNECTED KEY ACHIEVEMENTS

By 2040 our city will be linked by a quality road, footpath and public transport network that brings people together socially and harnesses technology to enable them to access services and facilities.

CAPITAL WORKS PROGRAM – ROADS

During 2018/19 The streetscape of Finniss Street was completed. Council in conjunction with South Australian Power Networks, previously undergrounded the electrical wires and installed heritage street lighting along the road. The streetscape design consists of:

- Indented parking bays and bus bays along both sides;
- Two pedestrian refuges;
- A wombat crossing to facilitate safe pedestrian and cycle movements along the Sturt Linear Path;
- Landscaping, including Water Sensitive Urban Design
- New and wider footpaths;
- Modifications to the intersection of Finniss Street and George Street.

STREETSCAPE PROGRAM 2018/19

Council developed a new streetscape and tree-scape program which is divided into delivery segments, as follows:

- Streetscape - 3 delivery segments - of a 5 year period each, over a total of 15 years.
- Tree-scape - 2 delivery segments, of 5 years period each, over a total 10 years.

This will result in a total of 20 roads (a combination of arterial and local roads) being streetscaped and 25 roads being planted with established trees.

RAILWAY TERRACE GREENWAY

Construction of the Railway Greenway and Streetscape commenced. The main features of the design are:

- The provision of a bi-directional on-road bike path adjacent the rail corridor;
- The installation of indented parking bays on the western side of the road, where possible;
- The installation of a new wider footpath on the residential side of the street;
- Narrowing of the road and angled paving sections
- No Stopping Zones along the eastern side;
- Upgrade of landscaping;
- Development of a station precinct at the Woodlands Railway Station.

BRAY STREET - STREETSCAPE

The streetscape of Bray Street commenced, involving:

- Upgraded the shopping precinct, by providing:
  - A raised pavement area, from Ferry Avenue to west of the shops;
  - A new footpath adjacent to the shops, while maintaining the parking bays;
  - Short sections of walls and landscaping;
- A wide paved footpath on the north side of Bray Street, from Marion Road to Ferry Avenue;
- Tree planting.

LED LIGHTING TRANSITION

The completion of the entire city-wide LED roll-out was funded during the 2018/19 Financial Year. The rollout of the new LED's recommenced in May 2019 and an additional 1,308 LED luminaries were installed up until the end of June 2019. Upon completion of the new LED street lights (8525) the initiative is expected to reduce energy costs by 75%, reducing carbon emissions by 1,600 tonnes per year whilst improving visibility for all road users. The project is due for completion by November 2019.

DIGITAL LITERACY PROGRAMS

Digital Literacy was a major focus during 2018/19 as new technologies and processes continued to move online. Council engaged 3 new volunteers to support new training courses and one-on-one tuition on people's own devices. Nearly 80 people were upskilled through the Introduction to Computers, Basic Computers and Computers at Work. One-on-one sessions were held weekly within Community Centres and Libraries During 2019/20 Council will map Digital Literacy programs to capture what are the skills of our current volunteers / tutors and what the gaps are in capacity / resources and skills to support our community more.

DARLINGTON PROJECT

Works continued on the Darlington Upgrade of approximately 3.3 km's of the existing Main South Road, including;

- A non-stop motorway between the Southern Expressway and Tonsley Boulevard;
- A lowered, non-stop motorway passing underneath Flinders Drive, Sturt Road, Sutton Road/Mimosa Terrace and Tonsley Boulevard;
- Grade separation of the Main South Road/Ayliffes Road/Shepherds Hill Road intersection;
- Surface roads to provide connections to Flinders Drive, Sturt Road and local roads;
- Public art works at the Sturt Road intersections.

The Darlington motorway is scheduled for completion by the middle of 2020.

THE FLINDERS LINK PROJECT

The Project received planning approval in February 2019. A contract was awarded to Gateway South. Preliminary works began on the new Flinders Station. Works continued on the excavation of the motorway and construction of bridges at Sturt Road, Ayliff's Road and Tonsley Boulevard. Achievements during 2018/19 included:

- A 650m extension of the Tonsley rail line linking the Flinders Medical Centre and Flinders University to the rail network, including 520 metres of elevated single track over Sturt Road, Laffer's Triangle and Main South Road;
- Removal of the existing Tonsley Station and construction of a new Flinders Station;
- An integrated shared pedestrian/cycle path adjacent the rail line.

The Flinders Link project is scheduled for completion October 2020.

CITY OF MARION

Mitchell Park Sports and Community Centre revised Section 48

Originating Officer	Registered Architect, Strategic Projects - Birgit Stroeher
Corporate Manager	Manager City Activation - Greg Salmon
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191022R12

REPORT OBJECTIVE

The purpose of this report is to provide a Section 48 prudential report as required under the Local Government Act, prepared for the Mitchell Park Sports and Community centre Project to the General Council for review.

EXECUTIVE SUMMARY

The following report has been prepared in accordance with the Section 48 of the Local Government Act 1999 which requires Council to consider a report addressing a number of prudential issues before engaging in a major project where the expected capital cost is likely to exceed $4 million over the ensuing 5 years.

This review of the Section 48 Report by the General Council will contribute to the process of evaluating the Mitchell Park Sports and Community Centre project against the requirements of the Act.

The vision for the Mitchell Park Sports and Community Club project is to create a new community facility that will provide a range of recreation, economic and social benefits to the local region and address the needs of a number of community clubs and organisations.

The estimated cost of the Mitchell Park Sports and Community Centre project is $15 million and is funded by contributions of $10 million from Council and $5 million from the Federal Government.

As required by Section 48 of the Local Government Act the report investigates the project's:

- Relationship with strategic management plans;
- Objectives of the Development Plan;
- Potential contribution to the local economy;
- Consultation that has been undertaken with the local community;
- Financial Assessment: implications, viability and sustainability of the project both in the short and long term;
- Potential project delivery risks and mitigation strategies.

The BRM advisory report concludes that Council has sufficient financial capacity to fund the $15m capital and $208,147 (year 1) to $252,833 (year 10) operational cost of the project.

On 8 October 2019 the Finance and Audit Committee provided advice on each Section 48 requirement (listed above). Note the Finance and Audit committee meeting minutes are attached as part of this meetings agenda.

The prudential report and the feedback from the Finance and Audit committee highlight two areas that still require some work, being community consultation and the management model. Neither of these can be resolved further without progressing into the design phase.

The next step of the project is to initiate the detailed design phase in consultation with stakeholders and report back to Council at 30% design with a preferred site plan, floor layout, cost estimate and management model.

RECOMMENDATION

That Council:

1. **Endorse that the Section 48 report completed by BRM advisory meets the requirements of the Local Government Act 1999.**
2. **Notes the meeting minutes advice from the 8 October 2019 Finance and Audit committee.**
3. **Endorse administration to proceed with the detailed design phase of the Mitchell Park Sports and Community Centre.**
4. **Note that staff will seek Council endorsement of the preferred site plan and building layout, costing, and management model at 30% detailed design in March 2020.**

DISCUSSION

The proposed Mitchell Park Sports and Community Centre will support the future operations of the Mitchell Park Sporting Clubs, the Mitchell Park Neighbourhood Centre, Dover Gardens Kennel and Obedience Club as well as cater for indoor sport and recreation needs of the local community.

The Mitchell Park Sports and Community Centre planning and construction has been costed by Rider Levett Bucknall at an estimated cost of $15,048,000.

The anticipated project cost range with a +/- 5% costing range (excluding GST) is $14.3m - $15.8m. A favourable tendering result from construction contractors may enable all improvements to be included within the $15 million project budget.

The project costings of $15,048,000 include an allowance for a photovoltaic power array for the new facility and also enable temporary accommodation for the existing clubs, located at the site during construction.

The attached Section 48 Report reviews the project in accordance with the requirements of Local Government Act and covers the following subjects:

1. The Project details and rationale;
2. Review of City of Marion Strategic Management Plans, State Government plans and the Development Plan;
3. Contribution to Economic Development, Economic Impact Analysis;
4. Consultation undertaken with clubs and the local community as well as an expression of interest to accommodate additional user groups;
5. Financial assessment to understand the impacts on Council's short and long term financial plans;
6. Project risks and mitigation strategies required;
7. The projects delivery plan and procurement.

It is important to note the following extract from the Rider Levett Bucknall Project Estimate - Exclusions commentary:

- Dog rinks - Existing equipment, by Clubs;
- Alterations to Roadways - City of Marion Traffic engineer has advised that this is not required;
- IT relocations - IT relocations such as PC’s will be by City of Marion ICT;
- Noting the Fibre relocation and the communications server rack allowance has been included in the estimate;
- Sporting Equipment - Existing, by clubs and as otherwise noted;
- Gym Equipment and storage shelving - Existing, by Clubs;

- Court side 200 person seating alcove and acoustic treatment;
- Works to tennis courts - Any works to form part of separate project;
- Works to model car track - This is a separate initiative being managed by City Property;
- Open Space programmed scope;
- Wayfinding signage;
- Rock Excavation - General allowance as part of Construction contingency;
- Asbestos - General allowance as part of Construction contingency;
- Relocation of stobie poles etc. - General allowance as part of Design contingency;
- Land Acquisition - Not applicable;
- Finance costs and holding charges - Addressed in finance section of the Section 48;
- Goods and Services taxation - Under GST regulations Council is entitled to claim input tax credits for the GST component of the price when acquiring goods and services in the course of carrying on that enterprise;
- All cost estimates are therefore GST exclusive.

SECTION 48 PRUDENTIAL MANAGEMENT REPORT

Section 48 of the Local Government Act 1999 (the 'Act') requires Council to consider a report for any project where the expected capital cost is likely to exceed $4 million over the ensuing 5 years and addresses a number of key prudential issues. The report is attached for review and feedback from Council's Finance and Audit Committee. In particular feedback is sought on the risk register; reporting framework for the management of the project; and the financial viability and sustainability of the project.

Review of the risk register prepared for the project

A risk register has been prepared on the project and reviewed as part of the Section 48 report. Strategies have been identified to mitigate or manage the risks identified. Risks will be actively managed throughout the project and will be formally reviewed by the Project Control Group on a monthly basis.

The risk assessment demonstrates that the project's inherent risks are within expected limits of a project of this scale. The City of Marion has outlined appropriate mitigation strategies to lower the inherent risks and these are detailed in the risk register. Section 7 of the Section 48 Report discusses project risk.

Review of the reporting framework for the management of the project

Section 8 of the Section 48 Report discusses the project delivery methodology.

Review of the financial viability of the project. Section 4 of the Section 48 Report discusses the economic impact and Section 6 discusses the financial viability of the project.

Analysis of potential governance management models and financial forecasts. The modelling is deliberately conservative in relation to visitation and growth numbers and therefore revenue projections for the ongoing operation of the new facilities. The modelling notes an ongoing deficit. BRM Advisory notes that the management model will influence the extent of the operational costs and that Council staff will continue to develop the model in consultation with the stakeholders.

The current operational modelling and attached report is based on no increase to the Neighbourhood staff. However preliminary discussions on staff requirements indicates a staff increase from 0.6FTE to 1.8FTE is likely to be required at an additional cost of $112K. This is in order to cover customer service levels for the new facility and enable an expansion of the Neighbourhood Centre programmes. Further review of resourcing for the facility will be required as part of the operational modelling scope.

The whole of life funding (ie. cash) impact of the Project has been assessed and it has been determined that Council has the funding capacity within its current adopted Long Term Financial Plan (LTFP) to fund its $10 million capital contribution plus associated ongoing increases in operating, maintenance, renewal and borrowing costs required for the project. This can be achieved without the need for any additional increases in council rates, other than those already provided for in the LTFP.

The net incremental operating cost of the facility is $208,147 for year one increasing to $252,833 in year ten. BRM Advisory notes that Council has the capacity to fund this cost without the need for any additional increases in council rates, other than those already provided for in the LTFP.

On advice from the Finance and Audit committee as noted in the minutes, the project team will update the LTFP and further develop the operational and management models in parallel with the detailed design and stakeholder engagement process. The management and financial models will be presented at a General Council meeting at the 30% design stage in March 2020 for consideration.

Review of Community Consultation.

Section 5 of the Section 48 Report discusses the extent of community consultation held to date. BRM Advisory notes that the project will continue to 'inform' the community of the project throughout the phases.

On advice from the Finance and Audit committee as noted in the minutes, the project team will update the Community Engagement Plan outlining the 'inform' process, prior to the beginning of the design phase to also include future project phases from tender award, on site construction activities and project completion. Due to the nature of the redevelopment the project is considered a Category 2 development. As part of the planning approval process there will be public notification period providing an opportunity for adjacent properties to raise concerns regarding the proposed development, car parking, traffic etc.

Project Milestones

October 2019 Section 48 prudential report
November 2019 Architectural services awarded
December 2019 Preliminary site layouts
Feb-March 2020 Concept Design (30% design)
April-June 2020 Design Development
July- Oct 2020 Documentation of construction drawings and specification
Nov– Dec 2020 Tender AwardBuilder EOI and final award
Jan 2021- Jan 2022 Construction phase
Feb 2022 Commissioning phase
March 2022 Facility open

FINANCE AND AUDIT COMMITTEE FEEDBACK

In summary, the Committee suggested that the project is a good investment for the Community however, the Council consider the following:

Finance and Audit Committee Advice	Council Staff Response
Completing further detailed design work	Concept design phase due for completion March 2020.
Updating cost estimates and the financial analysis within the Section 48 report	Estimates and financial modelling due for presentation to Council in March 2020.
Reviewing the costs to date and the costs to be incurred if detailed design progresses.	$954,244, made up of • $254,244 expended in 2015 to 2017 for previous business case and concept phase; • $120,000 detailed design to 30% to be expended • $580,000 detailed design to 100% to be expended
Reviewing the financial analysis to be certain regarding the length of time that the Centre will be operating at a loss.	Estimates and financial modelling due for presentation to Council in March 2020.
Completing a return on investment analysis for a two (2) and four (4) court option. If the four (4) court option creates a higher revenue stream and a better return on investment, Council may consider reverting to this option (if the site is suitable for four courts).	Council has reviewed and exhausted the court options with regards to budget and site constraints. BRM Advisory have also advised that a four court facility may also not be viable without Council's financial support.

CONCLUSION

The Section 48 Report demonstrates that the City of Marion has the capacity to deliver the Mitchell Park Sports and Community Centre project and has the capacity and resources to maintain the facility in the future.

Risks for the project have been identified and strategies to mitigate, or minimise, those risks have been developed.

The whole of life funding impact of the Project has been assessed and it has been determined that Council has the funding capacity within its current adopted LTFP to fund its $10 million capital contribution plus associated ongoing increases in operating, maintenance, renewal and borrowing costs required for the project. As stated above the operating costs will be further validated and formalised for Council in March 2020.

This can be achieved without the need for any additional increases in council rates, other than those already provided for in the LTFP. The financial modelling outlines an ongoing deficit requiring Councils financial support.

Feedback and comment was sought from the Audit Committee on the prudential report prepared in accordance with the requirements of the Local Government Act 1999, key items on the Community consultation process, management model and financial viability will be tabled at a March 2020 General Council meeting, as part of the conclusion of the 30% design phase.

Attachment

#	Attachment	Type
1	MPSCC Section 48 report BRM Advisory	PDF File

BRM Advisory

City of Marion

Section 48 Prudential Report: Mitchell Park Sports and Community Centre

September 2019

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EXECUTIVE SUMMARY

Purpose

The following report has been prepared in accordance with the requirements of Section 48 of the Local Government Act 1999 which requires a Council to consider a report addressing the prudential issues set out in Section 48 subsection 2 of the Act before engaging in a major project. The purpose of a Prudential Report is to ensure the Elected Members have the necessary information to enable an informed decision whether or not to proceed with a project.

The Project

The redevelopment of Mitchell Park oval and associated infrastructure to support the future operations of the Mitchell Park Sports and Community Centre (MPSCC) and the Mitchell Park Neighbourhood Centre.

Prudential Review Issues and Findings

The City of Marion has acted with due care, diligence and foresight in progressing the Project. However, we recommend the following to supplement the due diligence undertaken to date and to ensure that Council has been provided with sufficient information to satisfy the requirements of Council's Prudential Management Policy and Section 48 of the Local Government Act.

- Council has not received a consultation report or formal feedback from the community based on the current scope of the Project, following the reduction in scope from a four indoor court facility to a two indoor court facility. Council should consider the benefits and costs (including the potential for further Project delays) of undertaking further community consultation and whether or not an updated consultation report would assist Council's decision making.

- CoM should continue to refine its work on the management model to operate the MPSCC to provide greater certainty on the potential revenue generation capability and the potential future cost structure for operations of the MPSCC. This will mitigate the risk that a larger operating subsidy than currently modelled (Attachment Two) will be required to support future operations.

We also note the following.

The Project is strongly aligned to CoM's existing Strategic Planning Documents and capital provisions have been made in this year's Annual Business Plan and Budget and Long Term Financial Plan to undertake the Project. However, the financial plans assume that the Project will be completed by 30 June 2020 which will not occur. Accordingly, a budget carry-forward will be required at the end of FY2020 to reflect the updated construction timetable with the Project now due for completion in March 2022. There is also an overstatement of finance costs and depreciation in the first and second years of the Long Term Financial Plan as a result of the assumption that the Project would be completed by 30 June 2020. Adjustments to the financial plans should be made at the appropriate time to reflect the updated Project timeframes and to include the latest estimate of operating costs.

CoM has prepared some indicative financial modelling which assumes that Council is the owner and operator of the MPSCC following construction. At this stage, a formal decision on the management model has not yet been made, and there is a risk that the MPSCC will not operate within the modelled forecast operating subsidy of $0.271 million per annum (excluding finance and depreciation costs and Neighbourhood Centre staff costs), particularly in the early years of operation.

CoM should continue the consultation process with key users to confirm revenue projections and build out the operating model while the design phase of the Project is being undertaken to more comprehensively inform CoM's financial plans.

Council should also take the opportunity to consider the current levels of service being provided by the Mitchell Park Neighbourhood Centre in the context of the transfer of existing services to the MPSCC and whether or not there is a case for additional investment to improve community outcomes.

1. INTRODUCTION

1.1 Background

1.1.1 The City of Marion (CoM) provides sport and recreation facilities to support an active and connected community.

1.1.2 In 2012, the CoM commenced a process to redesign a number of sport and community hubs across the city, intended to cater for the community's needs for generations to come. As part of this broad process, in 2012-2013 a master plan was developed to upgrade the facilities at the Mitchell Park Oval Complex, a site currently used by the Mitchell Park Sports and Community Club.

1.1.3 The Mitchell Park Oval Complex is located in the area between Moreland Avenue, Waterman Terrace, Bradley Grove and Quick Road in the suburb of Mitchell Park. An overhead view of the facility (taken from 2016) is shown in Figure One.

Figure One: Overhead view of Mitchell Park Oval

1.1.4 In 2015, Council endorsed that investigations be undertaken with peak sporting bodies, relevant clubs, funding bodies and agencies to seek partnership opportunities for the development of four community and recreation sites across the City, one of these being at Mitchell Park.

1.1.5 As part of these investigations, CoM identified that there is a significant shortage of indoor sports courts in the Southern Adelaide region. Based on Parks and Leisure Australia benchmarks and 2014 population data there is an assessed level of potential demand for 116 indoor courts to service the circa 350,000 residents in the area. The actual number of indoor courts in the region in 2016 was 24.

1.1.6 It was also noted that the existing home base of the South Adelaide Basketball Club, located at Norfolk Road in Marion, was approaching the end of its useful life and may not be meeting the needs of its users.

1.1.7 The investigations ultimately identified an opportunity to create a multi-purpose recreation hub at Mitchell Park Oval designed to:

1.1.7.1 upgrade facilities for the existing users of Mitchell Park including the Mitchell Park Sports and Community Club and the Dover Gardens Kennel and Obedience Club;

1.1.7.2 to develop new indoor multiuse indoor courts facilities; and

1.1.7.3 as the new location for the existing Mitchell Park Neighbourhood Centre.

1.1.8 The proposed development was to be referred to as the Mitchell Park Sports and Community Centre (MPSCC).

1.1.9 On December 2015, Council endorsed the Mitchell Park Oval Complex as the preferred location for the MPSCC.

1.1.10 CoM engaged external consultants, Studio 9 to develop concept designs and KPMG to develop a business case and financial forecasts (KPMG Report) to support the development. At the time, the designs proposed a four indoor court facility with associated infrastructure to support the existing clubs at the MPSCC and the relocation of the Mitchell Park Neighbourhood Centre.

1.1.11 The KPMG Report based its financial forecasts on the continued use of the MPSCC by the existing users plus providing for the relocation of the South Adelaide Basketball Club's home base from Norfolk Road to the MPSCC.

1.1.12 At the Council Meeting on 28 June 2016, Council considered an internally prepared Prudential Report on the redevelopment of the MPSCC (Original Prudential Report). The Original Prudential Report was informed by, amongst other things, the 2012/2013 master planning process, the Studio 9 concept designs and the KPMG Report.

1.1.13 Following receipt of the council report and the Original Prudential Report, Council resolved the following at its 28 June 2016 meeting.

Moved Councillor Telfer, Seconded Councillor Hull that Council:

1. Consider the advice and feedback received from the Finance and Audit Committee on the draft Section 48 Prudential Report.

2. Consider and adopt the Section 48 Prudential Report as amended including the KPMG Report on the Proposed Governance and Management Model and Financial Forecast and the Studio 9 design concept.

3. Authorise Council staff to finalise and submit a bid to the National Stronger Regions Fund (NSRF) Round 4 seeking $9.875 million in Federal capital funding matching a $9.875 million capital funding commitment by the City of Marion.

4. Endorse the capital funding commitment of up to $9.875 million for the redevelopment of Mitchell Park Sports and Community Club, 4 indoor multi-purpose courts and neighbourhood centre facilities subject to the successful application for funding to the National Stronger Regions Fund.

5. Endorse the increased on-going operating, maintenance and renewal funding (i.e. Cash) requirement as identified in the Section 48 Prudential Report and note the impact to the City of Marion's adopted Long Term Financial Plan (LTFP) resulting from the additional funding requirement identified in the Section 48 report is forecast to be in the order of $13.11 million over the 10 year term of the LTFP.

6. Commit to undertaking the redevelopment of the Mitchell Park Sports and Community Club, 4 indoor multi-purpose courts and neighbourhood centre facilities if matching funding is received from the National Stronger Regions Fund.

Carried

1.1.14 Subject to the receipt of matching grant funding and the budget estimates available at the time, Council committed $9.875 million in capital funding to support the construction of the MPSCC including provisions for four indoor courts.

1.1.15 Since this resolution of Council, CoM has only sourced $5.0 million of external funding, rather than the $9.875 million in external funding which was required to undertake the project as originally scoped.

1.1.16 As a result, CoM were required to reconsider the scope of the project and to determine whether Council was able to provide additional funding for a four court facility (as originally scoped) or whether the scope of the development would need to be reduced to allow construction to take place within the funding available. A further confidential report was prepared for Council at the 12 February 2019 Council Meeting to consider the various options for progressing the project. At that meeting Council confidentially resolved the following:

Moved Councillor - Raelene Telfer Seconded Councillor - Tim Gard

That Council:

1. Notes the Report

2. Commits up to $10 million to undertake the redevelopment of Mitchell Park Sports and Community Club, and neighbourhood centre facilities.

3. Notes that the final redevelopment option is subject to Council considering and adopting a revised Section 48 Prudential Management Report.

4. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report and appendices, having been considered in confidence under Section 90(2) 3 (b)(i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

5. Council Seeks additional external funding for the Mitchell Parks Sports and Community Club project until the 2019 Federal Election and if:

   a) No funding is committed, proceed with the project with no indoor multi-purpose courts included.
   b) Less than $5 million is committed, proceed with the project with no indoor multi-purpose courts and reduce Council's contribution by the external funding committed.
   c) $5 - $7.4 million is committed, include 2 indoor multi-purpose courts in the project.
   d) $7.5 – $9.9 million is committed, include 3 indoor multi-purpose courts in the project.
   e) $10 million is committed, include 4 indoor multi-purpose courts in the project.

6. The Mayor and CEO be authorised to disclose the above in their discretion

7. In accordance with Section 91(7) and (9) of the Local Government Act 1999 the Council orders that this report, minutes (in relation to points 5, 6 and 7) and appendices, having been considered in confidence under Section 90(2) 3 (b)(i) and (ii) of the Act, except when required to effect or comply with Council's resolution(s) regarding this matter, otherwise be kept confidential and not available for public inspection for a period of 12 months from the date of this meeting. This confidentiality order will be reviewed at the General Council Meeting in December 2019.

Carried

1.1.17 Since February 2019, no further external funding has been sourced to support the construction of the MPSCC.

1.1.18 As a result and consistent with the 2016 and 2019 resolutions of Council, the Administration has progressed plans to develop the MPSCC with facilities including two indoor multipurpose courts.

1.1.19 Updated concept designs have not yet been prepared based on a two indoor court design and consultation with relevant stakeholder groups is currently ongoing.

1.2 The Project

1.2.1 The Project is the redevelopment of the existing sporting facilities at the Mitchell Park Oval Complex to support the future operations of the MPSCC.

1.2.2 The Project scope specifically includes the demolition of existing buildings and the construction of:

1.2.2.1 two indoor multi-purpose courts;

1.2.2.2 internal and external viewing areas to support the existing outdoor activities (mainly football and cricket);

1.2.2.3 food and beverage areas including a bar, food preparation area and an indoor / outdoor kiosk;

1.2.2.4 six change rooms, four external and two internal;

1.2.2.5 area to accommodate the Dover Gardens Kennel and Obedience Club;

1.2.2.6 carparking; and

1.2.2.7 provision for community rooms and facilities that can be used as the new Mitchell Park Neighbourhood Centre.

1.2.3 As a result of reducing the original scope of the Project from four courts to two, it is no longer envisaged that the South Adelaide Basketball Club will transfer their existing home games from the Norfolk Road stadium to MPSCC, nor would the Club plan to move their administration facilities to the MPSCC. However, discussions with basketball and other sporting groups are continuing as part of the ongoing consultation process on the Project.

1.2.4 The Project budget is $15.0 million, $10.0 million of which is contributed from the CoM and $5.0 million from the Federal Government.

1.3 Rationale for the Project

In reviewing the Project documentation, we consider that there are three major strategic drivers for progressing the Project.

1.3.1 Firstly, to provide upgraded facilities for the existing clubs that use the Mitchell Park Oval Complex, specifically including:

- Mitchell Park Sports & Community Club
- Mitchell Park Football Club
- Mitchell Park Cricket Club
- Mitchell Park Netball Club
- Mitchell Park Tennis Club
- Adelaide Remote Controlled Raceway
- Step-in-to-life
- Emu Club
- Mitchell Park Neighbourhood Centre
- South Adelaide Basketball Club
- Dover Gardens Kennel and Obedience Club

1.3.2 Secondly, to provide additional indoor courts and updated community infrastructure for residents of CoM and to help meet the identified shortage of indoor court facilities in the Southern Adelaide region.

1.3.3 Thirdly, to provide upgraded accommodation for the existing Mitchell Park Neighbourhood Centre which will replace an aging facility and provide scope to improve or increase the range of services and programs offered, if that decision is made by Council.

1.4 Legal Framework and Prudential Issues

1.4.1 The Local Government Act 1999 (Act) Section 48 states that:

"a council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council —

(a) acts with due care, diligence and foresight; and

(b) identifies and manages risks associated with a project; and

(c) makes informed decisions; and

(d) is accountable for the use of council and other public resources."

1.4.2 The City of Marion (CoM) has adopted a Prudential Management Policy which satisfies the requirements of the Act. Under the Policy, the preparation of a Prudential Report is the highest level and most thorough type of due diligence report required for the purposes of the Policy.

1.4.3 The Prudential Management Policy and the Act 1999 require Council to consider a report addressing the prudential issues set out in subsection 2 of Section 48 when a project meets certain criteria, specified in (1) (b), namely where a council:

(b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—

(i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or

(ii) where the expected capital cost of the project over the ensuing five years is likely to exceed $4 000 000 (indexed); or.

(iii) where the council considers that it is necessary or appropriate.

1.4.4 The prudential issues set out Section 48 of the Act are reproduced in full in Attachment Two.

1.4.5 We note that the indexed value of the $4.00 million threshold identified in Section 48 (1) (b) (ii) is $4.783 million as at the date of this report.

1.4.6 As the Project has a capital value greater than $4.783 million, we have been engaged to prepare a report to satisfy the requirements of Section 48 of the Act and the Prudential Management Policy.

2. RELATIONSHIP WITH STRATEGIC MANAGEMENT PLANS

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(a) the relationship between the project and relevant strategic management plans;

2.1 Relevant Strategic Management Plans

2.1.1 Section 122 of the Act requires a Council to develop and adopt strategic management plans; these are required to incorporate the extent to which a Council's objectives are related to regional, state and national objectives.

2.1.2 For the purposes of this report the relationship between the Project and the following plans are considered relevant.

2.1.2.1 City of Marion

- Community Vision - Towards 2040;
- Strategic Plan 2017-2027;
- City of Marion Business Plan 2019-2023;
- Annual Business Plan and Budget 2019-2020;
- Long Term Financial Plan 2019 to 2029; and
- Asset Management Plans.

2.1.2.2 Regional

- No relevant regional plans were noted.

2.1.2.3 South Australian State Government

- 30 Year Plan for Greater Adelaide;
- Office for Recreation, Sport and Racing Strategic Plan 2017 to 2021; and
- Department for Environment and Water People and Parks Strategy.

2.1.2.4 National

- National Sport and Active Recreation Policy Framework; and
- Sport 2030

2.2 City of Marion Plans

2.2.1 City of Marion Community Vision – Towards 2040

2.2.1.1 The City of Marion Community Vision - Towards 2040 was endorsed by Council in December 2013 to shape the future of the Marion community for 25 years.

2.2.1.2 The CoM's stated vision is as follows.

"A community that is Liveable, Valuing Nature, Engaged, Prosperous, Innovative and Connected".

2.2.1.3 The Project will provide enhanced recreation and engagement opportunities for the community and therefore aligns with the high level Vision of the Towards 2040 plan.

2.2.2 City of Marion Strategic Plan 2017-2027

2.2.2.1 To ensure Council's activities contribute to the Community Vision – Towards 2040, the Council adopted the Strategic Plan 2017-2027 which provides a 10 year roadmap of the CoM's Purpose, Vision, Values, Goals, Challenges and Opportunities, Objectives and Strategies.

2.2.2.2 The CoM Community Vision - Towards 2040 has six themes which are to be progressed in the Strategic Plan 2017–2027 through the following 10 year goals.

- Goal 1 – Liveable – Attractive neighbourhoods with diverse urban development, vibrant community hubs, excellent sporting facilities, open spaces and playgrounds.
- Goal 2 – Valuing Nature – Improve stormwater management, increase energy efficiency, promote biodiversity and improve opportunities for people to play in open spaces and interact with nature.
- Goal 3 – Engaged – Community will feel engaged and empowered to influence the improvement in their own neighbourhood.
- Goal 4 – Innovate – Constantly ready to adapt to technological advances and be better and quicker at sharing relevant information.
- Goal 5 – Prosperous – Realisation of the full potential of the Tonsley Precinct and other key commercial – industrial – retail zones
- Goal 6 – Connected - Easier and safer to move around the city which will have accessible services and plenty of walking and cycling paths. New technology and community facilities to better connect the community.

2.2.2.3 The Liveable goal contains two specific strategies that are considered strongly aligned to the Project:

"L1 We will make our services, facilities and open spaces more accessible.

L2 We will create more opportunities for residents to enjoy recreation and social interaction in our neighbourhood centres, libraries, sports facilities and other Council facilities."

2.2.3 City of Marion Business Plan 2019-2023

2.2.3.1 The CoM Business Plan explains the projects and programs CoM will deliver over a four year period to develop a city in line with community's wishes.

2.2.3.2 The Project is one of a number of major projects identified in the Business Plan designed to help CoM achieve its vision over the next four years.

2.2.4 Annual Business Plan

2.2.4.1 The Annual Business Plan outlines how Council plans to allocate its budget and what services and projects will be developed in the forthcoming financial year, so that CoM can progress the community's aspirations in the City of Marion Community Vision - 'Towards 2040', the goals in the 10-year Strategic Plan 2017-2027 and the Business Plan 2019-2023.

2.2.4.2 The Annual Business Plan links the overarching long term Strategic Plan with the budget, service delivery and rate levels for the current financial year.

2.2.4.3 The Project is specifically identified as the first of ten key projects expected to commence in the 2019/20 financial year.

2.2.4.4 The Annual Business Plan includes $10.0 million of Council funds to be allocated to the Project and assumes the receipt of $5.0 million in federal grant funding through the Community Development Grants Programme.

2.2.4.5 Given the current status of the Project, it is highly unlikely that the budget will be fully spent in the current financial year meaning a carry forward budget provision will be required.

2.2.5 Long-Term Financial Plan

2.2.5.1 The CoM Long Term Financial Plan 2019-2029 (LTFP) is a tool to assist in determining CoM's long-term financial sustainability by projecting the financial impact of any known decisions and to provide guidance on the parameters to use when developing future budgets.

2.2.5.2 The following funding provisions for the Project have been included in the LTFP:

(a) $15.0 million in capital funding including $10.0 million of CoM funds and $5.0 million of grant revenue.

(b) The LTFP assumes that all capital will be spent in FY2019/20 and the Project assets will be commissioned by 30 June 2020. Given the current status of the Project, this timeframe will not be achieved.

(c) The impact of this timing assumption is that there will be carry forwards in the LTFP with a majority of the Project capital more likely to be expended in FY2020/21 and FY2021/22.

(d) As a result, provisions exist in the LTFP for depreciation ($0.421 million) and interest ($0.471 million) in the FY2020/21 year and further similar provisions in the FY2021/22 year that are unlikely to be incurred.

(e) No operating cost provisions to reflect the potential annual subsidy to operate the MPSCC have been included in the LTFP. Any potential subsidy will be partially offset by savings in facility costs resulting from the transfer of the existing Neighbourhood Centre operations to the MPSCC and the from operating the buildings at the existing Mitchell Park Oval Complex.

2.2.5.3 The LTFP should be updated at the next opportunity to reflect the:

(a) financial impact of the updated Project timeframes;

(b) CoM's best estimate of the likely subsidy that will be required to operate the MPSCC;

(c) Updates to the expected finance costs relating to the Project on account of recent reductions in long term interest rates; and

(d) removal of existing facility costs and updates to expected operating costs relating to the existing Mitchell Park Neighbourhood Centre following transfer to the MPSCC.

2.2.6 Asset Management Plans

2.2.6.1 The CoM owns and manages a diverse portfolio of assets, valued in excess of $1 billion. These assets exist in order to provide services to the community.

2.2.6.2 The CoM undertakes a comprehensive asset management planning process to ensure the delivery of services from infrastructure is provided in a financially sustainable manner. This is reflected in detailed which are maintained for various asset classes.

2.2.6.3 The Project will result in the construction of new assets that will need to be included in future updates of the relevant asset management plans, being the Open Space Asset Management Plan and the Buildings Asset Management Plan.

2.2.6.4 The Project will also result in the demolition of existing buildings at Mitchell Park Oval. The Buildings Asset Management Plan contains the following financial provisions in relation to renewal or replacement capital expenditure:

(a) Mitchell Park Sports Club - $63,000 for renewal of external walls, windows and doors and roof replacement; and

(b) Mitchell Park Neighbourhood Centre - $78,100 for repainting, external walls, furniture and fittings and floor coverings.

2.2.6.5 Any planned renewal expenditure which had been included in the Buildings Asset Management Plan which will no longer be required should be removed in the next update. This will partially offset new renewal expenditure that is identified to support the newly constructed Project assets.

2.3 Regional Objectives

2.3.1 There are no relevant regional objectives.

2.4 South Australian State Objectives

The South Australian State objectives with respect to sport and recreation are articulated in a number of plans and by various agencies, the alignment of the Project with these plans is detailed below.

2.4.1 30 Year Plan for Greater Adelaide

2.4.1.1 The State Government's broad vision for sustainable land use and the built development of the state is outlined in the Planning Strategy. The relevant volume of the Planning Strategy is the 30-Year Plan for Greater Adelaide (2017 Update).

2.4.1.2 The 30 Year Plan (2017 Update) focuses on six key pillars, these are:

(a) Containing our Urban Footprint;

(b) More Ways to Get Around;

(c) Getting Active;

(d) Walkable Neighbourhoods;

(e) A Green Liveable City; and

(f) Greater Housing Choices.

2.4.1.3 The Project is aligned to the Getting Active and A Green Liveable City pillars of the 30 Year Plan.

2.4.1.4 One of the targets in the Green Liveable City pillar includes ensuring that Adelaide provides its residents with a diverse range of quality open spaces and places and notes that 'participating in sports and clubs also provides a valuable vehicle for social support and cohesion in our community'.

2.4.1.5 The Project supports the growth of the sport in the region and provides a vehicle for CoM residents to engage with community activities and sports which help encourage active lifestyles.

2.4.1.6 The Project is aligned with the 30 Year Plan for Greater Adelaide.

2.4.2 Office for Recreation, Sport and Racing 2017-2021 Strategic Plan

2.4.2.1 The State Government Office for Recreation, Sport and Racing Strategic Plan 2017 – 2021, articulates a vision of "an active State" where sport and recreation activities develop stronger, healthier and happier communities.

2.4.2.2 The Project will provide increased and enhanced opportunities to progress the Office for Recreation, Sport and Racing's vision.

2.4.2.3 The following strategies in the Strategic Plan will be advanced by the Project.

(a) Plan and develop local, state, national and international standard sport and recreation infrastructure to meet government and community outcomes;

(b) Collaborate across government to develop and co-invest in local and regional facilities that meet the needs of sport, recreation and the community.

(c) Invest in people, projects and initiatives that increase access and opportunities to participate in sport and recreation.

2.4.2.4 The Project is considered to be closely aligned to the strategic priorities identified in the State Government Office for Recreation, Sport and Racing Strategic Plan 2017-2021.

2.4.3 Department for Environment and Water People and Parks Strategy

2.4.3.1 The State Government's objective for People and Parks is 'the encouragement of public use and enjoyment of reserves and education in, and proper understanding and recognition of, their purpose and significance'. The goals are:

(a) Enriching our lives;

(b) Enhancing parks;

(c) Shared stewardship for parks; and

(d) Growing community benefits and prosperity.

2.4.3.2 The proposed Project supports all of these goals, by providing a facility that is accessible to the community and supports healthy living in and around the Mitchell Park area.

2.5 National Objectives

2.5.1 National Sport and Active Recreation Policy Framework

2.5.1.1 The Australian Government, through the Department of Health, which administers the Australian Sports Commission Act 1989 is committed to, amongst other things, encouraging increased participation by Australians in sport and providing resources, and facilities to enable Australians to pursue sport whilst also furthering their educational and vocational skills and other aspects of their personal development.

2.5.1.2 In June 2011, Commonwealth, State and Territory Sport Ministers agreed to establish the First National Sport and Active Recreation Policy Framework (the Framework) to help guide the development of sports policy across Australia. The Framework provides a mechanism for the achievement of national goals for sport and active recreation and sets out the agreed roles and responsibilities of governments and their expectations of sport and active recreation partners.

2.5.1.3 The Framework outlines Commonwealth, State and Territory Government Expectations of Other Stakeholders including Regional and Local Government, as follows:

(a) Facilitating a strategic approach to the provision of sporting and active recreation infrastructure including open space, and other needs.

(b) Establishing local management and access policies to sport and recreation facilities.

(c) Supporting and coordinating local and regional service providers (venues and programs).

(d) Liaising and partnering with state and territory governments on targeted program delivery.

(e) Supporting and partnering with non-government organisations that enable sport and active recreation participation.

(f) Incorporating sport and recreation development and participation opportunities in Council plans.

(g) Collaborating, engaging and partnering across government departments on shared Policy agendas.

(h) Investment in sport and active recreation infrastructure.

2.5.1.4 The Project could be considered to support the objectives of the Act through improved and increased sports and recreation facilities and is consistent with the Framework agreed by the Commonwealth and state governments.

2.5.2 Sport 2030

2.5.2.1 The Australian Government has produced a plan for sport and physical activity in Australia that sets out a number of goals to be met by 2030. The most pertinent to the Project are:

(a) Reduce barriers, allowing greater access to sporting facilities and infrastructure for all Australians no matter where they live; and

(b) Have a diverse and inclusive sport and physical activity sector that supports more Australians to be more active more often.

2.5.2.2 The proposed Project will open up the number of sporting opportunities in relation to indoor court sports for residents in Adelaide's southern suburbs.

3. OBJECTIVES OF THE DEVELOPMENT PLAN

Local Government Act, Section 48 (2) the following are prudential issues for the purposes of subsection (1):

(b) the objectives of the Development Plan in the area where the project is to occur;

3.1 Development Approval

3.1.1 Development in CoM is governed by the Development Plan – Marion Council, pursuant to Section 33 of the Development Act 1993 and the associated Development Regulations 2008. The current version of the Development plan is dated as consolidated on 15 August 2019.

3.1.2 The Development Plan outlines what sort of developments and land use are and are not envisaged for particular zones and various objectives, principles and policies controlling the nature of proposed developments. As such, the Development Plan covers matters including zoning issues, building appearance and neighbourhood character, land division, building siting and setbacks and environmental guidelines.

3.1.3 The Project involves works which are defined as "development" under the Development Act 1993.

3.1.4 Development approval has yet to be obtained, and is a prerequisite for the Project to proceed.

3.2 Development Zone

3.2.1 The proposed location for the Project is the Community Zone / Recreation Policy Area 22. This zone and policy area caters for a range of community land uses and public facilities including recreation, community centres and sporting areas that fulfil a need within the community.

3.2.2 The provision for indoor recreation facilities is a specifically envisaged land use in the Policy Area. As a replacement and upgrade of existing infrastructure, the proposed use will not materially change as a result of undertaking the Project.

3.2.3 The surrounding suburb of Mitchell Park is predominantly zoned Residential/Medium Policy Area 12. This policy area seeks redevelopment of original housing stock with a variety of higher density housing forms.

3.2.4 The CoM anticipate that with an increase in population in the surrounding area will come increased demand for recreational and community facilities. This demand would be satisfied in part by the MPSCC.

3.2.5 The principles of the Development Zone should be satisfied from progressing the Project.

3.3 Approving Authority

3.3.1 The South Australian planning system is currently undergoing a transition from the Development Act 1993 to the Planning, Development and Infrastructure Act 2016

(PDI Act). The primary object of the PDI Act is to support and enhance the State's liveability and prosperity in ways that are ecologically sustainable and meet the needs and expectations, and reflect the diversity, of the State's communities by creating an effective, efficient and enabling planning system. At this stage the provisions of the Development Act are still applicable to the CoM.

3.3.2 Pursuant to the Development Act 1993, a Council can make decisions on certain kinds of applications where the Council is the applicant subject to Schedule 10 of the Development Regulations 2008.

3.3.3 However, in circumstances where development is to be undertaken by a Council, and there is potential for a perception of bias or conflict, there is provision under the Development Act 1993, to refer the application to the Minister for Planning with a request for a determination that the Development Assessment Commission is the relevant authority, pursuant to Section 34(1)(b)(iii) of the Act, which reads:

"Subject to this Act, the relevant authority, in relation to a proposed development, is ascertained as follows:

(iii) the Minister, acting at the request of a council or regional development assessment panel, declares, by notice in writing served personally or by post on the proponent, that the Minister desires the Development Assessment Commission to act as the relevant authority in relation to the proposed development in substitution for the council or regional development assessment panel (as the case may be);

then the Development Assessment Commission is, subject to subsection (2), the relevant authority."

3.3.4 The Minister can either accede to the request and determine that the State Commission Assessment Panel is the relevant authority, or could decline the request and refer the application back to Council for determination. We note that the State Planning Commission assumed the functions, powers and duties of the Development Assessment Commission on 1 August 2017 and that on the same day it established the State Commission Assessment Panel (SCAP) to continue the assessment functions formerly undertaken by the Development Assessment Commission.

3.3.5 The CoM Development Delegations Policy confirms that "any application involving development by the Council where the Minister has declined a request by the Council that the Development Assessment Commission be appointed as the relevant authority" should be referred to Council's Assessment Panel.

3.3.6 As an upgrade to existing infrastructure and consistent with an envisaged land use, CoM's Council Assessment Panel is likely to be the appropriate approving authority for the Development Application to support the Project.

4. ECONOMIC DEVELOPMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

4.1 Contribution to Economic Development

4.1.1 Economic development can be defined as efforts that seek to improve the economic well-being and quality of life for a community by creating and/or retaining jobs and supporting or growing incomes and the tax base.

4.1.2 The contribution to economic development from the Project will primarily come from the construction activity in the area including the purchase of local goods and services.

4.1.3 While we do not consider that economic development is a key driver of progressing the Project, the CoM has sought to quantify the potential economic activity generated by the Project using an Input-Output (I-O) report from the economic modelling tool 'REMPLAN' to meet its obligations under Section 48 of the Act.

4.2 Economic Impact Analysis

4.2.1 The REMPLAN I-O analysis to determine the output, employment and value-added impact of a $15.240 million investment in the Southern Adelaide region is based on data sourced from the Australian Bureau of Statistics (ABS), most of which relates to the 2016, 2011, 2006 and 2001 Censuses. Note the $15.240 is an approximation of the expected capital cost of the Project (ex GST) which is slightly higher than the current allocated Project budget of ($15.0 million).

4.2.2 Construction benefits

4.2.2.1 Total output from the Project including all direct, industrial and consumption effects is estimated to increase output by up to $31.044 million. This represents a Type 2 Output multiplier of 2.392 and is comprised of the following:

(a) a $15.240 million direct increase in output;

(b) a rise of $11.817 million in the demand for intermediate goods and services, including the flow on effects as demand for local goods and services increases; and

(c) the consumption effects from the creation of jobs in the economy arising from the increases in direct and indirect output which are estimated to be $3.986 million.

4.2.2.2 An increase in output of $31.044 million from the Project should result in an increase of up to 91 jobs from a Type 2 employment multiplier of 2.395, as detailed below:

(a) the direct effect is estimated to create up to 38 jobs;

(b) the indirect or flow on effect is estimated to result in the gain of a further 37 jobs; and

(c) the consumption effect is estimated to boost employment by 16 jobs.

4.2.2.3 The estimated impact of the Project on wages and salaries is by up to $6.275 million, representing a Type 2 multiplier of 2.324, the components are:

(a) the increase from the direct effect is estimated at $2.701 million;

(b) the indirect or flow on effect is estimated at $2.656 million, which represents a Type 1 Wages and Salaries multiplier of 1.983; and

(c) the consumption effects under this scenario are expected to further boost employment in sectors such as retail therefore further increasing wages and salaries by an estimated $0.919 million.

4.2.2.4 The impact of the Project on value added is estimated to increase by up to $11.729 million, this represents a Type 2 value-added multiplier of 2.392 and is comprised of:

(a) a direct impact of $4.904 million;

(b) an indirect or flow-on effect in terms of local purchases of goods and services are anticipated of $4.539 million, this represents a Type 1 value-added multiplier of 1.925; and

(c) A consumption effect of $2.287 million, as a proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy.

4.2.2.5 Table One summarises the construction impact of the Project.

Table One – Construction Impact Summary (REMPLAN)

Impact Summary $ millions	Direct Effect	Supply-Chain Effect	Consumption Effect	Total Effect
Output	**$14.240**	**$11.817**	**$3.986**	**$31.044**
Employment (Jobs)	38	37	16	91
Wages and Salaries	$2.701	$2.656	$0.919	$6.275
Value-added	$4.904	$4.539	$2.287	$11.729

4.2.3 Ongoing economic benefits

4.2.3.1 There will also be ongoing economic benefits resulting from operations at the new MPSCC once construction is complete.

4.2.3.2 The operations of the MPSCC is modelled to create an additional 2.5FTE positions in relation to the Centre Manager and Program Coordinator positions who will be employed in addition to existing staff who will be transferring to the MPSCC from the Neighbourhood Centre.

4.2.3.3 The economic activity generated from these 2.5 additional positions will assist in supporting the case for undertaking the Project.

4.3 Impact on Business in the Proximity

4.3.1 As the MPSCC is fully contained within a community land zone with no existing businesses in the immediate proximity, we would not expect there to be any negative impacts on business as a result of the construction phase of the Project.

4.3.2 During and following construction, the additional patronage in the area (from construction workers and then users) may result in a modest increase in trade for businesses in the surrounding area, however any increase is not expected to be significant. Any increase post construction would be partially offset by reduced activity in the immediate area surrounding areas where existing services are being delivered (such as the current Mitchell Park Neighbourhood Centre) as services are moved to the new MPSCC.

4.4 Fair Competition

4.4.1 Given there is an extremely limited market for privately held indoor court and other recreation facilities in Greater Adelaide (Titanium Arena being the only privately held court facility we are aware of), we do not consider there are any competition issues arising from progressing the Project.

5. COMMUNITY CONSULTATION

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

5.1 Level of Consultation

5.1.1 The CoM Public Consultation Policy (2019), developed pursuant to Section 50 of the Local Government Act 1999, is a high level policy which confirms CoM's intentions and obligations in relation to delivering effective community consultation, and fulfilling its requirements under the Act.

5.1.2 The objectives of the Public Consultation Policy are as follows.

5.1.2.1 Elected Members are acknowledged as the representatives of community and empowered to make decisions. The role of staff is to present to the Elected Members all facts (which may include community perspectives) relevant to Council decisions, and subsequently to implement the decisions of Council.

5.1.2.2 The CoM communicate openly and honestly about the degree of influence communities are able to exercise in any engagement activity or key decision.

5.1.2.3 The CoM value the diversity of our communities and will utilise inclusive, representative and accessible approaches.

5.1.2.4 The CoM commit to evaluation and continuous improvement in our community engagement. We will commit to appropriate levels of community engagement before making significant decisions taking into account the number of people affected and the likely degree of impact of the decision.

5.1.3 According to the Policy, the CoM is to consider the following methods of including the community in Council's decisions.

5.1.3.1 Inform - communicating balanced and objective information to help the community understand the decision.

5.1.3.2 Consult - providing information, ideally presenting a number of options, to allow the community to express their preferences regarding the decision.

5.1.3.3 Involve - working directly with the community throughout a project to ensure that concerns and aspirations are consistently understood and considered as the project evolves through to completion.

5.1.3.4 Collaborate - working in partnership with the community, with a shared sense of responsibility for the work and the outcome.

5.1.3.5 Empower – Places the decision-making about specific projects in the hands of the community. The community takes responsibility and is accountable for the outcomes of decisions made.

5.1.4 We note that the Policy is not prescriptive regarding the circumstances under which these methods are to be applied.

5.1.5 Given the length of time the development of the MPSCC has been under consideration for, by the CoM, consultation with users and the community has taken a variety of forms, namely:

5.1.5.1 A community survey was conducted early 2013 to support the development of the Mitchell Park Sport and Community Club Master Plan;

5.1.5.2 Direct consultation with the user groups including existing clubs, Basketball SA and South Adelaide Basketball Club and the State Government that occurred during 2016;

5.1.5.3 An Expressions of Interest process which was undertaken in 2017 seeking feedback from a variety of different clubs and potential users of the proposed facility (based on a four indoor court plan); and

5.1.5.4 More recent consultation with key users on Council's decision to progress plans for a two indoor court facility, has included a planning meeting held on 8 August 2019 with representatives from all key MPSCC users as well as individual consultation meetings between the Project Team and the Mitchell Park Sports and Community Club, Basketball SA and South Adelaide Basketball Club and the Dover Gardens Kennel and Obedience Club.

5.1.6 This consultation process is currently ongoing.

5.1.7 To support the Project's consultation activities, CoM developed a Communication and Engagement Strategy, dated 15 January 2016. The Strategy identified:

5.1.7.1 the engagement and communication objectives;

5.1.7.2 a planned phased approach to engagement;

5.1.7.3 communication protocols;

5.1.7.4 issues and risks; and

5.1.7.5 a list of 30 key stakeholders.

5.1.8 The Communications and Engagement Strategy prepared at the time represented an appropriate plan to consult with and engage with the community and key stakeholders based on the Project as it was originally envisaged.

5.1.9 From 30 October 2017 to 1 December 2017, the CoM undertook a non-binding Expressions of Interest (EOI) process to seek offers for the possible use of the spaces planned for the MPSCC by various clubs and groups in the area. This engagement process consulted on the original four indoor court plans for the MPSCC.

5.1.10 Submissions were accepted through the Making Marion website from groups looking to utilise the upgraded MPSCC. A total of 10 submissions were received from clubs / groups as part of this process. Those clubs / groups that had responded to previous engagement processes were not required to respond again.

5.1.11 Now that the Project has been refined to a two indoor court option, the CoM has, during 2019, began to re-engage with key stakeholders to advise of the change in scope and to consider the implications on future usage and design.

5.1.12 The Communication and Engagement Strategy for the Project has not been formally updated since 2016. The CoM has continued to engage with and update key Project stakeholders since the direction to progress a two court option, however the consultation approach has occurred without structure.

5.1.13 As the engagement process is still ongoing, we, nor Council, have been provided with any written feedback from stakeholders or the CoM as to the level of support from potential users in relation to the current Project scope.

5.1.14 There is a risk that the decision to progress a two court option for the MPSCC will be viewed negatively by some existing stakeholders, particularly Basketball SA or the South Adelaide Basketball Club.

5.1.15 Conversely, some user groups and potentially the residents in and around the MPSCC, may consider the reduction in scope to be a positive.

5.1.16 Council may wish to consider whether or not it requires additional consultation to occur and an updated consultation report that provides updated feedback from key Project stakeholders to inform the decision to progress with the Project or not.

5.1.17 Alternatively, an 'inform' level of consultation, where stakeholders are kept up to date with Project progression rather than seeking further feedback, may be determined as being sufficient from this point forward.

5.2 Community Influence and Contribution

5.2.1 Through the number of engagement activities undertaken, the community has been afforded the opportunity to influence and contribute to the development of the MPSCC on a number of occasions.

5.2.2 However, since the scope of the Project has been reduced due to budget constraints and while key stakeholder consultation is ongoing, no documentation has been provided to us or Council that summarises feedback from stakeholders on the current scope of the Project.

6. FINANCIAL ASSESSMENT

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

6.1 Financial Assessment – General considerations

6.1.1 As required under Section 48, the financial assessment includes both consideration of the construction costs of the Project and the ongoing future operating cost of the MPSCC once construction is complete, which together represents the whole of life cost of the Project.

6.1.2 To properly assess the ongoing estimated whole of life costs of the Project, there are a number of assumptions in relation to the operating model to support the MPSCC that need to be established.

6.1.3 A significant body of due diligence work was undertaken by the CoM on the original project scope which related to a four indoor court facility including engaging KPMG to prepare a ten year financial forecast.

6.1.4 In reviewing the original ten year financial forecast, we have concerns relating to the reasonableness of some of the assumptions used and are of the view that the financial forecasts prepared at the time presented an optimistic view of the likely financial performance of the MPSCC under a four indoor court model. We do not consider that the outcome presented in the original financial forecast of a break even operating result (excluding depreciation and finance) is well supported by benchmarking of other comparable Council owned recreation facilities.

6.1.5 One important consideration in any financial modelling on the performance of recreation facility are the assumptions around the management model. There are many considerations in determining a management model for a community recreation facility, among them are the:

6.1.5.1 vision and objectives of the facility and the desired impact that the facility will have on the community and key stakeholders;

6.1.5.2 financial impact on the asset owner (CoM);

6.1.5.3 financial impact on the key stakeholders (usually clubs and/or associations) and ensuring they can be financially sustainable under the proposed model; and

6.1.5.4 skills and ability of the 'manager' to drive revenue, manage costs and ultimately deliver on the non-financial performance metrics of the facility.

6.1.6 Another consideration specific to this Project is the intention to transfer the existing operations of the Mitchell Park Neighbourhood Centre to the MPSCC which will mean that CoM staff will deliver community programs and services at the MPSCC. There may be an ability to leverage or combine the operations of the Neighbourhood Centre with the operations of the MPSCC however it is likely that additional Neighbourhood Centre resourcing would be needed if this strategy was progressed.

6.1.7 There are a number of different management models that can be implemented for recreation assets of this type ranging from a fully insourced model controlled by council to a fully outsourced model run by a private operator (such as YMCA, Belgravia, Bluefit or a peak sporting association). The management options under consideration by the CoM for this Project are:

6.1.7.1 An internal operating model, where the CoM manages the MPSCC and the revenue streams being generated;

6.1.7.2 An external operating model, where the CoM outsources the management of the MPSCC to a third party facility manager, a club, or group of clubs operating under a formal legal structure; or

6.1.7.3 A hybrid or tailored model that utilises the expertise of both the CoM and volunteer capabilities of the Clubs and/or the Neighbourhood Centre to operate the MPSCC.

6.1.8 At this stage, CoM's financial analysis has been limited to identifying the range of management model options available, and undertaking some indicative financial modelling on an insource model, i.e. CoM managing the MPSCC.

6.1.9 The future management model for MPSCC has not been endorsed by Council nor have the key stakeholders been formally consulted with regarding the optimum future management model.

6.1.10 The following financial analysis is therefore based on CoM's indicative modelling assuming an insourced model, with the CoM being the owner and the operator of the MPSCC. We recommend this modelling be further refined as the Project progresses, as more consultation is undertaken with stakeholders and as further direction is provided by Elected Members.

6.1.11 The ten year financial model prepared by CoM is reproduced in Attachment Two.

6.2 Revenue Production, Revenue Projections and Potential Financial Risks

6.2.1 Revenue Production

6.2.1.1 The Project is expected to generate revenue from a number of sources, including:

(a) Lease and/or licences fees from clubs and the recovery of outgoings;

(b) User charges relating to the hire of courts, ovals, rooms and other facilities; and

(c) Revenue generated from canteen, meal or bar sales.

6.2.1.2 While not being separately identified by CoM, there may also be an opportunity to generate revenue from signage or sponsorship at the venue.

6.2.1.3 The CoM's indicative financial modelling has identified $0.326 million of annual recurrent revenue at the MPSCC. The breakdown of which is shown in Figure Two.

Figure Two: Modelled MPSCC revenue (prepared by CoM)

Income	
Rent - Affiliate Clubs	$ 10,000
Memberships	$ 2,500
Court Hire	$ 184,000
Bar & Meals - Net Revenue	$ 104,200
Venue Hire	$ 15,000
Oval Hire	$ 10,000
Net Revenue	**$ 325,700**

6.2.1.4 Affiliate Rent and Outgoings:

(a) CoM has assumed $10,000 of annual income for rent from the affiliate Clubs. There has been no provision for the recovery of outgoings included in the financial modelling.

(b) As a comparison, the level of rent and outgoings being paid by the current clubs at Mitchell Park was $5.8k in FY2018 and $10.3k in FY2019 which indicates that the forecast level of revenue is broadly consistent with previous years.

(c) CoM has adopted a Leasing and Licensing of Council Owned Facilities Policy (Lease Policy), last reviewed 28 March 2017, to govern the application of lease / licence fees to the various clubs who occupy CoM's sports and recreation facilities.

(d) The Lease Policy prescribes that annual fees should be set subject to a market valuation with not-for-profit organisations able to access up to a 93% discount on market rates based on meeting a number of

criteria set by Council, such as good governance standards, volunteer management processes and other requirements.

(e) The Lease Policy also prescribes that Clubs will be responsible for all utilities and outgoings.

(f) CoM has calculated that the applicable rate of outgoings that should be charged to the Clubs under the Lease Policy would indicatively be $63,000 per annum. This amount assumes that 50% of MPSCC outgoings and 25% of all electricity would be charged to Clubs based on expected levels of facility usage. The less than 100% modelled recovery is because some of the outgoings charges relate to the provision of indoor courts, the costs of which will be recovered from court users and that some outgoings will be apportioned to the operations of the Neighbourhood Centre.

(g) As the Clubs would be currently unable to afford this level of outgoings recovery, to be conservative, CoM has not modelled any outgoing recovery and instead assumes Council's operating subsidy covers the Club's outgoings.

(h) There may be an opportunity to recover some of the modelled outgoings from Clubs in the future however this would be dependent on the financial viability of the Clubs following construction of the MPSCC.

(i) Council should note that this modelling assumption is not consistent with the Lease Policy.

(j) CoM should consider long term initiatives to improve the financial viability of the Clubs and provide them with opportunities to generate additional revenue to transition them onto a financial arrangement consistent with the Lease Policy if and when it is affordable to do so. This could be undertaken on a club by club basis.

6.2.1.5 Bar and Meals net revenue

(a) The CoM is forecasting $104,200 of annual net revenue from bar and meals income (net revenue being sales less direct costs excluding labour).

(b) This assumes that CoM operates the bar and meals service on behalf of Clubs, pays the supply costs and retains the associated revenue.

(c) An alternative model would be for CoM to allow Clubs to operate the bar and meals service (potentially for a fee) and allow the revenue to go straight to the Clubs. This approach would need to be subject to consideration and mitigation of risks relating to the responsible service of liquor and liquor licensing requirements.

(d) Given that the exact nature of the management model is unknown, we are unable to comment on the reasonableness of this assumption other than to say there is a significant risk that bar and meals net income could be materially different to what is currently forecast pending a decision on the management model and the future trading performance.

6.2.1.6 Venue Hire and Oval Hire

(a) CoM are forecasting $15,000 for venue hire and $10,000 for oval hire.

(b) During FY2019, oval hire revenue was $10,980 and venue hire revenue was $6,915. With the improvement in amenity and facilities at the redeveloped MPSCC, the increased revenue projections for oval and venue hire appear to be achievable.

6.2.1.7 Indoor Courts

(a) CoM are assuming $184,000 of revenue from hiring the indoor multipurpose courts to users. This equates to $92,000 per court and approximately $250 of income per court per day.

(b) Our experience suggests that generating $92,000 per court is achievable based on benchmarking other comparable facilities. However, the key drivers of revenue generation are:

(i) the level of community and club use and the level of discounts from standard market court hire rates offered to these groups when using courts; and

(ii) the quality and experience of the manager and their ability to drive profitable and productive court usage.

(c) To achieve the modelled rate of revenue per court, the CoM will need to actively drive utilisation from paying users and minimise the amount of discounts offered for court usage.

6.2.1.8 Kiosk

(a) It is intended that the designs for the MPSCC will have provision for an indoor / outdoor kiosk. CoM has assumed that the kiosk will be run by the Clubs using volunteer labour and that the Clubs will keep the associated revenue.

(b) Accordingly there are no provisions for Council to derive revenue from the operations of the kiosk in the financial modelling.

6.2.1.9 Revenue that is generated by the MPSCC will be highly dependent on the operating model that is put in place and the experience of the site manager and may differ materially from what has been presented in Attachment Two.

6.3 Recurrent and Whole of Life Costs, Financial Arrangements

6.3.1 Recurrent Costs

6.3.1.1 The recurrent costs in relation to the Project relate to:

(a) Bar and meal supply wages;

(b) General staff wages;

(c) Operating expenses including cleaning, security, waste disposal, insurance and general administrative costs;

(d) Utilities including electricity, water and gas; and

(e) Repairs and maintenance.

6.3.1.2 These recurrent costs will be partially offset by savings from the current closure of the existing Mitchell Park Neighbourhood Centre and costs relating to the existing Mitchell Park Oval Complex buildings that will be demolished.

6.3.1.3 CoM's indicative financial modelling has identified $0.654 million of forecast annual operating costs at the MPSCC.

Figure Three: Modelled operating costs (prepared by CoM)

Staffing Costs	
Centre Manager	$ 105,000
Sports Program Co-ordinator	$ 146,000
Bar & Meals	$ 64,133
Neighbourhood Centre	$ 56,800
	$ 371,933
Other Expenditure	
Cleaning - Building	$ 34,220
Cleaning - Courts	$ 30,000
Security Expenses	$ 5,000
Building Insurance	$ 14,000
Electricity	$ 80,000
Water	$ 21,594
Gas	$ 5,000
Waste Management	$ 6,400
Marketing	$ 14,500
Admin & Other	$ 31,000
Maintenance & Repairs	$ 40,000
	$ 281,714
Total Expenditure	**$ 653,647**

6.3.1.4 Staffing Costs

(a) Under the assumed internal operating model, the MPSCC is to be staffed by 1 FTE Centre Manager ($105k per annum) and 1.5 FTE Sports Program Coordinator ($146k per annum). These amounts includes employee 'on costs'.

(b) The modelling assumes that the courts are available for 46 hours per week.

(c) The actual level of resourcing required will ultimately be dependent on the desired use of the indoor courts and whether or not CoM envisages running court competitions and events at the MPSCC. Doing so will likely incur more labour costs but will provide the opportunity to derive more revenue than simply hiring courts to clubs and other users for a flat fee.

(d) The modelling also assumes $64,133 of wages relating to the provision of Bar and Meals service. This figure has been calculated broadly as 1/3rd of the expected gross revenue to be derived from bar and meal sales.

(e) It is particularly difficult to generate financial returns from bar and meals service at recreation centres under a paid staffing model (i.e. if the services are not run by club volunteers).

(f) Many similar centres offer simplistic food and beverages services to customers which are intended to attract users and activate a facility rather than deliver a financial return.

(g) The current modelled net contribution from bar and meal sales to the financial performance of the MPSCC (gross revenue less cost of goods & direct wages) is $40,067.

(h) While the exact model to deliver bar and meal service has yet to be determined, based on benchmarking, we consider it unlikely that CoM will be in a position to generate the modelled level of profit from this source once the full costs of service provision (including wages) are accounted for.

(i) Neighbourhood Centre wages are based on the current level or resourcing (0.6FTE) and this level of service is assumed to remain unchanged once the Neighbourhood Centre is transferred to the MPSCC.

6.3.1.5 Operating expenses

(a) Operating expenses includes marketing, waste disposal, security, cleaning, insurance and general administration costs totalling $135,120.

(b) Based on our understanding of similar facilities, the provision for the listed operating expenses appears reasonable to support operations.

6.3.1.6 Utilities

(a) The major utilities cost of an indoor court facility is electricity to heat and cool the court arena.

(b) We are aware of an alternative two court Council owned mixed use facility with electricity costs of $90,000 per annum which broadly supports the $80,000 budget provision.

(c) Electricity costs can be reduced with the provision of a solar system. While solar is not currently scoped in the existing capital Project budget, the Project Lead intends on including provisions for a solar system in the future iterations of the Project designs. This may put additional pressure on the Project capital budget (if external funding for a solar system can't be source) but would reduce whole of life operating costs.

6.3.1.7 Repairs and maintenance

(a) A repairs and maintenance provision of $40k has been included in the budget. While the asset is relatively new and many of the fittings and fixtures still under warranty, this provision should be more than sufficient.

(b) As the Project assets age, additional repairs and maintenance provisions could be required to ensure the asset is kept to a standard expected by users.

(c) Over the life of the MPSCC, a $40k annual provision appears reasonable.

6.3.1.8 Other costs that have not been identified

(a) The indicative modelling does not include a number of other expenses which are commonly incurred in operating a recreation facility of this kind. These costs include:

(i) Telecommunications;

(ii) Information Technology cost such as hardware, software, licensing and specialised recreation centre software to manage competitions and court bookings;

(iii) Provision for professional services fees (i.e. legal fees);

(iv) Payroll and bookkeeping;

(v) Staff training; and

(vi) Bank charges including cashless payment systems.

6.3.1.9 Some of these services, such as payroll and bookkeeping, may be provided by CoM. If so, a cost attribution charge could be included in the financial modelling so that the full cost of operating the MPSCC is understood.

6.3.1.10 CoM has made a provision for administration costs of $30,000 which in our view will cover some but perhaps not all of the above items.

6.3.1.11 The other major costs that has not been identified in the indicative modelling are depreciation and finance charges.

(a) Depreciation – the LTFP has assigned an assumed depreciation rate of 2.81% to the total Project costs of $15.0 million which results in an assumed annual depreciation charge of $0.421 million. This correspondents to an assumed useful life of the MPSCC of 36 years. Actual depreciation charges will only be known once the detailed designs have been completed and a breakdown of the assets by asset class is known.

(b) Finance – the LTFP assumes that CoM enters a 10 year P&I loan with semi-annual repayments at an interest rate of 4.7% to fund the borrowings required to construct the MPSCC. Based on these assumptions the Year 1 interest expense would be $0.461 million and total interest over the ten year period would be $2.648 million. Based on recent reductions in interest rates, the current provision for interest in the LTFP is likely to be overstated.

6.3.1.12 Cost offsets already provided for in the LTFP

(a) CoM have identified that there may be a saving in facility costs (including items such as utilities and repairs & maintenance) from the future closure of the current site of the Mitchell Park Neighbourhood Centre and from provisions which relate to the existing buildings at the Mitchell Park Oval Complex.

(b) CoM has identified that there is an expected total saving of $119,800 per annum based on costs currently in the LTFP that will no longer be incurred if the Project is progressed.

6.3.2 Whole of Life Costs

6.3.2.1 Given the indicative nature of the current financial forecasts, we have not sought to undertake a detailed long term model to calculate whole-of-life costings and have instead kept the assessment at a high level.

6.3.2.2 The whole of life cost assessment has been based on the following assumptions:

(a) Operating subsidy of $0.328 million per annum (inclusive of $56,800 of costs relating to Neighbourhood Centre staffing) based on the financial modelling provide by CoM (Attachment Two);

(b) Asset life of 36 years;

(c) Finance costs calculated based on a ten year P&I facility at a 4.7% with semi-annual repayments on CoM's $10.0 million capital contribution;

(d) Recovery of current operating costs relating to the Mitchell Park Oval and Mitchell Park Neighbourhood Centre currently in the LTFP that will no longer be incurred ($0.120 million per annum);

(e) No provision for inflation or discounting of cash flows; and

(f) No provision for financing operating deficits as it is assumed this will be funded through rates

6.3.2.3 Table Two shows the total estimated whole of life Project costs based on the stated assumptions.

Table Two - Whole of life costs

36 year whole of life Project cost	$ million
Cumulative annual operating deficits (excluding finance and depreciation)	$11.808
Depreciation	$15.00
Finance Costs	$2.648
Other costs in the LTFP no longer incurred	($4.313)
Total whole of life costs	**25.143**

6.3.2.4 In our assessment of revenue and recurrent costs we noted a number of unidentified costs in the current indicative modelling and also queried the achievability of the current level of contribution from bar and meal services to deliver a profit.

6.3.2.5 Table Three shows the impact on whole of life costs if CoM exceeds the current operating budget by 25%, 50% and 100% per annum.

Table Three - Whole of life costs sensitivity analysis based on increasing subsidy

	Base case $ million	25% increase $ million	50% increase $ million	100% increase $ million
Annual operating subsidy (excluding finance and depreciation)	$11.81	$14.76	$17.34	$23.62
Depreciation	$15.00	$15.00	$15.00	$15.00
Finance Costs	$2.65	$2.65	$2.65	$2.65
Other costs in the LTFP no longer incurred	($4.31)	($4.31)	($4.31)	($4.31)
Total whole of life costs	**$25.14**	**$28.10**	**30.68**	**$36.96**

6.3.2.6 Based on the current modelling and the assumption made, the whole of life cost of operating the MPSCC are assumed to be $25.14 million. However, there is a risk in achieving the modelled operating subsidy on account of the current uncertainties in terms of the management model and the future levels of service being provided at the MPSCC. For example, if the operating subsidy increases by say 25%, the whole of life costs would increase from $25.14 million to $28.10 million.

6.3.3 Financial Arrangements

6.3.3.1 The funding arrangements for the Project are detailed in Table Four.

Table Four – Up-front Capital Funding Arrangement

Funding sources	Amount $ million
City of Marion	$10.00
Federal Government	$5.00
Total Funding	**$15.00**

6.3.3.2 Federal government funding for the Project was initially promised to CoM in the lead up to the 2019 Federal Election.

6.3.3.3 On 7 August 2019, CoM received a letter from the Hon Michael McCormack, the Minister for Infrastructure Transport and Regional Development confirming the Australian Government's commitment to provide up to $5.0 million for the MPSCC to be delivered by the Department of Infrastructure, Transport, Cities and Regional Development through the Community Development Grants Programme.

6.3.3.4 The letter confirms only an intention for the grant funding to be provided and it is still subject to assessment and negotiation of a Deed of Agreement.

6.3.3.5 Therefore there is a current risk, albeit an unlikely one, that the committed grant funding may not be received.

6.4 Potential Financial Risks

The most significant financial risks relating to the Project relates to the potential for construction cost overruns, the sufficiency of the operating subsidy that will be required to operate the MPSCC once constructed and the risk of receiving the committed grant funding. These risks are considered in detail below.

6.4.1 Overruns in the cost of construction

6.4.1.1 CoM have engaged Rider Levett Bucknall (RLB) to develop an order of costs for the Project. The purpose of this estimate is to establish the affordability of the Project. A breakdown of the order of costs by key component is shown in Table Five.

Table Five – Capital cost estimate summary prepared by RLB

Component	Cost $
Clubrooms	5,153,200
Courts	3,348,000
Other functional areas	280,500
Public Art	30,000
Communications	113,000
Operational Budget (Allowance)	140,000
MPSCC Preliminaries (8%)	757,347
Furniture Fittings and Equipment	190,000
Builders Margin (3%)	306,250
Design Contingency (5%)	526,418
Construction Contingency (5%)	552,904
Professional Fees (9.5%)	1,102,498
Statutory Charges	35,178
Estimated Building Works	**12,535,295**
Demolition and MPSCC Preparation	448,950
External Works	2,013,755

Component	Cost $
Project Subtotal	**$14,998,000**
Budget	**$15,000,000**

6.4.1.2 The latest version of the Project order of cost estimate as presented in Table Five, has been prepared with consideration of the original four court concept designs and functionality and has been scaled back for two courts and known changes to requirements which occurred between the original scoped Project and 2019.

6.4.1.3 As there are no detailed designs at this stage, the cost estimate is only indicative and will need to be updated as the design process is progressed.

6.4.1.4 While there are significant contingencies in the order of costs for design, construction, progression fees and builders' margin, as the order of costs is within 1% of the Project budget, it is considered possible that value management initiatives will need to occur in order to deliver the Project within the current allocated budget. Any such initiatives may impact user satisfaction with the completed MPSCC.

6.4.1.5 In addition to the items included in the order of cost estimate, there are other items that have been identified by CoM that are not currently included in the order of costs presented in Table Five which CoM or key stakeholders may wish to include within the scope of the Project. These include:

(a) Spectator mound with seating;

(b) Solar system;

(c) Seating alcove with 200 seats;

(d) Storage shelving for the sport storeroom; and

(e) Resurfacing tennis courts including upgrade of lighting and fencing.

6.4.1.6 RLB has estimated the cost of these items to be approximately $399,500. The potential for 'scope creep' for these and other items will also put additional future pressure on the Project budget.

6.4.2 Operating costs / subsidy

6.4.2.1 Our experience in reviewing the financial performance of other similar recreation facilities reveals that they usually require an operating subsidy from Council. This benchmarking excludes the impact of depreciation, financing and long term asset renewal.

6.4.2.2 The main reasons for the requirement of a subsidy is that there is insufficient scale in a two court facility, in terms of the amount of revenue it can generate (assumed $184,000 in assumed court hire revenue in CoM's

current modelling) to cover utilities costs and staffing during its operating hours.

6.4.2.3 For a recreation centre to operate on a more financially sustainable basis, it generally either needs significantly more courts or other income deriving activities such as a stadium, gymnasium or aquatic facilities. However, at a larger scale there is also an increased financial risk from operations.

6.4.2.4 The current modelling assumes that under a CoM insourced management model an operating subsidy (before depreciation and interest and Neighbourhood Centre Wages) of $0.271 million per annum will be required.

6.4.2.5 In our view, there is a risk that CoM will be required to provide a greater operating subsidy than currently modelled, particularly in the first and early years of operation where court utilisation may be low and as operating cost structures are refined.

6.4.3 Risk of receiving grant funds

6.4.3.1 CoM has received written confirmation from the Australian Government relating to its intention to fund $5.0 million towards the capital cost of the Project. However, the funding is contingent on an assessment by the relevant department and negotiation of a Deed of Agreement.

6.4.3.2 Therefore there is a financial risk, albeit one that is unlikely to eventuate, that the committed grant funding may not be received.

6.5 Financial Viability

6.5.1 Financial viability can be defined as the ability to generate sufficient income to meet operating expenses, financial obligations and to provide for future growth.

6.5.2 The Project provides community recreation infrastructure that is not expected to produce revenue at a level which would make the MPSCC financially viable in its own right. Therefore the CoM will need to subsidise the construction and ongoing management of the MPSCC which in turn could impact CoM's financial viability.

6.5.3 The CoM has adopted a number of key indicators to assess the financial viability of its operations, the target are shown below in Table Six.

Table Six - LTFP Key Financial Indicators

Indicators	Target
Key Financial Indicators:	
Average Operating Surplus / (Deficit) Ratio	0% and 10% (average over any consecutive five year period)
Net Financial Liability Ratio	0% to 50%

Indicators	Target
Asset Renewal Funding Ratio	95% to 100%
Other financial indicators:	
Debt Servicing Ratio	Between 0 and 5%
Asset Consumption Ratio	Between 80% and 100%

6.5.4 The 2019-2029 LTFP already includes a provision for the estimated $15.0 million capital costs of the Project; $10.0 funded by CoM and $5.0 million funded by a federal government grant. Therefore, the debt and asset ratios disclosed in the current LTFP are already calculated on the assumption that the Project is progressing as currently scoped.

6.5.5 Other than a provision for annual depreciation and finance which are automatically calculated by the LTFP model, there is not a provision for additional operating costs relating to undertaking the Project in the LTFP.

6.5.6 Based on the CoM indicative modelling, the Project is expected to have a net incremental impact on the LTFP of $0.208 million per annum. The modelled subsidy required for operations represents less than 3% of the current annual modelled operating surplus in the LTFP and will accordingly not materially impact CoM's operating surplus ratio.

6.5.7 As the Project assets and related borrowings have already been factored into the LTFP, progressing the Project will not adversely impact CoM's debt and asset sustainability indicators either.

6.5.8 The CoM has the existing financial resources to fund the Project construction and has demonstrated through its LTFP that it has the financial capacity to fund the ongoing operations of the MPSCC while remaining within its key financial indicators.

7. PROJECT RISK AND MITIGATION STRATEGIES

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

7.1 Risk Management

7.1.1 This report assesses the risk management actions taken or being considered by CoM for the Project.

7.1.2 The CoM has established a Risk Management Policy, which has the following objectives:

7.1.2.1 Introduce and embed a risk culture and high level of risk awareness throughout all levels of CoM to support achievements aligned to our vision, strategies, services and actions.

7.1.2.2 Implement consistent risk management processes to manage risk and opportunities throughout CoM's organisational systems and functions including planning, resource allocation priorities, internal audit and control processes, in line with risk management standards including AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines.

7.1.2.3 To clarify the responsibilities within the risk management framework to enable the consistent and systematic application of our risk management approach within all Council operations.

7.1.2.4 To guide a risk management approach to strategic, operational and project decision making to ensure proactive management strategies are implemented to mitigate against events occurring and ensure robust contingency plans to lessen the impact of events if they were to materialise.

7.1.2.5 To strengthen the risk management program by implementing a Business Continuity Management (BCM) Framework to minimise the impact of business disruptions on the Council's critical community services.

7.1.2.6 To protect public funds, assets and the integrity, security and reputation of the CoM by implementing a Fraud Policy which will prevent, identify, minimise and control fraudulent and/or corrupt activity.

7.1.2.7 To provide adequate response to emergencies on behalf of the CoM residents and the community by implementing a Community Emergency Response Policy outlining our commitment to our community.

7.1.2.8 To continually align the risk management program with the Business Excellence Framework.

7.1.3 In accordance with the Risk Management Policy, an assessment of the risks associated with the Project, along with mitigation strategies has been undertaken by the CoM, this is identified in a Risk Register which was last updated in August 2019. The Risk Register is presented by Project phase with a total of 29 separate risks identified. The inherent Project risk identified are summarised in Table Seven.

Table Seven: Inherent Risk Rating by phase

Risk Level	Extreme	High	Medium	Low	Total
Phase 1 – Planning	2	8	3	0	13
Phase 2 – Commitment	0	4	1	0	5
Phase 3 – Construction	0	6	4	0	10
Phase 4 - Closure	0	1	0	0	1
Total	**2**	**19**	**8**	**0**	**29**

7.1.4 The two inherent 'extreme' Project risks identified are:

7.1.4.1 Project is not adequately managed resulting in project cost overrun; and

7.1.4.2 Gradual alteration of deadlines and expansion of project scope as the project progresses resulting in increased financial expenditure.

7.1.5 The Risk Register identifies the existing controls in place to mitigate each identified risk and future treatment plans to further reduce the level of inherent risk. Following the application of existing and future risk controls, Table Eight shows the assessed level of residual Project risk relating to the Project.

Table Eight: Residual Risk Rating by phase

Risk Level	Extreme	High	Medium	Low	Total
Phase 1 – Planning	0	0	1	12	13
Phase 2 – Commitment	0	0	0	5	5
Phase 3 – Construction	0	0	2	8	10
Phase 4 - Closure	0	0	0	1	1
Total	**0**	**0**	**3**	**26**	**29**

7.1.6 There is a significant reduction in risk profile following the application of all current and future identified risk controls.

7.1.7 The ongoing management of the Project should include the review and regular updating of the Risk Register, with appropriate changes incorporated to reflect the various Project phases.

7.2 Risk Mitigation

7.2.1 For each for the 29 risks identified, the Risk Register:

7.2.1.1 determines the risk rating, based on the likelihood and the consequence of an event occurring;

7.2.1.2 identifies the current controls that are in place and whether those controls are effective;

7.2.1.3 provides a treatment plan for further mitigation of the risk; and

7.2.1.4 identifies a revised risk rating based on the likelihood and consequence of the risk with regard to the mitigating activities and controls.

7.2.2 One of the key identified risk mitigation strategies is the ongoing monitoring of risks through the use of the Executive Project Steering Group (PSG). The PSG is expected to provide oversight and direct the development of the MPSCC. The PSG currently includes the following members:

7.2.2.1 CEO - Adrian Skull

7.2.2.2 General Manager City Development (Acting) - Fiona Harvey

7.2.2.3 General Manager Corporate Services - Sorana Dinmore

7.2.2.4 General Manager City Services - Tony Lines

7.2.2.5 Project Management Leader - Annmarie Mabarrack

7.2.2.6 Manager City Activation - Greg Salmon

7.2.2.7 Manager Engineering and Field Services - Matt Allen

7.2.2.8 Strategic projects staff as required

7.2.3 The delivery of the Project within budget and timeframes will be strongly linked to the effectiveness of the PSG and its ability to provide high level oversight and drive strong project governance.

7.2.4 We acknowledge that quality risk assessment and mitigation is an iterative process. While the risk assessment has been performed to a reasonable standard to date, good risk management involves constantly monitoring and assessing risk and regularly updating the risk assessment to reflect changes in risk as the Project progresses. The Project Lead is responsible for ensuring this occurs.

7.2.5 Overall, CoM risk management oversight is provided through the Finance & Audit Committee, which meets quarterly to review the Risk Profile and monitor the risk exposure of Council.

8. PROJECT DELIVERY

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

(i) the most appropriate mechanisms or arrangements for carrying out the project.

8.1 Delivery Mechanism

8.1.1 A detailed Project Management Plan to support the Project has been prepared by the CoM.

8.1.2 The CoM is planning to deliver the Project through an external delivery model with CoM contracting with separate design and construction contractors to progress the Project.

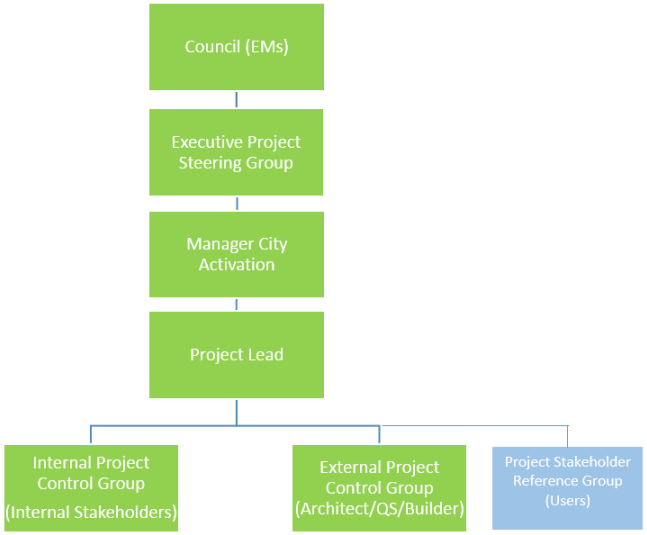
8.1.3 The major design contract which will encompass updated concept designs, detailed design documentation and contract management will be procured first. This body of work will then support the tender process for the construction contractor who will be engaged to deliver the construction phase of the Project.

8.1.4 CoM intends to seek a fixed lump sum construction contract during the tender process, using either AS2124 or AS4000 form of contract.

8.1.5 It is intended that an internal Project Manager will be appointed to manage the Project with a third party (potentially the architect) to perform the role of Contract Superintendent.

8.1.6 CoM will adopt the following governance structure to manage the Project.

Figure Three: Project Governance Structure



8.1.7 The proposed governance structure is a key control in ensuring that the Project Lead is well supported in executing the Project and has access to skilled specialist resources.

8.1.8 Given the scale of the Project, the delivery mechanism put forward by the CoM is appropriate for achieving the proposed outcomes.

8.2 Procurement implications

8.2.1 The CoM Procurement and Contractor Management Policy applies to all Council staff and personnel engaged by Council to undertake procurement activities on its behalf, and it relates to all procurement activities associated with the acquisition of goods, works or services of any value by CoM.

8.2.2 The Policy prescribes that the procurement method for obtaining goods, works and services will be determined according to the estimated cost across the total life of the project; the nature of the procurement and the risk profile of the project.

8.2.3 In accordance with Council's Procurement Policy and associated Operating Guidelines, the CoM has prepared a Procurement Plan for the Project.

8.2.4 The procurement strategy has been developed in-line with the CoM's ten Procurement Principles:

8.2.4.1 Intent to Contract;

8.2.4.2 Value for Money;

8.2.4.3 Open and Effective Communication;

8.2.4.4 Risk Management;

8.2.4.5 Confidentiality;

8.2.4.6 Probity, Accountability and Transparency;

8.2.4.7 Efficient Procurement Practices;

8.2.4.8 Work Health and Safety;

8.2.4.9 Environmental Management; and

8.2.4.10 Use of Local Contractors and Sustainable Procurement.

8.2.5 The following procurements relating to the Project have been made to date:

8.2.5.1 Architectural design services – Studio 9

8.2.5.2 Structural and civil engineers – Walbridge and Gilbert

8.2.5.3 Services engineering – Gascoigne Engineers

8.2.5.4 Landscape architecture – Aspect Studio

8.2.5.5 Traffic engineers – Phil Weaver

8.2.5.6 Cost consultants – Rider Levett Bucknall

8.2.5.7 Environmental – AECOM

8.2.5.8 Cultural Heritage Investigations – Parsons Brinkerhoff

8.2.5.9 Arborist review - Arborman

8.2.5.10 Financial modelling and facilities management – KPMG

8.2.5.11 Prudential Review – BRM Advisory

8.2.6 Following formal approval to proceed with the Project, there will be a number of additional procurements required including:

8.2.6.1 Revised concept (for two court facility) and detailed design development;

8.2.6.2 Cost management services;

8.2.6.3 Construction; and

8.2.6.4 Furniture fittings and equipment procurements.

8.2.7 The Procurement Plan appropriately identifies procurement methods which are consistent with CoM's Policy to procure the remaining services to complete the Project including undertaking a select tender process with a minimum of three tenderers for the revised design and construction contracts.

9. SALE AND OR DISPOSITION OF LAND

Local Government Act, Section 48 (2) The following are prudential issues for the purposes of subsection (1):

i) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

9.1 Valuation of Land

The Project does not involve the sale of disposition of land and hence the requirements of Section 48 (2) (j) are not relevant to the project.

10. CONCLUSION

10.1 This report has been prepared to meet the requirements of CoM's Prudential Management Policy and Section 48 of the Local Government Act, to provide Council with a comprehensive understanding of the prudential issues relating to the Project.

10.2 The Project is the construction and upgrade of existing sport and recreation facilities at the Mitchell Park Oval Complex including two indoor multipurpose courts, updated community facilities and updated rooms for the existing users of the oval and precinct with the new facility to be known as the MPSCC.

10.3 The Project has a high degree of alignment with relevant strategic management plans and is specifically identified in CoM's four year and annual business plan as a priority Project. The detailed scope of the Project, i.e. the number of indoor courts, has not been disclosed to the community in these plans.

10.4 CoM's financial plans assume that the Project construction phase will be completed by 30 June 2020 which will not occur. Accordingly, a budget carry-forward will be required at the end of the current financial year to reflect updated construction timetable, with the Project now due for completion in March 2022.

10.5 There is also an overstatement of finance costs and depreciation in the first and second year of the Long Term Financial Plan as a result of the original assumption that the Project would be completed by 30 June 2020. The Annual Budget and the LTFP should be updated at the appropriate time to reflect the updated Project timeframes, the most recent available long term interest rates and the latest estimate of the CoM subsidy required to operate the MPSCC.

10.6 The Project constitutes Development meaning that a Development Application will need to be approved prior to commencing the Project. As a replacement / upgrade to an existing recreation facility, the Project is aligned to the current requirements of the Development Zone. It is likely that CoM's Council Assessment Panel will be the appropriate approving authority.

10.7 The construction phase of the Project will create economic benefits for the region and the broader national economy. According to the REMPLAN economic modelling undertaken, the Project is expected to add up to $31.04 million to the national economy and create an additional 91 jobs during the construction phase.

10.8 Post construction, based on the current operating model assumptions, CoM expects to hire an additional 2.5 ongoing FTE positions to operate the MPSCC which will also lead to additional and ongoing economic activity.

10.9 The Project is not expected to have a negative impact on businesses in the proximity nor will it impact on fair competition in the market.

10.10 To date, community consultation and engagement on the proposed Project has been undertaken consistent with the CoM Policy. However, a majority of the consultation activities were undertaken on the assumption that CoM would be constructing a four indoor court facility.

10.11 Since the reduction in scope to two indoor courts, there has not been a defined consultation process undertaken although some key stakeholders have been informed of the updated Project scope.

10.12 Council may wish to consider whether it requires additional feedback from the community and an updated consultation summary report based on the current scope of the Project to inform their decision making on whether or not to proceed with the Project. This could also extend to seeking formal feedback from key users as to their preferences in terms of the future management model.

10.13 A detailed body of work has previously been undertaken (mostly in 2016) with regard to the financial impact of progressing the Project. However, again, this work was undertaken on the assumption that the Project included a four court indoor facility and made a number of assumptions about the future management model that are no longer relevant.

10.14 CoM has prepared an updated indicative financial model to quantify the expected costs of running the MPSCC. The modelling identifies that an annual Council subsidy in the order of $0.271 million will be required per annum exclusive of finance costs, depreciation and Neighbourhood Centre staffing. This modelling is based on an assumption that CoM operates the MPSCC under an internal management model.

10.15 However, the modelling excludes a number of costs, most notably; depreciation, finance and other operating costs such as telecommunications, IT and software and does not include a cost allocation charge for administrative services that may be provided by Council.

10.16 Based on our knowledge of other comparable recreation facilities in South Australia, there is a risk that CoM may not be able to operate the MPSCC within the current modelled subsidy. Council should be aware that additional financial support could be required to commence and support operations of the MPSCC, particularly in the early years of operation where court utilisation may be below capacity and as operating structures are refined.

10.17 A risk assessment has been performed by CoM and mitigating actions have been considered for all risks identified. The highest risks relate to the construction process with the risk of overruns and delays being the key Project risks. There is also a risk in relation to the receipt of the $5.0 million in grant funding which has been promised but has not yet been received. The receipt of the funding will be subject to review and negotiations relating to a funding Deed of Agreement.

10.18 CoM intends to outsource the key design and construction contracts to complete the Project. The Projects will be managed by an internal CoM Project management with support from the Project Steering Group and external experts as required.

10.19 The Project does not involve the sale or disposition of land.

ATTACHMENT ONE: LOCAL GOVERNMENT ACT, 1999 – SECTION 48

Section 48 – Prudential requirements for certain activities

(aa1) A council must develop and maintain prudential management policies, practices and procedures for the assessment of projects to ensure that the council—

(a) acts with due care, diligence and foresight; and

(b) identifies and manages risks associated with a project; and

(c) makes informed decisions; and

(d) is accountable for the use of council and other public resources.

(a1) The prudential management policies, practices and procedures developed by the council for the purposes of subsection (aa1) must be consistent with any regulations made for the purposes of this section.

(1) Without limiting subsection (aa1), a council must obtain and consider a report that addresses the prudential issues set out in subsection (2) before the council—

(b) engages in any project (whether commercial or otherwise and including through a subsidiary or participation in a joint venture, trust, partnership or other similar body)—

(i) where the expected operating expenses calculated on an accrual basis of the council over the ensuing five years is likely to exceed 20 per cent of the council's average annual operating expenses over the previous five financial years (as shown in the council's financial statements); or

(ii) where the expected capital cost of the project over the ensuing five years is likely to exceed $4 000 000 (indexed); or

(iii) where the council considers that it is necessary or appropriate.

(2) The following are prudential issues for the purposes of subsection (1):

(a) the relationship between the project and relevant strategic management plans;

(b) the objectives of the Development Plan in the area where the project is to occur;

(c) the expected contribution of the project to the economic development of the local area, the impact that the project may have on businesses carried on in the proximity and, if appropriate, how the project should be established in a way that ensures fair competition in the market place;

(d) the level of consultation with the local community, including contact with persons who may be affected by the project and the representations that have been made by them, and the means by which the community can influence or contribute to the project or its outcomes;

(e) if the project is intended to produce revenue, revenue projections and potential financial risks;

(f) the recurrent and whole-of-life costs associated with the project including any costs arising out of proposed financial arrangements;

(g) the financial viability of the project, and the short and longer term estimated net effect of the project on the financial position of the council;

(h) any risks associated with the project, and the steps that can be taken to manage, reduce or eliminate those risks (including by the provision of periodic reports to the chief executive officer and to the council);

(i) the most appropriate mechanisms or arrangements for carrying out the project;

(j) if the project involves the sale or disposition of land, the valuation of the land by a qualified valuer under the Land Valuers Act 1994.

(2a) The fact that a project is to be undertaken in stages does not limit the operation of subsection (1)(b) in relation to the project as a whole.

(3) A report is not required under subsection (1) in relation to—

(a) road construction or maintenance; or

(b) drainage works.

(4) A report under subsection (1) must be prepared by a person whom the council reasonably believes to be qualified to address the prudential issues set out in subsection (2).

(4a) A report under subsection (1) must not be prepared by a person who has an interest in the relevant project (but may be prepared by a person who is an employee of the council).

(4b) A council must give reasonable consideration to a report under subsection (1) (and must not delegate the requirement to do so under this subsection).

(5) A report under subsection (1) must be available for public inspection at the principal office of the council once the council has made a decision on the relevant project (and may be available at an earlier time unless the council orders that the report be kept confidential until that time).

(6) However, a council may take steps to prevent the disclosure of specific information in order to protect its commercial value or to avoid disclosing the financial affairs of a person (other than the council).

(6a) For the purposes of subsection (4a), a person has an interest in a project if the person, or a person with whom the person is closely associated, would receive or have a reasonable expectation of receiving a direct or indirect pecuniary benefit or a non-pecuniary benefit or suffer or have a reasonable expectation of suffering a direct or indirect detriment or a non-pecuniary detriment if the project were to proceed.

(6b) A person is closely associated with another person (the relevant person)—

(a) if that person is a body corporate of which the relevant person is a director or a member of the governing body; or

(b) if that person is a proprietary company in which the relevant person is a shareholder; or

(c) if that person is a beneficiary under a trust or an object of a discretionary trust of which the relevant person is a trustee; or

(d) if that person is a partner of the relevant person; or

(e) if that person is the employer or an employee of the relevant person; or

(f) if that person is a person from whom the relevant person has received or might reasonably be expected to receive a fee, commission or other reward for providing professional or other services; or

(g) if that person is a relative of the relevant person.

(6c) However, a person, or a person closely associated with another person, will not be regarded as having an interest in a matter—

(a) by virtue only of the fact that the person—

(i) is a ratepayer, elector or resident in the area of the council; or

(ii) is a member of a non-profit association, other than where the person is a member of the governing body of the association or organisation; or

(b) in a prescribed circumstance.

(6d) In this section, $4 000 000 (indexed) means that that amount is to be adjusted for the purposes of this section on 1 January of each year, starting on 1 January 2011, by multiplying the amount by a proportion obtained by dividing the CPI for the September quarter of the immediately preceding year by the CPI for the September quarter, 2009.

(6e) In this section—

employee of a council includes a person working for the council on a temporary basis;

non-profit association means a body (whether corporate or unincorporate)—

(a) that does not have as its principal object or 1 of its principal objects the carrying on of a trade or the making of a profit; and

(b) that is so constituted that its profits (if any) must be applied towards the purposes for which it is established and may not be distributed to its members.

(7) The provisions of this section extend to subsidiaries as if a subsidiary were a council subject to any modifications, exclusions or additions prescribed by the regulations.

ATTACHMENT TWO: 10 YEAR MPSCC MODEL PREPARED BY COM

Mitchell Park Sports and Community Club - Forecast Operating Statement											
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total 10 Years
Income											
Rent - Affiliate Clubs	$ 10,000	$ 10,250	$ 10,506	$ 10,769	$ 11,038	$ 11,314	$ 11,597	$ 11,887	$ 12,184	$ 12,489	$ 112,034
Memberships	$ 2,500	$ 2,563	$ 2,627	$ 2,692	$ 2,760	$ 2,829	$ 2,899	$ 2,972	$ 3,046	$ 3,122	$ 28,008
Court Hire	$ 184,000	$ 188,600	$ 193,315	$ 198,148	$ 203,102	$ 208,179	$ 213,384	$ 218,718	$ 224,186	$ 229,791	$ 2,061,422
Bar & Meals - Net Revenue	$ 104,200	$ 106,805	$ 109,475	$ 112,212	$ 115,017	$ 117,893	$ 120,840	$ 123,861	$ 126,958	$ 130,132	$ 1,167,392
Venue Hire	$ 15,000	$ 15,375	$ 15,759	$ 16,153	$ 16,557	$ 16,971	$ 17,395	$ 17,830	$ 18,276	$ 18,733	$ 168,051
Oval Hire	$ 10,000	$ 10,250	$ 10,506	$ 10,769	$ 11,038	$ 11,314	$ 11,597	$ 11,887	$ 12,184	$ 12,489	$ 112,034
Net Revenue	**$ 325,700**	**$ 333,843**	**$ 342,189**	**$ 350,743**	**$ 359,512**	**$ 368,500**	**$ 377,712**	**$ 387,155**	**$ 396,834**	**$ 406,755**	**$ 3,648,941**
Staffing Costs											
Centre Manager	$ 105,000	$ 107,415	$ 109,886	$ 112,413	$ 114,998	$ 117,643	$ 120,349	$ 123,117	$ 125,949	$ 128,846	$ 1,165,616
Sports Program Co-ordinator	$ 146,000	$ 149,358	$ 152,793	$ 156,307	$ 159,903	$ 163,580	$ 167,343	$ 171,192	$ 175,129	$ 179,157	$ 1,620,762
Bar & Meals	$ 64,133	$ 65,608	$ 67,117	$ 68,661	$ 70,240	$ 71,856	$ 73,509	$ 75,199	$ 76,929	$ 78,698	$ 711,951
Neighbourhood Centre	$ 56,800	$ 58,106	$ 59,443	$ 60,810	$ 62,209	$ 63,639	$ 65,103	$ 66,601	$ 68,132	$ 69,699	$ 630,543
	$ 371,933	$ 380,488	$ 389,239	$ 398,192	$ 407,350	$ 416,719	$ 426,304	$ 436,108	$ 446,139	$ 456,400	$ 4,128,872
Other Expenditure											
Cleaning - Building	$ 34,220	$ 35,076	$ 35,952	$ 36,851	$ 37,772	$ 38,717	$ 39,685	$ 40,677	$ 41,694	$ 42,736	$ 383,380
Cleaning - Courts	$ 30,000	$ 30,750	$ 31,519	$ 32,307	$ 33,114	$ 33,942	$ 34,791	$ 35,661	$ 36,552	$ 37,466	$ 336,101
Security Expenses	$ 5,000	$ 5,125	$ 5,253	$ 5,384	$ 5,519	$ 5,657	$ 5,798	$ 5,943	$ 6,092	$ 6,244	$ 56,017
Building Insurance	$ 14,000	$ 14,350	$ 14,709	$ 15,076	$ 15,453	$ 15,840	$ 16,236	$ 16,642	$ 17,058	$ 17,484	$ 156,847
Electricity	$ 80,000	$ 82,000	$ 84,050	$ 86,151	$ 88,305	$ 90,513	$ 92,775	$ 95,095	$ 97,472	$ 99,909	$ 896,271
Water	$ 21,594	$ 22,134	$ 22,687	$ 23,254	$ 23,836	$ 24,432	$ 25,042	$ 25,668	$ 26,310	$ 26,968	$ 241,926
Gas	$ 5,000	$ 5,125	$ 5,253	$ 5,384	$ 5,519	$ 5,657	$ 5,798	$ 5,943	$ 6,092	$ 6,244	$ 56,017
Waste Management	$ 6,400	$ 6,560	$ 6,724	$ 6,892	$ 7,064	$ 7,241	$ 7,422	$ 7,608	$ 7,798	$ 7,993	$ 71,702
Marketing	$ 14,500	$ 14,863	$ 15,234	$ 15,615	$ 16,005	$ 16,405	$ 16,816	$ 17,236	$ 17,667	$ 18,109	$ 162,449
Admin & Other	$ 31,000	$ 31,775	$ 32,569	$ 33,384	$ 34,218	$ 35,074	$ 35,950	$ 36,849	$ 37,770	$ 38,715	$ 347,305
Maintenance & Repairs	$ 40,000	$ 41,400	$ 42,849	$ 43,920	$ 45,018	$ 46,144	$ 47,297	$ 48,480	$ 49,692	$ 50,934	$ 455,734
	$ 281,714	$ 289,157	$ 296,800	$ 304,220	$ 311,825	$ 319,621	$ 327,611	$ 335,802	$ 344,197	$ 352,802	**$ 3,163,748**
Total Expenditure	**$ 653,647**	**$ 669,645**	**$ 686,039**	**$ 702,411**	**$ 719,175**	**$ 736,340**	**$ 753,915**	**$ 771,910**	**$ 790,336**	**$ 809,202**	**$ 7,292,620**
Net MPSCC Operating Cost	**$ 327,947**	**$ 335,802**	**$ 343,850**	**$ 351,668**	**$ 359,663**	**$ 367,840**	**$ 376,203**	**$ 384,755**	**$ 393,502**	**$ 402,447**	**$ 3,643,678**
Current CoM Operating Costs	$ 119,800	$ 122,795	$ 125,865	$ 129,011	$ 132,237	$ 135,543	$ 138,931	$ 142,405	$ 145,965	$ 149,614	$ 1,342,165
Net Incremental Facility Operating Costs	**$ 208,147**	**$ 213,007**	**$ 217,985**	**$ 222,657**	**$ 227,427**	**$ 232,298**	**$ 237,272**	**$ 242,351**	**$ 247,537**	**$ 252,833**	**$ 2,301,513**

Marion Cultural Centre Heritage Listing

Originating Officer	Land Asset Officer/Registered Conveyancer - Heather Carthew
Corporate Manager	Acting Manager City Property - Clare Benn
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191022R13

REPORT OBJECTIVE

The purpose of this report is to inform Council about the provisional entry of the Marion Cultural Centre on the South Australian Heritage Register and to seek direction as to whether to make a submission to the South Australian Heritage Council.

EXECUTIVE SUMMARY

The Marion Cultural Centre (the MCC) has been provisionally entered on the South Australian Heritage Register. The provisional entry resulted from a Nomination (Attachment 1) made to the SA Heritage Council.

The SA Heritage Council has assessed the nomination and have formed the opinion that the property meets the criteria set out in Section 16(1) of the Heritage Places Act 1993 (the Act).

Council has the opportunity to make a submission to the South Australian Heritage Council in response to the listing, by 12 November 2019. The Act does not provide for the SA Heritage Council to consider the personal or commercial impacts of the entry on the Register, only whether or not it has heritage significance as defined by the Act.

A Consultant has been engaged to provide independent advice as to whether the entry has merit.

This report seeks to outline Council's rights and responsibilities should the MCC be entered on the SA Heritage Register and to seek direction as to whether Council does or does not support the entry.

RECOMMENDATION

That Council:

1. **Notes the Report.**
2. **Authorises the Chief Executive Officer to make a submission to the SA Heritage Council in support of the entry on the South Australian Heritage Register.**

OR

1. **Notes the Report.**
2. **Authorises the Chief Executive Officer to make a submission to the South Australian Heritage Council in support of the entry with qualification that Council does not consider that the criteria for entry on the SA Heritage Register applies to the following items:**
    - **The internal colour scheme when not associated with the key orange architectural external elements**
    - **The negative space between the ION elements in MARION**

- **The western plaza from the building edge of the 'crazy' paving including tree plantings**
- **The aquifer recovery and storage system**
- **General fitout**
- **All landscaping**
- **The southern facade of the building to the carpark and service laneway**

OR

1. **Notes the Report.**
2. **Authorises the Chief Executive Officer to make a submission to the South Australian Heritage Council that Council does not support entry to the SA Heritage Register of the entire building, external elements and associated landscaping.**

GENERAL ANALYSIS

Council owns a building at 287 Diagonal Road Oaklands Park, known as the Marion Cultural Centre (the MCC).

In 2018, a nomination was submitted to the South Australian Heritage Council for the MCC to be entred on the SA Heritage Register. A copy of the Nomination is attached (Attachment 1).

The SA Heritage Council have formed the opinion that the property meets one or more of the criteria for heritage significance under Section 16(1) of the Heritage Places Act 1993 (the Act):

(e) It demonstrates a high degree of creative, aesthetic or technical accomplishment or is an outstanding representative of particular construction techniques or design characteristics.

On 12 August 2019, the SA Heritage Council advised Council that the MCC has been provisionally entered as a State Heritage Place in the SA Heritage Register. A copy of the letter and documents provided by the SA Heritage Council are attached (Attachments 2, 3, 6, 7 and 8).

The provisional entry of the MCC has been advertised in a public notice in The Advertiser and on the following web page: www.environment.sa.gov.au/topics/Heritage/SA_Heritage_Register/entries-confirmation .

Council may make a submission to the SA Heritage Council by 12 November 2019. For this purpose, a submission form has been provided by the SA Heritage Council (Attachment 3). In making the submission, Council is asked to provide supporting evidence or other information as to why Council believes that the criteria applies or does not apply.

The Act does not provide for the SA Heritage Council to consider the personal or commercial impacts of entering a place on the Register, only whether or not it has heritage significance as defined by the Act.

Council engaged Grieve Gillett Anderson to provide an independent unbiased heritage assessment (Attachment 4).

The conclusion of the assessment is:

"The conclusion reached in this report is that the Marion Cultural Centre should be formally listed in the South Australian Heritage Register as a State Heritage Place, clearly meeting criterion (e) of Section 16 of the Heritage Places Act 1993. The place is also considered to have local heritage value to the community.

As the heritage value of the place is specifically associated with its architectural merit, it is important that the extent of listing be clearly defined, to understand which components and aspects of the building and its context should be retained, and where there is greater opportunity for adaptation and change. However it should also be noted that heritage places are powerful repositories of community, memory and belonging, and the Marion Cultural Centre both through its architectural skill and by the nature of its functions, excels as such a repository."

Grieve Gillett Anderson have also noted that the MCC is an "outstanding example of Postmodernism architecture in South Australia".

Timeline Consultation under the Heritage Places Act 1993 concludes on 12 November 2019. Council may make a submission by 12 November 2019.

Other Funding Sources: If the MCC is entered on the SA Heritage Register, Council will be eligible to apply to the SA Grants Program on a dollar for dollar basis, to a maximum of $20,000. Other grant sources become available through community and Commonwealth Grant Programs.

DISCUSSION

Council is being asked to consider whether the MCC meets the criteria under the Act and whether the entry of the MCC on the SA Heritage Register is in the spirit of the legislation.

What is "Heritage"

'Heritage' encompasses all those aspects of the past and present that we value and want to share with future generations. It includes:

- things that we have inherited from the past and
- aspects of our own lives and generation

Heritage can focus on places, artefacts, photographs, film, documents, landscapes or natural features, but it can also be more than tangible objects. Stories, events, cultural and religious practices, values and ideas can all be important aspects of heritage. Heritage can focus on places, artefacts, photographs, film, documents, landscapes or natural features, but it can also be more than tangible objects. Stories, events, cultural and religious practices, values and ideas can all be important aspects of heritage.

Comparable heritage listed buildings in Australia include:

- Federation Square, Melbourne
- Adelaide Fire Station, Adelaide
- National Wine Centre, Adelaide

Heritage Listing

In the City of Marion, there are two levels of protection for built heritage: State and Local. A place can be on one or both of these lists.

The State Heritage Register is a list of places of heritage value to the State. Places are entered in the Register by the State Heritage Authority; a body established under the provisions of the Heritage Act 1993.

Site History

As a part of the plan to create the Marion Regional Centre, Council purchased the houses adjacent the Marion Shopping Centre, which were bounded by Morphett and Diagonal Roads and the Westfield Marion Shopping Centre.

Prior to the construction of the MCC, the area of land shown on the attached map (Attachment 6) was vacant and used by the Westfield Shopping Centre for staff parking and Christmas overflow parking.

In 1999 Council engaged Ashton Raggatt McDougall (Architects) in association with Phillips / Pilkington to design the MCC.

The building was completed and opened in 2001.

The original intent that this locality was to become a cultural hub, has not eventuated. The other facilities in this location are:

- Centrelink / Medicare
- GP Plus
- Westfield Shopping Centre
- Service SA
- SA Aquatic and Leisure Centre
- Domain Medical Centre and
- Commercial tenancies

Implications of the Entry

If the MCC is **not entered** on the State Heritage Register, Council may maintain, develop or dispose of the site as determined in the best interests of the community, subject to any required Development Authorisations and revocation of the Community Land classification.

Information to be added/amended upon receipt of final Consultant's report -

If the MCC **is entered** on the State Heritage Register:

- The site will be entered in it's current form. That is, there will be no requirement to undo previous work or seek retrospective development approval;

- The original integrity of the internal and external features of the building will be maintained;

- Development such as any building work, including repairs, alterations, additions and painting, may proceed, subject to Development Authorisation. The attached SA Guide to Developing State Heritage Places (Attachment 7) sets out the steps to be taken if changes are to be made to places entered in the SA Heritage Register. This may not necessarily place restrictions on making changes to the site. Examples of development of Heritage sites where signficant development has occurred are the Adelaide Oval and Her Majesty's Theatre;

- Eligibility for grant funding from the SA Grants Program on a dollar for dollar basis. Other sources become available through community and Commonwealth Grant Programs;

- Heritage SA provide free advice regarding proposed works, details of suitable qualified contractors and other advice.

Should Council determine that there is merit in the entry, consideration needs to be given as to the **extent of the entry** and items that Council considers should be excluded from the entry. A summary has been provided by the SA Heritage Council (Attachment 5) which sets out the SA Heritage Council's intention as to items that may be entered and those that may be excluded.

The SA Heritage Council has noted that the elements with heritage significance include:

- The form of the building and the materials it is clad in, including steel fin grilles, steel plate, copper sheeting, concrete formwork, timber batons. This also includes the internal structure and cladding of MA than splices through into the building and the internal structure of the R that is extruded down the side of the building;
- The associated landscape that creates ION in MARION, including the sculpture I, rockwork O and frame N that is clad in climbing plants. While the variety of plant is not of significance, the design intention was for the structure to be clad with climbing/creeping vegetation;
- Morse-coded timber ceiling panels in the Theatre;
- Hanging timber panel baffle to ceiling throughout the building;
- Braille panel on glazing facing Warracowie Way;
- Timber panelling on corridor to the Theatre;
- Internal stairs and ramp to the library space.

And that the elements excluded from the heritage listing include:

- Fittings and fixtures in offices, meeting rooms, library, café, kitchen and public and staff toilets;
- Ceiling types other than hanging timber panel baffle and Morse-coded timber ceiling in the Theatre;
- Track lighting and partition walls in the gallery;
- Theatre fittings, fixtures, lighting, seating (other than the Morse-coded timber ceiling panels);
- The landscaping to the rest of the building;
- Fittings and fixtures in offices, meeting rooms, library, café, kitchen and public and staff toilets;
- Ceiling types other than hanging timber panel baffle and Morse-coded timber ceiling in the theatre;
- Track lighting and partition walls in the gallery;
- Theatre fittings, fixtures, lighting, seating (other than the Morse-coded timber ceiling panels);
- The landscaping to the rest of the building.

It is recommended that Council, in making a submission to the SA Heritage Council, advises that the following items do not meet the criteria and therefore, ought to be excluded:

Element	**Comments**
The internal colour scheme	When not associated with the key orange architectural external elements
The negative space between the ION elements in MARION	Low plantings will maintain the visibility of the elements
The western plaza from the building edge of the ‘crazy’ paving including tree plantings	Low plantings to maintain the visibility of the building
The aquifer recovery and storage system (ASR)	The ASR has never functioned as intended. A series of investigations and reports concluded that the system was not constructed as per the original plans and cannot be used as per the intended design
General fitout, excluding orange architectural items and communication symbolism, eg: braille and Morse code elements	Excluded fitout - offices, meeting rooms, library, cafe, kitchen and public and staff toilets, ceiling types, track lighting and partition walls in the gallery, theatre fittings, fixtures, lighting and seating

The south eastern facade of the building to the carpark and service laneway	The original concept included an option for a second building to the south east of the current building. This façade is not to the same standard of architectural expression as the plaza and Diagonal Road frontages

Next Steps

Council may make a submission to the SA Heritage Council.

If, after the consultation period, the SA Heritage Council confirms the entry in the register, Council has a right of appeal as set out on page 2 of the attached Fact Sheet (Attachment 7).

Attachment

#	Attachment	Type
1	Attachment 1 Nomination	PDF File
2	Attachment 2 Letter and Notice	PDF File
3	Attachment 3 Submission Form	PDF File
4	Attachment 4 Heritage Assessment	PDF File
5	Attachment 5 Summary of State heritage place	PDF File
6	Attachment 6 Map of locality prior to construction	PDF File
7	Attachment 7 Guide to Developing State Heritage Pl	PDF File
8	Attachment 8 Fact sheet	PDF File

SA Heritage Register

Nomination form

Government of South Australia
Department for Environment and Water

NOMINATION FORM

To help your nomination be successful, please fill out this form with as much information as possible.
Feel free to expand the answer fields as much as you require or append information to the form.
It is important that you attach images and a map of what you are nominating by email or by fax.
Please note that places which have been nominated during past three years will not be reconsidered by the South Australian Heritage Council unless you can provide significant new information not provided through the previous nomination and assessment.
For assistance with this form you may contact:
Your local historical society or heritage adviser may be of assistance OR you may telephone an assessment officer in Heritage South Australia on (08) 8124 4960.

A. Nominated Place

1. Name	
Name of Place / Object:	Marion Cultural Centre
Any other or former name(s):	Includes Cultural Centre Library, Domain Theatre, Gallery M
Is the place already on another heritage list?	Not to my knowledge

2. Location					
Street Address:	287 Diagonal Road				
	Suburb / Town: Oaklands Park				Post Code: 5046
Local Council Name:	City of Marion				
Land Description: (if known)	Title:	Volume:	Folio:	Parcel Type:	Parcel No:
	Plan Type:	Plan No:	Section:	Hundred:	
GPS Location/s: (If known)	Longitude / Easting / X		Latitude / Northing / Y (Datum =)		

3. Ownership	
Name of Owner(s):	[redacted]
Contact person: (if different from owner explain relationship)	
Postal Address:	
Phone Number:	
Ownership History:	

4. Nominator (your details)	
Your Name/s:	[redacted]
Organisation/Position:	
Daytime Phone:	
Fax:	
Postal Address:	

SA Heritage Register

Nomination form

Government of South Australia
Department for Environment and Water

NOMINATION FORM

	[redacted]
Email Address:	

SA Heritage Register
Nomination form

Government of South Australia
Department for Environment and Water

NOMINATION FORM

B. Description

5. Description of nominated place or object	
Description of the nominated place or object and its current condition:	A single storeyed building housing the local library, a multipurpose theatrette, and small art gallery. The building is of striking design, with its main façade and landscape spelling out MARION. It is in very good condition and in use for its designed function.
Are you aware of any modifications or additions to the place or object? Can you provide dates for these changes?	There have been a number of small alterations to the Library and back of house. Date unknown
Do you believe there may be historical items under the ground? Should an archaeological investigation be considered?	Don't believe so
Date you inspected the place or object:	March 2013
Current use of the place or object:	Use as originally designed
Original or former use(s):	not aplicable
Are there any current or long term threats to the nominated place or object?	current threat for commercial redevelopment by council
Name of Builder:	Hansen Yuncken
Any other information:	

C. History

6. Origins and history	
Years of Construction:	**Start:** Architect commission 1998 Construction begun Aug 2000 **Finish:** Nov 2001
Name of Designer / Architect:	Ashton Raggatt McDougall with Phillips Pilkington
History of the nominated place or object:	Building designed as a purpose built community facility and has remained in use for that purpose since opening.
Historical sources used to support your nomination: Please attach copies of pages from publications or newspaper articles as appropriate.	See attached list of publications pertaining to design significance

SA Heritage Register
Nomination form

Government of South Australia
Department for Environment and Water

NOMINATION FORM

D. Heritage Significance

7. Statement of State Significance - Why is the place or object important to South Australia?

It is of State heritage significance because It is a unique and exemplary work of contemporary architecture.

The Marion Cultural Centre taps into a South Australian tradition for local buildings for education and improvement, as established in the local "Institute buildings of the late 19th and early 20th century. (e.g South Australian Institute Building 1860; Gawler Institute 1871). These buildings, Mechanics Institutes and the like, contained libraries, art galleries, rooms for talks and meeting rooms, for the likes of the local philosophical society etc. They even housed schools for what we would now call "lifelong learning". Marion Cultural Centre re-establishes this tradition. This makes Marion unusual since, at the time of its design, there was a tendency for cultural/educational services provided by Councils to be installed in "shop front" or "office type" accommodation, a manifestation of Government's commercial practice. Marion is unique and a one of the best examples of this return to dedicated community buildings.

Composite centres housing art galleries, libraries and some café facilities have recurred in Australian municipal buildings since the 1940s, but Marion Cultural Centre is outstanding among these. It is outstanding when compared with several notable examples in Victoria- Camberwell and Ballarat, for example, and, in South Australia, the Playford Civic Centre at Elizabeth, being more decisive in naming Marion and defining a cohesive form, or Bagster Road Centre in Salisbury, which is by comparison indecisive in proclaiming institutional identity, reading more as an enlarged house. South Australian cultural centres that use outstanding recycled buildings, such as Port Community Arts Centre, form a different genre that is not directly comparable.

Marion Cultural Centre is the work of Ashton Raggatt McDougall (ARM), recipients of the Gold Medal of the Royal Australian Institute of Architects, in collaboration with Adelaide architects Susan Phillips and Michael Pilkington. There have been only 5 AIA Gold medallists who have come from or practiced in South Australia; 5 out of 58. ARM's principal in this project, Ian McDougall, is especially important as he comes from Gawler and has worked as Professor at the University of Adelaide; his Rocca house in Parkside (1981) drew Australia-wide attention to his work and he was included in the international travelling exhibition Old Continent new Building in 1982. McDougall's firm are currently preparing the Adelaide Festival Plaza Master Plan, a major intervention in the central city, and their work includes the Museum of Australia in Canberra (2000), all recent additions to the Shrine of Remembrance in Melbourne (2005-15); and Perth Arena (2016). McDougall supervised the refurbishment and acoustic renovation of Sir Roy Grounds' Hamer Concert Hall in the Victorian Arts Centre, Melbourne, and is currently at work on a complete refurbishment of the Sydney Opera House, including a rearrangement of its principal concert and opera hall spaces. All the completed projects have won major state and federal awards for their architectural design. Geelong Cultural Centre, completed 2016, is most directly comparable to Marion Civic Centre in its program and design resolution, and this, too has received major national architectural awards. Phillips Pilkington have been cited by Professor Judith Brine in the Encyclopedia of Australian Architecture (2011) for their ethics and for their societal engagement, their many awards and their assertion of South Australian place and region in their architecture. On the eve of their involvement in Marion Cultural Centre they were in the architectural exhibition 40 Up: Australia's Next Generation, 1999. They have received five Australia-wide design awards, including the Timber Design Award in collaboration with ARM- for the Marion Cultural Centre.

Marion Cultural Centre is one of only a few South Australian buildings completed in the period 1990 -2010 which embody the ideas of international Post Modernism and one of the best in the country.
It is a rare example in this state of an architecture which incorporates symbolism and narrative:

i) Building made of Words, a cultural building and in particular a Library (typography, nature of communication, questions of knowledge and information).
ii) Building made of the name of its Location referring to the loss of identity of community (the place name/identity transferred to the giant Westfield shopping centre)
iii) Building as road side Sign capturing ideas of suburban space and the nature of suburban figure and ground build fabric

SA Heritage Register

Nomination form

8. Significance Criteria	
The South Australian *Heritage Places Act 1993* lists seven criteria by which places are assessed as 'State significant.' Please tick the criteria you feel the place demonstrates and explain your reasons.	
☐ **It demonstrates important aspects of the evolution or pattern of the State's history.**	See Above
☐ **It has rare, uncommon or endangered qualities that are of cultural significance.**	See Above
☐ **It may yield information that will contribute to an understanding of the State's history, including its natural history.**	See Above
☐ **It is an outstanding representative of a particular class of places of cultural significance.**	See Above
☐ **It demonstrates a high degree of creative, aesthetic or technical accomplishment or is an outstanding representative of particular construction techniques or design characteristics.**	Marion Cultural Centre is notable for a series of significant design aspects: It is comprehensive in the tasks it engaged: it houses a municipal library, art gallery, a multipurpose performance space, meeting rooms, a popular café, a plaza. It has also to establish a presence for the City of Marion. It is able to serve all these aspects through a floor plan that is simple and cohesive, yet able to make each of its internal functions read clearly in assigned areas. At the same time the café area works dramatically as a central gathering point. The external design is able to frame and encompass the plaza, while at the same time reading as a building gathered to signal at the road and proclaim MAR-ION. In doing this its scale and monumental presence expresses its local identity with a bold and proud demeanour. It engages an especially difficult context, being flanked on two sides by car parks serving comparatively distant buildings that cannot be easily linked thematically or through imagery. These are a Bunnings Warehouse to the north and Marion Aquatic Centre to the south. Asphalt is the immediate landscape material- both for the car parks and for Diagonal Road outside. There are a group of standard suburban houses on the other side of Diagonal Road, about 50 metres away. It responds to this context in ways that had been proposed overseas but not seen to any extent in Australia at the time: it is focused in a single broadly-read mass, absorbs colours and markings from the surrounding asphalt expanse, and then sweeps them upward, changing the colour to a vivid red and glowing timber brown, and spelling out parts of Marion's name in huge, stretched letters that can be seen from a car and from a passing driver's

peripheral vision. This is the difficult, but most honest route, to have taken in expressing immediate context: to substitute a garden-forest, or a bush and homestead form, as Salisbury did with their Bagster Road Centre, would not make visual sense in this setting, as it would deny the municipal connection to the neighbouring swimming centre and take no imagery or resonance from the Bunnings building.

Marion Cultural Centre provides a direct prototype for components in three major ARM projects: the Albury Library and Community Centre (2007), which gained a national award for public building design, and the Melbourne Central refurbishment of 2005-10, where the signage and linear sequencing of the Marion Centre had a major impact. Melbourne Central also uses several detail motifs seen in the Marion Cultural Centre, including a suspended baffle ceiling similar to that seen in the Marion entry foyer. The perimeter walling, folding over like waves into integral awning forms, has similarities to those developed in ARM's recent Perth Stadium.

Marion Cultural Centre's design values are reflected in its palpable success as a culture venue. The library lifted daily visits and book loans from 300 to 750 per day when opened, and attracted 800 new members per month after its opening. This meant the library had to take on the role of library centre for the municipality rather than being a branch, and the flexibility of the plan has allowed it to do so.

It is highly innovative in its construction:

a) the use of exterior copper planking, unique and "noble", in keeping with the long life expected of public buildings
b) The façade letters "M,A,R" are constructed in plate steel, are the structural support for the front half of the library building, the result of highly skilled local welding contractors
c) The use of sculpted and engraved precast concrete panels, a fine example of South Australia's leadership in concrete panel construction

d) Important low energy design incorporating mixed mode climate control (full A grade services to Gallery, full climate control to theatre and library, fresh air and low energy evaporative cooling to foyer/café area), water capture and aquifer recharging below plaza.

e) It is one of the earliest buildings designed in computer architectural software and built with the aid of computer generated 3D modelling in the State.

☐ **It has strong cultural or spiritual associations for the community or a group within it.**

☐ **It has a special association with the life or work of a person or organisation or an event of historical importance.**

Community Identity

"Another landmark venue is the Marion Cultural Centre. Built in 2001, the centre includes a theatre, library, café and art gallery. It has won international architectural awards…" Marion City Council

Annual Report "City Profile" 2009-10

The site has a significant profile, near the Marion Shopping centre, maintaining its presence by "being next to" this centre of the region

1. one of only a few cultural facilities in the southern suburbs: according to Google Maps one of only 2 art galleries (Gallery M and Splashout), in fact possible the only A grade rated gallery in this half of the city.
2. Domain Theatre is the home of award winning community theatre company Galleon.
3. Significant and busy regional library

The Marion Cultural Centre has significance as a leading example of work by noted Australian architects at a crucial turning point in Australia's architectural history. It is by Ashton Raggatt McDougall (ARM) with the noted Adelaide architects Phillips Pilkington, and is especially connected with Ian McDougall. McDougall was raised in Gawler, and is a Gold Medalist of the Australian Institute of Architects' Victorian Chapter (one of only five South Australians to have been so awarded in 100 years) and appointed professor of Architecture at the University of Adelaide in 2009. ARM have gained many major architectural design awards at national and state level, and Marion Centre was among the earliest, receiving the Award of Merit from the South Australian Chapter of the Royal Australian Institute of Architects. Marion Cultural Centre has gained coverage in seventeen different books and journals here and overseas. These are listed below, but among them are Domus in Milan, Cubes in Singapore, Frame in Amsterdam and The Encyclopedia of Australian Architecture, published by Cambridge University Press. This coverage is extraordinary for a local building designed in Australia. With John Wardle's University of South Australia buildings in North Terrace, it is the building that has most stood out in Adelaide for Australia's general architectural community in recent years.

Marion Cultural Centre is therefore both a significant design event in an Australian context, and an outstanding design by a group of architects which has won international recognition. It also embodies a major event in Australian architecture: the 'turn' to a detailed representation of suburban circumstance and possibilities, and a clear challenge to purist modern architecture that traditionally avoided engaging with local context.

Marion Cultural Centre is one of two ARM designs included in The Phaidon Atlas of Contemporary World Architecture: a worldwide anthology covering 1052 of the most notable world architecture produced between 1998 and 2001. Phaidon have published comprehensive books on world art and architecture for decades, especially modern architecture. The Phaidon Atlas includes 59 buildings from Australia, which it sees as an ascending architectural culture, and Marion Cultural Centre is the only one they include from South Australia. The commentary there cites the Marion Cultural Centre for its vital presence in an otherwise 'anonymous context' (p.62). They are selective in this atlas. The USA receives, altogether, 112 entries, Japan 72, the UK 68 and France 31. ARM's

other entry in Contemporary World Architecture is significant: it is their Museum of Australia in Canberra, also completed in 2001.

The Encyclopedia of Australian Architecture cites Marion Cultural Centre both in its Ashton Raggatt McDougall entry and in its specific entry on Ian McDougall. In the ARM entry Peter Raisbeck, senior lecturer at the University of Melbourne School of Design, ranks Marion Cultural Centre as a significant cultural and urban design commission in Australia, linking it to the Victorian Shrine of Remembrance Visitors' Centre, Melbourne Central, and the Melbourne Theatre Company, all by ARM and all coming after Marion Cultural Centre. In his specific entry on McDougall, Raisbeck returns to cite Marion Cultural Centre as 'one of his finest works, with a loggia whose construction and choice of internal lining material (timber scantlings of different sizes and dimensions) appears to be the product of the outsider art of the backyard shed tempered by a suburban intellect' in other words, a thoroughgoing response to a quintessentially suburban site and a modern suburban setting.

E. Additional Information

9. Images/Maps/Diagrams/Site Plans

A full range of images including maps, site plans, and photographs will help your nomination.

Please provide:

- a clear outline of the place or object being nominated within any maps or plans provided
- high quality images of the place or object (please list the total number of images being provided)
- the subject of each image
- the date each image was created
- the author of each image, and
- the copyright holder of each image (if known)

Paste images here:

SA Heritage Register

Nomination form

Government of South Australia
Department for Environment and Water

NOMINATION FORM

The South Australian Heritage Council is committed to transparency in relation to the listing process and wishes to enhance public confidence in the nomination, listing and decision-making process. The Council's policy is to make nominations for State heritage listing and submissions on provisional entries publicly available via webpage or to interested parties. The Council will adhere to the Privacy Principles and your name and personal details will not be released.

I/we [redacted] nominate Marion Cultural Centre, 287 Diagonal Road Oaklands Park 5046 to be heritage listed.

The information I/we have provided is correct to my/our knowledge.

Your Signature/s: [redacted] **Date:** 22 August 2018

A heritage officer may contact you to discuss aspects of the nomination.

Nomination Form Checklist

Please check that your nomination includes:

- ☐ A clear indication of the location of the place or object (including map/s). Where a number of features are nominated, show the location of each and/or a boundary surrounding the significant elements of the site.
- ☐ A history of the place or object explaining important aspects relevant to the nomination. This should generally help support arguments of cultural significance.
- ☐ A clear description of the nominated place or object/s.
- ☐ A statement of significance and indication on how the place or object satisfies one or more of the significance criteria.
- ☐ A heritage officer may contact you to discuss aspects of the nomination.

Email: DEWNRHeritage@sa.gov.au
Post: Executive Officer, South Australian Heritage Council
Department for Environment and Water
GPO Box 1047, Adelaide 5001

South Australian HERITAGE COUNCIL

SH/26497

For further information, please contact:
(08) 8124 4960

Heritage South Australia
Department for
Environment and Water

12 August 2019

The Corporation of the City of Marion
PO Box 21
Oaklands Park SA 5046
c/o – Heather Michell, Land Asset Officer, City of Marion
Email: heather.michell@marion.sa.gov.au

Dear Ms Michell,

RE: Marion Cultural Centre, Warracowie Way, Oaklands Park SA 5046, CT 5880/722 A3 D59367 Hundred Noarlunga

I am writing to advise that, at its meeting on 1 August 2019, the South Australian Heritage Council formed the opinion that your property meets one or more of the criteria for '*heritage significance*' under section 16(1) of the *Heritage Places Act 1993* (the Act).

Accordingly, it has been **provisionally entered** as a **State Heritage Place** in the South Australian Heritage Register (the Register). Please find attached the Notice of Provisional Entry.

Entry in the Register is formal recognition that your property is an important part of South Australia's rich non-Aboriginal heritage and should be afforded the protection provided to State Heritage Places by the Act and the *Development Act 1993*.

Under section 18 of the Act, you, as owner of the land has the right to make a **written** representation on whether you believe this provisional entry should be confirmed in the Register. Your representation must address the relevant heritage significance criteria in section 16[1] of the Act. Further information about how to make a written representation is contained in the attached fact sheet.

If you have any questions relating to the provisional entry of this Place, please contact Dr Louise Bird on (08) 8124 4869 or Louise.Bird@sa.gov.au

Yours sincerely,

Sher'ee Ellis
Register Clerk
Delegate of the South Australian Heritage Council

Attachment:

- Notice of Provisional Entry and attachments

South Australian
HERITAGE COUNCIL

NOTICE OF PROVISIONAL ENTRY IN SOUTH AUSTRALIAN HERITAGE REGISTER

NOTICE is given by the South Australian Heritage Council (the Council) under the provisions of section 17(4) of the *Heritage Places Act 1993* (the Act) that the place detailed below has been **provisionally entered** in the South Australian Heritage Register (the Register) as a **State Heritage Place**.

Place:	Marion Cultural Centre
Address:	Warracowie Way, Oaklands Park SA 5046
Title Information:	CT 5880/722 Allotment 3 Deposited Plan 59367 Hundred Noarlunga

The Council considers that the place meets the following criterion for '*heritage significance*' under section 16(1) of the Act.

(e) it demonstrates a high degree of creative, aesthetic or technical accomplishment or is an outstanding representative of particular construction techniques or design characteristics.

A fact sheet about the provisional entry of State Heritage Places is included as **Attachment A.**

A description of the Place and its significant features are in the Summary of State Heritage Place which is included as **Attachment B**. The Summary provides additional information about why your property is considered to have heritage significance.

A copy of the **SA Guide to Developing State Heritage Places** is included as **Attachment C**.

A submission form is included as **Attachment D** should you require it**.**

The provisional entry of your property in the Register will be advertised in a public notice in *The Advertiser* in the near future and the information will be published on the following webpage: www.environment.sa.gov.au/topics/Heritage/SA_Heritage_Register/entries-confirmations

For information available to owners of State Heritage Places, including publications and technical advice, please visit:

www.environment.sa.gov.au/topics/Heritage/Owning_a_heritage_place

State Heritage Places are subject to specific heritage provisions of the *Development Act 1993* and relevant local Council Development Plans (refer to **Attachment A**). If you are considering

conservation or development works that affect this State Heritage Place, advice from an experienced heritage consultant is recommended.

SUBMISSION FORM

South Australian Heritage Council

Submission on whether the entry of **Marion Cultural Centre** should be confirmed in the South Australian Heritage Register

The South Australian Heritage Council can only take into account heritage significance of a place as defined by the *Heritage Places Act 1993* (Act) when considering places for entry on the South Australian Heritage Register. Using the table below, please provide evidence or information to explain why you believe the place does or does not meet the criteria under the Act.

Criteria

Criteria under the *Heritage Places Act 1993*, section 16(1)	**Provide evidence or other information why you believe criteria applies or does not apply to this place**
(a) it demonstrates important aspects of the evolution or pattern of the State's history	
(b) it has rare, uncommon or endangered qualities that are of cultural significance	

(c) it may yield information that will contribute to an understanding of the State's history, including its natural history	
(d) it is an outstanding representative of a particular class of places of cultural significance	
(e) it demonstrates a high degree of creative, aesthetic or technical accomplishment or is an outstanding representative of particular construction techniques or design characteristics	
(f) it has strong cultural or spiritual associations for the community or a group within it	

(g) it has a special association with the life or work of a person or organisation or an event of historical importance	

Government of South Australia
Department for Environment and Water

SUBMISSION FORM

Declaration

The South Australian Heritage Council is committed to transparency in relation to the listing process and wishes to enhance public confidence in the nomination, listing and decision-making process. The Council's policy is to make nominations for State heritage listing and submissions on provisional entries publicly available via webpage or to interested parties. The Council will adhere to the Privacy Principles and your name and personal details will not be released.

I *[please write your name here]* wish to make a written representation regarding the provisional entry of **Marion Cultural Centre.** The information I have provided is correct to my knowledge.

☐ I **support** the confirmation of this provisional entry
☐ I **do not support** the confirmation of this provisional entry

I do / I do not *[please circle your choice* wish to appear personally before the Council to make oral representations.

Signature: *[please sign here]* Date: *[please add today's date]*

Please attach any relevant documents.

A heritage officer may contact you to discuss this submission.

Please provide your contact details here:
Phone: *[please add phone number here]* Email: *[please add email address here]*
Address: *[please add postal address here]*

This form must be received by 5pm on **12 November 2019.**

Please return the completed form to:
Executive Officer
South Australian Heritage Council
GPO Box 1047
ADELAIDE SA 5001
Email: DEWHeritage@sa.gov.au

GRIEVE GILLETT ANDERSEN

ARCHITECTURE
INTERIORS
URBAN DESIGN
HERITAGE

MARION CULTURAL CENTRE

HERITAGE ASSESSMENT REPORT

10 OCTOBER 2019

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COVER IMAGE: GRIEVE GILLETT ANDERSEN, SEPTEMBER 2019

REPORT NAME:	MARION CULTURAL CENTRE HERITAGE ASSESSMENT REPORT
FOR:	CITY OF MARION
JOB NUMBER:	19119

PREPARATION, REVIEW AND APPROVAL

REVISION #	DATE	PREPARED BY	REVIEWED BY	APPROVED BY
Preliminary	30.09.2019	EL / JM	ND	PG
Final	02.10.2019	EL	ND	PG
Updated Final	10.10.2019	EL	EC	PG

ISSUE REGISTER

DISTRIBUTION	DATE ISSUED	NO. OF COPIES	FORMAT
Heather Carthew, City of Marion	10.10.2019	--	PDF via email
Birgit Stroeher, City of Marion	10.10.2019	--	PDF via email

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1. INTRODUCTION

This report has been prepared by Grieve Gillett Andersen for the City of Marion, to provide an independent assessment of the heritage value of the Marion Cultural Centre. The Marion Cultural Centre was provisionally listed on the South Australian Heritage Register in August 2019. Designed by Ashton Raggatt McDougall in association with Phillips / Pilkington, the building was completed in 2001.

The compilation of this report has comprised the following tasks:

- Review of the provisional entry documentation including the Summary of State Heritage Place;
- Review of the place with consideration given to the original concept, which included a second building to the south east of the current building;
- A comparison with other select places with similar heritage values and/or characteristics of relevance;
- Review of the 2014 assessment for Local Heritage listing;
- Meeting with Council staff to discuss the listing, its implications, and Council's views;
- Assessment of the place against Section 16 criteria of the Heritage Places 1993, and relevant guidelines, to determine if it has heritage value when measured against those criteria;
- Identification of significant fabric that should be included as part of the listed place, which is to be determined in part through a detailed site inspection
- Preparation of a clear and succinct statement of significance for the place;
- Provision of a bibliography/reference list of documentary and other sources consulted in preparation of the report.

2. THE MARION CULTURAL CENTRE

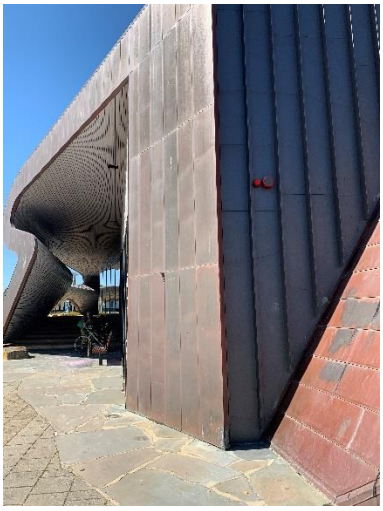
2.1. BUILDING FABRIC ANALYSIS

The Marion Cultural Centre presents a striking frontage to Diagonal Road and the reserve to its north western elevation. The built form incorporates the lettering of the word 'Marion' in the M, A and R, with the letters extruded into the building, and the 'R' forming the shaded walkway along the north western façade of the building. The remainder of the word is formed through a sculpture by Greg Johns forming the 'I', a landscape feature of stones with low plantings forming the 'O', and the 'N' consisting of a steel frame covered in climbing plants.

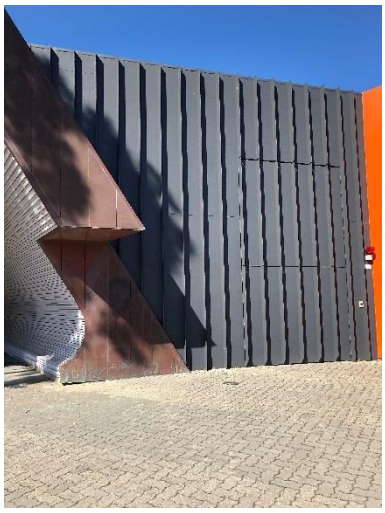
Marion Cultural Centre, part east elevation

Reverse view of landscaped area with 'N', 'O', 'I' features

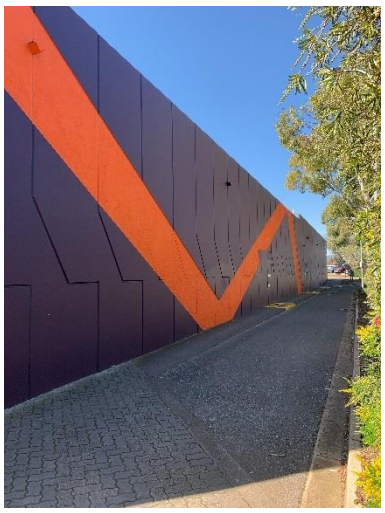
The building is finished externally in high quality materials, including copper cladding, steel fins, and precast concrete. The precast concrete external walls to the southern side of the building are of a high quality finish, but are more simply detailed than the primary Diagonal Road / Warracowie Way elevations. The interior of the 'R' colonnade is lined in timber battens.



Copper cladding



Steel cladding



Precast panelling

Bold colours of purple and orange feature externally, and are drawn into the interior of the library space through the extruded steel lettering that pushes into the library space. Custom joinery including library shelves, kitchen and meeting room cupboard continue the bold colour palette internally.

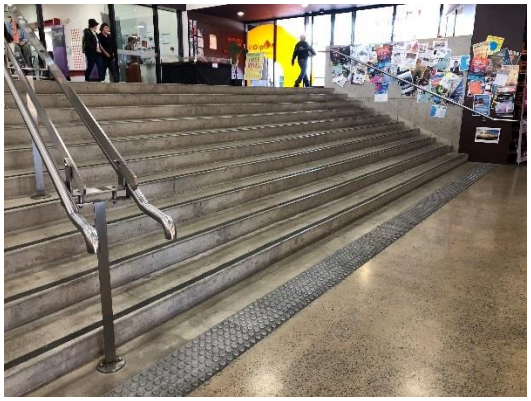
Steel fins, glazing and timber battens

Extruded letters into library space

Green room / meeting room joinery

The painted timber baffle ceiling runs through from the library into the atrium space, which is dominated by a concrete stair and ramp, with a large central raked concrete blade forming the side wall of the ramp and visually dividing the space. This split level volume then merges into the café space, which shares an entry way with the gallery to the western end of the building. The baffle ceiling terminates half way into the shopfront area of the gallery, and gives way to a simple suspended ceiling, which reflects the spare nature of the finishes in the gallery – concrete floor and white walls, partitions and ceilings, allowing the space to be used for gallery and adaptable display purposes.

Concrete ramp



Concrete stair

Gallery

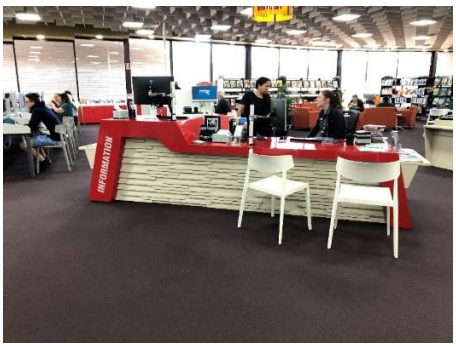
The theatre space features red coloured ply panelling to the walls and ceiling, some of which have perforated patterning. The centre ceiling graphics area stylised version of Leonardo's Creation of Adam but using screen cursor hieroglyphs. Ancillary spaces including toilets and staff offices are generally plainly finished, with wayfinding generally presented as orange text on a purple background or glazing. Glazing decals are designed to replicate braille lettering, with two sizes of dots understood to read 'Marion' and 'cultural centre'.

Theatre

Café and central space

'Braille' decals

Modifications to the library check in and book return have been made to suit changing delivery methods, as well as alterations to the back of house library staff areas. A custom designed wayfinding sign has been installed at the Diagonal Road frontage, which picks up successfully on the language of the building. Generally, the building retains a high level of integrity to its original configuration, and changes have been made in an appropriate way.



Reconfigured library desk

Artwork to ramp wall

Wayfinding sign

The original design concept for the building included a commercial and community tower development on the site of the existing carpark, as well as more extensive landscaping and works to the northern plaza area.

Plan indicating location of initially proposed second building (provided by City of Marion)

Proposed second building behind Marion Cultural Centre (provided by City of Marion)

A stormwater system was designed to control carpark runoff, then filter the water through a series of chambers to be potentially reused. The system was installed at the time of construction, but never functioned as intended. A series of investigations and reports concluded that the system was not constructed as per the original plans and cannot be used as per the intended design.

3. ARCHITECTURAL / STYLISTIC ANALYSIS

The Marion Cultural Centre has been provisionally listed as an outstanding example of Postmodern architecture in South Australia. Following is a discussion of the style of Postmodernism as well as consideration of the sub category of Deconstructivism, which the Marion Cultural Centre could also be considered to fall into.

A comparative selection of buildings is then described, to establish a contextual basis for the assessment of heritage value for the Marion Cultural Centre, including other buildings by ARM and Phillips Pilkington, as well as other heritage listed Postmodern buildings.

3.1. POSTMODERNISM AND DECONSTRUCTIVISM

3.1.1. POSTMODERNISM

Postmodernism in architecture was conceived in the 1950s as a reaction to the perceived failings of Modernism, which was seen to have a tendency towards austerity and lack of social engagement. The movement was introduced by the architect and urban planner Denise Scott Brown and architectural theorist Robert Venturi in their book Learning from Las Vegas.

The style flourished in the United States from the 1980s through the 1990s, particularly in the work of Scott Brown & Venturi, Philip Johnson, and Michael Graves. In the UK, James Stirling was an early proponent of the style, and European architects such as Aldo Rossi and Ricardo Bofill were known for their postmodern works.

In Australia, early engagement occurred through practices such as Edmond and Corrigan, and Gregory Burgess. A visit to Australia in 1974 by Charles Jencks was followed by the publishing in 1977 of *The Language of Post-modern Architecture,* in which Jencks put forward a theory of "two codes informing what he now termed a new convergence of approaches: a 'high' (understandable to architects) and a 'popular' (grasped by most people)." (The Encyclopedia of Australian Architecture). In the early 1980s architects such as Daryl Jackson, Bates Smart McCutcheon, and Denton Corker Marshall were designing buildings reflecting Jencks' theoretical posiiton.

In the late 1990s Postmodernism diverged into a multitude of new tendencies, including high-tech architecture, modern classicism and deconstructivism.

Some notable Postmodern buildings include the following:

Glass House Pavilion, Philip Johnson (1995)

Groninger Museum, Alessandro Mendini (1994)

Dancing House, F Gehry (1996)

The style often fragmented large buildings into several different forms and structures, sometimes representing different functions of those parts of the building. Postmodern buildings are rarely symmetrical, and often utilise tilting, leaning and asymmetrical components.

Postmodernism also valued the importance of semiotics and symbolic representation in architecture, demonstrated through built form as well as layers within the interiors of buildings.

Art Tower, Isozaki Arata (1986-90)

Neue Staatsgalerie, James Stirling (1977-84)

Vanna Venturi House, Robert Venturi (1964)

Powerhouse Museum, Philip Cox Richardson Taylor & Partners (1988)

Postmodernism, in the words of Robert Venturi, offered complexity and contradiction. Postmodern buildings had curved forms, decorative elements, asymmetry, bright colours, and features often borrowed from earlier periods. Colours and textures were often unrelated to the structure or function of the building. While rejecting the "puritanism" of modernism, it called for a return to ornament, and an accumulation of citations and collages borrowed from past styles.

In a planning sense, Postmodernism also rejected the large scale car based urban blocks of Modernist planning, and promoted a greater consideration for the street frontage, and a responsiveness to a diverse urban context.

> The Encyclopedia of Australian Architecture concludes its entry on Postmodernism with this statement:
>
> ".. Pluralist and Postmodern architecture's original breadth of engagement and critique made its ideas extraordinarily resilient. The changes to spatial treatment, the collision of plan form and materials, the knowledgeable and specific reference to context, the sense for monumentality through compression of narrative and projected meaning, the importance of the city in Australian architectural thinking, and the heightened awareness of suburban form and culture, are all still relevant and pursued by Australian architects. There is no sense that these ideas are exhausted or will be easily dismissed."

Ian McDougall describes the Marion Cultural Centre as "align(ing) with Venturi and Scott Brown's advocacy based design based in the built fabric of modern vernacular in the suburbs..... The design incorporates a pluralist collage of influences and inspirations. We were trying to make something that would bring joy and a more sensorial experience for the everyday user, that had curiosities and elaborations that engage aspects of knowledge and history that people are usually intrigued by – the building that gets richer with each visit. It was trying to make something more interesting than the increasing trend to the minimalist, the vacant, the stylish."

3.1.2.DECONSTRUCTIVISM

Deconstructivism is a movement of Postmodern architecture which appeared in the 1980s, and was characterized by an absence of harmony, continuity, or symmetry. Deconstructivism rejects one of the Postmodern premises of embracing historical references, and uses integral ornamentation rather than applied decoration.

Besides fragmentation, Deconstructivism often manipulates the structure's surface skin and creates non-rectilinear shapes which appear to distort and dislocate elements of architecture. The finished visual appearance is characterized by unpredictability and controlled chaos.

Notable Deconstructivist buildings include:

Imperial War Museum, Liebskind (2002)

UFA-Palast, Coop Himmelb(l)au (1998)

Federation Square, Lab/Bates Smart (2002)

3.2. COMPARATIVE ANALYSIS

The following section seeks to provide contextual information about relevant buildings by the architects of the Marion Cultural Centre, as well as examples of heritage listed buildings of a similar stylistic type.

3.2.1. ARM

Ashton Raggatt McDougall (ARM) was formed in 1988 through the merger of Ashton & Raggatt Architects with Ian McDougall, and is regarded as one of Australia's most innovative and influential design practices.

The introduction on their website states:

"We have an international reputation for creating culturally significant buildings and precincts that stretch the boundaries of architectural and urban thought. We are known for immersing ourselves in the culture, history, usage or environment of a project and incorporating those elements into our design work.

Our successful innovation relies on a strong ethos of research. This supports the social and contextual, the technical and the design aspects of our work. Many of our projects demand intelligent, tailored solutions in response to complex briefs. We see our projects through to completion and beyond because we understand that creativity and innovation are only valid if the outcomes are solid, reliable and hardworking."

Earlier works by the practice including Storey Hall (1992-95), and the St Kilda Library extension (1992), demonstrated their ability to experiment with form making, whilst also exploring the possibilities made available with digital software programmes. Other significant buildings include:

- National Museum of Australia 2001
- Albury Library Museum 2007
- National Museum of Australia Café and Workplace 2013
- Geelong Library and Heritage Centre 2015

Within South Australia, aside from the Marion Cultural Centre, ARM have completed internal fitout works to the University of Adelaide Common Teaching Areas in the Engineering faculty. They are currently engaged to oversee delivery of Stage 2 of the Adelaide Festival Plaza Precinct Masterplan, Stage 1 having been completed in 2014.

Adelaide Festival Plaza Masterplan (2013 – present)

Uni of Adelaide Common Teaching Areas (2018)

ALBURY LIBRARY + MUSEUM

Completed in 2007, this building continues the ARM approach to local investigation and architectural placemaking evident in their earlier Marion Cultural Centre. This scheme references regional elements such as river features and trees, local buildings, railway carriages and bridges to embody a sense of place. This approach was intended to be literal and clear, making it legible for the broader community.

This facility was designed as a part of a wider cultural precinct upgrade masterplan including a public square and associated landscape, reaching out to the surrounding urban context and linking to existing community and cultural facilities. It forms a key element in the masterplan as a strategic urban landmark and a beacon for the area.

The combined Library and Museum program brings together two cultural institutions which would typically be housed separately, allowing for cross pollination of ideas and events and attracting visitors from one to the other. Geometric forms and bold colours clearly locate this building as part of the ARM stable. The recipient of a number of state awards and a national award, this complex is both highly regarded by the architectural community and well-used by local residents and visitors.

Albury Library and Museum (2007)

GEELONG LIBRARY AND HERITAGE CENTRE

The Geelong Library and Heritage Centre was designed by ARM and completed in 2015. It celebrates the tradition of great libraries, but in an innovative and non traditional form of building. It combines the functions of library, gallery, café, function facilities, and Heritage Centre. The centre has become a hub in the centre of Geelong, and was recognised by the architectural community with several awards including for public and interior architecture.

Geelong Library and Heritage Centre (2015)

3.2.2. PHILLIPS / PILKINGTON

Phillips / Pilkington Architects was formed in 1992 by Susan Phillips and Michael Pilkington. The practice has built a portfolio of successful projects in the cultural, commercial and education sector. The practice is founded on the design philosophy of cultural context; a sense of place; accommodating people; the potential of materials; collaboration; environmental responsibility; and community enhancement.

PORT PIRIE REGIONAL TOURISM AND ARTS CENTRE, PORT PIRIE

A combination of converting the existing 1960s's railway station and a new gallery extension, the project provides a visitor centre, bus terminal auditorium and regional gallery. The project integrates the aspirations of the community, with the design outcomes of architects, artist and landscape planners working collaboratively together. Reference is made to Port Pirie's industrial heritage with the integration of local products in the building fabric, including lead, copper and zinc as functional and decorative elements together with interpretive artwork. The building was completed in 1995 and received awards from both the RAIA and State Tourism in that year.

Port Pirie Regional Tourism and Arts Centre, (1995)

MCLAREN VALE AND FLEURIEU VISITOR CENTRE

Completed in 1998, this building sits like a winery within the landscape. The rammed earth wall and structural frame of recycled timber, together with the other natural materials, help create an iconic destination. The building is very much related to its location and conveys a sense of understanding the locality well in the design. The building was awarded a Civic Trust Award in 1998.

McLaren Vale and Fleurieu Visitor Centre, 1998

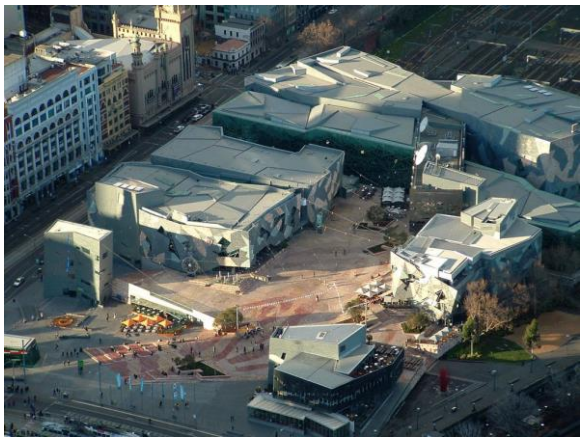
3.2.3. COMPARABLE HERITAGE LISTED BUILDINGS IN AUSTRALIA

FEDERATION SQUARE, MELBOURNE

Federation Square was designed by Lab Architecture + Bates Smart as a competition entry to provide Melbourne with a designated civic space. The competition occurred in 1997 and drew a wide range of national and international entries. The complex of buildings and plazas was completed in 2003 and is considered an example of the late Deconstructivist style.

Federation Square was entered into the Victorian Heritage Register in August 2019, and is considered to be of significance for a number of reasons, including for its design and prominence in the Melbourne landscape. The citation states:

> "Federation Square is aesthetically significant for its design and prominence in the central Melbourne landscape. The Committee considers that the Place displays a high quality and individual design aesthetic. The Place adopts a design language, building materials and landscaping which together create a balanced ensemble of diverse but complementary structures and a distinctive sense of place. The ability to appreciate the aesthetic qualities are heightened by the degree of intactness and integrity of the Place. Federation Square is a place of critical acclaim having received numerous architectural awards for its design."



Federation Square (2003)

FORMER MOWBRAY COLLEGE PATTERSON CAMPUS, MELTON CITY

Mowbray College was an independent community school established by local residents in Melton in 1983. In 1982 Patterson had commissioned the Melbourne architect Norman Day to design new school buildings, and together they developed a master-plan based on a village concept, with low-cost domestic-scale classrooms and communal buildings connected by walkways. The buildings were designed by Norman Day + Associates in the Post-modern idiom of the 1960s-1980s.
The citation for the place notes:

> "The former Mowbray College Patterson Campus is notable as a rich and innovative example of architectural Post-modernism. It is considered to be an exemplar of the style in Victoria, and references and celebrates the surrounding suburban building typologies, forms and materials. It is an inventive and intact example of 1980s school design and planning and an important example of the reforming school designs of the period. It is significant as a large collection of buildings in a consistent style and constructed within a relatively short period of time which were designed to provide an informal and humanised educational environment reflecting contemporary educational ideals and drawing on the notion of the school as a village."

Former Mowbray College Patterson Campus, various buildings (1992-1997)

ST MICHAEL AND ST JOHN CATHOLIC CHURCH, HORSHAM

The Church of St Michael and St John is a brick building with a complex design and a plan based on the geometry of two overlapping circles. The domestic treatment of the north side of the building, with its small scale, verandah with blue columns, and polychrome brickwork, metamorphoses at the apse end into monumental folded masses of polychrome brick which conceal the roof and enclose the curved spaces off the nave. The organic quality of the building is demonstrated in the undulating walls, oozing mortar, and handmade quality, particularly evident in the detailing of the doors, the altar furniture, brickwork and stained glass.

The Church of St Michael and St John was designed by the Melbourne architect Gregory Burgess. The building, with its symbolic program and references to the local vernacular, was a marked departure from the abstract modernist forms of the post-World War II period. In 1987 the church was awarded the RAIA (VIC) Architecture Medal for most outstanding work across all categories and the Victoria Brick Manufacturers Institute Inaugural 'Excellence in Clay Brick Architecture' Award. The citation notes:

> "The Church of St Michael and St John is architecturally significant as one of Victoria's most expressionistic and original church buildings of the second half of the twentieth century. It is a highly individual design which, with its complex religious symbolism and contextual references, demonstrates the move away from the abstractions of modernism which had dominated architectural thinking from World War II up to the 1970s. The Church is architecturally significant as a major work of the internationally-renowned architect Gregory Burgess, who is known for his culturally sensitive designs and his participatory design approach. In 1987 Burgess was awarded the RAIA (Vic) Architecture Medal for the church, and in 2004 he received the RAIA's Gold Medal, the Australian architecture professions' highest accolade, for his body of work."

St Michael & St John's Catholic Church (1987)

FORMER CHAPEL OF ST JOSEPH, WHITEHORSE CITY

The Former Chapel of St Joseph was designed by architects Maggie Edmond and Peter Corrigan, and built between 1976-78. The modest scale and materials of the Former Chapel of St Joseph reflect the local vernacular architecture which consists largely of post-World War II housing.

The Former Chapel of St Joseph has been described by architectural historian Philip Goad as 'one of the pivotal buildings of the 1970s' which exemplified the beginnings of Postmodern architecture in Victoria. It won the 1983 Royal Australian Institute of Architects (RAIA) (Victorian Chapter) merit award for Outstanding Architecture in the New Buildings Category. In 2003 it won the RAIA (Victorian

Chapter) inaugural 25 Year Architectural Award and Peter Corrigan won the RAIA National Gold Medal. Edmond & Corrigan have continued to develop their ideas and designs through a range of building types, and have been acknowledged by numerous awards for their contributions to the architectural field. The citation for the place notes:

> "The Former Chapel of St Joseph is architecturally significant as one of the first examples of Postmodern architecture in Victoria. Completed in 1978, the Former Chapel of St Joseph is an early work of architects Edmond & Corrigan, and its small scale, materials and architectural style are reminiscent of local vernacular architecture. The Roman Catholic Church's Second Vatican Council injunction that, "... when churches are to be built, let great care be taken that they be suitable for the celebration of liturgical services and for the active participation of the faithful" is evident in the modest scale and interior layout of the Former Chapel of St Joseph, reflecting the shift of focus from the clergy to the congregation. The Former Chapel of St Joseph won the 1983 RAIA (Victorian Chapter) award for Outstanding Architecture in the New Buildings Category, and the RAIA (Victorian Chapter) 25 Year Architectural Award in 2003, demonstrating its architectural significance and its enduring architectural merit."

Former Chapel of St Joseph (1976-78)

3.2.4. COMPARATIVE BUILDINGS IN SOUTH AUSTRALIA

ADELAIDE FIRE STATION

Designed by Rod Roach in partnership with Woodhead Australia between 1976 and 1983, the Adelaide Fire Station is identified as an outstanding example of postmodern architecture. The new building subtly references the building it replaced through the use of red brick and reinterpreted classical elements of columns, portico and plinth.

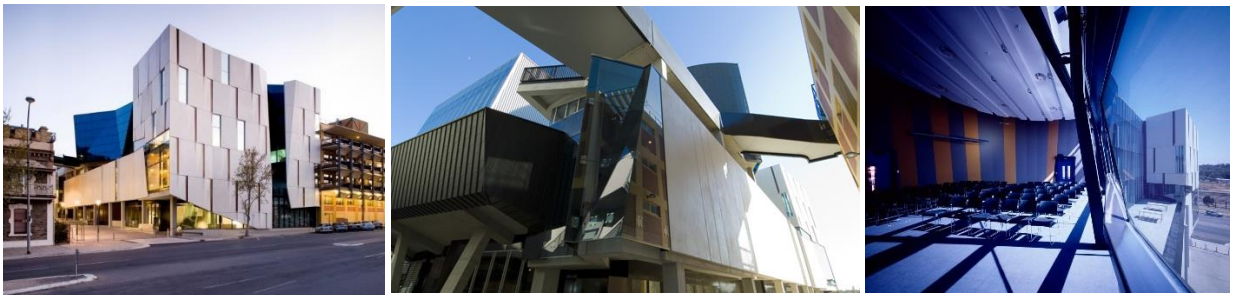
The building was recognised as a design exemplar being awarded the 2009 Jack Cheesman 25 Year Award for Enduring Architecture.

The Adelaide Fire Station was entered in the South Australian Heritage Register in 2015.

Adelaide Fire Station (completed 1983)

HAWKE BUILDING, UNIVERSITY OF SOUTH AUSTRALIA

The Hawke Building houses important public programs as well as university facilities, and was designed by John Wardle Architects in a joint venture with Hassell in 2004 to 2007. A key player in the strategic revitalisation of the University of South Australia campus as well as the western end of Adelaide city, this building elevates the university's civic presence and reflects its value as a public institution. It has received recognition through South Australian and national awards.



Hawke Building, University of South Australia (2007)

NATIONAL WINE CENTRE

Designed by Cox Architecture in association with Grieve Gillett and completed in 2000, this cultural and educational centre showcases the state's wine industry in a series of museum and events spaces. The building creates a sequential pathway of internal and external space to order the site and to connect with adjacent historic buildings. The curved exterior employs natural materials to reference wine barrels and vineyards, and presents a strong local landmark to a busy street corner. It gained an award of merit in the 2002 AIA awards.

National Wine Centre (2000)

3.3. CONTEXTUAL ANALYSIS

When viewed contextually against other examples of Postmodern and Deconstructivist buildings, The Marion Cultural Centre is an outstanding example reflecting aspects of both styles. It demonstrates key stylistic aspects including the overlapping of plan form and materials, and the specific (and locally grounded) reference to context. More specifically, the building demonstrates the following:

Stylistic aspects of Postmodernism:

- Clear and knowledgeable reference to site context;
- The importance of semiotics and symbolic representation, through coded wall and ceiling surfaces;
- Urban Design (responds to context, presents a legible streetscape, forms part of a layered collage of styles / histories / stories, and is a contrast to the Modernist Urban Planning that surrounds it)
- Use of bold colour integral to structural elements as well as fixtures and joinery within the building envelope.

Stylistic Aspects of Deconstructivism:

- Fragmentation and distortion of the building form;
- Complex geometry and a reliance on CAD systems to document and construct the project
- Ornament / decoration is integral and meaningful rather than applied.

3.4. HERITAGE LISTED PLACES IN THE CITY OF MARION

The City of Marion contains 13 State Heritage listed properties (14 including the provisionally listed Marion Cultural Centre). The council area contains 55 Local Heritage properties, and has no State Heritage Areas or contributory items within policy areas.

The fourteen State level listed sites are:

Place name	Address	Date (if known from Heritage Database / Survey)
Dwelling ('Wattiparinga') and Vineyard	Selgar Avenue, Clovelly Park	c1889 (vineyard); 1902 (dwelling)
Original Cottage & Stone Outbuilding (Albion House & Cottage)	Sturt Road, Dover Gardens	Original cottage c1842; House and outhouses unknown
Glandore Community Centre (Former Boys Home, later Windana Remand Home)	Naldera Street, Glandore	1890
Dwelling (former Hamilton's Winery)	Morphett Road, Glengowrie	c1855
Hallett Cove Conservation Park, Sandison Reserve & environs Geological Site	Clifftop Crescent, Hallett Cove	Geological Site
Worthing (Hallett) Mine Site (including Mine, Chimney & Pump House)	Lonsdale Highway, Hallett Cove	1847-1860
Marion Uniting (former Wesleyan Methodist) Church	Township Road, Marion	1862 (Church); 1892 (Hall); 1906 (Classrooms)
Old (1913) Grandstand, Morphettville Racecourse	79 Morphett Road, Morphettville	1913
Hallett Bridge [Stone Arch]	Main South Road, O'Halloran Hill	1867
Christ Church Anglican Church	1708 Main South Road, O'Halloran Hill	1848
Former 'Lizard Lodge' Coachhouse, Smokehouse, Underground Tank and Cellar and Former Army Remount Depot Ammunition Magazines, former Glenthorne CSIRO Field Station	Majors Road, O'Halloran Hill	various
Shri Ganesha Temple	Dwyer Road, Oaklands Park	2001
Marion Cultural Centre (provisional)	Warracowie Way, Oaklands Park	2001

Warriparinga, including Fairford House (sometime Laffer Residence), Coach House (former winery) and Grounds	Sturt Triangle, Sturt	From 1853

Of the fourteen State listed sites, three are in Council ownership: Warriparinga, the Glandore Community Centre, and the Marion Cultural Centre.

4. SUMMARY OF NOMINATION AND PROVISIONAL LISTING

4.1. SUMMARY OF NOMINATION REPORT

The nomination of the Marion Cultural Centre has been prepared by someone with relatively detailed knowledge of the building and of architectural terminology. The nomination states "Marion Cultural Centre is one of only a few South Australian buildings completed in the period 1990 – 2010 which embody the ideas of international Post Modernism and one of the best in the country". This is attributed to it being:

- *A building made of words, a cultural building and in particular a Library (typography, nature of communication, questions of knowledge and information);*
- *Building made of the name of its location referring to the loss of identity of community (the place name / identity transferred to the giant Westfield shopping centre);*
- *Building as road side sign capturing ideas of suburban space and the nature of suburban figure and ground built fabric.*

The nomination asserts that the place meets criteria (e), being of 'a high degree of creative, aesthetic or technical accomplishment' and (g), having 'a special association with the life or work of a person'.

Key points of nomination against criterion (e):

- '*significant design aspects: scale and monumental presence expresses its local identity with a bold and proud demeanour'*
- *'engages in difficult context'*
- *'innovative in its construction – use of copper planking "unique and noble"; façade letters M, A, R of steel plate "the result of highly skilled local welding contractors"; use of sculpted and engraved precast concrete panels "a fine example of South Australia's leadership in concrete panel construction"*
- *One of the first buildings designed in computer architectural software*

Key points of nomination against criterion (g):

- *"a leading example of work by noted Australian architects ARM with noted Adelaide architects Phillips Pilkington, and is especially connected with Ian McDougall"*
- *Nomination suggests that level of international exposure in journals and publications is noteworthy: "Marion Cultural Centre is therefore both a significant design event in an Australian context, and an outstanding design by a group of architects which has won international recognition".*

4.2. SUMMARY OF SA HERITAGE COUNCIL SUMMARY OF STATE HERITAGE PLACE

Key points from the Summary of State Heritage Place:

- *"An outstanding example of postmodern architecture in South Australia, and a model of semiotic design";*
- *"Displays a high degree of creative and aesthetic accomplishment through the variety and high quality of its external cladding and internal finishes".*
- *"The Marion Cultural Centre was identified as an exemplar of Postmodern architecture and was one of the places specifically included in ARM's body of work that led to them receiving the gold medal."*

The summary of the place's heritage value identifies the Marion Cultural Centre as only meeting criterion (e), and not criterion (g) as proposed in the nomination report, although the summary does reflect on the importance of the recognition ARM have received in the architectural community.

4.3. REVIEW OF LOCAL HERITAGE ASSESSMENT (CITY OF MARION LOCAL HERITAGE REVIEW, 2014)

As part of the City of Marion's Local Heritage Review in 2014, the building was assessed against **Local heritage** criteria. The finding of that assessment was that the Marion Cultural Centre met the following criteria:

- *criterion (a) – it displays historical, economic or social themes that are of importance to the local area*

  The assessment determined that (a) does apply, with the building "significant as a local cultural centre (important to growing community)"

- *criterion (d) – it displays aesthetic merit, design characteristics, or construction techniques of significance to the local area*

  The assessment determined that the building is of "aesthetic merit as a local exemplar of late 20th century figurative style architecture (see New Directions in Australian Architecture, Goad, 2001) – referencing social meanings in architectural form Style references incorporation of the letters "MARION" in facades.

Interestingly, the extent of listing determined in the local assessment was the "Building including 'MARION' figures and associated facades -Diagonal Road Façade, Warracowie Way façade - to a depth of 10 metres behind each façade and 'I' freestanding steel sculpture and 'O' stone wall landscape feature between façade and Warracowie Way". There was no mention of the 'N' frame, or the interior beyond the 10m zone.

5. ASSESSMENT OF SIGNIFICANCE

5.1. ASSESSMENT AGAINST SECTION 16 CRITERIA OF THE HERITAGE PLACES ACT 1993

(a) it demonstrates important aspects of the evolution or pattern of the State's history;

The place is not closely associated with an event or period in SA history of note, criterion (a) does not apply.

(b) it has rare, uncommon or endangered qualities that are of cultural significance;

The place does not demonstrate a way of life, social custom, process or use that is in danger of being lost or of exceptional interest, criterion (b) does not apply.

(c) it may yield information that will contribute to an understanding of the State's history, including its natural history;

As it is of relatively recent construction, the building does not yet have the ability to contribute to an understanding of the state's history, criterion (c) does not apply.

(d) it is an outstanding representative of a particular class of places of cultural significance;

The place is representative of a class of places that can broadly be defined as cultural centres, and is considered a notable example, given the functions contained within it, and their functional relationship to each other. However it is not considered that it sufficiently meets this criterion at State level.

(e) it demonstrates a high degree of creative, aesthetic or technical accomplishment or is an outstanding representative of particular construction techniques or design characteristics;

The Marion Cultural Centre is an outstanding and innovative example of a building that displays Postmodernist and Deconstructivist features. It is rare if not unique in South Australia in this respect. It demonstrates a high degree of design skill and originality, that is still grounded in place, providing the City of Marion and the wider community with an instantly identifiable landmark building that responds to its context as far as the limitations of its urban surroundings allow.

The physical form of the building and immediate integrated landscape elements clearly demonstrate a high level of creative and aesthetic achievement, and retains a high degree of integrity both externally and internally.

The Marion Cultural Centre has been widely recognised by the architectural community locally, nationally and internationally through numerous awards, publications in respected journals and the awarding of the Australian Institute of Architects Gold Medal to ARM in 2002.

(f) it has strong cultural or spiritual associations for the community or a group within it;

The Marion Cultural Centre has strong cultural meaning within the Marion community. It is considered that this criterion is not met at a state level, however, and that the community importance assigned to the building applies at a local level.

(g) it has a special association with the life or work of a person or organisation or an event of historical importance.

Architect Ian McDougall is a prominent figure in the architectural profession but does not live in SA (although born in Gawler), and is not be considered to be of historical importance to the state.

ARM have developed an extensive body of work and are recognised internationally as innovators in architecture. It is considered that within the not too distant future, this collection of buildings will likely be viewed in a similar way to the buildings of architects like Frank Lloyd Wright, and in Australia, Robin Boyd, where buildings and places assume a level of significance simply by their association with the person or entity that created them. This is of importance but at the present time, and given the limited body of ARM's work in South Australia, it is considered that Criterion (g) does not yet apply.

Phillips / Pilkington have also developed a body of work since their establishment in 1992, and have earned numerous awards in South Australia, as well as being represented at the Venice Biennale twice, however as above, at the present time it is considered that criterion (g) does not apply.

5.2. STATEMENT OF SIGNIFICANCE

The Marion Cultural Centre is an outstanding and innovative example of a building that displays Postmodernist and Deconstructivist features. It is rare if not unique in South Australia in this respect. It demonstrates a high degree of design skill and originality, that is still grounded in place, providing the City of Marion and the wider community with an instantly identifiable landmark building that responds to its context as far as the limitations of its urban surroundings allow.

The building is an excellent representation of ARM's increasingly well regarded body of work, and in time will likely assume a greater level of significance through its association with the practice.

The physical form of the building and immediate integrated landscape elements clearly demonstrate a high level of creative and aesthetic achievement, and retains a high degree of integrity both externally and internally.

The Marion Cultural Centre has been widely recognised by the architectural community locally, nationally and internationally through numerous awards, publications in respected journals and the awarding of the Australian Institute of Architects Gold Medal to ARM in 2002.

5.3. CONCLUSION

The conclusion reached in this report is that the Marion Cultural Centre should be formally listed in the South Australian Heritage Register as a State Heritage Place, clearly meeting criterion (e) of Section 16 of the Heritage Places Act 1993. The place is also considered to have local heritage value to the community.

As the heritage value of the place is specifically associated with its architectural merit, it is important that the extent of listing be clearly defined, to understand which components and aspects of the building and its context should be retained, and where there is greater opportunity for adaptation and change. However it should also be noted that heritage places are powerful repositories of community, memory and belonging, and the Marion Cultural Centre both through its architectural skill and by the nature of its functions, excels as such a repository.

6. EXTENT OF LISTING

6.1. PROVISIONAL EXTENT OF LISTING

The provisional listing describes the elements with heritage significance as being:

- The form of the building and the materials it is clad in, including steel fin grilles, steel plate, copper sheeting, concrete formwork, timber batons. This also includes the internal structure and cladding of MA that splices through into the building and the internal structure of the R that is extruded down the side of the building;
- The associated landscape that creates ION in MARION, including the sculpture I, rockwork O and frame N that is clad in climbing plants. While the variety of plant is not of significance, the design intention was for the structure to be clad with climbing/creeping vegetation;
- Morse-coded timber ceiling panels in the theatre;
- Hanging timber panel baffle to ceiling throughout the building;
- Braille panel on glazing facing Warracowie Way;
- Timber panelling on corridor to theatre;
- Internal stairs and ramp to library space.

Elements excluded from the heritage listing include:

- Fittings and fixtures in offices, meeting rooms, library, café, kitchen and public and staff toilets;

- Ceiling types other than hanging timber panel baffle and Morse-coded timber ceiling in the theatre;
- Track lighting and partition walls in the gallery;
- Theatre fittings, fixtures, lighting, seating (other than the Morse-coded timber ceiling panels);
- The landscaping to the rest of the building;
- The carpark (noting that the wayfinding and parking number markings are of interest.)

6.2. PROPOSED AMENDMENTS TO EXTENT OF LISTING

Amendments to the extent of listing for the Marion Cultural Centre are proposed, with the following inclusions and exclusions identified to provide greater clarity for future works.

Inclusions:

- Form of the building and materials should also note the precast panels, external colour scheme, and internal colour scheme specifically to the extruded steel letters within the library, orange steel elements within the café space, and theatre ply panelling (with regard to the precast panels to the south of the building, it is considered that these are of significance but could be adapted to accommodate a new building adjacent as they are of a simpler and more adaptable nature than the primary frontages;
- The description of the associated landscape that creates ION in MARION should also define the negative space between each of these elements (either grass or low plantings)
- Plan form of the building including current extent of library, foyer, theatre, gallery and shop, Sturt Room and Green Room spaces;
- "Morse-coded timber ceiling panels in the theatre" should be expanded to include wall panelling;
- "Timber panelling on corridor to theatre" should be expanded to include ceiling panelling;
- Floor finishes – polished concrete should be retained (however additional floor coverings could be installed over the top on a temporary, reversible basis); carpet to library should be retained as a block colour, not patterned, when replacement required;
- Dual purpose joinery to Green Room / Meeting Room adjacent theatre – use of block colour laminate should be continued if replacement required;
- Internal wayfinding signage including orange text and graphics;
- Additional landscape elements should be included – paving and concrete floor finishes within the extruded 'R' undercroft, and gravel bed under the eastern steel brise-soleil.

Exclusions

- The western plaza from the building edge including tree plantings, (noting that this space can be redeveloped but should remain as an open civic space);
- Water recycling system;
- Roof mounted plant and equipment;
- Mechanical services internally;
- Light fittings and AV systems;
- Seating and stage to theatre;
- Fire services equipment including fire extinguishers;
- Internal fittings and fixtures and joinery to WCs, library back of house space, theatre storage area, and gallery back of house;

- Specific planting species (noting that the design intent and character should be maintained through use of predominantly native and low growing plants);
- External items: rubbish bins, Council bollards, light poles and banners, planter boxes, tree protection railings, and conventional parking signs.

6.3. DEVELOPMENT APRROVALS AND OPPORTUNITIES

6.3.1. DEVELOPMENT APPROVAL REQUIREMENTS

With the State Heritage listing of the building comes the requirement to obtain development approval for certain works. These works include:

- A subdivision or boundary realignment;
- a change of use, or introducing an additional use;
- alterations and additions;
- new buildings or structures - including carports, pergolas, decks and sheds;
- conservation, repair and remedial works - including masonry and plaster, re-pointing, underpinning, undersetting, salt damp repair, damp courses and crack repair;
- excavation, demolition or relocation;
- re-roofing, and replacing gutters or downpipes;
- electrical wiring or plumbing in areas of heritage significance;
- painting, including changes of exterior or interior colour schemes;
- interior works affecting historic fabric;
- air conditioning, solar panels, aerials, antennas and satellite dishes;
- other external works such as signage, fencing, paving, tanks and tree removal;
- any other work that could materially affect the heritage value of a State Heritage Place.

This should not be viewed necessarily as a restriction on making changes to the place, but does require due process to be followed. Recent examples of State listed buildings undergoing substantial works, such as Her Majesty's Theatre and Adelaide Oval, provide precedents for large scale interventions, noting that the reasons for listing can be varied, and the assessment of any development proposal will be based on the impact on the significance of the place.

Works that generally do not require approval include:

- Carpet laying or floating floors, where there is no glueing or nailing of underlays to the floor, and no trimming of doors for clearance;
- Installation of ceiling insulation;
- Installation of curtains or internal blinds;
- Routine maintenance—defined in the Burra Charter as "the continuous protective care of the fabric, contents and setting of a place"—that does not involve repair or replacement. For example:
    - Cleaning out gutters, downpipes and drains;
    - Re-fixing loose roof sheets or cappings.

Interior alterations

Proposed alterations to internal spaces within the Marion Cultural Centre identified as excluded from the extent of listing, will be straightforward and can be undertaken as required to support the function of the building.

Alterations to spaces nominated as included in the extent of listing should be viewed as opportunities to upgrade, but in an appropriate manner. This may include considering colours and finishes that are contextually appropriate to the space.

Exterior alterations

The external form and materiality of the Marion Cultural Centre is intrinsic to its heritage value. Limited changes will be possible to the materials and form of the building, although potential exists to modify the southern precast concrete façade to facilitate adjacent development, subject to the detail of the proposal.

Development of the plaza area would be feasible to achieve a more useable and welcoming outdoor public place. This should be the subject of a detailed design exercise to ensure any scheme put forward for approval is appropriate to the context of the building, particularly in regards to visual impact. The landscaped area containing the 'I', 'O', and 'N' should be retained in their existing configuration, but there is some flexibility in the selection of plantings and path configuration. There should be consideration given to maintaining a defining edge between the 'R' colonnade and any landscaping, but it is considered that there is a fair amount of flexibility in the development of the plaza area and loading dock area. There is also an opportunity to provide a more defined entry point from the Diagonal Road footpath to the eastern entry into the 'R' colonnade.

Adjacent Development

It is considered in light of the original (unbuilt) design proposal, development potential clearly exists for the car park site to the south of the building. Any proposal should consider the relationship to the Marion Cultural Centre in terms of scale, form and materiality, and should acknowledge the symbolism of the approach to car park markings and wayfinding.

6.3.2.OPPORTUNITIES AND BENEFITS

Owners of State Heritage Places, including local government organisations, are eligible to apply for funding through the South Australian Grants Program. The program exists to support works that conserve and protect the heritage values of a place, including provision of professional advice and documentation. Funding is available on a dollar for dollar basis, across three categories, with the maximum grant available being $20,000 (as at 2019).

Further information on the Grants Program is available by contacting Heritage South Australia on 8124 4861, or visiting https://www.environment.sa.gov.au/topics/heritage/heritage-grants where further information and fact sheets are available.

Other grant sources for heritage places also become available through community and Commonwealth Government programs.

Owners of State Heritage Places can also contact Heritage South Australia for free advice regarding proposed works, details of suitably qualified contractors, and other advice.

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South Australian
HERITAGE COUNCIL

SUMMARY OF STATE HERITAGE PLACE

REGISTER ENTRY

Entry in the South Australian Heritage Register in accordance with the *Heritage Places Act 1993*

NAME: Marion Cultural Centre **PLACE NO.:** 26497

ADDRESS: Warracowie Way, Oaklands Park, SA 5046

CT 5880/722 A3 DP 59367 Noarlunga

STATEMENT OF HERITAGE SIGNIFICANCE

The Marion Cultural Centre is an outstanding example of postmodern architecture in South Australia and is a model of semiotic (relating to signs and symbols) design that is demonstrated through its built form, associated landscape and aspects of the interior design. The place also displays a high degree of creative and aesthetic accomplishment through the variety and high quality of its external cladding and internal finishes.

As intended by its architects, Ian McDougall founding director ARM in association with Phillips Pilkington, the prominent lettering MARION spelt out by the building and its landscape means the Marion Cultural Centre acts as both a sign while simultaneously attempting to reclaim the name MARION back from the adjacent shopping centre. Elements of the interior design also feature codes that can be read by those who can decipher them. The building, landscape and interiors retain a high degree of integrity, and the complex has been recognised both in South Australia and nationally as an outstanding and award-winning example of postmodern architecture.

RELEVANT CRITERIA (under section 16 of the *Heritage Places Act 1993*)

(e) it demonstrates a high degree of creative, aesthetic or technical accomplishment or is an outstanding representative of particular construction techniques or design characteristics

The Marion Cultural Centre is an outstanding example of postmodern architecture in South Australia and demonstrates a high degree of creative and aesthetic accomplishment. The Marion Cultural Centre is a model of semiotic design (relating to signs) within the postmodern architectural discourse. This design is manifested through its built form and associated landscape, including the prominent display of the word MARION and the use of braille and coding both outside and within the building.

Ian McDougall (founding director of ARM) has incorporated double coding into the design of the Marion Cultural Centre, demonstrating a knowledgeable and specific reference to the place's suburban context. As he intended, it acts both as a billboard to announce the place, while simultaneously attempting to reclaim the name for the community from the adjacent shopping mall. In doing so it speaks to and holds different meanings for both the public and others, such as architects. Elements of the interior design, including the glazing facing Warracowie Way and the ceiling in the theatre, are also associated with semiotic design and enable those who understand the codes, in this instance respectively Braille and Morse code, to literally read the interiors.

While some minor changes have taken place internally, for example a minor reconfiguration of the library, the external form of the building and the interior retains a high degree of integrity. The finish of the external cladding, including steel plating, copper sheeting, timber batons and concrete formwork, are of a very high quality.

The Marion Cultural Centre has been critically recognised by the South Australian Architectural fraternity through the 2002 presentation of a South Australian Chapter of the Australian Institute of Architects Award of Merit to ARM in association with Phillips Pilkington. At that time the Award of Merit was the highest accolade that could be given by the Institute.

In 2016, ARM was awarded the Australian Institute of Architects Gold Medal. This award is the highest award that an architect or architectural firm can be presented with by their peers and acknowledges a body of work that is highly distinguished and has advanced architecture in Australia. The Marion Cultural Centre was identified as an exemplar of postmodern architecture and was one of the places specifically included in ARM's body of work that led to them receiving the Gold Medal.

SITE PLAN

Marion Cultural Centre

PLACE NO: 26497

Warracowie Way, Oaklands Park 5046

Marion Cultural Centre, Warracowie Way, Oaklands Park, 5046
CT/5880/722 A3 DP 59367, Hundred of Noarlunga

Legend

N

Land parcel boundaries

Marion Cultural Centre

COMMENTARY ON THE LISTING

Description and notes with respect to a place entered in the South Australian Heritage Register in accordance with the *Heritage Places Act 1993*

Physical Description

The Marion Cultural Centre is a 2001 postmodern building that spells MARION, through the design of the structure and its associated landscape. The building is a multi-purpose civic facility that includes a public library, art gallery, café, meeting rooms, public meeting space and a theatre. The building also features elements of sustainable design.

Giant letters, MAR, approximately 5.6m high dominate the eastern façade. MA splices through the building while R is extruded down half the length of the north-western façade. The I is created from a sculpture by Greg Johns, while the O is formed from large rough-hewn stones, both are sited in the adjoining garden that faces the corner of Warracowie and Diagonal Roads. The N is a large frame placed at the edge of the garden on Warracowie Road and is covered in climbing plants.

The building is clad in an assortment of materials and has been finished to a high degree of quality. The north-eastern elevation is primarily glazed, however it is shielded by a full height wall of steel fins that create a grille. The top half of the letters MA protrude from the grille, while the rest of the letters are drawn through it and into the building. The MA are clad in steel plate and it and the grille are painted bright orange. The extruded R creates a covered walkway down the side of the building (facing Warracowie Way) and is clad externally in copper, while the underside of the walkway is clad in timber batons that are painted white.

The southern and south-eastern facades are clad in cast concrete panels that exhibit high quality formwork to create two patterns. One is a rhythmic pattern that runs from the roof to the ground and across the length of the façade and is replicated in the form of the limited number of windows that puncture the façade. The other creates the impression of a repeated M similar in form to the steel-clad M facing Diagonal Road. The formwork M is rough-cast in contrast to the smooth finish of the panels. The panels are painted dark grey, while the formwork M is painted bright orange.

The majority of the building's fenestration faces Warracowie Way and is inserted inside the R that is extruded along the length of the building. A narrow band runs lengthways through the middle of the glazing and features a series of dots in two sizes that are repeated at regular intervals. The dots name the building in braille: the large dots spell 'marion', while the smaller dots read 'cultural centre'.

Elements of sustainable design include:

- a stormwater retention system that collects runoff from the roof, filters the water and then pumps it into the aquifer,
- energy efficient lighting,
- low-energy air conditioning
- solar hot water, and
- water efficient fittings, fixtures and devices.[1]

The library occupies the north-eastern portion of the building and is a large open space into which the 'MA' splices into the space. The library is slightly elevated from the other spaces in the building and is accessible by internal cast-concrete stairs and a return ramp. It features a painted timber baffle that is suspended from the ceiling and has carpeted floors.

The café and public meeting space is located in a large foyer that is nestled between the gallery, library and theatre and faces the external courtyard. It has a polished-concrete floor and features the same timber ceiling baffle as in the library.

The gallery is at the southern end of the building and is divided into two spaces. One is a shop, while the other is the gallery. Both the gallery and its shop have polished-concrete floors, however the timber ceiling baffle ends partway into the shop and is replaced by a suspended ceiling over the gallery.

The theatre is a multi-purpose space that can be configured with a stage and auditorium seating or as a cabaret-style space and is reached by a long timber panelled passageway. The theatre ceiling features a series of stained and varnished timber panels punctured with a series of dots and dashes that denote words in Morse code. The meeting rooms are also accessed from the theatre passageway.

Extent of Listing:

The elements with heritage significance include:

- The form of the building and the materials it is clad in, including steel fin grilles, steel plate, copper sheeting, concrete formwork, timber batons. This also includes the internal structure and cladding of MA than splices through into the building and the internal structure of the R that is extruded down the side of the building.
- The associated landscape that creates ION in MARION, including the sculpture I, rockwork O and frame N that is clad in climbing plants. While the variety of plant is not of significance, the design intention was for the structure to be clad with climbing/creeping vegetation.
- Morse-coded timber ceiling panels in the theatre
- Hanging timber panel baffle to ceiling throughout the building
- Braille panel on glazing facing Warracowie Way

- Timber panelling on corridor to theatre
- Internal stairs and ramp to library space.

The elements excluded from the heritage listing include:

- Fittings and fixtures in offices, meeting rooms, library, café, kitchen and public and staff toilets
- Ceiling types other than hanging timber panel baffle and Morse-coded timber ceiling in the theatre
- Track lighting and partition walls in the gallery
- Theatre fittings, fixtures, lighting, seating (other than the Morse-coded timber ceiling panels)
- The landscaping to the rest of the building.

History of the Place

Civic Buildings in Marion

The District Council of Brighton was formed in 1853 by local individuals coming together to form a tangible expression of community. Similarly, the first council office combined with an Institute and hall were a physical expression of that local community. The need for a hall was first proposed at a community meeting in 1894 and was financed through rates, subscriptions and donated labour and materials. The District Hall as it was known was a single-storey bluestone building located on Sturt Road. It was designed by architect H Cowell and featured redbrick dressings.[2] The main hall was large enough to seat 500 and featured a stage, behind it folding doors lead into a smaller room where Council meetings took place.[3]

Council Chambers and Civic Centres

New purpose-built council chambers and offices for the Marion Council were opened in 1937 in an Art Deco-style building located next to the District Hall.[4] Within a decade it became obvious that the new council chambers would not be able to accommodate the growing needs of the council. In 1946, Marion Council began negotiations with the South Australian Housing Trust to buy land on Marion Road for a new Council building. However, the matter remained in abeyance until 1955, when the Council was approached by Windsor Theatres with a proposal to construct a new combined town hall and picture theatre at an estimated cost of £32, 000. Marion Council was unable to afford the substantial sum and extended the Sturt Rd chamber and offices instead for a quarter of the amount.[5]

While the Marion Council could not afford the 1955 proposal for new premises, it did begin to set aside money annually for the project and acquired 5 acres at Parkholme. Architects were engaged in 1961 to design a new building but a block of Councillors who felt the money could be better spent on necessities such as roads voted against the project and it was again halted. By 1964, the lack of space in the office had become acute as the number of staff had increased from seven in 1951 to thirty in 1964. This led to the reprisal of the project to build new chambers and an office at

Parkholme. Construction of the modern-style single and double-storey cream-brick premises began in 1966 and was officially opened on 27 May 1967 by Premier Walsh.[6]

Staff numbers continued to increase during the next decade and in 1977 an extension was built to accommodate planning, building and health staff. However, the additional space was only a temporary solution and in 1988 yet another new civic centre was proposed for a site on Sturt Road near the Marion Shopping Centre. Council ignored public opposition to the new civic centre and it was opened on 7 February 1990 by Mayor Hodgson.[7]

As a part of the plan to create the Marion Regional Centre, Council purchased the houses surrounding the Marion Shopping Centre, which were in a triangular-shaped parcel of land bounded by Sturt, Morphett and Diagonal Roads and known locally at that time as the 'Domain'. As part of the scheme, the Council planned to construct a cultural centre and permitted Westfield to expand its shopping centre. The project was highly controversial as local residents feared the expansion would erode the residential quality of the surrounding suburbs. Ultimately, the proposed amendments to the Council's Supplementary Development Plan were approved by the State government and the land in the 'Domain' was rezoned.[8]

The Westfield shopping centre grew to become the largest shopping mall in South Australia and the name Marion has become synonymous with the mall. However, the other anticipated services and facilities that were to be supplied by private providers as a part of the regional centre went largely unrealised. At the same time, the Marion Council continued to pursue its ambition to build the Marion Cultural Centre on the land it owned at the 'Domain'.[9]

Marion Cultural Centre & ARM

In 1999, the Marion Council commissioned prominent Melbourne architectural firm Ashton Raggatt and McDougall, known nationally and internationally as ARM, in association with Adelaide firm Phillips Pilkington, to design the Marion Cultural Centre.[10]

Ian McDougall, a founding Director of ARM, is attributed with the design of the Marion Cultural Centre. McDougall was born in 1952 in Gawler South Australia and initially studied science at the University of Adelaide before graduating in architecture from RMIT in 1979. McDougall worked in a number of architectural practices before Ashton Raggatt McDougall was founded in 1988. In 2012, Raisbeck described the Marion Cultural Centre as one of McDougall's (in association with Phillips Pilkington) 'finest works'.[11]

The Marion Cultural Centre opened in late 2001 and provides the local community with a library, theatre, art gallery and café or part of the civic functions expected of a regional centre. The high standard of architecture embodied in the Marion Culture Centre has been professionally recognised by the South Australian Chapter of the

Australian Institute of Architects through an Award of Merit presented in 2002.[12] At that time, an Award of Merit was the highest accolade that could be awarded by the South Australian architectural fraternity.

In 2016, ARM was presented with the Australian Institute of Architects Gold Medal. This is the highest award that an architect or architectural firm can be presented with by their peers and acknowledges a body of work that is highly distinguished and has advanced architecture in Australia. The Marion Cultural Centre was identified as one of the many works undertaken by ARM that led to their being the recipients of the 2016 Gold Medal.[13]

The Marion Cultural Centre sits strongly within the postmodern architectural discourse and in particular semiotic (signs and symbols) design within that discourse. The letters MARION are prominently incorporated into the design of the building and its associated landscape. The Marion Cultural Centre distinctly follows all of these ideas by spelling out the name of the place in its built form and associated landscaping, appealing to the public while showcasing architectural integrity. With its prominent roadside location adjacent to the shopping centre it is, as Ian McDougall intended it to be, a billboard advertising the shopping centre while at the same time attempting to reclaim the name Marion back for the place and its community.[14] Associate Professor Conrad Hamann described it as one of only a few buildings constructed in South Australia that embodies international postmodernism and as a national exemplar of that style.[15]

The Marion Cultural Centre has provided its community with a number of key services and facilities over the past 18 years including a library, art gallery, theatre, café, tourist information centre, multi-purpose hall, formal meeting rooms and spaces for informal gatherings. Over the past five years, between 260,000 and 280,000 people annually use the services and facilities provided in the Cultural Centre. In addition to various musical events and other performances, the building has also hosted a sustainability expo, numerous workshops, markets, citizenship ceremonies, movie screenings and awards ceremonies.[16]

Chronology

Year	Event
1838	**Village of Marion is laid out on the southern bank of the Sturt River, hundred of Noarlunga.**
1852	*District Council Act* assented by the South Australian government enabling local communities to petition to be proclaimed a District Council.
1853	**Residents living in the north-west of the hundred of Noarlunga petition the Governor to become the District Council of Brighton later renamed Marion (different to the Corporation and later City of Brighton).**

1863-1866 Adelaide Town Hall Complex is built.

1886 District Council of Brighton changes its name to the District Council of Marion.

1898 Edwardstown Institute formed and Hall built. The building is extended in 1928.

1894 Combined Marion council chambers, hall and Institute building opens featuring a hall large enough to seat 500.

1927 Warradale Institute opens but closes in 1946 in a rundown condition due to extensive use during World War Two.

1936 Hindmarsh Town Hall incorporating a theatre, library, town hall and offices opens.

1937 Marion Council builds new council chambers on Sturt Road next to the old council chambers, Institute and hall. The building is extended in the 1950s.

1946 Marion Council negotiates with the South Australian Housing Trust to acquire land for a new council chambers.

1953 The population of the District Council of Marion has grown and the council is proclaimed a City Council.

1955 Windsor Theatres approach the Marion Council with a proposal to construct a theatre and new council chambers but due to the high cost of the project it doesn't proceed.

1958 The Pioneers' Memorial Community Hall is opened by the local community.

1959 The Marion Council takes over ownership and running of the Pioneers' Memorial Community Hall after a request from the incorporated body as they cannot manage the loan repayments.

Mid-1960s Tea Tree Gully Civic Centre built, extended mid-1970s, upgraded c 2015.

27 May 1966 Marion Council's new council chamber and offices located at Parkholme are opened by Premier Walsh. The building is extended in 1977 to accommodate planning, building and health staff.

1976 New Salisbury Civic Centre opened.

1970s-1980s Development of the Noarlunga Reginal Centre.

1980s Marion Council repurposes the Glandore Boys Home as a Community Centre and builds a new Community Centre at Trott Park.

Late 1980s Marion Council considers creating a Regional Centre at the Domain. The land is rezoned and the shopping mall allowed to expand in size.

1990 Marion Council opens new Civic Centre located on Sturt Road.

1999 Marion Council commission ARM to design a cultural centre to be located at the Domain as a part of their plans to develop a Regional Centre.

2001 Marion Cultural Centre opens providing the local community with a public library, art gallery, theatre, café and meeting spaces.

2002 ARM's design of the Marion Cultural Centre receives an Award of Merit from the SA Chapter of the Australian Institute of Architects.

2013 Marion Council propose to upgrade the outside plaza at the Marion Cultural Centre to create a useable outside space for patrons and to connect the Centre with the adjacent Aquatic Centre. The proposed upgrade is yet to commence.

2016 ARM are awarded a Gold Medal by the Australian Institute of Architects for a body of highly distinguished work that has advanced architecture in Australia, with the Marion Culture Centre identified as one of the buildings that has contributed to the award.

2018 Marion Council offers to sell the Marion Culture Centre through an EOI for redevelopment as a hotel. Newly elected Marion Council votes to retain the Marion Cultural Centre after the local community rally to protect it.

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SITE DETAILS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

FORMER NAME:	Marion Cultural Centre	
DESCRIPTION OF PLACE:	Multi-purpose postmodern building incorporating a theatre, art gallery, library, meeting rooms and café.	
DATE OF COMPLETION:	2001	
SA HERITAGE REGISTER STATUS:	**Description:**	Nominated
	Date:	22 August 2018
	Description:	Provisionally entered
	Date:	1 August 2019
LOCAL HERITAGE STATUS		Not listed as a local heritage place
CURRENT USE:	**Description:**	Public library, theatre, art gallery, meeting place and café.
	Dates:	2001-present
PREVIOUS USE(S):	**Description:**	NA
	Dates:	
ARCHITECT/BUILDER:	**Name:**	Ian McDougall ARM in association with Phillips Pilkington / Hansen Yuncken
	Dates:	1999-2001
LOCAL GOVERNMENT AREA:	**Description:**	City of Marion
LOCATION:	**Street Name:**	Warracowie Way
	Town/Suburb:	Oaklands Park
	Post Code:	5046
LAND DESCRIPTION:	**Title:**	CT/5880/7220 A3 DP 59367
	Hundred:	Noarlunga

PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

Marion Cultural Centre, showing the name of the place in built form. MAR form part of the building, while ION are landscape elements including a sculpture I, rockwork O and trellis N covered in climbing plants.

Source: Googlemaps (2018)

Marion Cultural Centre, north-eastern elevation facing Diagonal Road. MAR are created from a steel framework clad in steel plate, copper plate and timber batons. Note the grille and sculpture I in the adjoining landscape.

Source: http://armarchitecture.com.au/projects/marion-cultural-centre/

PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

Portion of the eastern elevation showing the concrete panels, M formwork in the panels, windows and secondary entrance into the building.

Source: DEW files 3 October 2019

North-western façade showing the extruded R form. Note the copper cladding.

Source: DEW files 3 October 2019

PHOTOS

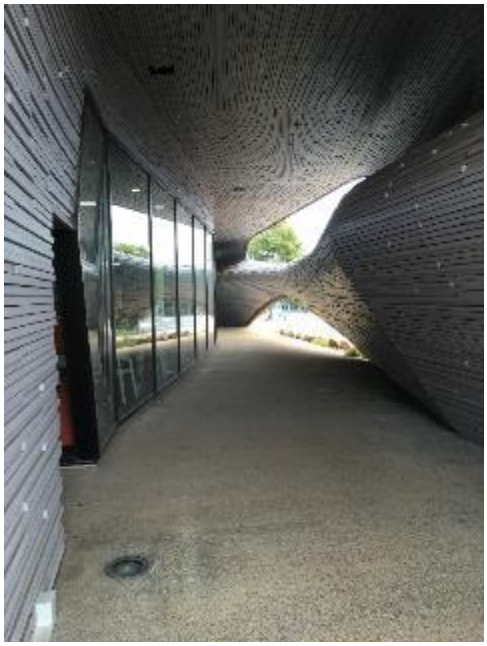
Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

North-western façade showing the courtyard facing the café.

Source: DEW files 3 October 2019

Grille north-eastern façade.

Source: DEW Files 3 October 2018.

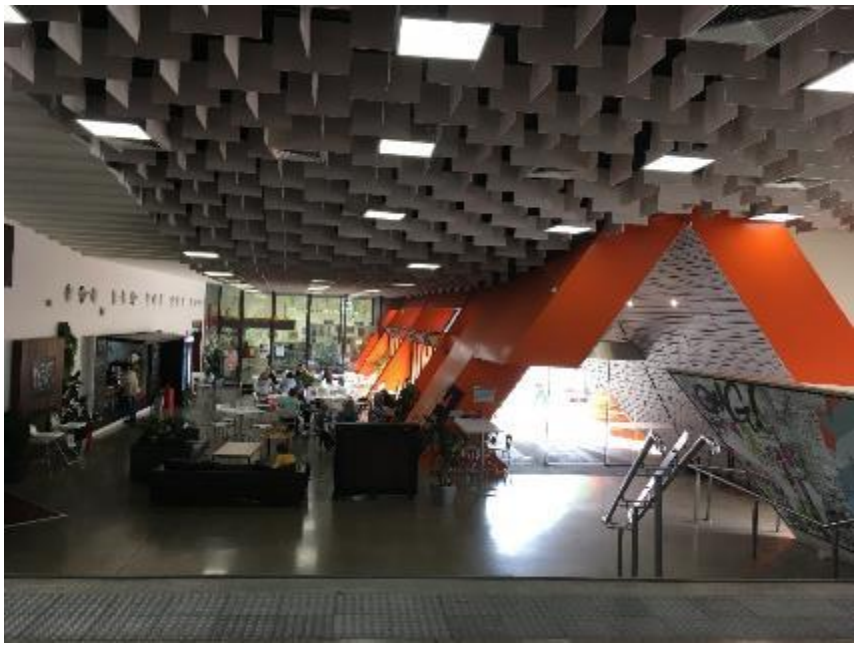


Passageway created down the side of the building by the extruded R. Note the painted timber batons.

Source: DEW Files 3 October 2018.

PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046



Foyer showing the R form extruded down the side of the building, polished concrete floors, timber baffle to ceiling and café. The gallery is at the far end.

Source: DEW Files 3 October 2018.

Braille panel extending along the glazing. The large dots denote 'marion', the small dots underneath denote 'cultural centre'.

Source: DEW Files 3 October 2018

PHOTOS

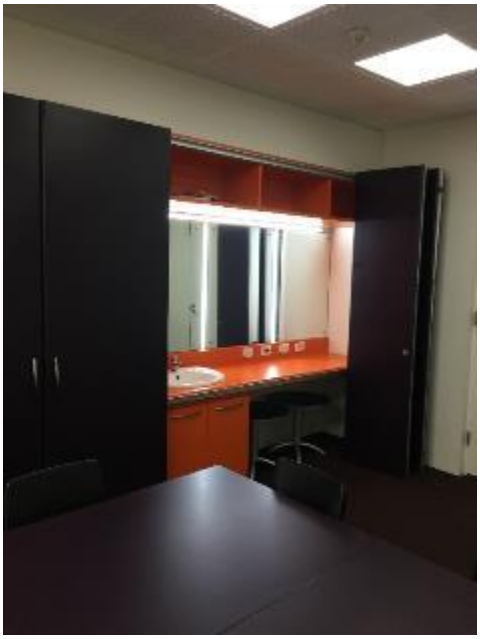
Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

Multi-purpose theatre space.

Source: DEW Files 3 October 2018

Timber panel ceiling in the theatre, the dots and dashes are words depicted in Morse code.

Source: DEW Files 3 October 2018



Example of a meeting room that also doubles as a dressing room for the theatre.

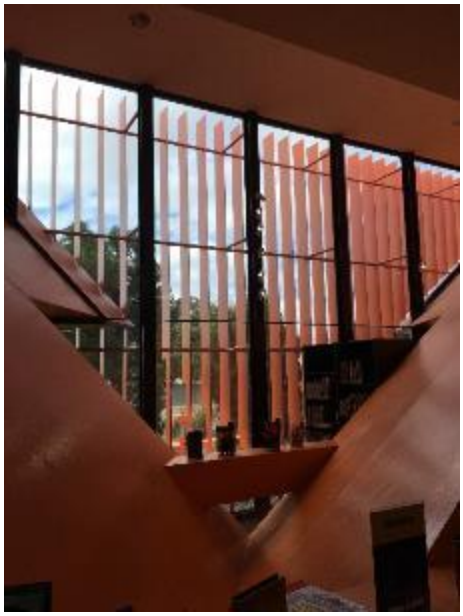
Source: DEW Files 3 October 2018

PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

Library at the Marion Cultural Centre.

Source: DEW Files 3 October 2018



Inside the library showing the MA splicing through and into the building.

Source: DEW Files 3 October 2018

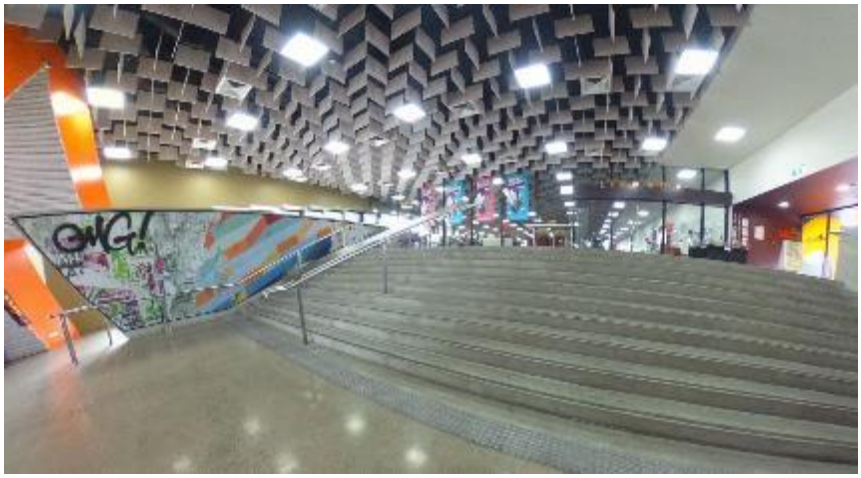
PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

Gallery space at the Marion Cultural Centre

Source: DEW Files 30 October 2018,

Please note the slightly fishbowl effect is due to the image being a capture from a 360 image.



View of the stair and ramp up to the library.

Source: DEW Files 3 October 2018

PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

'N' structure, the intention is for it to be a support for climbing plants. At present, the climbing plants are wisteria.

Source: DEW Files 3 October 2018

Sculpture 'I'

Source: DEW Files 3 October 2018

PHOTOS

Marion Cultural Centre **PLACE NO: 26497**
Warracowie Way, Oaklands Park, SA 5046

'O' formed from roughhewn rocks, cemented in place.
Source: DEW Files 3 October 2018

[1] ARM projects http://armarchitecture.com.au/projects/marion-cultural-centre/
[2] Alison Dolling (1981), *The History of Marion on the Sturt*, (Peacock Publications: Frewville), pp.288-289. Donovan and Associates, 'City of Marion Heritage Survey', (City of Marion),np, Item No. 0/39.
[3] 'District Council of Marion Opening of a New Hall,' *Advertiser* 2 November 1895, p.6.
[4] Dolling, p.296.
[5] RJR Donley (2001), *Marion 1945-2000 A Suburban City*, (Norwood: Peacock Publications), pp.86-88.
[6] Donley, pp. 88-91.
[7] Donley, pp. 240-241.
[8] Donley, pp. 303-206.
[9] Donley, pp. 303-206.
[10] ARM (2015), *Mongrel Rapture*, (Uro Publications: Melbourne), pp.1578-1579.
[11] Peter Raisbeck (2012), 'McDougall, Ian', *Encyclopaedia of Australian Architecture*, (Cambridge University Press: Port Melbourne), p.441.
[12] http://armarchitecture.com.au/awards [accessed 8 March 2019].
[13] Philip Goad (2016), 'Master storytellers: 2016 Gold Medallists ARM Architecture', *Architecture AU*, https://architectureau.com/articles/master-storytellers-2016-gold-medallists-arm-architecture/ [accessed 26 March 2019]
[14] John Macarthur (2015), 'Letters to the People' in *Mongrel Rapture*, pp.1347-1348. Ian McDougall (2015), 'Big Words on Buildings' in *Mongrel Rapture*, (Uro Publications: Melbourne), pp.120-133. Sean Pickersgill (2002), 'Marion', *ArchitectureAU*, vol.91, No.3.
[15] See nomination.
[16] City of Marion, Annual Reports for years 2013-2018.

CITY OF MARION

Marion Cultural Centre Locality
Imagery - 1999

Map Width: 341.8 m
Created by rates Thursday, 10 October 2019

About this Document	Disclaimer
This map has been created for the purpose of showing basic locality information and is a representation of the data currently held by The City of Marion. This information is provided for private use only.	While every effort has been made to ensure the accuracy of the product, Council accepts no responsibility for any errors or omissions. Property boundary line network data is supplied by State Government.

SA Guide to Developing **State Heritage Places**

Former Produce Markets converted to cafés, shops and offices

The South Australian Minister for Enviroment and Water—through the Department for Environment and Water (DEW)—is responsible for ensuring that the development of heritage places is in harmony with cultural values.

This brochure details steps to be taken if you want to make changes to places entered in the SA Heritage Register.

The inclusion of a place in the South Australian Heritage Register does not prevent change to the place. An objective of South Australia's Heritage Places Act 1993 is "to encourage the sustainable use and adaptation of heritage places in a manner consistent with high standards of conservation practice, the retention of their heritage significance, and relevant development policies." For information concerning local heritage places, contact your local council.

Government of South Australia
Department for Environment and Water

Section One

About Heritage

Heritage in South Australia

Our heritage is our inheritance from the past. It can include the natural and built environments, objects, customs, languages and beliefs.

In South Australia a broad range of heritage covering both pre-European and post-European settlement is protected by various pieces of legislation, and includes buildings and structures, archaeology, shipwrecks, geological formations, native vegetation, fossil sites, cultural objects and historical collections. This guideline focuses on non-aboriginal built heritage, which by its nature is located at a particular place or site.

These heritage places or sites can be protected at four different levels according to their significance.

- **World**
  UNESCO, in collaboration with the Australian Government, manages the World Heritage List to recognise and protect sites of value on a world-wide scale. South Australia has one World Heritage place—the Naracoorte Caves mammal fossil deposits.
- **National**
  The Australian Government maintains two registers of places considered significant on an Australia-wide level. The primary one is the National Heritage List, which for South Australia includes the old and new Parliament House buildings, the Adelaide Parklands and several fossil sites. There is also a Commonwealth Heritage List for Australian Government-owned places, such as the Adelaide GPO and several lighthouse complexes in South Australia.
- **State**
  The SA Heritage Council protects non-aboriginal heritage of State significance by entering State Heritage Places in the South Australian Heritage Register under the Heritage Places Act 1993. The focus of the Act is on the built environment, but protection extends also to archaeological heritage and to significant geological, fossil and cave sites.
- **Local**
  Places of cultural significance to local communities are protected by individual local councils through their Development Plans, under the Development Act 1993.

The role of the Minister, DEW and the SA Heritage Council

Responsibility for the Heritage Places Act falls within the portfolio of the Minister for Environment and Water. The Minister also has a role under the Development Act to provide specialist advice on development proposals affecting State Heritage Places.

The Department for Environment and Water (DEW) provides administrative and policy support to the SA Heritage Council and is responsible for administering the State government's program to identify and conserve heritage places of State significance. DEW administers the Heritage Places Act on behalf of the Minister and the SA Heritage Council, and has delegated responsibility for the Minister's advisory role under the Development Act.

The SA Heritage Council is an independent body of seven to nine members with expertise in history, archaeology, architecture, the natural sciences, heritage conservation, public administration, urban and regional planning and property development. The Council provides strategic advice on heritage issues to the Minister, and administers the SA Heritage Register, including the entry and removal of State Heritage Places.

Café Fibonacci adjoining the Schomburgk Pavillion, Adelaide Botanic Gardens

Section Two

Development Approval Process

Referral of development applications

The Development Act requires a planning authority to refer a development application affecting a State Heritage Place or State Heritage Area to the Minister responsible for the Heritage Places Act. This can include applications relating to non-listed properties in the vicinity of a State Heritage Place where the work is considered to 'materially affect the context within which the State Heritage Place is situated'.

DEW Heritage Advisers assess the impact of proposed development on heritage values, and provide a recommendation to the Minister's delegate. The Heritage Adviser may also assist applicants with design options, building materials and techniques sympathetic to the heritage values of the place.

Conservation principles

Development proposals are assessed against the principles of the Burra Charter and the requirements of the Heritage Places Act, with due regard to the identified significance of the place.

The Burra Charter is an internationally-recognised guiding document that defines the basic principles and procedures to be followed in the conservation and management of heritage places. The Burra Charter is widely accepted and adopted in Australia as the standard for best practice in the heritage and conservation fields. Copies of the Burra Charter can be purchased from the SA Heritage Council, or the Australia ICOMOS website http://australia.icomos.org.

When a place is entered in the SA Heritage Register, its cultural heritage values are identified in a Statement of Heritage Significance, which is to the basis for assessing the impact of development proposals.

Where a detailed guiding document such as a Conservation Management Plan exists for a place, recommendations relating to the conservation and development of the place are taken into account in assessing a development proposal.

What needs approval?

Where changes to a State Heritage Place involve actions that constitute 'development', an application for development approval is lodged with the relevant planning authority—usually the local council but in some cases the Development Assessment Commission (DAC).[2]

For State Heritage Places, 'development' as defined by the Development Act includes:

- land division
- change of use
- any building work—which includes repairs, underpinning, excavation or fill, construction and relocation
- demolition, removal, conversion, alterations, additions and painting
- any other work that could materially affect the heritage value of a State Heritage Place

New Glass and steel entry lobby to the former Balhannah Mine, now converted to a dwelling

Typically the types of work requiring development approval in relation to a State Heritage Place or State Heritage Area include:

- subdivision, or boundary realignment;
- a change of use, or introducing an additional use;
- alterations and additions;
- new buildings or structures - including carports, pergolas, decks and sheds;
- conservation, repair and remedial works - including masonry and plaster, re-pointing, underpinning, undersetting, salt damp repair, damp courses and crack repair;
- excavation, demolition or relocation;
- re-roofing, and replacing gutters or downpipes;
- electrical wiring or plumbing in areas of heritage significance;
- painting, including changes of exterior or interior colour schemes;
- interior works affecting historic fabric;
- air conditioning, solar panels, aerials, antennas and satellite dishes;
- other external works such as signage, fencing, paving, tanks and tree removal.

What doesn't need approval?

The following works would generally fall outside the definition of development for a State Heritage Place, and could therefore be undertaken without obtaining Development Approval.

- Internal works to structures that are not included in the heritage listing.
- Carpet laying or floating floors, where there is no glueing or nailing of underlays to the floor, and no trimming of doors for clearance.
- Ceiling insulation
- Curtains or internal blinds
- Routine maintenance—defined in the Burra Charter as "the continuous protective care of the fabric, contents and setting of a place"—that does not involve repair or replacement. For example:
- cleaning out gutters, downpipes and drains;
- re-fixing loose roof sheets or cappings;
- cleaning masonry with low-pressure water and non-metallic brushes; or
- waxing or oiling floors (but without power sanding and excluding film-forming finishes such as polyurethane).

If you are considering works to any State Heritage Place and are unsure what needs approval, it is recommended that you contact your Local Council Planning Officer for assistance in determining whether a development application is required.

Retail pods, Norwood

Colonel Light Gardens

There are certain specific types of work that may be undertaken without approval within the State Heritage Area of Colonel Light Gardens. These are set out in Schedule 3A of the Development Regulations, and include:

- certain advertising displays;
- Council works to roads, drains, playground equipment and street furniture;
- outbuildings, water tanks, television aerials, swimming pools or spas meeting particular requirements;
- certain side and rear fences under 2 metres high (or under 1 metre for masonry fences and retaining walls);
- repairs, maintenance or internal alterations under certain circumstances;
- open-sided, un-roofed pergolas meeting certain requirements;
- air conditioning units, fans and exhaust fans under certain circumstances;
- smoke alarms, skylights and like-for-like replacement of windows, roofing, gutters or downpipes;
- external painting other than any previously un-painted masonry (with the exception of the Institute Hall and RSL Hall, for which external painting requires development approval).

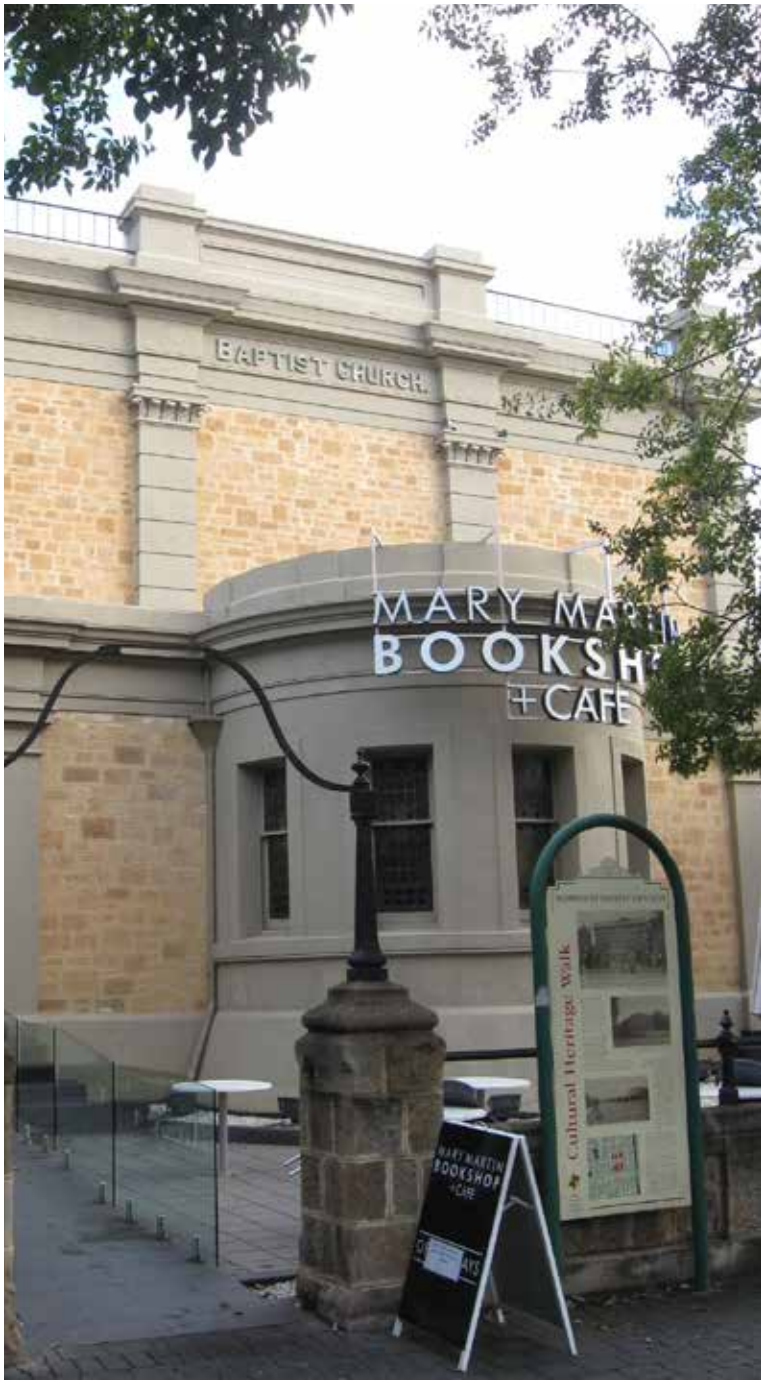
Owners contemplating any of these works within the Colonel Light Gardens State Heritage Area should refer to the detailed provisions of Schedule 3A and consult a City of Mitcham Planning Officer or the DEW Heritage Adviser.

Typical home in the Colonel Light Gardens State Heritage Area

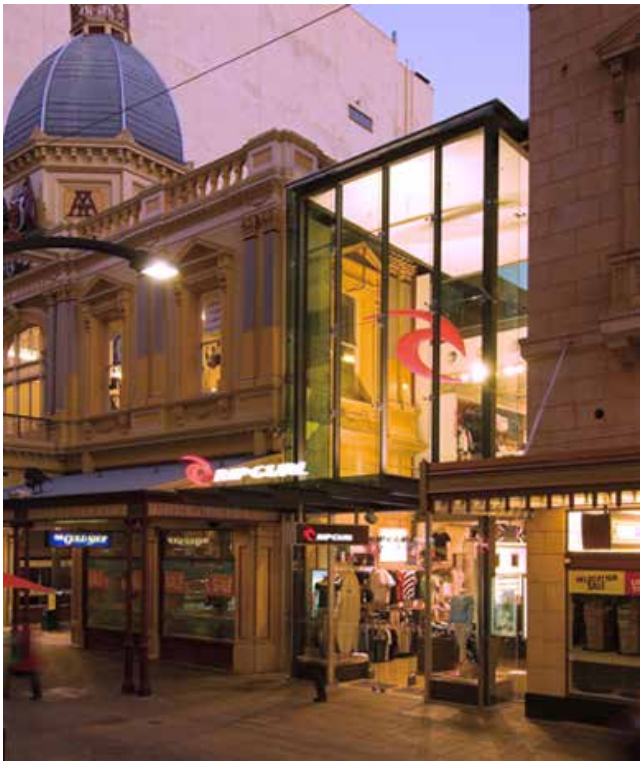
Church to Bookshop

The former Norwood Baptist Church found a new use when converted to a café and bookshop in 2009. The former worship area has been fitted with new low height partitions and services to create the bookshop and café space. New retail "pods" were added facing The Parade.

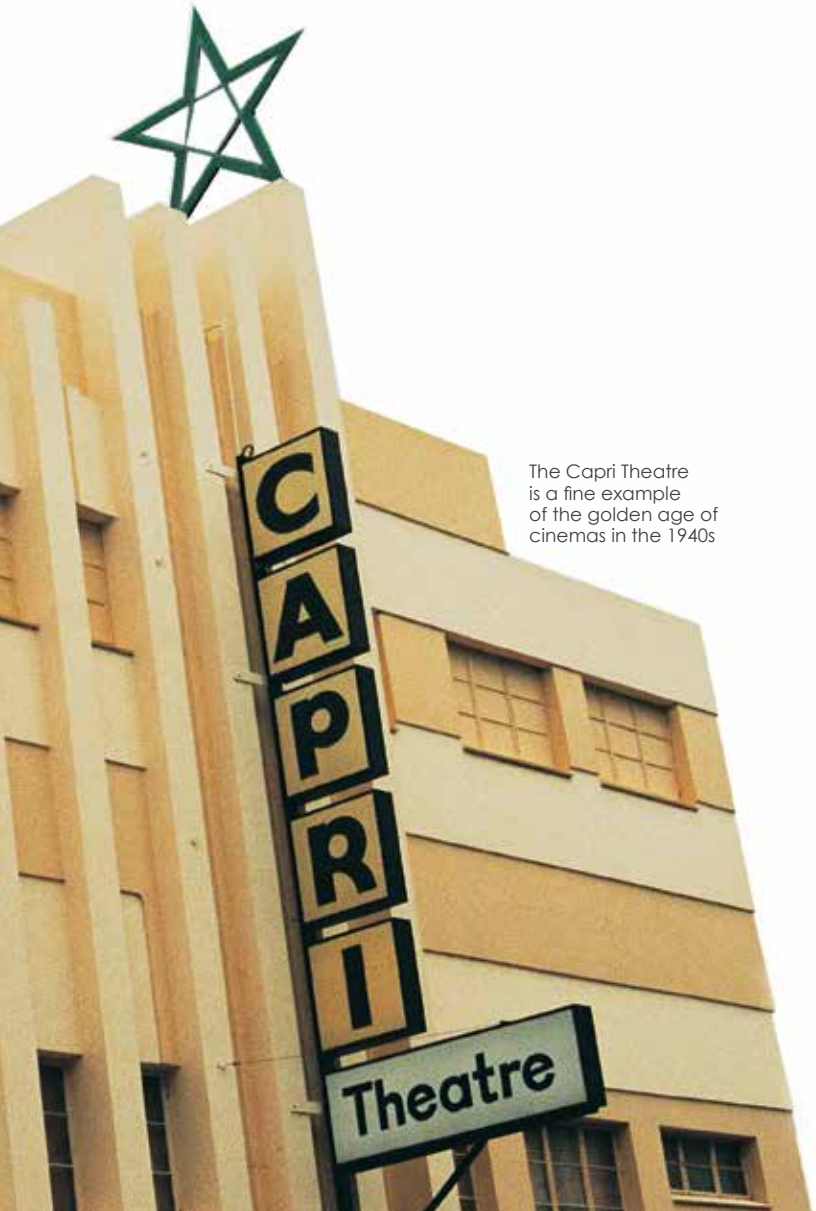
Former church converted to bookshop 2012 - interior



Former church converted to bookshop 2012



Rip Curl retail outlet is a successful infill development, built between two State Heritage Places.



The Capri Theatre is a fine example of the golden age of cinemas in the 1940s

Typical development approval process

Applicant discusses proposed development with Local Council planner or DEW

DEW Heritage Adviser provides initial advice to planner/applicant

Schematic drawings prepared by applicant or applicant's heritage architect, and Development Application submitted to the Local Council (or DAC if Out of Council Area)

Application referred by Local Council/ DAC to DEW (Minister's delegate)

DEW allocates to applicable Heritage Adviser

Heritage Adviser undertakes assessment of impact of proposed works on the heritage values of the place

Further information may be requested from applicant

Heritage Adviser drafts written advice with or without conditions

Minister's delegate (in DEW) reviews and signs off advice to Council/DAC

Local Council or DAC assesses application against the Development Plan, having due regard to heritage advice (and any other referral bodies)

Local Council or DAC issues (or refuses) Planning Consent, with or without conditions

Applicant arranges Building Rules Consent through private certifier, if applicable

Local Council/DAC issues Development Approval, with or without conditions

Pre-lodgement discussions

Prior to lodging a development application, owner of State Heritage Places are encouraged to seek advice from a suitably experienced heritage consultant, or from DEW Heritage Advisers through the Local Council.

Informal discussions with a Heritage Adviser in regards to building form and scale, materials, methods and other site-specific issues can assist property owners to prepare a development proposal compatible with the heritage values of the place, to encourage and facilitate sympathetic development.

Cottages in Ruthven Place, Adelaide

Cottage to Studio

The group of cottages in Ruthven Place are some of the last remaining dwellings in this part of the city, which are being slowly overtaken by larger city developments. 16 Ruthven Place was enlarged to double its original size, providing a studio and residence for a small firm of architects currently engaged in heritage work

Rear of cottages before alterations and additions

Rear of 16 Ruthven Place with new studio space built over the rear yard and carport

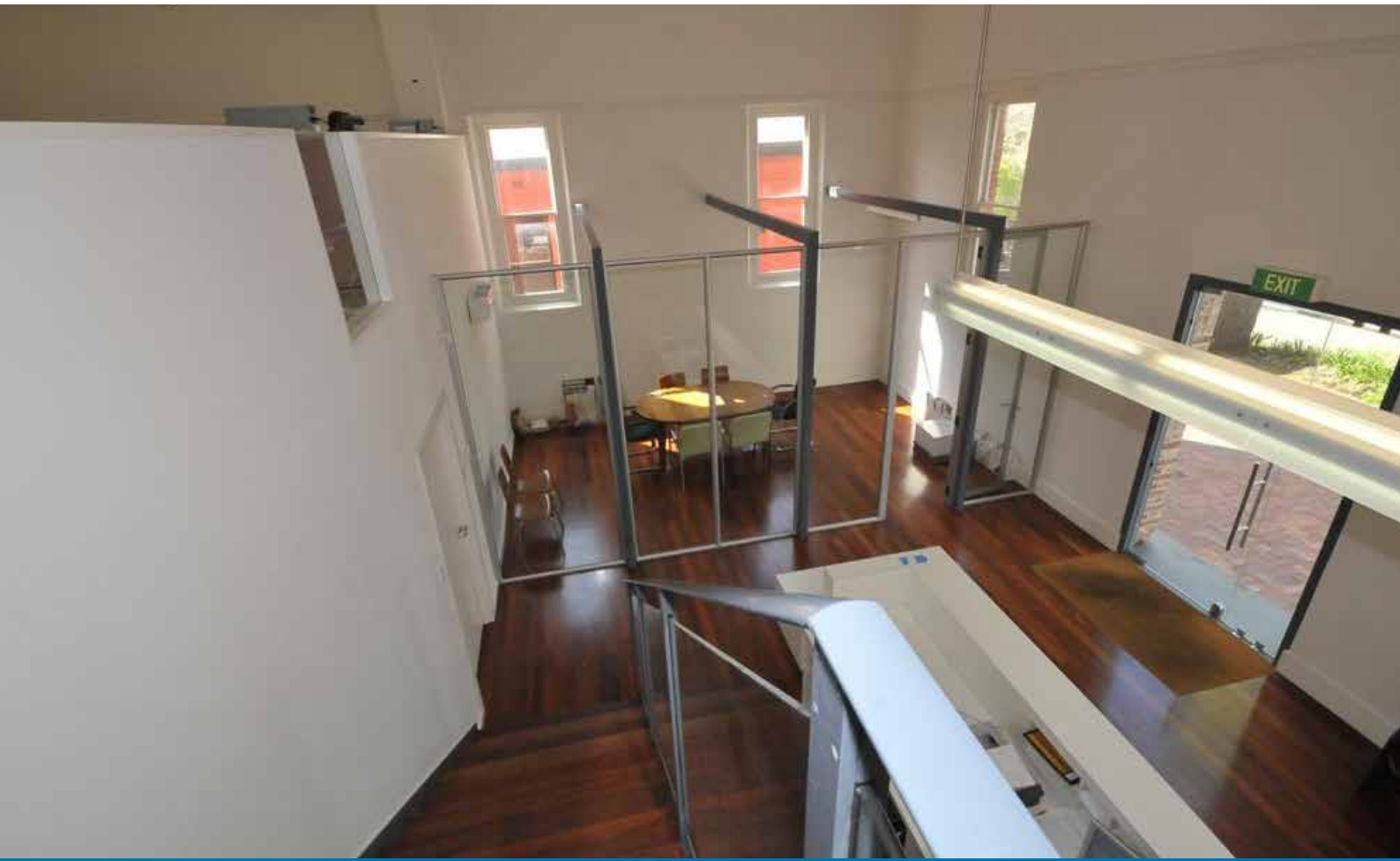
Former Thebarton Baptist Church and Hall, converted to Builder's offices

Timeframe for assessing development applications

The Development Regulations set a general time limit of 8 weeks for a heritage referral to DEW. This can be extended if the application contains insufficient information to assess heritage impact, but for straight forward applications is generally quicker. The overall time needed by the local planning authority from receiving an application to reaching a decision can vary considerably depending on the complexity of the project and the requirements for public consultation.

Church to Offices

Following closure of this church the buildings had fallen into disrepair; they were given a new lease of life after conversion to offices for builders, architects and as artist's studios.



Information to be included when submitting a DA

Efficient processing of a development application depends on sufficient information being included. If you provide clear documentation and as much descriptive material as is necessary, this will aid assessment and prevent unnecessary delay. The following list is not mandatory but indicates the type of information required.

Details of the Place

- ❑ Provide the place name, street address and any other particulars of the location and ownership of the place so it can be easily identified. If you know the Heritage Registration number, include this as well.
- ❑ You can search for the place number on the SA Heritage Places Database on-line search tool at maps.sa.gov.au/heritagesearch/HeritageSearchLocation.aspx
- ❑ Include the Title Reference details and title plans if you have them.

Drawings

The types of drawings and amount of detail required will depend upon the complexity of the works to be undertaken; however, generally the following information is required:

- ❑ A site plan drawn to scale, illustrating the existing situation including any existing buildings, structures or landscape features.
- ❑ The area of the property titles included in the State Heritage Register listing should be indicated on the site plan.
- ❑ Existing floor plans and elevations, and if available, copies of any original historic floor plans and elevations.
- ❑ A demolition plan clearly identifying any buildings, structures or landscape elements affected by the proposal and any existing fabric to be removed.
- ❑ Measured site plan, floor plans, sections and elevations illustrating the proposed works. The extent of new construction or alterations should be hatched to clearly differentiate the new work from unaltered areas.
- ❑ Drawings should be titled, numbered and dated, and the author of the drawings identified. At least one copy of the drawings is required to be at A3 size and an electronic copy should be provided in pdf or dxf file format if possible.

Specifications

- ❑ A written specification should be submitted, particularly where it clarifies details of proposed finishes, colours, materials, conservation methods and techniques.

Photographs

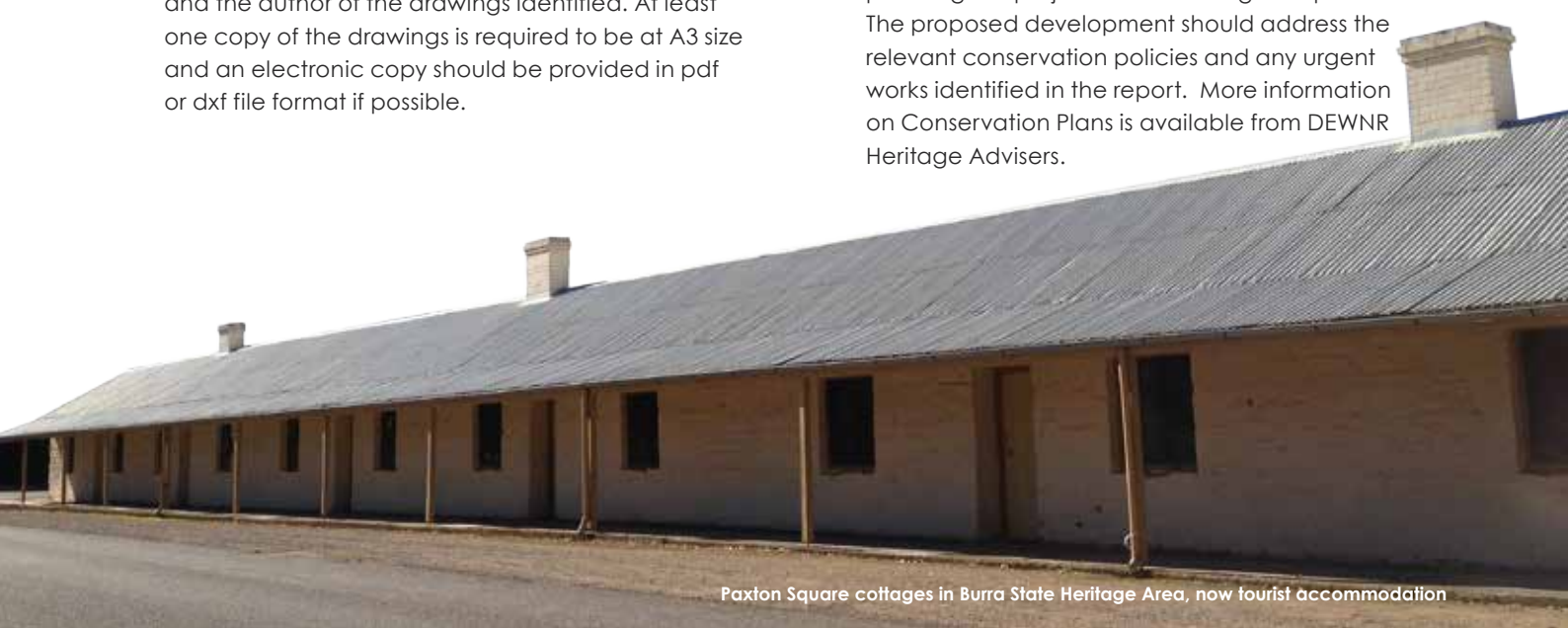
- ❑ Any current photographs that show the setting, buildings or parts of a building, and/or landscape features, will assist in understanding the affect of the proposed works. You can include copies of historic photographs if you have them.

Heritage Impact Statement

- ❑ For simple applications, include a statement outlining how the heritage values of the place have been taken into account in formulating the proposed work. Summarise any impacts on heritage values and historic fabric, how these have been minimised and how decisions were reached. Refer to any historic photos or plans that you may have used
- ❑ For larger and more complex development proposals, a comprehensive Heritage Impact Statement prepared by an independent qualified heritage consultant sets out the rationale for the approach taken, and can be of great benefit to the planning authority in understanding the heritage impacts of the proposal and reaching its decision. The Statement identifies how the cultural heritage significance of the place will be affected by the proposed works or future use.

Conservation Studies

- ❑ If a Conservation Management Plan or other heritage report exists for the place, the conservation policies it contains provide the benchmark for planning the project and assessing its impact. The proposed development should address the relevant conservation policies and any urgent works identified in the report. More information on Conservation Plans is available from DEWNR Heritage Advisers.



Paxton Square cottages in Burra State Heritage Area, now tourist accommodation

Section Three

Information for Owners

Below are some commonly - asked questions and answers. You should check if the work you are proposing is subject to relevant Planning, Development and Building legislation.

What can I / can't I do to my heritage place?

DEW recognises the rights of property owners to utilise and enjoy their heritage places to their full potential. It is not DEW's aim to "freeze" heritage places in time - and nor is this necessarily desirable. Compatible development of heritage places is often the best way to ensure the place is used, maintained and enjoyed into the future.

Generally, changes to heritage places should not diminish, destroy or conceal significant elements of the place. Some basic principles to consider when developing heritage places are:

- Is the new work easily distinguishable from the old?
- New work is generally permissible if it compliments the building's original scale, form and massing and the original fabric is easily identifiable. New work that mimics the original should be avoided.
- Are the alterations reversible? Changes that can be removed or reinstated without residual damage are generally considered acceptable.
- Am I respecting all significant periods of construction of the place? Often places have been changed over time and certain sections of a place will vary in construction depending on when they were built. These changes are part of the historical development of the place and may contribute to its overall significance.

Some examples of successful development and adaptation of heritage places are available on the DEW website www.environment.sa.gov.au/Topics/heritage.

What if I want to make changes to a recent building located on the same site as a heritage building?

In most cases State Heritage protection covers the whole land title, not just particular heritage buildings or structures, meaning that sometimes the registration will include buildings that do not necessarily contribute to the significance of the place.

Changes to or removal of these buildings or structures of lesser significance have the potential to impact on the setting of a registered place, therefore any proposed changes to them are still required to be referred to the Minister/DEW.

Can I still subdivide my block?

The inclusion of a place in the South Australian Heritage Register does not necessarily preclude you from subdividing the land on which the property sits. Applications for subdivision are assessed in the context of how future development of the subdivided land is likely to affect the identified significance of the place, and whether sufficient curtilage or setting is retained for the heritage place.

It should be noted that subdivision applications are also subject to relevant town planning legislation.

Can I change the internal layout of my heritage place?

Often the significance of a place lies in the evidence of its original use, and sometimes the original layout assists in illustrating the place's history. A listed building is an entity, and its historic fabric defines and encloses both its external form and appearance as well as its internal spaces.

Internal alterations are often desirable to suit a current or compatible future use for a place. Changes need to be carefully considered against the heritage values of the place, and designed to respect the construction and internal spaces of the place, minimise the loss of historic fabric and retain clear evidence of the original layout.

Changes that are reversible are generally considered acceptable.

Tiver's Row cottages in Burra, now used for tourist accommodation

Can I upgrade my bathroom/kitchen/laundry?

DEW recognises owners' requirements for modern amenity. If you plan to live or work in a heritage place, it is reasonable to expect service areas such as the bathrooms and kitchen to be up to current standards. Except in rare cases where the service area is of high intrinsic significance, it is generally acceptable for contemporary fixtures to be introduced. These changes should be carefully considered—in consultation with a DEW Heritage Adviser or an experienced heritage consultant - and undertaken in a sensitive manner such that the heritage significance of the place is not diminished.

Can I relocate my heritage building (including garages and other structures)?

The original location of a building is an integral part of its history and significance. For this reason relocation of buildings is not generally considered acceptable unless it is the sole means of ensuring a building's survival.

Some structures such as mining offices and school rooms were constructed as transportable buildings and in some cases, their relocation may continue to be acceptable depending on the context of any proposed new location.

Is the garden of my heritage place subject to the same controls as the buildings?

The answer to this question will differ for individual places and depends on the assessment of the site's significance. Sometimes the landscape elements of a place form part of its significance and proposed alterations to the layout or nature of the plantings or hard landscape treatments may require referral to DEW.

If you are unsure whether works to your garden require a development approval, contact your local council or the DEWNR Heritage Adviser.

How do I resolve any requirements for universal access?

There is a general expectation that publicly-accessible buildings must accommodate access for all people. In heritage buildings this can appear difficult to achieve when faced with common building traits such as narrow doorways, steep staircases and changes in floor levels. Access in heritage buildings is a specialised area of expertise and there are a number of consultants with experience in this field that can assist in achieving the joint objectives of heritage conservation and universal access. Guidelines are also available.

In some cases, waivers of certain building codes and other requirements may be considered to enable the retention of particular elements of significance in heritage buildings. Early consultation with the relevant universal access authority such as the Disability Services Commission is recommended. Contact Disability SA or visit their website, www.disability.sa.gov.au.

My place is included in a local government heritage list?

A Local Heritage List includes places that in the opinion of the local council are, or may become, of cultural heritage significance to the local community. Most local councils employ a Heritage Adviser for locally listed places, consult your local council for further information.

Who is available to assist me with conservation and development advice?

DEW Heritage Advisers can provide advice on general conservation and development matters. More complex development proposals or specific conservation issues may need more detailed advice, in which case you should seek the advice of an experienced heritage practitioner as early as possible in the process.

DEW has a variety of general and technical publications available to answer common queries about heritage places and the their conservation.

Is there funding available for heritage works?

in 2019 the State government reintroduced the Heritage Grants. More information is available on our website: https://www.environment.sa.gov.au/topics/heritage/heritage-grants

For further information please contact:

Department for Environment and Water, Heritage South Australia (08) 8124 4960 or see SA White Pages for your local Department of Environment and Water office. Online information available at: www.environment.sa.gov.au

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Images:

Cover: Former Produce Markets converted to cafés, shops and offices (SHP#11722)

Page 2: Café Fibonacci adjoining the Schomburgk Pavillion, Adelaide Botanic Gardens (SHP#10642)

Page 3: New Glass and steel entry lobby to the former Balhannah Mine, now converted to a dwelling (SHP#12912)

Page 4: Retail pods, Norwood (SHP#10608)

Page 5: Former Norwood Baptist Church (SHP#10608)

Page 6: Infill development between the Regent Theatre (SHP#13373) and Adelaide Arcade (SHP#10795)

Page 7: Rear of 16 Ruthven Place (SHP#10406)

Page 8: Former Thebarton Baptist Church and Hall, converted to Builder's offices (SHP#11841)

Page 9: Cottages in Burra (SHP# various)

Page 10: Former Monarto Council Offices (SHP#10450)

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South Australian
HERITAGE COUNCIL

FACT SHEET - PROVISIONAL ENTRY OF A PLACE (OR OBJECT) IN THE SOUTH AUSTRALIAN HERITAGE REGISTER

The contents of this fact sheet are relevant to owners of a place or object provisionally entered in the South Australian Heritage Register (the Register) as a State Heritage Place under section 17(2) of the *Heritage Places Act 1993* (the Act).

Once provisionally entered the 'owner of land' and the place are immediately subject to the relevant provisions of the Act and the *Development Act 1993*.

Part 1: Ownership

Under the Act, 'owner of land' means:

(a) if the land is unalienated from the Crown—the Crown;

(b) if the land is alienated from the Crown by grant in fee simple—the owner of the estate in fee simple;

(c) if the land is held from the Crown by lease or licence—the lessee or licensee;

(d) if the land is held from the Crown under an agreement to purchase—the person who has the right of purchase,

and if the land is subject to a mining tenement a reference to the owner of the land extends to the holder of the tenement.

Part 2: Submissions and confirmation and removal of entries

Under section 18 of the Act, the owner of land has the right to make a **written** representation on whether the provisional entry should be confirmed in the Register. Your representation must address the relevant heritage significance criteria in section 16[1] of the Act.

Please note that the Act does not provide for the Council to consider the personal or commercial impacts of entering a place or object in the Register, only whether or not it has heritage significance as defined by the Act.

If you wish to make a representation, please use the enclosed Submission Form (**Attachment D**) and return the completed form to the **Executive Officer, South Australian Heritage Council, GPO Box 1047, Adelaide SA 5001** or email to **DEWHeritage@sa.gov.au**.

The Submission Form must be received **within three months** of the date of the letter you have received and may be supplemented with any additional information you consider appropriate. If you make a written representation, you may (under section 18(2) of the Act)

also appear personally before the Council to present your view. Please indicate on the Submission Form if you would like to take up that opportunity.

Part 3: Appeal Rights

Owners are advised that there are provisions for appeal under section 20 of the Act if, after the required consultation period, the Council makes a decision to confirm the entry in the Register. The provisions are as follows.

(1) If an owner of land constituting a place provisionally entered in the Register makes written representations to the [South Australian Heritage] *Council with respect to that entry, the owner may, subject to this section, appeal to the Court against a decision to confirm or not to confirm the provisional entry.*

(1a) If an owner of an object provisionally entered in the Register makes written representations to the Council with respect to that entry, the owner may, subject to this section, appeal to the Court against a decision to confirm or not to confirm the provisional entry.

(1b) No appeal lies under this section against the removal of a provisional entry at the direction of the Minister under this Division.

(2) The appeal must be commenced within two months after notice is given of the decision under appeal or such longer period as the Court may allow.

(3) On an appeal under this section, the Court may—

(a) confirm, vary or reverse a decision under appeal; and

(b) remit the matter to the Council for further consideration or for reconsideration; and

(c) make consequential or ancillary orders.

Part 4: Development advice – *Development Act 1993*

State Heritage Places, provisionally entered (or confirmed), are subject to the heritage provisions of the *Development Act 1993*.

For any place, whether heritage listed or not, the *Development Act 1993* requires that any 'development' must be approved by the relevant planning authority (usually the local council). For a State Heritage Place or a place within a State Heritage Area the definition of 'development' is expanded to include "*demolition, removal, conversion, alteration or painting of, or addition to, the place, or any other work that could materially affect the heritage value of the place*", and the planning authority must refer the application to the Minister for Sustainability, Environment and Conservation for advice on potential impact of development on heritage significance of the place.

Furthermore, development of State Heritage Places must also comply with the specific heritage provisions of the relevant local council Development Plan.

If you have a development approval for a project on your property, that was given prior to this provisional entry, **please note that this approval has now been superseded**. Please contact the relevant planning authority to obtain further advice.

To assist owners in caring for State Heritage Places, a heritage consultant can provide advice for any proposed conservation work or development.

To ensure that any proposals can be quickly processed, please contact Heritage South Australia on (08) 8124 4922 or DEW.StateHeritageDA@sa.gov.au **before** lodging plans with the relevant planning authority.

Part 5: Certified copy – *Heritage Places Act 1993* and *Heritage Places Regulations 2005*

Under Section 15(2) of the Act the Council must, on application by a member of the public, and payment of a fee fixed by the regulations, provide the applicant with a certified copy of an entry in the Register. As at 1 July 2019 the Regulations set the fee as $35.75AUS.

CITY OF MARION

Diagonal Way Oaklands Park Road Closure

Originating Officer	Land Asset Officer/Registered Conveyancer - Heather Carthew
Corporate Manager	Acting Manager City Property - Clare Benn
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191022R14

REPORT OBJECTIVE

The purpose of this report is to enable Council to consider the outcome of the community consultation undertaken on the proposed road closure of Diagonal Way Oaklands Park between the northern boundary of 10 Diagonal Way and the southern boundary of the intersection of Crozier Terrace and Dwyer Road being the land marked A in Preliminary Plan PP19/0024.

The road closure will enable Council to maximise the open space and enhance safe pedestrian and cyclist linkages as part of the Dwyer Road Reserve redevelopment.

EXECUTIVE SUMMARY

The community consultation for the road closure process of the portion of Diagonal Way Oaklands Park marked "A" on the attached Preliminary Plan PP19/0024 (Attachment 1) (the Plan) has been undertaken in accordance with the Roads (Opening and Closing) Act 1991 (the Act). Consultation commenced on 28 August 2019 and concluded on 25 September 2019.

There were three objections to the proposal, one request for an easement and four other representations were received in response to the community consultation and are detailed in this report.

Authorisation to make the Road Process Order in accordance with the Act will facilitate the closure of Diagonal Way.

The closed road will be merged with Allotment 94 in FP147328 being the land in Certificate of Title Volume 5854 Folio 399 for Dwyer Road Reserve.

RECOMMENDATION

That Council:

OPTION 1

1. **Notes the representations received in response to the community consultation required under the Roads (Opening and Closing) Act 1991.**

2. **After due consideration of the objections lodged by Mr Murphy and Mr Robertson, confirm that the matters raised do not prevent Council from proceeding with the road closure process.**

3. **Resolves to make a Road Process Order in accordance with the Roads (Opening and Closing) Act 1991 to close portion of Diagonal Way Oakland's Park and merge with Allotment 94 in Filed Plan 147328 and more particularly delineated and lettered "A" on the Preliminary Plan PP19/0024 subject to the withdrawal of objection by APA.**

4. **Notifies Mr Murphy, Mr Robertson and APA of Council's decision to proceed with the road closure process.**

5. **Pursuant to Section 37(b) of the Local Government Act 1999 authorises the Chief Executive Officer to enter into and sign all documentation necessary to complete the road closure process and the merger of land with Allotment 94 in Filed Plan 147328.**

OR

OPTION 2

1. **Notes the representations received in response to the community consultation required under the Roads (Opening and Closing) Act 1991.**

2. **Resolves not to close the road as per Preliminary Plan PP 19/0024.**

3. **Notifies the Surveyor-General that Council has determined not to close the portion of Diagonal Way as per Preliminary Plan PP 19/0024.**

4. **Notifies Mr Murphy, Mr Robertson and APA of Council's decision not to proceed with the road closure.**

5. **Notes the temporary road closure under Section 32 of the Road Traffic Act 1961 will be removed.**

6. **Resolves to develop designs for the Oaklands Precinct Reserve upgrade maintaining vehicle movements on Diagonal Way.**

GENERAL ANALYSIS

To enable Council to maximise the open space and enhance safe pedestrian and cyclist linkages as part of the Dwyer Road Reserve redevelopment, on 25 June 2019 Council resolved:

3. Authorises the commencement of the Roads (Opening and Closing) Act 1991 process to close the section of Diagonal Way Oaklands Park between the northern boundary of 10 Diagonal Way and the southern boundary of the intersection of Crozier Terrace and Dwyer Road Oaklands Park in accordance with the Roads (Opening and Closing) Act 1991 which requires:

- Preparation of a preliminary plan
- Preparation of a statement of affected parties and
- Undertaking of public consultation

4. Resolves that the road closed pursuant to the Roads (Opening and Closing) Act 1991 is to be merged with Lot 94 in Filed Plan 147328 (comprised in Certificate of Title Volume 5854 Folio 339) for Dwyer Road Reserve.

5. Notes a further report will be tabled to consider the outcome of the community consultation for the road closure and to seek authorisation to submit the documentation with the Surveyor General to formally close the road.

The subject road was closed in April 2018 by the Commissioner of Highways under a notice served under Section 26 of the Highways Act 1926 for the duration of the Oaklands Crossing Project.

It was noted in GC190326R13 that the Public Transport Projects Alliance conducted door knocks during the construction phase to evaluate effects on neighbouring residents. The survey data illustrated limited concerns at the time. Furthermore in May 2019, council staff conducted consultation on precinct development plans inclusive of the proposed road closure. Of the 39 people who completed the survey 82% provided support of the proposed road closure.

On 25 June 2019 (GC190625R20), Council resolved to temporarily close the same portion of Diagonal Way under Section 32 Road Traffic Act 1961 for vehicle traffic until the permanent road closure was approved and finalised.

In accordance with the Roads (Opening and Closing) Act 1991 (the Act), community consultation was undertaken in September 2019 to allow the community to make representations and to request easements over the portion of land being closed which is marked A on the attached Preliminary Plan PP 19/0024. Notices were published in the Messenger Newspaper and Government Gazette together with a direct mail out to affected parties and to the relevant Statutory Authorities.

As per the Act, any objections were to be made in writing to the Council within twenty eight days of the date of the notice and a copy was to be forwarded to the Surveyor-General.

The following representations have been received in response to the community consultation, within the statutory timeframe:

Name of the party making the representation	**Comments**	**Council Response**
John D Murphy	Objection Concerns about traffic management including pedestrians and cyclists_	Further details provided: • Traffic management / separation for pedestrians and cyclists • Wombat Crossing • Proposed pedestrian activated crossing on Diagonal Road near Warracowie Way • Changes to provision for car parking • Road closure process • Invitation to meet with Council staff declined
S W Robertson	Objection Concerns about traffic management and parking	Further details provided: • Consultation details • Traffic management / pedestrian and cyclist movements • Wombat crossing • Reserve development • Proposed pedestrian activated crossing on Diagonal Road near Warracowie Way • Changes to provision for car parking • Met with Council staff on site
APA	Objection APA's gas main is in the existing road reserve. The main will be cut and capped at Council's cost, being $3,730 plus GST	Should Council resolve to complete the road closure process, Council will enter into an agreement with APA at which time the objection will be withdrawn.

SA Water	Request for easements for water supply and sewerage purposes	Easements to be granted as requested
Hon Emily Bourke MLC on behalf of Mr Bruno Aloi	Request for consideration of Mr Aloi's concerns about street congestion and traffic movements	Further details provided: • Improvement of amenity, pedestrian and cyclist connections and enhanced streetscape • Previous community consultations • Changes to provision for car parking • Traffic management
SA Power Networks	No objection. SA Power Networks infrastructure in the existing road network will be protected by statutory easements.	
Dept for Planning, Transport andInfrastructure	No objection.	
Telstra	No objection. Telstra assets are in the existing road reserve. Telstra assets are protected and accessible under the provisions of the Telecommunications Act 1993.	

Copies of the objections, request for an easement (Attachment 2) and representations are attached (Attachment 3).

The objections raised to the road closure by Mr Murphy and Mr Robertson have been taken into consideration by Administration with further correspondence, a site meeting with Mr Robertson and an offer to meet with Mr Murphy. (Mr Murphy declined this offer.) Copies of Administration correspondence are provided (Attachment 4).

Council having provided Mr Murphy and Mr Robertson the opportunity to formally state their objections, need to consider these objections and decide whether to proceed with the next steps as required by the Act to formally close that portion of Diagonal Way Oaklands Park marked "A" in Preliminary Plan PP 19/0024.

The following table depicts Council’s approval process in accordance with the requirements of the Act.

Council Report 1 (GC190625R20)	Council authorises the commencement of the Roads (Opening & Closing) Act 1991 process to close the section of Diagonal Way Street Oaklands Park between the northern boundary of 10 Diagonal Way and the southern boundary of the intersection of Crozier Terrace and Dwyer Road Oaklands Park which requires: • Preparation of a preliminary plan • Preparation of a statement of affected parties and • Undertaking of public consultation • Council Report 2
Council Report 2 (Subject of this report)	Council considers the outcomes of the public consultation and authorises the preparation of the document to be submitted to the Surveyor General under the Act to formally close the road (Road Process Order) or determines not to proceed with the road closure.

Subject to APA withdrawing it's objection, it is considered that Council's authority to proceed with the road closure is warranted.

In accordance with the Act, Council having considered the objections must make a Road Process Order in relation to all or part of the land to which the proposed road process relates and Council must as soon as practicable after this road process order is made, give notice in writing of the order to the objectors.

The Surveyor-General after reviewing the road process order shall then report to the relevant Minister and make a recommendation to the Minister as to whether the order should be confirmed.

Should confirmation be received from the Minister, the closed road will be merged with Allotment 94 in FP 147328 (comprised in Certificate of title Volume 5854 Folio 339) for Dwyer Road Reserve.

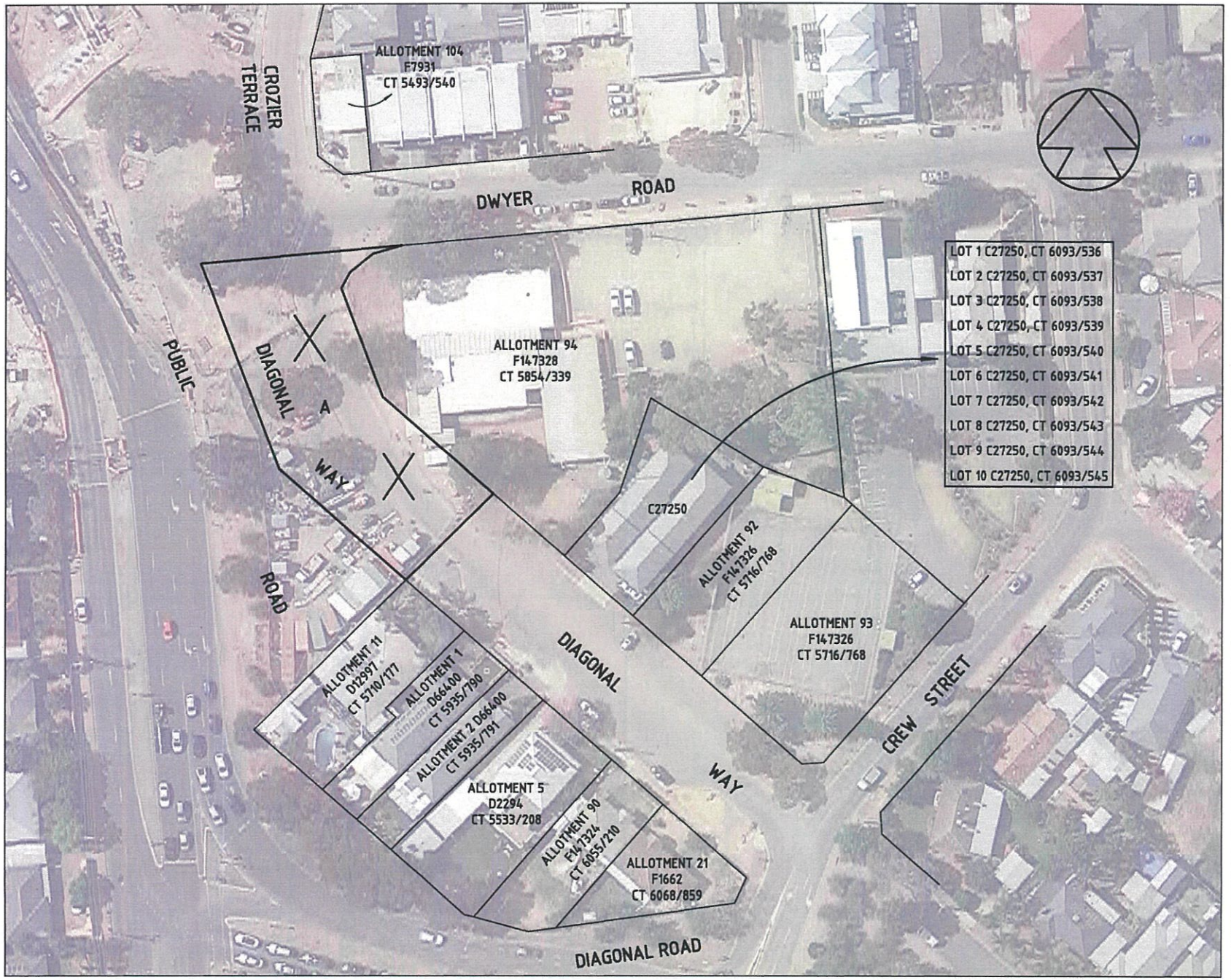
Connected: The completion of the road closure process will enable Council to maximise the open space and enhance safe pedestrian and cyclist linkages as part of the Dwyer Road Reserve redevelopment.

Legal / Legislative / Policy: Community consultation has been undertaken in accordance with the Roads (Opening and Closing) Act 1991

Timeline The remainder of the road closure process is procedural and it is anticipated that it will be completed in three to four months' time.

Attachment

#	Attachment	Type
1	Attachment 1 PP 19_0024	PDF File
2	Attachment 2 Objections and Easements	PDF File
3	Attachment 3 Representations	PDF File
4	Attachment 4 Administration correspondence	PDF File



PRELIMINARY PLAN NUMBER

PP 19/0024

CITY OF MARION
HUNDRED OF NOARLUNGA
IN THE AREA NAMED OAKLANDS PARK

SCALE 1 : 750 (A3)

0 7.5 15 22.5 30 37.5

SCALE – METRES

ROAD TO BE CLOSED IS LETTERED A HEREON.

CLOSED ROAD A IS TO MERGE WITH ALLOTMENT 94 IN F147328 TO FORM ONE ALLOTMENT

SUBJECT TO SURVEY

AERIAL IMAGERY OBTAINED FROM GOOGLE EARTH
DATE OF IMAGERY: NOVEMBER 2018

I HEREBY CERTIFY THAT THE PORTION OF THE ROAD TO BE CLOSED LETTERED A HEREON IS PUBLIC ROAD WITHIN THE MEANING OF SECTION 3 OF THE ROADS (OPENING & CLOSING) ACT, 1991

AUTHORITY: PUBLIC MAP, T 1541676, T 1884362, T 3594251, SEC. 14 SUB SEC. 1 OF ACT 1945 OF 1929

Ashley Window, Licensed Surveyor

PROPOSAL CERTIFIED CORRECT AS TO INTENT
DATED 2/ 8 /2019

AUTHORISED OFFICER

JOHN C BESTED & ASSOC PTY LTD
ABN 96 004 596 908
SURVEYING & PLANNING CONSULTANTS
362 MAGILL ROAD KENSINGTON PARK 5068
PHONE (08) 8332 7111 FAX (08) 8364 1829
email surveyors@johnbested.com.au

REFERENCE No.	20053	DRAWING No.	20053-ROAD	VERSION No.	2

Received 19/9/2019

Mr. John D Murphy
2/3 Kearnes Road
Oaklands Park SA 5046

Mr. Adrian Skull
Chief Executive Officer
City of Marion
PO Box 21, Oaklands Park SA 5046

Cc: Mr. Michael Paul Burdett
Surveyor-General
GPO Box 1354, Adelaide SA 5001

Dear Sir,

Re: Diagonal Way, Oaklands Park road closure and merge with the adjoining allotment 94 in F147328 portion of the public road (Diagonal Way) more particularly delineated and lettered 'A' in PP 19/0024.

This is a formal application of objection to the above stated road closure plan.

This objection application will address various points in the City of Marion's Traffic Impact Statement (**TIS**).

1. In reference to the first point made in the TIS, in regards to developing 'a significant open/green space, provide a connection with the Oaklands Park Station Plaza and promote the movement of pedestrians and cyclists (from the Station to the Marion Shopping Complex)' I reject that this development will achieve that proposed objective considering the location of the lights / pedestrian crossing and the current direct line of access to the many services other than just Westfield Marion Shopping Complex such as the Aquatic Centre, Service SA, the Medical Centre etc.

   If pedestrians and cyclists, from the Oaklands train station, were to use the proposed access as a thoroughfare it would 'push them away' from the safe traffic lights option and encourage dangerous 'jaywalking' across a very busy road.

2. The second point of the TIS that I would like to address is the expectation that the new car parking configuration would reduce traffic volumes into this area. As a resident in the area I have observed that it has, in fact, created a large volume of public transport users to park in surrounding streets, on both sides, creating a hazard due to limited road space especially for, say, larger emergency vehicles (fire trucks, ambulances) to gain access to residential dwellings.

   This has also created even further congestion due to the traffic that occurs on certain days and times in connection with the Anglican Church, The Hindu Temple and the netball courts.

3. In relation to the section in the TIS that concerns possible impacts, please see above explanation and to further elaborate the existing traffic flow is now funneled to a potentially hazardous 'bottle neck' at the Dwyer Rd / Albany Cres and Dwyer Rd / Hussey Avenue intersections whereas it was previously dispersed with the other access point.

4. Regarding the comments in the TIS on 'Outcomes':

   a. A park would improve the amenity in the area but not the functionality for pedestrians, cyclists, public transport users (parking their car) and residents. Also the higher volume of traffic coming through the Dwyer / Hussey access has created damage to the road during the Diagonal Way closure for the upgrade (please see attached photo).
   b. Of the 15 or so residential dwellings that abut Diagonal Way, congestion and access would definitely be reduced but has created congestion to the significantly larger number of residential homes in the area from the western side of the train line (Dwyer Rd) up to Kenton Avenue.
   c. In converting traffic away from Diagonal Way and Crew Street, the congestion has now been redirected to Albany Cres / Dwyer Rd intersection creating a single car access to Hussey Avenue and the Northern side of Dwyer Rd.

As a final point I am objecting to the road closure of Diagonal Way due to the potential safety hazards for pedestrians and road user's alike (including cyclists) that I have observed since the closure for the location of PTP Alliance's Site Office complex.

K:

I look forward to receiving your notification of meeting where my objection application will be given consideration.

Yours sincerely,

John P Murphy
2/3 Kearnes Rd.
Oaklands Park SA 5046

PP 19/0024

6 Kenton Ave

Oaklands Park

SA 5046

5 September 2019

OBJECTION

Recd 11/9/2019

Adrian Skull

Chief Executive Officer

City of Marion

PO Box 21

Oaklands Park

SA 5046

Proposed Road Closing – portion of Diagonal Way, Oaklands Park

Summary;

The consultation process has not been widely distributed, many local residents likely to be affected by such a road closure are not aware of the proposal, a more widely distributed consultation would likely have produced different results certainly more than the limited number of responses this assessment has been determined upon.

Diagonal Way is a strategic element of access to and from our immediate surrounds. During the modification of the Oaklands Crossing project we were subjected to a temporary closure of this road, this closure highlighted significant traffic and safety issues to regular users, being the intersection of Crew St and Dwyer Rd.

Areas of Oaklands Park and Marion surrounded by the Diagonal Road, Sturt Road and Marion Road triangle have long suffered traffic and access issues. Council has attempted on more than one occasion to resolve the issue of non-residential traffic using these suburbs as short cuts to unrelated activities, now the local traffic, residents and visitors, are paying the price.

Closure of this section of Diagonal Way will significantly increase the volume of traffic using the intersection of Crew St and Dwyer Rd consequently increasing the risk to users.

Regardless of any proposal the issue of adequate parking is still not addressed sufficiently, this area is a hub of public transportation, community facilities and major traffic movements, unfortunately and consequently car parking is of greater necessity than extended public space.

Traffic management in the immediate area:

The City of Marion Traffic Impact Statement associated with this closure, by Mark Griffin, dated June 2019, appears to have been developed using assumptions. The statement does not contain any reference to impact studies or any other technical evidence-based surveys of traffic movements. I contend that my observations as a resident of over 30 years are far more realistic and dependable than these assumptions.

Had the consideration of this proposed closure been identified at the time of the earlier precinct consultation I contend that the response would have been markedly different as the number of local resident made aware of such a proposal would have been greater, certainly I, and a number of my neighbours, would have been very vocal regarding such an impost. A number of my neighbours were unaware of this proposal until I mentioned it in the last few days.

The intersection of Crew St and Dwyer Rd has long been a busy one, the removal of parking adjacent the railway station on Crozier Tce now sees an almost permanent parking regime in local side streets. Crozier Tce and Diagonal Way were the only local streets that did not have issues with street congestion due to the existing design and parking provisions. Kearnes Rd, Dwyer Rd, Hussey Ave and Letcher Rd are regularly lined with commuter traffic reducing the usable roadway for local residents and visitors, in particular on the left-hand side of Dwyer Rd to the eastern side of Crew St where vehicles parked here obscure oncoming traffic, sightlines are interrupted, it can be difficult or impossible to observe vehicle indicators designed to identify their intentions to other traffic at the intersection, i.e. turning into Crew St or continuing along Dwyer Rd to Crozier Tce. This creates an increased risk for vehicles negotiating this intersection. The volume of traffic using this intersection has increased over time but the temporary closure of Diagonal Way demonstrated a much higher increase in overall traffic and congestion, a heightened risk for motorists. To access our home we are faced with negotiating smaller congested streets with an already obvious overcrowding situation due in part to the increased housing development in the area which inadvertently increases the number of vehicles parking in side streets. It is now difficult to negotiate any of the surrounding side streets without regularly having to negotiate with unregulated oncoming traffic due to congestion caused by parked vehicles.

Precinct Proposal

It appears that the proposed closure of Diagonal Way is partly to provide added amenity to a proposed extended Public Space and Community Connection from the Oaklands Crossing to Marion Shopping Complex. In my opinion there are a number of flaws in this concept;

- A Pedestrian and cyclist crossing is available at the existing traffic lights, Diagonal Rd and Morphett Rd intersections
- This proposal suggests that "Traffic Calming" and a "Wombat Crossing" would be incorporated into Crew St within a short distance of the intersection with Diagonal Rd. The existing design of the intersection and this proposal would create a bottleneck if pedestrians and cyclists were encouraged to use such access.
- Further the proposal suggests that once users have traversed the newly designed and landscaped section along the northern side of Diagonal Rd that a "Proposed Pedestrian Activated Crossing", (Traffic Lights), would be incorporated on Diagonal Rd somewhere between Crew St and Trott Grove, "location to be confirmed in consultation with DPTI", another impediment to traffic flow.

In review of the council draft concept plan for the upgrade of the Dwyer Road Reserve I conclude that the closure of Diagonal Way is unnecessary. Redesign the reserve development concept around the road remaining open.

Parking

The aforementioned City of Marion Traffic Impact Statement suggests that new car parking arrangements on the northern side of the station, due to the Oaklands Crossing upgrade, will reduce the parking issues on the southern side of the station. Evidence of daily parking observations suggests this is incorrect as previously mentioned. However a number of other contributing factors appear to have not been addressed;

- When the Shri Ganesh Temple on Dwyer Rd is operating the pressure on parking is considerable, the facility was recently expanded and on site parking is limited to 19 spaces, this facility attracts a high number of vehicles during services.
- When the Anglican church is attended or holds a function its carpark overflows quickly with a similar effect
- The proposed park development does not appear to include any additional parking for users and can only be considered to exacerbate the existing situation.
- The assumption by council that commuters, users of the train services, will negotiate the arterial roads and major intersections to access the relocated carparking is flawed, once again no data to support this has been made available, many are choosing to park in suburban side streets due to time and convenience factors.

Yours sincerely

S.W. Robertson

Cc: Surveyor-General, GPO Box 1354, Adelaide SA 5001

Australian Pipeline Limited ACN 091 344 704
Level 25, 580 George Street, Sydney NSW 2000
PO Box R41, Royal Exchange NSW 1225
P: +61 2 9693 0000 | F: +61 2 9693 0093
APA Group | apa.com.au

28th August 2019

City of Marion
93 Marion Rd,
Mitchell Park SA 5043

To whom it may concern,

PROPOSED ROAD CLOSURE – Diagonal Way, Oaklands Park

Australian Gas Networks (SA) Ltd / APA Group have identified a 40mm Poly High Pressure Gas Main (inserted in 100mm Poly) within the proposed road closure of Diagonal Way, Oaklands Parkand would object to this proposed closure.

When further information is received pertaining to the layout of the proposed development then a decision will be made whether to accept an easement or if an easement is not practical then the gas mains could be cut and capped and abandoned / and or have additional mains laid to enable the abandonment to occur where ever practical however the costs to undertake these works would be borne by third parties and be conditional on the removal of any objections.

Australian Gas Networks (SA) Ltd is the owner of the gas distribution networks in South Australia. APA Group has been appointed by Australian Gas Networks (SA) Ltd to operate and manage these gas network assets on their behalf.

Should you require additional information or clarification, I can be contacted on the number below.

Kind Regards,

Daniel Cooper
Technical Officer – Third Party Works

APA Group
Planning and Integrity
330 Grange Rd, Kidman Park SA 5025
PO Box 171, Findon SA 5023

p +61 08 8159 1739
e daniel.cooper@apa.com.au
w www.apa.com.au

APA Group comprises two registered investment schemes, Australian Pipeline Trust (ARSN 091 678 778) and APT Investment Trust (ARSN 115 585 441), the securities in which are stapled together. Australian Pipeline Limited (ACN 091 344 704) is the responsible entity of those trusts. The registered office is HSBC building, Level 19, 580 George Street, Sydney NSW 2000.

energy. connected.

SA Water

23 August 2019

Adrian Skull
Chief Executive Officer
Marion Council
PO BOX 21
OAKLANDS PARK SA 5046

Dear Adrian

ROADS (OPENING AND CLOSING) ACT 1991: DIAGONAL WAY PP19/0024

We refer to your notification of the above proposed road closure in the *SA Government Gazette* dated 22 Aug 2019.

We wish to advise that SA Water has both water and sewerage infrastructure located within the portion of road to be closed.

The South Australian Water Corporation will require easements for:

1) Water Supply Purposes

2) Sewerage Purposes

Over the entire area marked "A" on PP/0024.

The easement will need to be granted on a final plan free of cost to SA Water for us to withdraw our objection. Please notify SA Water on whether the preliminary closing of the road will or will not proceed.

Should you require any further information with regards this matter please do hesitate to contact me.

Regards

David Rowe
Property Officer

Phone: 7424 1886
Email: david.rowe@sawater.com.au

Encl: Plans of proposed Easements for PP190024 showing SA Water Services
cc: Surveyor - General (Roads Unit)
Surveyor – Bested

SOUTH AUSTRALIAN WATER CORPORATION

GPO Box 1751
Adelaide SA 5001

ABN 69 336 525 019

Telephone: 1300 650 950
Facsimile: + 61 8 7003 3329

PP 19/0024 Road Closure

Easement for Water Supply Purposes to SA Water

Report Generated: 23/8/2019 10:34 AM

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SOUTH AUSTRALIAN WATER CORPORATION

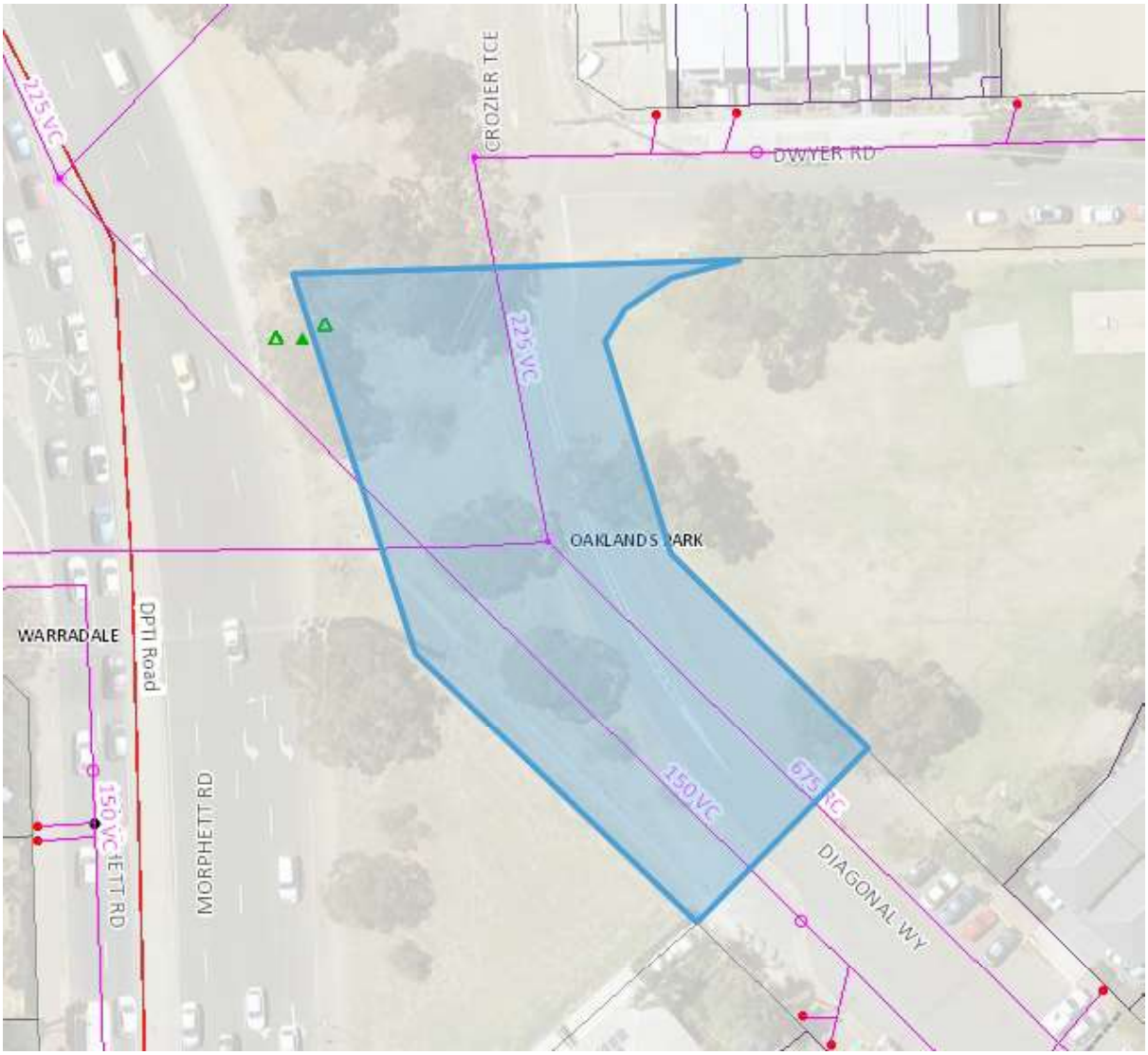
GPO Box 1751
Adelaide SA 5001

ABN 69 336 525 019

Telephone: 1300 650 950
Facsimile: + 61 8 7003 3329

PP 19/0024 Road Closure

Easement fro Sewerage Purposes to SA Water



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Scale 1: 700 (@A4)

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HON EMILY BOURKE MLC
Assistant Minister to the Leader

RECEIVED
CITY OF MARION
INFORMATION MANAGEMENT
-9 SEP 2019
Original
Fwd:
File No:
2 5 6 7 8 10 P

Adrian Skull
Chief Executive Officer
PO Box 21
Oaklands Park SA 5046

SCANNED

Dear Chief Executive Officer,

I write on behalf of Mr Bruno Aloi, who has a property at 1 Dwyer Road, Oaklands Park about the proposal to close and merge part of Diagonal Way with adjoining land.

Mr Aloi is concerned that the proposal will make it more difficult for residents to access Diagonal Road from Dwyer Road, Oaklands Park and Crozier Terrace, Oaklands Park.

The partial closure and merger of Diagonal Way, may mean that local residents on Crozier Terrace and Letcher Road and the portion of Dwyer Road close to Diagonal Way, use Crew Street to access Diagonal Road, Oaklands Park.

Mr Aloi is concerned that this will increase street congestion that he has advised occurs along Dwyer Road and Letcher Road, Oaklands Park, particularly when events are occurring at Shri Ganesh Temple and cars are parked along the streets.

Mr Aloi is also concerned that the proposal could lead to access issues for ambulances and other emergency personnel.

I ask that these concerns to the proposal be given consideration by the City of Marion.

Yours sincerely,

Hon Emily Bourke MLC
Shadow Assistant Minister to the Leader of the Opposition
5 September 2019

Peter Malinauskas MP
Labor Leader
Parliament House, North Terrace, Adelaide SA 5000 | 08 8237 9488
laborleader@parliament.sa.gov.au | Facebook: EmilyBourkeMLC

Telstra Plan Services

Level 6, 275 George Street
Brisbane, QLD 4000

Postal Address:
Locked Bag 3820
Brisbane, QLD 4000

Email: F0501488@team.telstra.com

Date : **03/10/2019**

Your Ref: 20053
Our Ref: **AF271046-1**

Nick Papatheodorakis
surveyors@johnbested.com.au

Dear Nick,

Re: Proposed Road Closing - portion of Diagonal Way, Oaklands Park

Thank you for your original communication dated **22/08/2018** in relation to the location specified above.

Telstra's plant records indicate that there are **Telstra assets in the vicinity.** Subject to your compliance with the below conditions, **Telstra have NO OBJECTIONS** to the road closure.

We note that our plant records merely indicate the approximate location of the Telstra assets and should not be relied upon as depicting a true and accurate reflection of the exact location of the assets. Accordingly, if you haven't already done so **please contact Dial Before You Dig for a detailed site plan and a list of Telstra Accredited Plant Locators (APL) to establish the exact location of Telstra assets (phone 1100 or visit www.1100.com.au).**

The network located by a Telstra Accredited Plant Locators may ensure the network is located within the proposed closure.

In the event Telstra's assets require relocation, please engage **Telstra's Asset Relocation** team to obtain a quote to relocate the assets from the location in question. The relocation of the assets would be carried out at your cost, however the relocation would ensure that the land/s and its projected use would not be hindered or restricted by easements. The existing network on this road cannot be built over.

Please phone 1800 810 443 (opt 1) or email F1102490@team.telstra.com to arrange for asset relocation at the property.

As these assets comprise an essential component of the Telstra network, we take this opportunity to highlight Telstra's rights and requirements to ensure that they are understood. The following is stated for your information:

(1) Telstra's existing facilities are grandfathered under the 1997 Telecommunications Act. This enables such facilities to legally occupy land in perpetuity for the duration of that facilities use.

(2) Part 1 of Schedule 3 of the Telecommunications Act 1997 authorises a carrier to enter land and exercise any of the following powers:

- inspect the land
- install a facility
- maintain a facility

In the case of installation and planned maintenance a notification will be afforded and such work will generally proceed during business hours. However, from time to time, certain activities need to be carried out without delay in order to protect the integrity of the network. Such activities may require vehicular access without notice and at any time of the day or night. 24/7 access for maintenance must be maintained.

(3) If at any time in the future it becomes necessary, in the opinion of the carrier because of a subdivision of any land to remove, or alter the position of a facility, the carrier may enter the land and do anything necessary or desirable for that purpose. The person who proposes to subdivide the land is liable to pay the carrier the reasonable cost of anything reasonably done by the carrier in this regard.

(4) If at any time in the future it becomes necessary, in the opinion of the carrier or the land owner to remove, or alter the position of any Telstra assets, the carrier may enter the land and do anything necessary or desirable for that purpose. If the land owner is contemplating carrier relocation of these assets, then the land owner is liable to pay the carrier the reasonable cost of anything done in this regard.

(5) All individuals have a legal "Duty of Care" that must be observed when working in the vicinity of Telstra's communication plant. It is the constructors/land owner's responsibility to anticipate and request the nominal location of Telstra plant in advance of any construction activities in the vicinity of Telstra's assets. **All enquires for plant locations should be made through Dial Before You Dig's freecall "1100" enquiry number. On receipt of plans, notwithstanding the recorded location of Telstra's plant, the constructor/land owner is responsible for potholing and physical exposure to confirm the actual plant location before site civil work begins.** Telstra reserves all rights to recover compensation for loss or damage caused by interference to its cable network or other property.

Telstra would also appreciate due confirmation when this proposed acquisition proceeds so as to update its **Cadastre** records. Information regarding acquisition of the land would be of benefit to us and should be directed to the following location:

South Australia
Telstra - Cadastre Updates
PO Box 61
Ballarat VIC 3353
Attention: - Team Leader
F1501634@team.telstra.com
F1103432@team.telstra.com

Please pass all information contained in this communication to all parties involved in this proposed process. Any difficulties in meeting the above conditions, or questions relating to them, please do not hesitate to contact Telstra Plan Services; email F0501488@team.telstra.com

Yours sincerely,

Anthony Lebessis

For
Manager – Brian O'Shea
Telstra Plan Services

F0501488@team.telstra.com

Bested Surveyors - Plans

From: Angela Clark <Angela.Clark@sapowernetworks.com.au>
Sent: Monday, 9 September 2019 3:24 PM
To: Bested Surveyors - Plans
Subject: RE: Proposed Road Closure - Portion of Diagonal Way, Oaklands Park

No we will rely on our statutory easements provisions otherwise you would end up with a 26m wide easement at the top and a 15m wide easement at the other end!

Kind regards,

Angela Clark
Easements Manager
Registered Conveyancer

Direct: 08 8404 5897
Mobile: 0433 463 885
Angela.clark@sapowernetworks.com.au
---
1 Anzac Highway, Keswick SA 5035
www.sapowernetworks.com.au

SA Power Networks

From: Bested Surveyors - Plans <plans@johnbested.com.au>
Sent: Monday, 9 September 2019 3:22 PM
To: Angela Clark <Angela.Clark@sapowernetworks.com.au>
Subject: RE: Proposed Road Closure - Portion of Diagonal Way, Oaklands Park

HI Angela

Thanks for your email.

Are we required to create easements for any of these overhead cables ?

Regards, Nick Papatheodorakis

JOHN C BESTED AND ASSOCIATES PTY LTD
Surveying & Planning Consultants
362 Magill Road Kensington Park
South Australia 5068
Telephone 08 8332 7111
Fax 08 8364 1829
Email surveyors@johnbested.com.au

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From: Bested Surveyors
Sent: Monday, 9 September 2019 3:15 PM
To: Bested Surveyors - Plans
Subject: FW: Proposed Road Closure - Portion of Diagonal Way, Oaklands Park

From: Angela Clark <Angela.Clark@sapowernetworks.com.au>
Sent: Monday, 9 September 2019 3:07 PM
To: Bested Surveyors <surveyors@johnbested.com.au>
Subject: Proposed Road Closure - Portion of Diagonal Way, Oaklands Park

Your ref: 20053
Preliminary Plan No. 19/0024

I refer to your earlier correspondence outlining this proposal.

SA Power Networks have existing 11000 volt and 66000 volt powerlines crossing portion of Diagonal Road that will be impacted – see attached plan highlighted in orange.
SA Power Networks also have an existing low voltage overhead powerline that feeds to a pole adjacent to the boundary of Allotment 96 – see attached plan highlighted in blue.

SA Power Networks will rely on its statutory easement provisions for these powerlines, however any redevelopment of this site must take into account the required clearances between powerlines and permanent structures. These are set out in the Electricity Regulations (General) 2012 and specify the minimum horizontal and vertical clearances between permanent structures and electrical infrastructure.

More information relating to these clearances can be obtained from the Office of the Technical Regulator.

I hope this information is of assistance and if you have any queries please do not hesitate to contact me.

Kind regards,

Angela Clark
Easements Manager
Registered Conveyancer

Direct: 08 8404 5897
Mobile: 0433 463 885

Angela.clark@sapowernetworks.com.au
---
1 Anzac Highway, Keswick SA 5035
www.sapowernetworks.com.au

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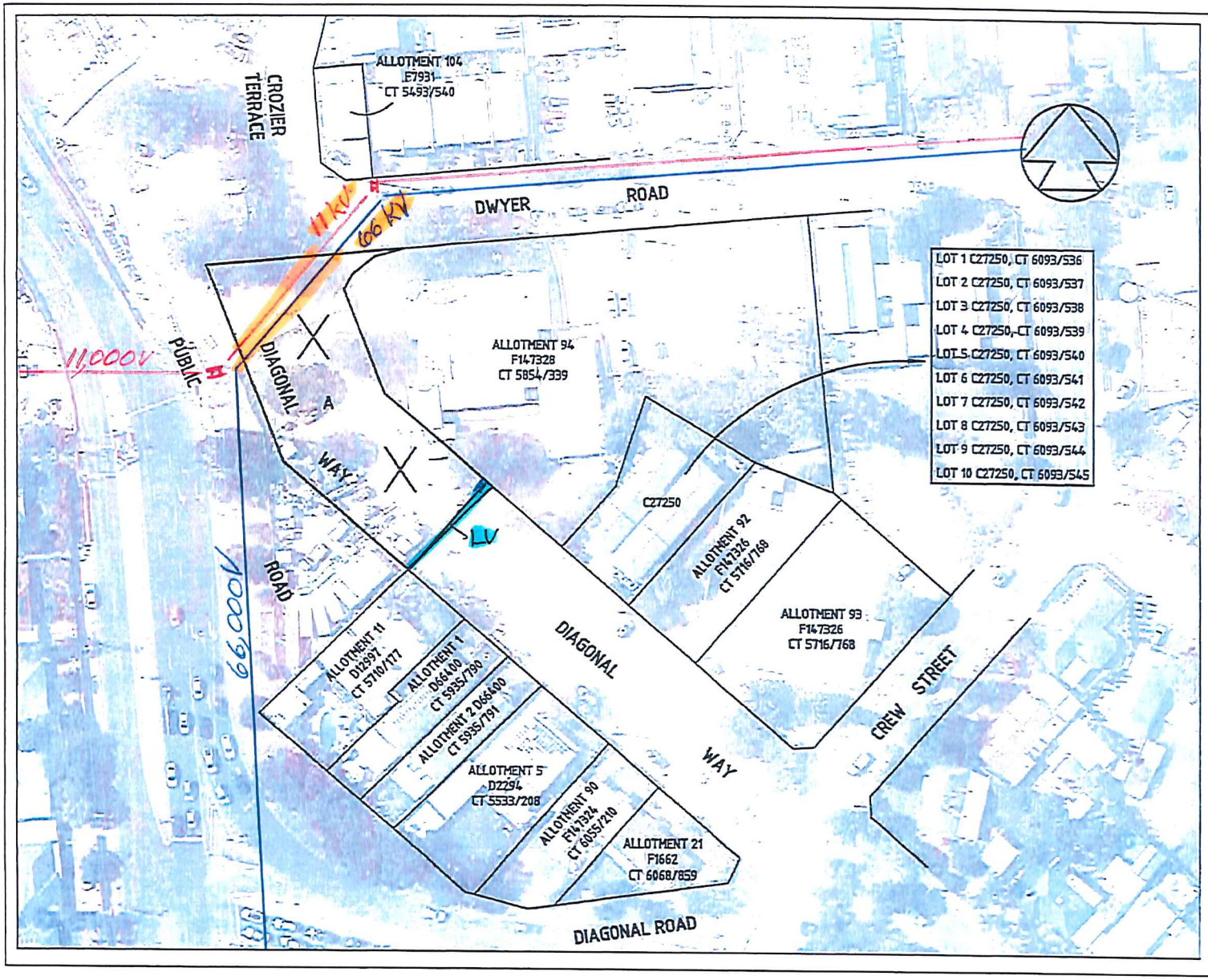

PRELIMINARY PLAN NUMBER

PP 19/0024

CITY OF MARION
HUNDRED OF NOARLUNGA
IN THE AREA NAMED OAKLANDS PARK

SCALE 1 : 750 (A3)

0 7.5 15 22.5 30 37.5

SCALE – METRES

ROAD TO BE CLOSED IS LETTERED A HEREON.

CLOSED ROAD A IS TO MERGE WITH ALLOTMENT 94 IN F147328 TO FORM ONE ALLOTMENT

SUBJECT TO SURVEY

AERIAL IMAGERY OBTAINED FROM GOOGLE EARTH
DATE OF IMAGERY: NOVEMBER 2018

I HEREBY CERTIFY THAT THE PORTION OF THE ROAD TO BE CLOSED LETTERED A HEREON IS PUBLIC ROAD WITHIN THE MEANING OF SECTION 3 OF THE ROADS (OPENING & CLOSING) ACT, 1991

AUTHORITY: PUBLIC MAP, T 1541676, T 1884362, T 3594251, SEC. 14 SUB SEC. 1 OF ACT 1945 OF 1929

Ashley Window, Licensed Surveyor

PROPOSAL CERTIFIED CORRECT AS TO INTENT

DATED 2 / 8 /2019

AUTHORISED OFFICER

JOHN C BESTED & ASSOC PTY LTD
ABN 96 004 596 905
SURVEYING & PLANNING CONSULTANTS
362 MAGILL ROAD KENSINGTON PARK 5068
PHONE (08) 8332 7111 FAX (08) 8364 1829
email surveyors@johnbested.com.au

REFERENCE No.	DRAWING No.	VERSION No.
20053	20053-ROAD	2

Bested Surveyors - Plans

From: Bested Surveyors
Sent: Wednesday, 11 September 2019 11:23 AM
To: Bested Surveyors - Plans
Subject: FW: Road Closure - Portion of Diagonal Way, Oaklands Park (PP 19/0024)
Attachments: 11-09-2019_11-17-55.pdf

From: Small, Matthew (DPTI) <Matthew.Small@sa.gov.au>
Sent: Wednesday, 11 September 2019 11:22 AM
To: Bested Surveyors <surveyors@johnbested.com.au>
Cc: Psyridis, Jim (DPTI) <Jim.Psyridis@sa.gov.au>
Subject: Road Closure - Portion of Diagonal Way, Oaklands Park (PP 19/0024)

Hi Pat,

This department raises no in-principle objections to the proposed road closure.

Kind Regards,

Matthew Small
Transport Assessment
Planning and Transport Policy
Department of Planning, Transport and Infrastructure
T 7109 7875 • GPO Box 1533 Adelaide SA 5001 • DX 171 • www.dpti.sa.gov.au

collaboration . honesty . excellence . enjoyment . respect

We acknowledge and respect Aboriginal peoples as South Australia's first peoples and nations, we recognise Aboriginal peoples as traditional owners and occupants of land and waters in South Australia and that their spiritual, social, cultural and economic practices come from their traditional lands and waters; and they maintain their cultural and heritage beliefs, languages and laws which are of ongoing importance; We pay our respects to their ancestors and to their Elders.
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CR19283937

17 September 2019

CITY OF MARION

PO Box 21, Oaklands Park
South Australia 5046

245 Sturt Road, Sturt
South Australia 5047

T (08) 8375 6600
F (08) 8375 6699
E council@marion.sa.gov.au

Steven Robertson
6 Kenton Avenue
Oaklands Park SA 5046

Dear Mr Robertson

Proposed Road Closure - Portion of Diagonal Way, Oaklands Park

Thank you for your letter dated 5 September 2019, expressing your concerns in relation to the proposed closure of Diagonal Way. In response, the following comments are provided.

Consultation

The City of Marion undertook consultation on the concept plans for Dwyer Road Reserve and proposed Diagonal Way road closure from 3 May 2019 to 24 May 2019. This involved:

- A letterbox drop to 879 properties within a 400 metre radius of the reserve;
- The information included a brochure detailing the proposal, links to a project specific website and a survey on Council's community engagement website;
- Brochures were also available at Marion Cultural Centre, Administration Building and South Australian Aquatic & Leisure Centre;
- On 21 and 22 May, Council staff handed out brochures at the new Oaklands Station to commuters departing in the morning peak hour. A total of 100 brochures were distributed;
- A link to the survey was posted on the Council's social media pages on the following dates;
    - 3 May 2019 - Facebook post launching survey, resulting in 3,206 people being reached, 4 comments and 4 shares;
    - 15 May 2019 - promoting the survey reaching a total of 2389 people;
    - 15 May 2019 - promoting a "drop in" session, reaching 1103 people. The Facebook event posting resulted in 55 interested, 11 shared and 781 people reached;
    - 21 May 2019 - sponsored post reaching 2,379 people, with 7 comments and 1 share. Comments are included as part of the consultation report.
- A "drop in" session (held 15 May 2019, between 5:30 and 7:00pm) was hosted by Elected Members and staff; and
- Information was publicised in the Messenger, in the What's Happening column.

The results of the community feedback has been summarised below:

- A total of **452** people visited the Marion website, with 36 people downloading the concept plan document;
- **47** people completed the online quick poll, with 43 people (91%) supporting the overall concept plan; and
- **39** people completed the survey questions (online). Of these, 82% supported the closure of the portion of Diagonal Way.

The process and findings of consultation can be viewed at
https://www.marion.sa.gov.au/about-council/major-projects/oaklands-precinct-upgrade

Upon review of the consultation findings, Council at its meeting dated 19 June 2019 resolved to proceed with the road closure. This process has commenced utilising the Roads (Opening and Closing) Act 1991. The associated consultation comprises of:

- A publication of a notice in the Government Gazette;
- Notice to each person affected by the road closure. It is deemed that persons immediately to the south and north of the proposed road closure are those affected.
- The consultation period commenced on the 28th August and will conclude on the 25th September 2019.

In addition to this, the Regulations state that Council **may** publish a notice in the newspaper circulating generally in the area. Accordingly, a notice was published in the *Coast City Messenger* dated 28 August 2019.

Following the consultation period, all objections received will be considered by Council prior to an authorisation of a Road Closure order being forwarded to the Surveyor General (as per the Act). Council will receive a report in October to consider the consultation.

Traffic Management

The Traffic Impact Statement is not a technical document, it is meant to provide details on the background, reasons for the proposed changes, likely impacts and outcomes. This statement is formulated by utilising available traffic data, observations and practitioner review of the proposed plans.

While it is recognised that the majority of vehicles wishing to access Crozier Street, Letcher Road and the western end of Dwyer Road will utilise Crew Street, overall it is anticipated that the vehicle numbers coming into the area will be reduced. This is due to the redistribution of car parking across all four quadrants around the Oaklands Station. The Crozier Terrace car park has been reduced from 254 spaces to 95 + 6 disability access, providing only 26% of the total parking supply (originally 85%).

It is also anticipated that the proposed closure will reduce a potential safety risk at the junction of Diagonal Way and Crew Street by reducing the traffic movements (turns) and possible congestion at the junction, which is only 30 metres from the junction with Diagonal Road.

Additional traffic counts are scheduled to be undertaken in the area in October 2019 (once traffic and parking patterns have been established) to ascertain the effect on the local road network as a result of the new Station parking and removal of the level rail crossing. This data will inform a review of current on street parking controls.

Precinct Proposal

To complement the Oaklands Crossing project, the City of Marion has developed a concept that will significantly improve pedestrian and cyclist connectivity to the Marion Regional Centre. It is envisaged that this project will achieve multiple benefits for the community, including;

- The creation of a larger public park (green space) adjacent to Diagonal Road and Dwyer Road;
- Provision of new playground equipment and amenities;
- Enhanced streetscapes with tree planting and renewed footpaths;
- Improved pedestrian and cyclist movement, connecting to the Adelaide-Marino Rocks Greenway and proposed "Chrysler Trail" (a shared path from Tonsley to the Marion Regional Centre);
- The separation of pedestrian movements from the Morphett Road and Diagonal Road junction (this junction currently caters for 42,000 vehicles per day and requires pedestrians to cross the road in three controlled stages across six lanes of traffic). Note this connection will be retained as an alternative pedestrian route.
- A wombat crossing on Crew Street to provide a safer point for pedestrians and cyclists while reducing vehicle speeds.
- A proposed Pedestrian Activated Crossing on Diagonal Road adjacent Warracowie Way (synchronised with the nearby traffic signals) to provide a direct connection with the Marion Cultural Centre and the future expansion of the Westfield Shopping Centre. Note this is likely to require one or two controlled stages for crossing four lanes of traffic.

Parking

The Oaklands Station development has significantly altered/ redistributed the commuter parking to the four quadrants around the Station, as follows:

Location	Original Number	New Car Parking Numbers
Murray Terrace	22	144 + 10 Disability Access (42%)
Railway Terrace	21	93 (26%)
Addison Avenue	0	18 (5%)
Crozier Terrace	254	93 +6 Disability Access (27%)
Total	**297**	**364**

Furthermore, the formalising of parking within the southern portion of Diagonal Way and the proposed provision of an indented parking bay on the southern side of Dwyer Road (adjacent to the reserve) will increase parking. Subject to detailed design, it is estimated that this will result in an additional formalised 36 parking spaces in Diagonal Way and 9 in Dwyer Road.

The City of Marion is also investigating the use of smart technology to assist commuter car parking and wayfinding, which will enhance traffic management in the area.

I hope you find this information helpful however if you wish to discuss the situation further please contact to following Council Officer, during business hours:

- The Oaklands Reserve Development - Mr Brett Grimm (City Activation Senior Advisor) on 8375 6634
- Traffic Management – Mr Mark Griffin (Unit Management Engineering) on 7420 6422

Yours sincerely

Adrian Skull
Chief Executive Officer

CR19283937

3 October 2019

CITY OF MARION

PO Box 21, Oaklands Park
South Australia 5046

245 Sturt Road, Sturt
South Australia 5047

T (08) 8375 6600
F (08) 8375 6699
E council@marion.sa.gov.au

Steven Robertson
6 Kenton Avenue
Oaklands Park SA 5046
Email: gettosteve@bigpond.com

Dear Mr Robertson,

Thank you for your email of 25 September, seeking clarity and further information on the proposed Diagonal Way road closure.

The purpose of the closure is to enable us to improve the area adjacent to Oaklands Crossing by building a new park, footpaths and streetscapes, and installing new technology.

Council received a report on 23 April 2019 which included a concept plan for Dwyer Road Reserve and Diagonal Way. The plan identified the proposed road closure as part of the Oaklands Precinct Upgrade. Please find attached resolution (GC190326R13).

Council undertook community consultation on the concept designs, including the proposed road closure, in May 2019. The consultation process went above and beyond of what is required under Local Government Act.

Council considered a report on the findings of the consultation on 25 June 2019. The report showed 82 per cent of respondents supported the proposed road closure. Please refer to the attached Council resolution (GC190625R20).

Consultation on the road closure has been undertaken in accordance with the Roads (Opening and Closing) Act 1991.

Objections and requests for easements will be considered by Council at its Meeting on 22 October 2019 at 245 Sturt Road, Sturt. The meeting begins at 6.30pm.

Council is expected to make a decision on the road closure at this meeting.

A copy of your objection will be included in the public Council Report as an attachment.

You, or a representative, are invited to attend at the meeting and make a submission in support of your objection.

CITY OF MARION

To do this, please forward a written request for a deputation to The Mayor prior to the General Council Meeting date. This may be posted or delivered to The Mayor at 245 Sturt Road Sturt SA 5047 or by email to Mayor.EA@marion.sa.gov.au.

In making a deputation, you have the opportunity to speak for up to five minutes to the Elected Members.

Your name will be recorded in the Council minutes. The details of the content of your deputation will not be included in the minutes, however, the audio recording will be made available on Council's website.

If you have any queries about the road closure or making a submission / deputation please contact the Land Asset Officer, Heather Carthew, by phone on 7420 6584 or by email at heather.carthew@marion.sa.gov.au

Yours sincerely

Adrian Skull
Chief Executive Officer

CR19288003

3 October 2019

CITY OF MARION

Mr John P Murphy
2/3 Kearnes Rd
Oaklands Park SA 5046

PO Box 21, Oaklands Park
South Australia 5046

245 Sturt Road, Sturt
South Australia 5047

T (08) 8375 6600
F (08) 8375 6699
E council@marion.sa.gov.au

Dear Mr Murphy,

Proposed Road Closure - Portion of Diagonal Way, Oaklands Park

I wish to acknowledge receipt of your objection to the proposed road closure dated 19 September 2019. I understand that Council staff have offered to meet with you and discuss your concerns, however you declined. Nevertheless, let me reassure you that the offer for staff to meet with you remains.

This information is provided in response to the points you made.

Traffic Management

The Traffic Impact Statement is not a detailed technical document, it provides an overview of the background, reasons for the proposed changes, likely impacts and outcomes. It is created from available traffic data, observations, and practitioner reviews of the proposed plans.

To complement the Oaklands Crossing project, the City of Marion has developed a concept that will significantly improve pedestrian and cyclist connectivity to the Marion Regional Centre. The project will achieve multiple benefits for the community, including;

- Improved pedestrian and cyclist movement, connecting to the Adelaide-Marino Rocks Greenway and proposed "Chrysler Trail" (a shared path from Tonsley to the Marion Regional Centre);
- The separation of pedestrian movements from the Morphett Road and Diagonal Road junction (this junction currently caters for 42,000 vehicles per day and requires pedestrians to cross the road in 3 controlled stages);
- A wombat crossing on Crew Street to provide a safer point for pedestrians and cyclists while reducing vehicle speeds; and
- A proposed Pedestrian Activated Crossing on Diagonal Road adjacent Warracowie Way (synchronised with the nearby traffic signals) to provide a direct connection with the Marion Cultural Centre and the future expansion of the Westfield Shopping Centre.

While it is recognised that the majority of vehicles wishing to access Crozier Street and the western end of Dwyer Road will use Crew Street, overall it is anticipated that the vehicle numbers coming into the area will be reduced. This is due to the redistribution of car parking

across all four quadrants around the Oaklands Station. The Crozier Terrace car park has been reduced from 254 spaces to 94, providing only 26% of the total parking supply (originally 85%).

The Oaklands Station development has significantly altered/ redistributed the commuter parking to the four quadrants around the station, as follows:

Location	Original Number	New Car Parking Numbers
Murray Terrace	22	149 (41%)
Railway Terrace	21	92 (26%)
Addison Avenue	0	25 (7%)
Crozier Terrace	254	94 (26%)

It should be noted that the new configuration has resulted in additional 63 car parking spaces.

It is also anticipated that the proposed closure will reduce a potential safety risk at the junction of Diagonal Way and Crew Street by reducing the traffic movements (turns) and possible congestion at the junction, which is only 30 metres from the junction with Diagonal Road.

To ascertain the effect on the local road network and parking patterns as a result of the new station parking and removal of the rail crossing, additional traffic counts will be undertaken this October.

Regarding the road defects on the corner of Crew Street and Dwyer Road, this has been caused by construction work and will be repaired in the coming months by the contracted party.

Road Closure Process

Consultation on the road closure has been undertaken in accordance with the Roads (Opening and Closing) Act 1991.

Objections and requests for easements will be considered by Council at its Meeting on 22nd October 2019 at 245 Sturt Road, Sturt, which begins at 6.30pm.

Council is expected to make a decision on the road closure at this meeting.

A copy of your objection will be included in the public Council Report as an attachment.

You, or a representative, are invited to attend at the meeting and make a submission in support of your objection.

To do this, please forward a written request for a deputation to The Mayor prior to the General Council Meeting date. This may be posted or delivered to The Mayor at 245 Sturt Road Sturt SA 5047 or by email to Mayor.EA@marion.sa.gov.au.

CITY OF MARION

In making a deputation, you have the opportunity to speak for up to five minutes to the Elected Members.

Your name will be recorded in the Council minutes. The details of the content of your deputation will not be included in the minutes, however, the audio recording will be made available on Council's website.

If you have any queries about the road closure or making a submission / deputation please contact the Land Asset Officer, Heather Carthew, by phone on 7420 6584 or by email at heather.carthew@marion.sa.gov.au

Kind Regards

Adrian Skull
Chief Executive Officer

South Australian Productivity Commission Local Government Inquiry

Originating Officer	Executive Assistant to CEO - Dana Bartlett
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	Chief Executive Officer - Adrian Skull
Report Reference	GC191022R15

REPORT OBJECTIVE

For Council to consider and contribute to a submission to the South Australian Productivity Commission (SAPC) regarding the inquiry into Local Government Costs and Efficiency.

EXECUTIVE SUMMARY

The SAPC released a notice of inquiry on 13 May 2019 advising that the South Australian Government has asked the Commission to undertake an inquiry into local government costs and efficiency to identify options to improve efficiency and financial accountability and create capacity to pass on cost reductions to rate-payers.

On the 30 of August 2019 the SAPC released a draft report inviting stakeholders to make a written submission (Appendix 1).

Feedback has been sought from Elected Members on a draft submission to adopt (subject to any required changes).

Submissions are due by 25 October 2019.

RECOMMENDATION

That Council adopts the submission to SAPC provided in Appendix 2 to this report the inquiry into Local Government Costs and Efficiency subject to the following amendments:

Attachment

#	Attachment	Type
1	Local-Government-Inquiry-Draft-Report (Appendix 1)	PDF File
2	Productivity Commission - Response 151019 (Appendix 2)	PDF File

Draft Report

Inquiry into Local Government Costs and Efficiency

30 August 2019

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South Australian Productivity Commission
GPO Box 2343
Adelaide South Australia 5001
AUSTRALIA

Telephone: 08 8226 7828
Email: sapc@sa.gov.au
Website: www.sapc.gov.au

An appropriate citation for this publication is:

South Australian Productivity Commission 2019, *Inquiry into Local Government Costs and Efficiency – draft report*, August 2019

Preface

The release of this draft report gives interested parties the opportunity to comment on the Commission's analysis in relation to its inquiry into local government costs and efficiency.

The Commission will consider comments received prior to developing and presenting its final report to government.

In preparing this draft report, the Commission invited public submissions and consulted widely with a range of individuals, businesses, organisations and government agencies.

The Commission invites further written submissions on the draft report. These submissions may address any of the issues covered by the terms of reference. The Commission will hold further consultations as necessary, to gather further evidence and hear views on the draft report.

At the conclusion of consultation on the draft report, the Commission will prepare a final report to be presented to the Government of South Australia on 22 November 2019.

The Commission looks forward to receiving feedback on the draft report.

We would like to thank all those who have participated in this inquiry to date which includes state government departments, local government associations, councils, professional bodies, academics and the public.

In addition, we would like to acknowledge and thank the Office of the South Australian Productivity Commission staff for their work in researching and preparing this draft report.

Dr Matthew Butllin	Jeff Tate	Prof Christopher Findlay
CHAIR AND CHIEF EXECUTIVE	**COMMISSIONER**	**COMMISSIONER**

Date 30 August 2019

About the South Australian Productivity Commission

The Commission provides the South Australian Government with independent advice on facilitating productivity growth, unlocking new economic opportunities, supporting job creation and removing existing regulatory barriers.

The Premier and Cabinet Circular PC046 sets out the objectives and functions of the Commission; how inquiries are referred to the Commission, undertaken and reported on; and how the Commission and public sector agencies work together.

The Commission was established to assist the government to:

i. improve the rate of economic growth and the productivity of the South Australian economy in order to achieve higher living standards for South Australians;
ii. improve the accessibility, efficiency and quality of services delivered or funded by government;
iii. improve South Australia's competitiveness for private sector investment;
iv. reduce the cost of regulation;
v. facilitate structural economic changes while minimising the social and economic hardship that may result from those changes;
vi. take into account the interests of industries, employees, consumers and the community;
vii. increase employment;
viii. promote regional development; and
ix. develop South Australia in a way that is ecologically sustainable.

The Commission is supported by the Office of the South Australian Productivity Commission (OSAPC). The Chair of the Commission also serves as the Chief Executive of the OSAPC.

For more information on the Commission, including Premier and Cabinet Circular PC046, visit the website at www.sapc.sa.gov.au.

Disclosure

The Commissioners have declared to the South Australian Government all personal interests that could have a bearing on current and future work. The Commissioners confirm their belief that they have no personal conflicts in regard to this inquiry.

Terms of Reference

SOUTH AUSTRALIAN PRODUCTIVITY COMMISSION INQUIRY INTO LOCAL GOVERNMENT COSTS AND EFFICIENCY

I, Steven Marshall, Premier, hereby request that the South Australian Productivity Commission (the Commission) undertake an inquiry into local government costs and efficiency.

Background

The South Australian Government is concerned that the rising cost of living has put undue pressure on South Australian households and businesses. Every level of government has a duty to ensure service delivery is as efficient and effective as possible to contain costs to taxpayers and ratepayers and ease cost of living pressures.

South Australian councils collectively manage a budget of $2 billion and maintain infrastructure and other physical assets worth almost $23 billion. Effective local government can be the mainstay of a strong community. It is responsible for aspects of everyday life from roads and infrastructure, to well-maintained libraries and community services.

Consequently, sustaining good financial and performance management practices and seeking to continually enhance productivity and efficiency are critical factors for councils as they aim to continue to improve the services they provide to their local community.

Improved performance monitoring by councils, combined with meaningful data analysis and reporting, will improve public accountability as well as provide evidence and opportunities for councils and the South Australian Government to drive and support continuous improvement. Further, effective performance reporting by councils is essential for ensuring accountability to residents and ratepayers as to how public money is being spent and the quality of services delivered.

An SAPC public inquiry process would enable full engagement with local councils and other stakeholders, as well as providing to both local and state governments some independent and objective analysis and advice on the issue of local government costs.

Terms of Reference

The Minister for Local Government has developed a 12-month plan for local government reform to improve council efficiency and effectiveness and restore confidence in council decision making. The reform elements address:

- Stronger council member capacity and better conduct
- Efficient and transparent local government representation
- Lowering costs and enhanced financial accountability in the local government sector
- Simpler regulation.

The South Australian Government is seeking independent advice on the third element regarding cost and financial accountability. This requires consideration of the key determinants of costs, or “cost drivers” of local council budgets; options to lower council costs; and how to ensure lower costs flow through to ratepayers.

Any interpretation of changes in local government costs, or comparisons between councils, would need to be able to take account of the impacts of factors likely to affect costs such as

council size/scale, quality standard and mix of services provided, size of population and geographical area served and urban versus outer metro versus rural and remote locations.

Scope

The Commission is asked to consider and report on the following matters regarding local government costs and efficiency:

1. Analysis of the information on local government costs and the key drivers of costs including:
    - Identify trends in local government activities and costs of local government operations
    - Identify the drivers of local government costs and assess their impacts.
2. Develop and analyse measures of local government efficiency and productivity.
3. Identify mechanisms and indicators that could be used by the local government sector to measure and improve performance over time.
4. Consider recent reforms in South Australia and other jurisdictions to policy, governance and management practices in the local government sector and their potential to improve council performance.
5. Provide advice on possible options to guide and assist councils to improve efficiency and create capacity to pass on cost reductions to rate payers.
6. Provide recommendations on actions by the South Australian Government to lower local government costs and enhance local government financial accountability.

In its consideration of the above matters, the Commission is expected to have regard to the changing service expectations of communities and the long-term financial sustainability of councils.

Inquiry Process

The Commission will consult local government and other key stakeholders on the methodology to be used for its analysis.

The Commission is to publish a draft report and seek submissions before presenting a final report to the Government.

The Commission will second and/or engage staff with required analytical expertise and knowledge of the local government sector for the period of the inquiry.

The inquiry will involve state-wide consultation with Councils, community groups and relevant professionals in the public, private and professional bodies as part of the public engagement process.

Key dates:

Draft report	30 August 2019
Submissions on draft report	25 October 2019
Final report	22 November 2019

Hon Steven Marshall MP
PREMIER OF SOUTH AUSTRALIA

13/05/2019

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Key Messages

The Commission's task is to: analyse local government's cost base and its drivers; analyse efficiency and productivity; provide advice to councils on improving efficiency and creating capacity to pass on cost reductions to rate payers; and provide recommendations on actions by the government to cut local government costs and enhance its financial accountability.

Local government is the level of government closest to neighbourhoods and regions and its performance is important in terms of the human and economic services it provides to their communities. There has been a long history of reforms in South Australia and in other jurisdictions that have broadened the discretionary power of councils to perform a range of functions. The Commission notes that the financial reforms initiated by the state's local government sector, some of which were incorporated into the *Local Government Act 1999*, have strengthened council financial performance.

Councils have varying degrees of control over factors that influence their costs. Some costs are the result of mandates by the state government. The price paid for labour and other inputs are influenced by industrial relations arrangements at the council level and procurement practices respectively. Councils have a good deal more control over the scale, scope and quality of non-mandated services and over productivity and efficiency levels through choice of technology and business processes.

Evidence has been gathered from consultations, submissions and the Commission's own analyses. The Commission has found a diverse range of service reviews and efficiency reform projects by various councils. Some projects have resulted in sizable and quantified improvements to council efficiency. Councils also participate in formal and informal resource sharing arrangements. That said, the evidence also indicates that few sector-wide management or work practice reforms have been undertaken.

The Commission's analysis of the detailed cost information from the South Australian Local Government Grants Commission and other sources shows:

- while total operating expenditure for the sector grew faster than inflation over the decade to 2017-18, the experience of councils varied widely. Growth in population and property numbers, while slow, is likely to have caused some increase in the volume of services demanded (except for small and medium rural councils);
- responsibilities (such as roads and waste collection) mandated by the State accounts for nearly half (46 per cent) of overall total operating expenditure, and nearly 60 per cent for rural councils;
- while total operating expenditure has grown, the shares between mandated and non-mandated expenditure have remained relatively fixed over the decade;
- the principal areas of total council operating costs in 2017-18 were employee costs (35 per cent), materials and other costs (41 per cent) and depreciation (23 per cent);
- total unit employee costs – a proxy for a council wage rate – grew faster than average earnings in South Australia over the decade to 2017-18. The Commission heard a wide range of views from the sector about industrial relations arrangements and will look further into this matter; and
- while the four largest service categories – transport, recreation, other environment and waste management – account for more than half of total council operating expenditure, the mix of services has not changed appreciably over the last seven years.

The Commission employed several methods to understand council efficiency and productivity, drawing on estimation techniques based on all inputs and outputs, partial productivity measures, case studies from councils and submissions. No single method is sufficient; together they suggest the following conclusions:

- South Australian councils, with a small number of exceptions, appear to achieve reasonably high levels of relative efficiency when compared with each other;
- there are outliers, but in those cases, there are local circumstances which contribute to the results;
- that said, the case studies show that councils with apparently high levels of measured relative efficiency can still achieve further significant improvement;
- estimates of productivity growth have been challenged by problems in measuring outputs: the Commission is inclined to attribute an apparent reduction in productivity to technical issues of capturing changes in the scope, quality and quantity of services provided by councils in output measures. Over this period there have also been changes in mandated services although the Commission has not yet been able to capture their impact; and
- detailed benchmarking has been used successfully by some groups of councils to target cost and efficiency opportunities within selected services.

Having considered all the evidence to date, the Commission concludes that understanding council efficiency and productivity is an important starting point in improving business processes and management decisions aimed at improving efficiency across the local government sector. Access to timely, reliable and comparable information on council performance can assist or provide the basis for continuous improvement programs at the council level. However, a measurable sector-wide increase in efficiency in the short to medium term is very unlikely if it relies on voluntary initiatives alone.

The Commission's draft recommendation to the South Australian Government contains two sets of proposed actions:

- to fill critical information gaps and promote the adoption of common approaches to performance measurement that provide the basis for comparisons to drive change, working in conjunction with the sector;
- to examine and ameliorate the impact its mandates have on council efficiency and to clarify the scope of the activities of local governments. There are short-, medium- and long-term actions.

The Commission also seeks advice on a third area of possible options for state government action to strengthen service review processes by councils. The Commission's suggested draft advice to councils addresses three elements:

- as a sector, facilitate in depth performance benchmarking through a community of practice, assisting benchmarking among groups of councils and regularly undertaking a sector-wide analysis of efficiency measures;
- prioritise, in any systems upgrade, a focus on improving information for planning, monitoring and managing performance; and
- enhance the transparency and accountability of their operations.

The final report is due to the Premier by Friday, 22 November 2019.

Executive Summary

1. The task

The Commission's task is to

- understand the cost base and cost drivers of councils in South Australia;
- develop and analyse measures of local government efficiency;
- identify mechanisms and indicators for use by local government over time to improve efficiency;
- provide advice on possible options to guide and assist councils to improve efficiency and create capacity to pass on cost reductions; and
- provide recommendations to the South Australian Government on actions to lower local government costs and enhance local government financial accountability.

In doing this task, the Commission is to have regard to:

- the changing service expectations of communities and the long-term financial sustainability of councils;
- recent reforms in South Australia and other jurisdictions to policy, governance and management practices in local government and their potential to improve council performance; and
- the government's direction that the Commission's advice will provide input to one of the four elements of the South Australian Government's plan for reforming local government in South Australia, comprising:
    - stronger council member capacity and better conduct
    - efficient and transparent local government representation
    - lowering costs and enhanced financial accountability in the local government sector (to which this inquiry is contributing independent advice regarding determinants of costs, options to lower council costs and how to ensure lower costs flow through to ratepayers)
    - simpler regulation.

2. Framing the Commission's approach

The Commission's work is directed towards identifying advice and recommendations that help to frame and inform decision making over time by councils in order to:

- respond to the preferences in their communities, with respect to both current and future generations, especially regarding the scope and quality of Council services,
- capture efficiency dividends from better use of council resources, including the services from council assets; and
- demonstrate accountability, by reporting on performance and expenditure, and financial sustainability.

The Commission's focus is on expenditure and on the opportunities to realise greater efficiency. Doing so provides a dividend that councils may at their discretion, and subject to financial sustainability, use to:

- reduce the rate of growth in local government rates; and/or
- increase the scope, volume and quality of services they provide.

Evidence from submissions is that efficiency dividends currently are mostly applied to extensions of service delivery, but it is important to consider the alternative of reducing rate increases.

The drivers of revenue, including the setting of rates, are outside the Commission's terms of reference, except to the extent that revenue sources are tied, that is, when they carry an obligation to be spent on specific programs, services or assets.

3. Costs: trends and drivers

Analysis of data provided to the Commission finds that the expenditure of councils has been increasing at a rate faster than indicators of the changes in prices which are relevant to councils. Total operating expenses by all councils rose, on average, by 4.2 percent per annum between 2008-09 and 2017-18. In comparison, the consumer price index (CPI) rose by 2.1 per cent and the local government price index (LGPI) by 2.6 per cent per annum.

In other words, real expenditure has been rising. The Commission has considered several drivers of this outcome, including the choices that councils make about their outputs, the procurement of their inputs, and the legislative framework in which they operate. This has also led to an examination of the efficiency with which they operate and the scope for improvements in efficiency over time.

Outputs

Scope, quantity and quality

The range of service councils provide, the volume of each and their quality levels are all drivers of expenditure.

Councils are expected to identify and reflect the interests of their citizens. According to section 6 of the *Local Government Act 1999* (LG Act), councils should 'act as a representative, informed and responsible decision-maker in the interests of its community'. Councils combine their capacity to do so with their knowledge of local conditions to solve problems of service provision. In the Commission's view, it is efficient for councils to deliver services for which they are best placed to make decisions, for the relevant community, about scope, volume and quality. This does not always require that councils be the service provider; they may choose to act as facilitator, regulator or coordinator. The Commission considers that it is inefficient for councils to be offering services which other levels of government, the not-for-profit or private sectors would provide, including services which generate benefits at state level or which extend across council areas.

Thereby councils, as the LG act expects, play a critical role in determining the quality of life of their local community.

Section 7 of the LG Act refers to several specific activities which councils can undertake. These include activities related to local area development, the environment of a region, local infrastructure and public areas. However the Act also permits a wide scope, referring to roles to 'provide for the welfare, well-being and interests of individuals and groups within its community', 'provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area', and 'establish or support organisations or programs that benefit people in its area or local government generally'. The act provides that a council should 'co-ordinate

various public services and facilities and develop its community and resources in a socially just and ecologically sustainable manner'.

Given this remit in the legislation, it is not surprising to see councils providing a wide range of services. According to submissions from councils the portfolio has widened, in part due to the requirement by the state government for additional functions to be performed, discussed further below. Such a widening in the scope of activities is not evident from an initial analysis of the SALGGC expenditure data divided into fourteen service categories. The Commission is continuing to work to find more data on the extent of this phenomenon and its significance.

With respect to volumes, some of these services are directly related to the characteristics of local government areas, such as the numbers of households and businesses, and the infrastructure, such as length of roads. However, these indicators have been relatively stable over the last decade. The Commission's assessment is that these demographic or infrastructure factors have not been the most important drivers of rising real spending, although uneven population growth across the state may have contributed to observed differences in the growth and spending patterns among councils.

It is possible that the quality of services provided has increased significantly. The timeliness or frequency of the provision of services and the quality of the experience are linked to costs. Capacity for service provision is also linked to quality, since greater capacity leads to less congestion and easier access. [1] Indeed, there is anecdotal evidence of that in the submissions provided. However, the Commission has not been able to resolve the relative importance of quality changes, compared to other cost drivers, with the data available. It will be important to build the capability to resolve this matter.

Mandatory and non-mandatory functions

The act provides that councils 'undertake other functions and activities conferred by or under an act'.[2] Councils have emphasised the impact on their expenditure of these instances, which the Commission refers to as mandated service delivery. Examples are the *Public Health Act 2011*, *Planning, Development and Infrastructure Act 2016* and the *Local Nuisance and Litter Control Act 2016.* The number of these examples has increased over time. These may be services which have wider benefits beyond the council's own community (eg vermin control) but to which, given the capacity at its disposal, the council is an efficient contributor. In such cases, the council is the agent of the state government.

A key issue is the funding. In some cases, the mandate comes with its own funding, for example, development planning and assessment, where council fees and charges are also mandated, but argued to be set too low to enable councils to fully recover costs. Sometimes, funds are either not provided though the mandate changes, or the mandate has remained, but funding has been reduced or withdrawn. Submissions refer to these situations as 'cost shifting', since the higher-level government is observed to 'shift' costs to councils.

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[1] It is useful for the sorts of services that councils provide to distinguish between the volume and the capacity. A library for example has a certain capacity to accommodate visitors, but the volume of library services depends on the level of its utilisation. Capacity is linked to quality, since greater capacity leads to less congestion and easier access. Costs will be related to both capacity and volume. There are also other elements of quality, related to the timeliness or frequency of the provision of services, and the quality of the experience, which are linked to costs.

[2] See section 7(k) of the *Local Government Act* 1999.

While noting there can be reasonable differences of opinion about what services a local government "should" provide, as distinct from what it may choose to provide, the Commission considers this to be a reasonable definition of "cost shifting". That said, the Commission considers the usage of the term 'cost shifting' in practice can be unhelpfully imprecise, particularly where it includes a choice by councils to accept tied funding. In such circumstances the Commission considers 'cost sharing', rather than cost shifting, is a more accurate description. The Commission is also persuaded that the term 'cost shifting' is entirely appropriate as a description of the state government vacating or reducing a previously agreed cost sharing arrangement (such as for funding libraries) and it accepts the evidence that this has occurred.

A related issue is the quality levels at which these mandated services are provided. Generally, the Commission finds that when a service is or becomes mandated there is generally no description associated with this mandate of the quality to which the service is expected to be provided. Councils then determine their own quality levels, and they may over time also decide to raise these levels of quality. These changes may have contributed to the growth of expenditure. Coordination of service quality levels between councils is important where the mandated service is generating wider benefits that run beyond the area of each council.

The Commission therefore considers it is important to draw a sharp distinction between functions and services that are

- at the sole discretion of the council (with the test being no other level of government has the authority to make the specific decision) – non-mandatory;
- mandated externally (including the form of the mandate) where the council has no discretion to refuse to provide the service (but may have discretion as to the standard to which it is delivered) - mandatory.

The Commission's assessment is that expenditure on these two broad categories in 2017-18 was divided roughly in half (54 per cent and 46 per cent respectively) and has been stable since 2011-12 (a period for which comparable data are available).

The Commission sees this distinction as central to the task of framing draft advice and draft recommendations to local government and the South Australian Government respectively with the purpose of enabling 'sound decision making', both in focusing on improving efficiency and on how the dividends are spent. It also notes that potential actions by the state government may assist councils to exercise their discretionary authority more effectively.

In saying this, the Commission accepts as a practical reality in some circumstances where councils are the decision maker, it may be very difficult to exercise the discretion to amend, reduce or remove services based upon historical decisions that some parts of the community value. Nonetheless, the fact remains this is a decision that only the council can make.

While councils have emphasised that this has been a major cost driver, the Commission has not been able to quantify the impact of cost shifting on expenditure to this point in the inquiry. Evidence from councils suggests that while it has some impact it is not the major driver of costs.

Several councils have argued that regulations set by other levels of government with which they must comply have added to their costs. Again, while it has not been possible to quantify

this impact the Commission has formed the view, based on submissions from councils to date, that compliance costs have not been a significant cost driver.

Inputs

Councils manage their workforce and capital assets in various forms to produce services. They also buy various goods and services from other providers. The prices paid for these inputs and the levels at which they are employed will be important drivers of costs. Expenditure on the major categories of input has grown at similar rates over the last decade.

Labour costs

Expenditure on employee costs account for almost half of council operating costs and has risen on average by 4.5 per cent a year from 2008-09-2017-18. This is despite employment in the local government sector rising on average by only 0.8 per cent a year over this period. Advice from councils indicates that a significant contributor to this cost rise appears to be wage growth through industrial arrangements particularly during the early part of this period. The Commission observes that the average increase in council wages has exceeded the rate of growth of wages elsewhere in the South Australian economy over the last decade.

Materials

Materials, contracts and other costs have similarly risen on average by 4 per cent a year over the last decade. This expenditure growth has been driven more by increases in the volume of inputs purchased than increases in the prices paid for them by councils. The growth may be explained in part by greater use of shared service arrangements, outsourcing or contracting out by councils. The Commission will examine this further.

Capital costs

Depreciation expense has grown on average by 4.5 per cent a year over the last decade – equalling the percentage rise in employee costs. This growth is largely explained by growth in the value of depreciable assets held by councils. The cost of financing capital expenditure has declined to a low level, reflecting councils low use of debt to finance capital expenditure.

4. Assessing efficiency

The way the various inputs are combined and coordinated determines the efficiency of service provision, and variations in efficiency will be an important driver of costs. For example, if it is possible to produce the same level of capacity and volume of a service but using few inputs, then efficiency improves, and costs fall.

Assessing efficiency is a difficult task. Estimates and conclusions depend on:

- data – quality, coverage and relevance;
- methodology, using approaches generally accepted;
- benchmarking;
- practical reality; and
- (ultimately) judgement.

The Commission aims for robustness through a balanced approach, taking care to assess the reliability and implications of evidence from every stream of analysis and evidence. Part of the

balance is to use the power of generalisation to draw out implications while using enough detail and context to confirm the validity of those conclusions.

While councils are diverse, they also form groups with common features, making cross-council comparisons useful both within and between those groups. The purpose of these comparisons is to:

- assist council staff and elected members to prioritise improvement, for which *highly detailed* benchmarking information is required;
- better inform the local community and assist councils to understand and balance the preferences of local communities with sustainability and other considerations, for which higher level information is more appropriate.[3]

Success in the application of a technique for assessing efficiency while making assessments across councils and across time depends on the available data. A method applied here is to use 'proxies' of council output levels (including the number of properties and the kilometres of roads) and to examine their relationship with expenditure. The experience of the top performers provides a level of relative potential against which others can be compared. This method does provide some conclusions, although with a low degree of confidence:

- a large number of councils have recorded a similar level of measured relative efficiency;
- comparisons can be made despite their diversity in geographical size, population density and other differences in possible cost drivers;
- the apparent outliers are explicable in terms of the unique circumstances of some council areas;
- an estimated fall in measured productivity in the local government sector over the last 10 years appears to be more likely the result of an expansion in the volume, scope and quality of services than a general decline in efficiency, although significant data and measurement issues make it difficult for the Commission to be definitive.

The method raises some important conundrums for further investigation. The available data do not capture important discretionary decisions by councils in the scope, volume and quality of services, either at its own discretion or for those that the state mandates (e.g. rubbish - 1 – 3 bins and frequency of collection). Given this data constraint, the risk in the method is that as councils raise their scope, volume or quality of services to meet rising community expectations, then these changes will not be captured in the simple output measures which have been applied. The efficiency measurement method will then flag a fall in productivity, since what it sees is rising inputs without a growth of output. This is apparent in the results to date, for all councils. The report therefore asks further questions of respondents to clarify the drivers of this outcome.

The Commission has reached the following preliminary conclusions regarding the drivers of growth in local government operating expenditure over the last decade:

Input costs:

- labour costs have been the main cost driver, followed closely by materials, contracts and other costs;

[3] The distinction between the two types of information is exemplified by the detail required for benchmarking work between Marion, Charles Sturt and Port Adelaide Enfield Councils on the one hand (see appendix 8) and the Victorian Government, Know your Council website.

- Depreciation expense has grown as rapidly in percentage terms as labour expense but from a much lower base;
- cost shifting and compliance costs have contributed to expenditure growth, but to a lesser extent.

Output costs:

- the most significant cost driver is likely to be changes in the volume, scope and quality of services provided by councils;
- growth in demand arising from growth in the number of ratepayers and properties is expected to explain, in part, growth in the volume of services.

Efficiency:

- relative to the experience of all South Australian councils, most councils achieved high levels of measured relative efficiency, but case studies show that more efficiency gains can be made by top performers.

5. Improvement activity

Councils are very diverse. All of those responding considered efficiency improvement was firmly on their agenda. The Commission heard about a range of approaches and experience among councils regarding efficiency measurement and improvement, from individual councils benchmarking their performance over time to small groups of councils working together to compare their performance with other councils. However, the lack of a state-wide framework for performance reporting limits the comparability of data and limits the ability of councils, residents and ratepayers to make meaningful comparisons of performance.

Based on a review of local government performance monitoring nationally, the Commission regards best practice in performance monitoring as including: standardised comparator groups to enable meaningful comparisons across councils and consistency in the definition and recording of data as well as consistent reporting over time. Any estimate of council efficiency should also acknowledge the context influencing this efficiency estimate, including measures of quality and effectiveness as well as council targets or service standards. This can be further improved by allowing councils the opportunity to share their results and to comment publicly on their performance, prior to any estimates being publicly released. Any measurement and reporting framework should balance the costs against the benefits of collecting and reporting information, with every effort made to streamline reporting and reduce duplication. Council input into the design of the framework and choice of indicators is critical to its success.

The Commission has found limited evidence to date to demonstrate that the use of performance benchmarking by the local government sector in Australia has led to improvements in performance. A local example of successful benchmarking provided by a group of three councils in Adelaide, showed that reviews of 10 per cent of the cost base of these councils enabled a 11 - 22 per cent improvement in costs.

Councils are also examining options for economising on expenditure through various resource sharing arrangements in the provision of services. The Commission notes that one of the principles that councils should observe, according to section 8 of the *Local Government Act 1999* is to:

> seek to collaborate and form partnerships with other councils and regional bodies for the purposes of delivering cost-effective services (while avoiding cost-shifting among councils), integrated planning, maintaining local representation of communities and facilitating community benefit.[4]

This occurs at various levels. At the simplest level, a staff member's time may be shared by a number of councils, for example, a planning officer. At the other extreme, councils may agree to form a separate subsidiary authority to deliver services across a number of council areas, for example waste management. The costs and benefits of these models are worth further attention, as are any impediments to their implementation.

Economies might also be found by contracting out the provision of a service. All these forms of sharing (with other councils and with the private sector) can be assessed against the alternative of provision in-house; a key consideration will be the costs of reaching agreement on what is to be provided, monitoring the outcome, and responding to issues or complaints as they arise. As noted above, councils may also withdraw completely from direct provision, instead working with other local bodies to provide services cooperatively.

6. Sound decision making

The materials examined by the Commission demonstrate the complexity of the environment in which councils operate and some of the challenges they face. As elected officials, council members are expected to make decisions around a portfolio of services in terms of what to provide, how much to provide and at what quality. A more fundamental decision for councils is whether they should be a direct service provider at all, or whether they perform their remit of functions by adopting alternative roles such as facilitator, coordinator, or regulator. They have an important mission with respect to the lives of their constituents. Success will depend on what the Commission refers to as 'sound decision making'.

In the Commission's view sound decision making is underpinned by at least six conditions:

1. capable decisionmakers particularly in terms of skills and experience;
2. fit-for-purpose information and evidence on which to base decisions and assess trade-offs in key elements;
3. practical tools for considering and assessing, from the point of view of the whole community, alternative roles to provider including informing, advocating, facilitating, funding or regulating;
4. having made the decision to provide a service, analysis of the alternatives of supplying in-house or through contracting out, or some shared service arrangement;
5. the clear authority and accountability to make decisions;
6. not only assessment of costs and benefits before decisions are made but also reporting on outcomes, including performance relative to expectations as well as financial results and sustainability.

The first point is outside the Commission's terms of reference. It is addressed elsewhere in the South Australian Government's reform plan.

The Commission considers the second and third points are clearly within its terms of reference, as evident in previous section. The fourth point relates to the matter of mandated and

[4] See section 8(ea) of the *Local Government Act 1999, p.2.*

discretionary services. The fifth point is taken up in the draft advice to councils and the draft recommendations to the South Australian Government, which are now summarised, and which are designed to build the capacity in councils for sound decision making.

7. Draft recommendations and advice

The Commission notes that managing and containing expenditure growth requires improved data on council inputs and outputs and the development of analytical tools to deepen understanding of cost drivers and manage their impacts. Council decisions on whether to be a provider of a service and related decisions on volume, scope and standard of services, if based on quality data and robust analytical techniques, will help to clarify, to both elected members and ratepayers, the trade-offs between more or better services and higher expenditures and improve transparency and accountability. The Commission therefore encourages councils to work collectively to improve the quality of data and decision-making tools at their disposal.

The Commission has formed the view that the functions undertaken by councils should, in general, be guided by the principle of subsidiarity which holds that lead responsibility should be devolved to the lowest level of government practicable, allowing for the significant diversity of the state's 68 councils.

A clear and consistent division of responsibilities between state and local governments is fundamental to the efficient allocation of resources between them. This, and legislative clarity regarding mandatory service provision by councils, would assist council understanding of the boundaries around their autonomy and would provide a stronger foundation for council decision making and resource management. The Commission recommends legislative change to clarify the respective responsibilities of the two levels of government and reduce the burden of state government regulation on the local government sector.

This clarification of roles will also provide a basis for resolving any debates about cost-shifting. Councils should then have a solid basis on which to engage more effectively with their communities regarding their plans and performance with respect to the scope and quality of facilities and services and the use of any dividends from efficiency improvements.

All councils can benefit from benchmarking activity. Good data alone, however, will not drive better outcomes. Any measurable sector-wide improvement in efficiency in the short to medium term is highly unlikely to succeed if it relies on optional or voluntary initiatives alone. Individual councils are unlikely to consider the benefits for the sector as a whole that will arise from their individual efforts. The Commission believes that this strengthens the case for state government support for the development of a sector-wide benchmarking program and recommends that the South Australian Government assist councils to establish a sector-wide performance measurement system.

State government action would likely contribute to addressing critical information gaps and ensure the adoption of standardised approaches, which provide the basis for performance comparisons to drive change. Leadership, collaboration and a culture that supports innovation are also important. The Commission also recognises the importance of minimising increases in costs to councils associated with any increase in reporting requirements.

Lastly, the Commission is of the view that the local government sector cement the use of sound decision-making and performance monitoring practices through increased use of independent or external reviews and audits to demonstrate greater accountability to their communities.

Draft recommendations to the South Australian Government

To lower local government costs and enhance local government financial accountability, the Commission proposes that the South Australian Government:

1. Lift the capacity of *local councils to identify and address opportunities to reduce their cost base and improve their operations* by:
   In conjunction with local government, defining and establishing a sector wide performance monitoring framework that would enable comparisons between councils and over time to assist decision making by council leaders and to inform communities, including by:
   i. Establishing common key performance indicators (KPIs) for inputs, outputs, service standards and financial indicators;
   ii. Optimising existing information held by the South Australian Government, especially that gathered by the South Australian Local Government Grants Commission;
   iii. Filling the gaps in the current information;
   iv. Publishing information in a contextualised form designed to assist individual councils.
2. Facilitating benchmarking by clusters of councils through an appropriate mix of incentives for councils to participate and expectations that they will report information publicly in a format consistent with the framework.
3. Further lower council costs by addressing aspects of the relationship between the South Australian Government and local government by:

<u>In the short term</u>

   i. Identifying and addressing inefficiency and red tape from the South Australian Government mandated services and other legislated requirements on:
      a) councils
      b) communities.
   ii. Adopting a strong South Australian Government review process for any measures affecting local government;
   iii. Clarifying local government responsibilities, including service standards, for mandated services.

<u>In the medium term</u>

   iv. Clarifying the respective responsibilities of the South Australian and local governments to remove unnecessary overlaps, or duplication and reduce uncertainty between governments.

<u>In the long term</u>

   v. Clarifying relevant aspects of s6, s7 and s8 of the *Local Government Act 1999 to* reflect an appropriate division between the levels of government and to make clearer the range of options available to councils in the performance of legislated functions.

Draft advice to South Australian councils

To guide and assist councils to improve efficiency and to create capacity to pass on cost reductions to rate payers, the Commission suggests that local government:

1. As a body, facilitate in depth benchmarking between councils by:
   i. Establishing a Community of Practice sponsored by the Local Government Association, to share among other elements:
      a) Methods, tools and approaches;
      b) Skilling of council staff;
      c) Panel of competent providers; and
      d) Lessons learned and examples of success.
   ii. Assisting in "matchmaking" South Australian councils that seek deep benchmarking opportunities (noting value of groups of councils at different levels) with other councils, including interstate comparisons;
   iii. Collectively undertaking a regular sector-wide analysis of efficiency measures.

2. Prioritise, in any systems upgrades, focus on improving collection, retrieval, analysis and presentation of information for planning, decision making, monitoring and managing performance.

3. Enhance the transparency and accountability of their operations by councils:
   i. When considering new, or material changes to, council services, undertaking an independent review that includes consideration and analysis of alternatives to councils providing the service directly, community consultation; and publishing a report;
   ii. Including in their external audits an examination of service reviews and program evaluations; and
   iii. Incorporating in their published long-term asset and financial plans and draft annual budgets advice on whether changes to the scope or level of services are planned and their implications for council expenditure.

Information requests

Chapter 2

Information request 2.1: Funding

How does the untied nature of FAG funding affect council decisions to provide non-mandatory services?

How does other Australian Government program or project funding to councils, of a more ad hoc nature, affect council expenditure?

Information request 2.2: Competitive neutrality policy

How, if at all, do the requirements of competitive neutrality policy affect councils' decision making on whether, and how, to provide services to their communities?

This may include direct provision of services or contracting the services from private sector providers.

Information request 2.3: Financial management

How have the financial management program reforms affected councils' ability and incentives to manage costs?

What changes to the type or quality of financial management information would assist councils to improve their decision making and contribute to better performance?

Is there a need for a stronger external auditing process to increase councils' compliance with their legislated responsibility to produce long-term asset and financial management plans and lift the quality of these plans? If so, what form should it take?

Information request 2.4: Workforce planning

Have councils experienced any issues with attracting and retaining workers or securing workers with specific skills?

Are these issues unique to individual councils?

Is there value in a sector-wide or region-wide approach to workforce planning and the development of specific skills to support councils?

Information request 2.5: Resource sharing

What is the potential for additional use of resource sharing to deliver efficiencies and other benefits to participating councils?

In councils' experiences of resource sharing, what works and what does not? Why?

Councils are asked to provide further examples of resource sharing.

Are there any impediments to the greater uptake of various forms of collaboration or resource sharing?

What challenges, if any, do councils face in making use of the provisions contained in sections 42 and 43 and Schedule 2 of the *Local Government Act 1999* to deliver effective and efficient services to their communities?

Chapter 3

Information request 3.1: Materials, contracts and other costs

What are the main drivers of materials, contracts and other costs for rural small and medium councils?

In what ways do current council procurement practices affect expenditure on materials, contracts and other costs?

Information request 3.2: Population density

How does increasing population density and urban infill impact on council service costs?

Information request 3.3: Sector wide service standards

How do councils currently define and measure standards of service delivery?

What measures could be developed on a sector wide basis to measure quality standards for either mandated or non-mandated services?

Information request 3.4: Cost shifting

To what extent do councils receive external funding or an ability to charge fees for delivery of mandatory services?

To what extent are councils able to fully recover costs for the mandatory services listed in appendix 4?

How are service scope and standards determined for mandatory services?

Councils are asked to provide further information on instances of cost shifting and quantify how they have impacted on councils' costs.

Information request 3.5: Compliance costs

Councils are asked to provide further examples of compliance costs and quantify how they have impacted on councils' costs.

Information request 3.6: Cost pressures

What are the most significant cost pressures (and their impact on costs) which councils expect to face over the next 5 years?

Chapter 4

Information request 4.1: Performance reporting

How can these lessons from state-wide performance reporting frameworks in other jurisdictions be applied to South Australia?

Which indicators used in other jurisdictions would be appropriate for South Australian councils?

Information request 4.2: Partial productivity estimates

What do these partial productivity estimates tell us about local government efficiency?

What other partial productivity estimates can be used with currently available data?

What additional data would councils be able to report on for minimal additional cost which would improve our understanding of council efficiency?

Is there any other evidence of an expansion in the scope of council services, or improvement in quality over this time period?

Is the current reporting to the SALGGC an appropriate process for any additional reporting by councils? Is there value in making any changes to this reporting?

Information request 4.3: Service-specific efficiency

Acknowledging the gaps in data currently available, how can data quality be improved in order to measure service-specific efficiency across councils?

Information request 4.4: Efficiency changes through time

How can the change in volume, scope or quality of services be quantified or otherwise incorporated into an evaluation of local government efficiency?

Information request 4.5: Factors that influence estimated council efficiency

What other factors can explain the estimated efficiency differences between councils or over time?

What factors can explain the estimated productivity differences between councils over time?

What other possible data sources can improve this analysis?

What further information could be considered to analyse and interpret estimated partial and global efficiency scores?

Chapter 5

Information request 5.1: Employee costs

Are there any benefits from streamlining the current industrial relations arrangements by moving to sector-wide enterprise bargaining?

Information request 5.2: Quality and quantity of data

How can councils be assisted to work collectively to improve the quantity and quality of the available data on inputs, outputs and outcomes for services?

Information request 5.3: Strengthening councils' accountability and transparency

How can the South Australian Government strengthen the accountability and transparency of councils? Possible instruments include:

- funding;
- legislation and monitoring of implementation through audits of the processes of local government decision making; and
- an agreement with councils and regular dialogue to reinforce the expectation that councils will conduct audits of the processes of local government decision making.

Should councils be required to undertake an independent external audit of their expenditure and efficiency in the event of that they record relatively high operating expenditure growth in a given period?

Would growth in operating expenditure over any three-year period (normalised for population growth) which exceeds the rise in the Local Government Price Index for that period be an appropriate trigger for such an audit?

Acronyms

ABS	Australian Bureau of Statistics
ATSI	Aboriginal and Torres Strait Islander
ACLG	Australian Classification of Local Governments
ALGA	Australian Local Government Association
CEO	Chief Executive Officer
CNP	Competitive Neutrality Policy
CPA	Competition Principles Agreement
CPI	Consumer Price Index
CRS	Constant Returns to Scale
CWMS	Community wastewater management services
DEA	Data Envelopment Analysis
DRS	Decreasing Returns to Scale
EBA	Enterprise Bargaining Agreement
EHA	Eastern Health Authority
ESC	Essential Services Commission
FAGs	Financial Assistance Grants
FRSB	Financial Review Sustainability Board
FSP	Financial Sustainability Program
FTE	Full-time equivalent
GAROC	Greater Adelaide Regional Organisation of Councils
IRS	Increasing Returns to Scale
LG Act	Local Government Act
LGAP	Local Government Association Procurement
LGAMLS	Local Government Association Mutual Liability Scheme
LGASA	Local Government Association of South Australia
LGAQ	Local Government Association Queensland
LGAWCS	Local Government Workers Compensation Scheme
LGFA	Local Government Finance Authority
LGPI	Local Government Price Index
LGPRF	Local Government Performance Reporting Framwework
LGWDG	Local Government Workforce Development Group
MFP	Multi-factor Productivity
NESB	Non-English-Speaking Background

OCA	Outback Communities Authority
RLGA	Regional Local Government Association
RoGS	Report on Government Services
SALGGC	South Australian Local Government Grants Commission
SALGFMG	South Australian Local Government Finance Managers Group
SAROC	South Australian Regional Organisation of Councils
SE	Scale Efficiency
SFA	Stochastic Frontier Analysis
TE	Technical Efficiency
TFP	Total Factor Productivity
VRS	Variable Returns to Scale
WPI	Wage Price Index

1. Introduction

1.1 Context

The South Australian Government has directed the South Australian Productivity Commission (the Commission) to consider and report on a number of matters regarding costs and efficiency of local government services.

Local government is the level of government closest to individual communities. Local government's performance is important in terms of the human and economic services it provides to meet those individual communities' needs.

South Australia's sixty-eight councils collectively manage an annual operating budget of $2.2 billion and maintain infrastructure and other physical assets worth almost $24 billion. Effective local government can be the mainstay of a strong community. Councils provide a range of services from roads and infrastructure, to well-maintained libraries and community services. Councils are not only direct providers of services but also act as advocates, planners, coordinators, facilitators and regulators. Councils perform specific functions mandated by the South Australian Government and deliver a range of non-mandatory services.

There are long standing and common challenges that councils have been reviewing and debating across the country for many years[1], several of which have focussed on the intersection of service expansion and long-term financial sustainability, including:

- the expansion in the scope, quantity and quality of services provided by councils in response to changing expectations of ratepayers;
- insufficient expenditure on infrastructure maintenance and renewal;
- capacity for effective asset and financial management arrangements; and
- the ability to achieve economies of scale for smaller councils, particularly in regional or remote areas.

Councils vary in geographical size and topography; population numbers and density; socio-economic characteristics of their residents; and the range of services provided to residents and businesses. The Commission's task includes identifying the systemic cost issues and understanding the unique features of councils and their rate payers, which affect their cost and efficiency levels.

The inquiry is examining trends in local government costs and the drivers of these costs as well as developing and analysing measures of efficiency. Mechanisms and indicators that might be used by local government to measure, analyse and improve performance will also be identified.

The Commission is also taking into consideration recent reforms in South Australia and other jurisdictions to policy, governance and management practices in the local government sector and their potential to afford cost savings and improve council efficiency.

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[1] Commonwealth Grants Commission, *Review of the Operation of Local Government (Financial Assistance)* Act 1995 (release in 2001)
House of Representatives Standing Committee on Economics, Finance and Public Administration ('Hawker Report'), *Rates and Taxes: A Fair Share for Responsible Local Government (2003).*
Aulich,C, et al ACELG *Consolidation in Local Government : A Fresh Look*, Volume 1 Report (May 2011)
Victorian Auditor-General's Office, *Reporting on Local Government Performance*, May 2019

1.2 Terms of Reference

The Minister for Local Government is developing a plan for local government reform to improve council efficiency and effectiveness and restore confidence in council decision making. The reform elements address:

- stronger council member capacity and better conduct;
- lower costs and enhanced financial accountability;
- efficient and transparent local government representation;
- simpler regulation.

The Minister released the *Reforming Local Government in South Australia* discussion paper on Monday, 5 August 2019, proposing reforms that aim to achieve these key reform elements and give each community certainty that their council is operating efficiently and sustainably.

The South Australian Government is seeking independent advice on the second element regarding cost and financial accountability from the Commission. This requires consideration of the key determinants of costs, or "cost drivers" of local council budgets; options to lower council costs; and how to ensure lower costs flow through to ratepayers. Any interpretation of changes in local government costs, or comparisons between councils, needs to be able to take account of the impacts of factors likely to affect costs such as council size/scale, quality standard and mix of services provided, population size and density and geographical area served and whether it is urban, semi-urban, rural or remote

The terms of reference for the inquiry (see p5-6) require the Commission to consult local government and other key stakeholders on the methodology to be used for its analysis and consult state-wide with councils, community groups and relevant professional bodies.

1.3 The Commission's approach

The Commission is required to take a broad perspective in developing advice for the South Australian Government. It must consider the broad interests of industry, business, consumers and the community, regional South Australia, social-economic implications and ecological sustainability.

Consultation and respectful engagement with stakeholders are an essential part of our work and, together with robust research and analysis, is the foundation for quality advice and recommendations to Government. Transparency, including publication of the submissions received by the Commission, is an important part of this process.

The Commission published a methodology paper[2] on Friday, 31 May 2019 after significant consultation with the Local Government Association of South Australia, the Office of Local Government, the South Australian Local Government Grants Commission, academics and other stakeholders. The paper sought input from stakeholders to assist the Commission to develop robust, evidenced based conclusions to direct reform initiatives.

The Commission invited submissions on the methodology paper that addressed any of the issues covered in the paper, and any other matters relevant to the terms of reference where

[2] https://www.sapc.sa.gov.au/inquiries/inquiries/local-government-inquiry/methodology-paper

the Commission's understanding was imperfect. Twenty-three submissions were received in response to the methodology paper which greatly assisted the Commission's understanding of all aspects of its task. The full list of submissions is in Appendix 1. In addition, the Commission undertook a wide consultation approach including eighteen meetings of Commissioners with various stakeholders and councils throughout the state.

Economic Insights Pty Ltd was engaged to calculate some estimates of relative efficiency and explore potential determinants of efficiency. The Commission also conducted its own data analysis, as part of a robust methodology strategy, to provide a basis for more substantiated conclusions.

As part of the inquiry and systematic approach to engagement, the Commission established a reference group of key stakeholders who are providing expert advice, insights and understanding about what are driving the productivity and efficiency trends across the South Australian local government sector. It was also asked to provide feedback on of the veracity of the commission's analysis and merits of reform options. The terms of reference and members of the reference group are included in Appendix 2.

The Commission acknowledges with thanks the assistance from state government departments, local government associations, councils, professional bodies, academics and the public.

This draft report seeks a further round of consultation with stakeholders to identify opportunities and initiatives that could be implemented across councils to reduce costs and improve productivity.

1.4 Report structure

The report is structured as follows:

- Chapter 2 presents historical information on the development of the local government sector in South Australia. It provides context to understand the South Australian Government mandated aspects of local government functions. It also examines key reforms to the local government sector in South Australia and other jurisdictions, and their implications for costs and efficiency;

- Chapter 3 considers recent trends in local government costs and aims to identify some of the key drivers of costs;

- Chapter 4 presents partial and global measures of local government efficiency in South Australia and an analysis of possible determinants. It also discusses mechanisms and indicators that could be used to measure and improve local government performance over time;

- Chapter 5 draws elements of analysis together and suggests preliminary options and draft recommendations for cost and efficiency improvements to assist decision making by councils and the South Australian Government.

2. Structure, development and reform

2.1 Introduction

The inquiry's terms of reference require the Commission to address the following matter regarding local government costs and efficiency:

- Consider recent reforms in South Australia and other jurisdictions to policy, governance and management practices in the local government sector and their potential to improve council performance.

The chapter examines the history, structure and evolution of the local government sector, particularly the legislative and governance environments which affect councils' decisions on the services delivered to their communities. It also considers the influence of the Australian Government on the capacity of councils to deliver services.

Finally, the chapter briefly examines some key local government reforms aimed at either efficiency improvement or cost reduction in other jurisdictions.

2.2 Structure of local government

2.2.1 Legislative framework in South Australia

In South Australia, councils operate within a legislative environment established by the state parliament. The current local government legal framework is constituted by the interaction of three acts: the *Local Government Act 1999* (LG Act); the *Local Government (Elections) Act 1999*; and the *Constitution Act 1934*. While other pieces of legislation, at both the state and national levels, influence local government, these three Acts together create the basic framework within which councils provide services for, and are held accountable to, their local communities.

South Australia's legislation defines the purpose of local government. According to section 6 of the LG Act, a council is established to act in the interests of its community, as well as to represent its interests. Councils provide services but they are also expected to promote initiatives within the community that improve quality of life.

The LG Act also provides the authority for local government to perform a range of functions. These are predominantly set out section 7, which says that the functions of a council include:

- plan at the local and regional level for the development and future requirements of its area;
- provide services and facilities that benefit its area, its ratepayers and residents, and visitors to its area (including general public services or facilities (including electricity, gas and water services, and waste collection, control or disposal services or facilities), health, welfare or community services or facilities, and cultural or recreational services or facilities);
- provide for the welfare, well-being and interests of individuals and groups within its community;
- take measures to protect its area from natural and other hazards and to mitigate the effects of such hazards;

- manage, develop, protect, restore, enhance and conserve the environment in an ecologically sustainable manner, and improve amenity;
- provide infrastructure for its community and for development within its area (including infrastructure that helps to protect any part of the local or broader community from any hazard or other event, or that assists in the management of any area);
- promote its area and provide an attractive climate and locations for the development of business, commerce, industry and tourism;
- establish or support organisations or programs that benefit people in its area or local government generally;
- manage and, if appropriate, develop, public areas vested in, or occupied by, the council;
- manage, improve and develop resources available to the council; and
- undertake other functions and activities conferred by or under an act.[1]

Section 8 enumerates the principles that councils must uphold in carrying out their broadly defined functions. As the City of Salisbury observes in its submission, section 8 requires councils to observe a total of 12 principles in their decision making, including, for instance, ensuring that "council resources are used fairly, effectively and efficiently" and ensuring "the sustainability of the council's long-term financial performance and position".

This legislative approach, in which councils' functions are broadly defined, is consistent with reforms in other jurisdictions throughout the 1990s.[2] These coalesced around a broadly common approach to statutory frameworks that gave local government a range of 'general competence powers'.[3] As Wensing observes:

> In most cases the states have granted councils more autonomy and responsibility for planning and managing their local areas…In most states the changes to Local Government Acts have given councils general competence powers that enable them to do what is necessary to better meet local community needs and aspirations.[4]

In contrast to a statutory framework that limits local government to undertaking activities expressly included in legislation, general competence powers provide councils with the authority to carry out those activities necessary to fulfil the functions assigned to them.[5] These functions, in turn, are defined in general terms in contemporary local government legislation, including in South Australia.[6]

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[1] For the full list of councils' functions under section 7 of the LG Act, as well as its relationship with sections 6 and 8, see https://www.legislation.sa.gov.au/LZ/C/A/Local%20Government%20Act%201999.aspx

[2] Aulich, C (1999), 'From Convergence to Divergence: Reforming Australian Local Government', in *Australian Journal of Public Administration*, 58(2), p.15.

[3] Aulich, C (1999), 'From Convergence to Divergence', p.15.

[4] Wensing, E (1997), 'Systemic Reform or Administrative Update? Recent Legislative Changes in Local Government around Australia', in Chapman, R, et al (eds), *Local Government Restructuring in Australia,* Centre for Public Management and Policy, University of Tasmania, Hobart, p. 42.

[5] Aulich, C (1999), 'From Convergence to Divergence', p.14.

[6] Aulich, C & Halligan, J (1998), 'Reforming Australian Government: Impact and Implications for Local Public Administration' in *Reforming Government: New Concepts and Practices in Local Public Administration*, Eastern Regional Organisation for Public Administration (EROPA), Local Government Centre, Tokyo, p. 25.

The legislative environment in which local government operates is marked by the absence of a strictly prescriptive approach to defining councils' functions. Queensland's local government legislation exemplifies the current approach to defining councils' sphere of legitimate activity:

> A local government has the power to do anything that is necessary or convenient for the good rule and local government of its local government area.[7]

The Commission has found it useful to distinguish between mandatory and non-mandatory functions. Mandatory functions are those listed in both the LG Act and in other legislation. Some of the most significant acts include, but are not limited to, the *Dog and Cat Management Act 1995*, the *Public Health Act 2011*, the *Planning, Development and Infrastructure Act 2016*, the *Disability Inclusion Act* 2018, the *Emergency Management Act 2004* and *the Local Nuisance and Litter Control Act 2016.*[8]

Consequently, the legislative reforms of the 1990s had the effect of increasing the scope for councils to provide a range of non-mandatory services.[9] Given the broad definition of councils' functions outlined in South Australia's LG Act, the total number of mandatory services and functions is comparatively low.[10] The majority do not arise from the LG Act itself, but flow from other state legislation. Mandatory functions include responsibilities:

- in relation to the state's planning system;
- for some road construction and maintenance;
- for some environmental health services, including the monitoring of cooling towers for potential outbreaks of legionnaire's disease;
- for fire prevention, both in relation to building inspections and some bushfire prevention;
- for dog and cat management; and
- for a range of administrative requirements, including preparing strategic plans for the local area, which are contained in the LG Act.[11]

Non-mandatory functions are those adopted, consistent with the role of a council in the LG Act, but at their own discretion. Based on advice from LGASA, Appendix 4 includes a full list of council activities, showing the division of mandatory and non-mandatory.'

The 1960s, in particular, witnessed a significant expansion of functions undertaken by the local government sector.[12] The Commission notes that the shift away from a focus on 'roads, rates and rubbish' and towards a broader range of services possesses a long history in South Australia, and predates the legislative reforms of the 1990s. In effect, therefore, the LG Act

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[7] See, in particular, section 9 of the *Local Government Act 2009 (Qld)*: https://www.legislation.qld.gov.au/view/html/inforce/current/act-2009-017#

[8] The Commission has not been able to determine the total number of acts that impose some responsibilities on local government, but the South Australian Local Government Association has estimated the total to be approximately 200. However, not all of these acts are likely to be equally decisive for all councils.

[9] Aulich, C (1999), 'From Convergence to Divergence', p.14.

[10] For the purposes of this report, the Commission defines mandatory services as services or activities that are specifically required by statute and those that re at the full discretion of councils as non-mandatory.

[11] See Local Government Association of South Australia (2015), *Introduction to Local Government Handbook*, Adelaide, p. 12, available at https://www.lga.sa.gov.au/webdata/resources/files/E&T%20-%20Introduction%20to%20Local%20Government%20Handbook.pdf

[12] See, for example, House of Representatives Standing Committee on Economics, Finance and Public Administration (2003), *Rates and Taxes: A Fair Share for Responsible Local Government [the Hawker Review]*, Commonwealth of Australia, Canberra.

codified, but did not cause, the enlarged service mix that councils provide within their communities. The LG Act only enables, but does not require, councils to expand the number, scope and quality of services that they provide for their communities.

For the purpose of the report, the Commission found it useful, where possible, to define and distinguish between the terms functions, services and activities. Functions describe the broad areas where councils have the delegated authority (under the LG Act and other legislation) to make decisions and take actions in the best interests of their communities (both in relation to mandatory and non-mandatory functions). Services are councils' outputs that deliver mandatory and non-mandatory functions. Activities describe the actions taken by councils to deliver services, including regulatory services.

2.2.2 State and local government relations

In South Australia, local government has had a greater degree of autonomy from state government than in other jurisdictions, with the relationship described as a partnership model, rather than a 'top-down' and prescriptive relationship.[13] The influence of the 'partnership model' in South Australia, especially the greater emphasis on councils' autonomy and accountability to their communities, is also reflected in the LG Act.[14]

This broadly cooperative model of state and local government interaction is underpinned by a 1990 memorandum of understanding between the two levels of government. As Aulich observes:

> The early 1990s saw the introduction of two key changes that continue to influence local government in South Australia; the adoption of a partnership model to guide state-local government relations and the implementation of a voluntary approach to council amalgamations.[15]

This does not imply that the relationship between state and local government has been free from policy disagreement. Tensions over policy direction have arisen over time in response to a variety of issues, particularly on the demarcation between the respective responsibilities of the two levels of government. Nonetheless, as Procter observes, South Australia has differed from other jurisdictions by giving greater expression to the principle that local government is a separate sphere in its own right.[16]

This broad understanding was reaffirmed in 2015 when the two levels of government, signed the State-Local Government Relations Agreement. The agreement explicitly recognised that each level of government has its own separate mandate, and that closer strategic alignment is necessary to achieve positive public policy outcomes.[17]

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[13] See, for example, Aulich, C, Gibbs, M, Gooding, A, et al (2011), *Consolidation in Local Government: A Fresh Look – Volume 1: Report*, Centre of Excellence for Local Government, University of Technology, Sydney, p. 24

[14] Aulich, C, Gibbs, M, Gooding, A, et al (2011), *Consolidation in Local Government,* p. 26.

[15] Aulich, C, Gibbs, M, Gooding, A, et al (2011), *Ibid*, p. 24.

[16] Procter, C (2002), *Local Government Reform in South Australia*, paper presented at *'The Cutting Edge of Change: Shaping Local Government for the 21st Century'* conference, University of New England, Armidale.

[17] For further details on the agreement, see http://www.lga.sa.gov.au/contentFile.aspx?filename=Premiers%20State%20Local%20Forum%20Executive%20Meeting%2028%20January%202015-2.pdf

The partnership approach has also influenced the state government's oversight role in relation to councils' functions.[18] This is reflected in the relevant legislation which is discussed in the previous section.

The general commitment to greater council autonomy also influenced major sector-wide reforms, including the last round of amalgamations, between 1997 and 1998.[19] Rather than a policy of forced amalgamations, which had been adopted in 1994 by the Victorian Government, the South Australian government appointed a Local Boundary Reform Board in 1995, which was tasked with managing a strategy of encouraging voluntary amalgamations.

Councils and their communities had the final say over whether amalgamations would proceed.[20] The process, while not devoid of tensions, eventually led to the number of councils being reduced from 118 to 68.[21] Amalgamations were seen at the time as a mechanism to reduce costs. In practice, the savings achieved appear to have been mostly directed towards equalising service standards within the merged councils. The Commission notes, however, that only limited evidence is available with which to quantify the impact of amalgamations on councils' costs and efficiency.

The *Local Government (Boundary Adjustment) Amendment Act 2017* commenced on 1 January 2019, and significantly reformed the processes within the LG Act that govern changes to council boundaries.[22]

2.3 Features of local government

The number of councils in South Australia is 68, 21 councils that cover the metropolitan area, with a further 47 in regional areas (for a map of council areas, see appendix 3). In addition, five Aboriginal communities are also recognised as local government authorities. The Outback Communities Authority (OCA) was established on a statutory basis in 2009 to provide a range of services to outback communities in the state not incorporated into councils. The OCA functions, in effect, as a hybrid between a traditional council and a self-managed community.[23]

The state's 68 councils encompass more than 880,000 rateable properties and are responsible for a total road network of approximately 74,000 kilometres. Councils are responsible for a comparatively small proportion of government revenue raising and expenditure. The sector manages approximately $24 billion in community infrastructure and other assets, with operating expenditure across the sector amounting to around $2.2 billion per annum.

Between 2008-09 and 2017-18 the total number of employees in the state's 68 councils, has increased by 7.4 per cent which represents an annual growth rate of 0.8 per cent, identical to the state-wide increase over the same period. As at 30th June 2018, the total number of FTE positions in the sector was 8,867.

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[18] Aulich, C, Gibbs, M, Gooding, A, et al (2011), *Consolidation in Local Government*, p. 24.
[19] Ian Tilley & Brian Dollery (2010), *Historical Evolution of Local Government Amalgamation in Victoria, Tasmania and South Australia*, University of New England Working Paper, Centre for Local Government, Armidale, p.4.
[20] Aulich, C, Gibbs, M, Gooding, A, et al (2011), *Consolidation in Local Government*, p. 25.
[21] Tilley, I & Dollery, B (2010), *Historical Evolution of Local Government Amalgamation,* p. 30.
[22] For further details see https://www.dpti.sa.gov.au/local_govt
[23] For further information on the structure of, and services provided by, the Outback Communities Authority, see https://www.oca.sa.gov.au/home

South Australia's councils vary in geography, population size and demographic composition, ranging from larger metropolitan councils like Onkaparinga, with a resident population of around 171,000, to Orroroo Carrieton, with only around 850 residents. Regardless of their size or location, all councils have the same powers and statutory functions. In South Australia, as in other jurisdictions, councils have progressively taken a more active role in various areas of public policy, including economic development initiatives and the provision of some social services (such as aged care services).[24]

The Local Government Association of South Australia (LGASA) which is constituted as a public authority under the LG Act with the specific purpose of promoting the interests of the sector, provides support, leadership and a range of services to the state's councils. In its legislated capacity as a peak body, the LGASA undertakes activities that range from policy formulation, including advice on councils' statutory responsibilities, to taking a leading role in the development and implementation of sector-wide initiatives.

In addition to the LGASA, non-metropolitan councils have formed regional local government associations (RLGAs). These predominantly seek to achieve better outcomes for their respective communities through collaboration. The six RLGAs, which are subsidiaries pursuant to section 43 of the LG Act, collectively form the South Australian Regional Organisation of Councils (SAROC). SAROC's Board comprises two members elected from each of the member RLGAs.[25] SAROC is mirrored on a metropolitan level by the Greater Adelaide Region Organisation of Councils (GAROC), which is made up of eight elected members from councils in the metropolitan region.[26]

2.4 Role of the Australian Government

Councils' functions and decision making processes are also influenced by funding and policy decisions taken by the Australian Government (often as a result of agreements with the states and territories). Importantly, the drive for some key local government reforms has been national. This is particularly marked in the areas of financial assistance provided by the Australian Government and national competition policy.

2.4.1 Funding

In the mid-1970s, partially as a response to the expansion of local government functions throughout the preceding decade, the Australian Government began to provide direct untied funding to the local government sector. The current Financial Assistance Grants (FAGs) program is provided on the basis of grants to the states and territories. These, in turn, are distributed to councils by state and territory jurisdictions.

FAGs are distributed to councils within each state to support an average level of service, irrespective of their location. The South Australian Local Government Grants Commission (SALGGC) assesses councils' share of funding on the basis of the difference in the costs associated with providing services and councils' revenue-raising capacity (compared to the

[24] Productivity Commission (2017), *Local Government, Shifting the Dial: 5 year Productivity Review, Supporting Paper No. 16*, Canberra, p.4.
[25] The Commission notes that both SAROC and GAROC were established on the basis of clause 19 of the LGASA's constitution.
[26] Additional information on a variety of local government networks, including SAROC and GAROC, is provided the LGASA – https://www.lga.sa.gov.au/page.aspx?u=6871#e9691

average in South Australia).[27] Grants are only provided to councils that have been established under the LG Act or are defined as prescribed bodies for the purposes of the *South Australian Local Government Grants Commission Act 1992.* FAGs funding is untied once distributed to the local government sector. From time to time the Australian Government also provides specific purpose grants to councils of either a capital (e.g. GFC School grants scheme) or operating nature (e.g. Adelaide Hills Council case study, Chapter 3) to achieve its particular policy objectives. Councils are generally expected to contribute funds to these programs. Council participation in these programs has impacts on their operating expenditure.[28]

Information request 2.1: Funding

How does the untied nature of FAG funding affect council decisions to provide non-mandatory services?

How does other Australian Government program or project funding to councils, of a more ad hoc nature, affect council expenditure?

2.4.2 Competitive neutrality

Competitive neutrality policy (CNP) is based on the principle that significant government businesses should not enjoy, as a result of their public sector ownership, any net competitive advantages over private businesses operating in the same market. Part of a wider reform process that resulted in the introduction of the *Competition Principles Agreement* (CPA), the principles of competitive neutrality apply to local government.[29]

The principle of competitive neutrality is given legislative expression in South Australia through the *Government Business Enterprises (Competition) Act 1996* and applies to the business activities of publicly-owned entities whose activities include "producing goods and/or services for sale in the market place with the intention of making a profit and providing financial returns to their owners".[30] Local government business activities must also comply with the CPA. Examples of such activities could include, but are not necessarily limited to, subsidiaries established under sections 42 or 43 of the LG Act to provide community services.

Information request 2.2: Competitive neutrality policy

How, if at all, do the requirements of competitive neutrality policy affect councils' decision making on whether, and how, to provide non-mandatory services to their communities?

This may include direct provision of services or contracting the services from private sector providers.

[27] For additional information on the principles and methodology that guide the distribution of FAGs funding in South Australia, see https://www.dpti.sa.gov.au/local_govt/LGGC.
[28] For additional information on infrastructure funding programs see *https://investment.infrastructure.gov.au*
[29] Government of South Australia (2010), A Guide to the Implementation of Competitive Neutrality Policy, Adelaide, p. 1.
[30] Ibid., p. 6.

2.5 Local government-initiated reforms

The Commission has reviewed key past and current efficiency and cost related reforms initiated by local government in South Australia. The Commission's literature review and consultation process revealed a diverse range of reviews, evidence and reform projects that have been undertaken by councils in the last 20 years.

Sector wide reforms which aim to deliver efficiency gains and reduce costs have included changes to:

- financial circumstances of local government, including changes to revenue and financial management practices;
- workplace and management processes of local government; and
- number or types of functions or services performed by local government, including the collaboration of functions between local government.[31]

The following section addresses these initiatives in more detail.

2.5.1 Financial management

As previously discussed, the local government reform process of the 1990s consisted of legislative changes and other structural reforms. Subsequently there was a new focus on financial management reforms.

In 2005 the LGASA established an independent Financial Review Sustainability Board (FRSB) to assess the financial capacity and sustainability of councils throughout the state. Many of the measures developed or adopted by the LGASA – and subsequently supported legislatively by the state government – flowed from the findings and recommendations of the *Independent inquiry into Financial Sustainability of Local Government 2005.*[32] The Inquiry noted that at the time the balance sheets of councils appeared strong because of their low levels of debt, but the problem was the predominant pattern of deficits, and the likelihood that they would increase, as well as 'substantial infrastructure renewal/replacement backlogs'.[33]

The FSRB put forward 62 recommendations, a substantial number of which have since been implemented through cooperation between the LGASA and the state government.[34]

The LGASA's Financial Sustainability Program (FSP) produced resources to assist councils to achieve and maintain financial sustainability.

Under the Financial Sustainability Program, the LGASA and councils:

- prepared and updated a series of information papers;
- implemented projects to assist councils with financial and asset management reforms;

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[31] A. Goody, Davis (2013), *Review of current local government reform in Australia and New Zealand*, Australian Centre of Excellence for Local Government, University of Technology, Sydney; Local Government Association of South Australia, Adelaide p.3.

[32] Financial Sustainability Review Board (2005), *Local Government in South Australia: Assessing Financial Sustainability*, Adelaide.

[33] https://www.lga.sa.gov.au/webdata/resources/files/Financially_Sustainable_LG_-_Rising_to_the_Challenge_-_Volume_1_-_Final_Report_2005.pdf, p.3

[34] Australian Centre of Excellence for Local Government (2011) 'Unfinished Business? A Decade of Inquiries into Australian Local Government', Working Paper no.4, University of Technology Sydney, p.42.

- undertook training and briefing programs to further assist councils;
- received Australian Government funding to further the financial sustainability reforms that were undertaken by South Australian councils; and
- worked with other governments on intergovernmental issues[35].

In submissions to the Commission's methodology paper, several councils[36] identified the FSP as an example of an efficiency monitoring program that resulted in improved financial performance. As noted by the Town of Gawler in its submission:

> With myriad financial accountability measures already in place, Local Government is the most financially accountable tier of Government. Examples of financial accountability measures include the establishment of Audit Committees, legislative financial reporting requirements, consultations on draft Budget / Business Plans, Budget / Business Plan summary provided with annual Rate notices in July, financial performance indicators (and associated performance targets) (Town of Gawler Submission, p.13)

While the FSRB's recommendations were largely aimed at the local government sector, the state government, working with the LGASA, introduced amendments to the LG Act to give legislative expression to some of the FSRB's recommendations. Amendments to the LG Act, which commenced in 2007, sought to enhance the accountability of councils and strengthen their financial governance, asset management, auditing arrangements and rate setting methodologies.

These improvements included requirements for councils to:

- establish audit committees;
- prepare and adopt infrastructure and asset management plans;
- prepare and adopt a long-term financial plan;
- adopt several measures to strengthen the independence of external auditors; and
- adopt a consistent and improved reporting format for annual financial statements.[37]

In addition, further legislative amendments, principally in the form of the *Local Government (Accountability Framework) Amendment Act 2009*, were introduced to strengthen the legislative framework for the internal and external review of councils' administration and financial management.

Since 2007 South Australia's councils must develop and adopt long-term financial, and asset management plans, each covering a period of at least 10 years. The approach adopted in South Australia became a model for similar reforms in several other states. [38]

The LGASA submission reports the improvement in the financial performance of councils:

> The aggregate level of local government's annual operating deficit reduced steadily from 2000-01 (when expenses exceeded income by $75 million) until 2007-08 (when the operating deficit was eliminated). Subsequently, an

[35] For additional information on the FSP, see LGASA website. http://www.lga.sa.gov.au/page.aspx?u=6582
[36] See LGASA, Playford Council and City of Charles Sturt Submissions.
[37] Government of South Australia (2019) *Reforming Local Government in South Australia Discussion Paper August 2019*, Adelaide, p.34.
[38] Australian Centre of Excellence in Local Government (2011), *Unfinished Business: A Decade of Inquiries into Australian Local Government*, Working Paper 4, University of Technology, Sydney, p. 14.

> approximate 'break-even' operating result was recorded for five years up until 2012-13. Since then, there has been a significant improvement in the financial performance of councils, culminating in an operating surplus of $98 million in 2017-18. A total of 56 councils recorded an operating surplus in 2017-18 compared with only 16 councils in 2000-01. (LGASA Submission, p. 5)

The Commission notes that while some councils are recording deficits, the sector as a whole has moved from deficit to surplus. This has been achieved through increases in revenue rather than reductions in expenditure. The Commission seeks information on any other financial reforms undertaken by councils which have improved their efficiency.

Information request 2.3: Financial management

How have the financial management program reforms affected councils' ability and incentives to manage costs?

What changes to the type or quality of financial management information would assist councils to improve their decision making and contribute to better performance?

Is there a need for a stronger external auditing process to increase councils' compliance with their legislated responsibility to produce long-term asset and financial management plans and lift the quality of these plans? If so, what form should it take?

2.5.2 Workplace and management initiatives

The LGASA offers specific training programs to local government sector employees in South Australia.[39] Training and upskilling can lift labour productivity and the efficiency of local councils. The literature suggests there is considerable variation in the workforce capabilities of councils.[40]

A 2018 national review, commissioned by the Local Government Workforce Development Group (LGWDG) for the Australian Local Government Association (ALGA), based on ABS data and a skills shortage survey completed by councils, identified that:

> Local government professionals across Australia are facing a major skills shortage across key occupations and are not well positioned in new and emerging skills.[41]

Staff training was also found to be lacking, with almost one third of councils reporting having unmet training needs as a result of the high cost of training and lack of availability.[42]

[39] For more details, see http://training.lga.sa.gov.au/
[40] Productivity Commission (2017) *Shifting the Dial*, p.13.
[41] Local Government Workforce and Future Skills Report for further details see https://www.governmentnews.com.au/councils-face-major-skills-shortages-national-review-finds/
[42] *Ibid.*

Councils that participated in the survey identified a lack of qualified individuals locally, the remoteness of some councils, inability of councils to compete with the private sector, and the lack of opportunity for career progression were among the forces driving the skills shortage.[43]

Recruitment and retention of staff can be very difficult for regional councils. Some, where possible, have responded by sharing professional and technical staff between councils, providing a means for attracting locally based resources in regional areas.

However, other than joint provision and resource sharing among councils, especially smaller ones, the Commission's initial literature review has found little evidence of reform in increasing the capability for staff members.

Information request 2.4: Workforce planning

Have councils experienced any issues with attracting and retaining workers or securing workers with specific skills?

Are these issues unique to individual councils?

Is there value in a sector-wide or region-wide approach to workforce planning and the development of specific skills to support councils?

With respect to management matters, the LGASA released a discussion paper, 'Sensible Change', in 2017 on further reform ideas and options. As noted in its submission to the methodology paper, the LGASA's proposed reforms concentrate on several areas of local government operations that can be strengthened without the need for legislative intervention. Reforms listed in the LGASA paper that offer potential for efficiency improvement or potential cost savings include:

- industry-wide industrial relations framework
- sector wide benchmarking program;
- best practice audit committees;
- standardising external audits;
- best practice service reviews[44].

The Commission seeks additional evidence and views from councils on these and other possible sector-wide reform initiatives that could deliver efficiency gains in South Australia.

2.5.3 Resource sharing

Within the local government sector, resource sharing currently occurs in a variety of forms and at different levels of legal and administrative formality, ranging from the highly informal, such as information sharing arrangements between councils, to formal legal structures, including subsidiaries established under sections 42 or 43 of the LG Act.

[43] For further details, see Australian Local Government Association (2018) *Local Government Workforce and Future Skills Report Australia*, September, p.72.
[44] LGASA, Part 2 Submission on methodology paper, p 16.

The Independent Inquiry into the Financial Sustainability of Local Government in 2005 recommended "that in canvassing alternative methods of delivery, councils consider further resource-sharing initiatives, especially involving the smaller councils, ranging from working together more effectively to more formalised regional groups, area integration and whole-of-sector initiatives"[45].

Various forms of collaboration, which broadly fit under the definition of resource sharing, have been identified as an important example of local government-initiated reform aimed at reducing service cost and improving efficiency.

The LGASA has established several entities and activities to provide services to member councils across South Australia. Examples of sector wide services that the LGASA advised have led to significant cost savings include:

- LGA Mutual Liability Scheme (LGAMLS): the LGAMLS will deliver $4.05 million in bonuses back to the sector in 2018-19, with a contribution rate lower than 10 years ago.[46]
- LGA Workers Compensation Scheme (LGAWCS): LGAWCS will deliver $11.8 million in performance rebates back to the sector in 2018-19. Self-insurance has delivered over $250m in savings to the sector since 1986. The number of new LGAWCS claims received in 2018-19 (509), was 3.4 per cent lower than the previous financial year[47].
- LGA Procurement (LGAP), a company wholly-owned by the LGASA, undertakes procurement for member councils. This has enabled electricity cost savings via LGA's ability to aggregate the load profile and approach the market. Savings have been realised by participating councils of over $8.2 million over three years.[48]

Councils also may, pursuant to section 43 of the LG Act, establish a variety of regional subsidiaries to enable more effective service delivery. The Eastern Health Authority (EHA), jointly established by five eastern and north-eastern metropolitan councils, is generally seen as a significant example of service delivery through a regional subsidiary. EHA provides a range of health services to the community, by means of a shared services model in which one entity provides services on behalf of the constituent councils. While subsidiaries have been established for various purposes, the Commission understands waste management remains a common area in which councils have used such arrangements.

The Commission's Local Government Inquiry Reference Group, noted that there has been an increase in the use of resource sharing, and it has become more necessary in a contemporary context. They also noted, that there is comparatively little data on resource sharing initiatives, making it difficult to assess their impact on council performance. In addition, resource sharing schemes, such as shared services arrangements, can be complicated to arrange and manage effectively, cost savings are not always realised, and the resulting services can become more expensive.[49]

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[45] Quoted in LGASA (2012), *Shared Services in SA Local Government*, South Australia, Adelaide, p.2.
[46] LGASA, Part 2 Submission on methodology paper, p 40.
[47] *Ibid.,* pp. 40.
[48] *Ibid.*, pp. 38.
[49] Minutes of Local Government Reference Group, 31 July 2019.

Despite these qualifications, the Commission has also received information on resource sharing initiatives that have produced savings:

> City of Salisbury is a major constituent council of the Northern Adelaide Waste Management Authority who are widely recognised for the great work they do in managing waste and reducing costs for the member councils.[50]

Many councils also participate in other localised arrangements based on a common interest such as:

- sharing information about activities or services between councils;
- common specifications used by multiple councils for procurement of a service; and
- sharing of resources such as specialist staff and equipment.

The common cost and efficiency gain drivers for considering collaboration between councils identified by the Commission can be summarised as:

- cost savings, efficiencies in service delivery, affordability, economies of scale, helping to improve financial sustainability and reduced duplication of effort and resources;
- increased capacity and value for money, capacity to provide additional services, and capacity to address gaps not otherwise provided for by the market; and
- better risk management due to sharing of risks and improved ability to comply with legislation due to increased capacity and resources.

The Commission's literature review has also identified common difficulties and challenges faced by councils in instigating and undertaking resource sharing arrangements.

For example, in its 2017–18 performance audit of shared services, the Audit Office of NSW found that most NSW councils surveyed were not efficiently and effectively sharing services:

> councils don't always assess current service performance before deciding on the best delivery model and build a business case to outline the costs, benefits and risks of a proposed shared service arrangement before entering it.[51]

The LGASA case studies of local government shared services in South Australia found:

> one of the key lessons from its analysis is that quantifying the cost efficiencies and the measurement of outcomes provided by certain shared services remains a challenging task.[52]

The Commission's literature review also identified commitment, equity across councils, quality of business cases and governance models as further challenges to collaboration that councils face. Consultations suggest that many councils are of the view that there is more scope for use of shared services. The Commission seeks additional information regarding council experiences with resource sharing.

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[50] City of Salisbury, Submission, p.2

[51] See Audit Office of New South Wales *Performance Audit of shared services* https://www.audit.nsw.gov.au/our-work/reports/shared-services-in-local-government

[52] The South Australian Centre for Economic Studies (2017), *Case Studies in Local Government Shared Services in South Australia*, Adelaide, p.1.

Information request 2.5: Resource sharing

What is the potential for additional use of resource sharing to deliver efficiencies and other benefits to participating councils?

In councils' experiences of resource sharing, what works and what does not? Why?

Councils are asked to provide further examples of resource sharing.

Are there any impediments to the greater uptake of various forms of collaboration or resource sharing?

What challenges, if any, do councils face in making use of the provisions contained in sections 42 and 43 and Schedule 2 of the *Local Government Act 1999* to deliver effective and efficient services to their communities?

2.6 Reforms in other jurisdictions

The Commission's review of the reforms in other jurisdictions suggests that, at least to date, comprehensive evaluations of initiatives aimed at enhancing council efficiency and lowering costs have been limited. This makes it difficult to judge the overall effectiveness of different jurisdictions' responses to significant issues in the sector on an interjurisdictional level.

It is also a notable feature of recent local government reforms that, with the exception of South Australia, the majority of initiatives have originated with state governments, not as result of collective action from within the local government sector itself.[53]

Reforms aimed at improving councils' capacity for long term strategic planning, particularly in relation to financial and asset management plans, have become a predominant focus of reform efforts in most jurisdictions. In NSW, all councils are now required to use an integrated planning and reporting framework that is designed to improve council capacity for strategic community planning, especially for financial and asset management planning.[54]

The Commission also notes that, as part of a wider strategy to improve councils' capacity to monitor and enhance their own performance, the NSW Office of Local Government is developing a Performance Management Framework to provide councils and the community with a consistent set of performance indicators, including costs and asset management.

In Victoria, the need to build councils' capacity for long term planning was recently addressed through the Local Government (Planning and Reporting) Regulations 2014. These reforms aimed to standardise the way councils report on their long term financial and asset management plans, with a range of documents, including statutory financial statements, now required to conform to the Local Government Model Financial Report.[55] In support of this regulatory requirement, Local Government Victoria issued its revised *Best practice guidance in asset management* guidelines in 2015.

[53] Australian Centre of Excellence in Local Government (2011), *Unfinished Business,* p. 5.
[54] Australian Government, (2017) *Local Government National Report 2014-15*, Canberra, p. 35.
[55] *Ibid,* p. 35.

In addition to reforms to the way in which councils undertake strategic planning, the Victorian Local Government Reporting Framework, introduced by the Victorian Government as a mandatory performance reporting system, is designed to address the need for a consistent framework for performance management and reporting. The resultant performance data is presented to the community through the 'Know Your Council' website and represents one of the most developed sector-wide approaches to benchmarking and efficiency comparison.[56]

The Tasmanian government mandated similar strategic planning requirements in 2013. The Commission notes that the Tasmanian legislation assigns responsibility for monitoring compliance to the Auditor-General. Recent audits of compliance with the new reporting regime suggest that councils' financial and asset management performance has undergone a noticeable improvement.[57]

The Commission notes that the Tasmanian Government, is also currently developing the Local Government Data, Analysis, Transparency and Accountability (LG DATA) project. The initiative aims to enhance transparency in the way that local government performance is reported and provide councils with a tool to identify opportunities for performance enhancement.[58]

2.7 Conclusion

The Commission has been asked to consider recent reforms in South Australia and other jurisdictions to policy and management practices in the local government sector and their potential to improve council performance.

The move away from prescribing specific functions to broadening the discretionary power of councils to perform a range of functions in SA also occurred in other jurisdictions. The LG Act, in common with local government legislation in other jurisdictions, defines councils' functions and powers broadly, which has enabled councils to undertake a significant number of non-mandatory functions. However, the South Australian local government sector has arguably a greater level of autonomy than other jurisdictions, with the South Australian Government taking a less prescriptive approach.

Initial research and consultation with councils and other stakeholders has revealed a diverse range of reviews and reform projects that have been undertaken by councils. The Commission has noted some evidence linking these changes or reforms to council performance. Some observations can be made.

The literature suggests that sector-wide improvement or reform is more likely to be fully implemented if it is mandated by state governments.[59]

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[56] For the 2018 review of the effectiveness and efficiency with which Victorian councils deliver services to their communities, conducted by the Victorian Auditor-General, see https://www.audit.vic.gov.au/report/delivering-local-government-services?section=
The Commission is aware of the work also being undertaken by the Queensland Auditor-Generals Department in relation to efficiency in the local government sector. https://www.qao.qld.gov.au/audit-program

[57] *Ibid,* p. 36. In addition, see Tasmanian Audit Office, *Auditor-General's Report on the Financial Statements of State Entities: Local Government Authorities 2017-18*, available at https://www.audit.tas.gov.au/publication/local-government-authorities-2017-18/

[58] For additional information, see Tasmanian Local Government Division, Department of the Premier and Cabinet: http://www.dpac.tas.gov.au/divisions/local_government/measuring_tasmanian_local_government_performance

[59] Australian Centre of Excellence for Local Government (September 2011) 'Unfinished Business? A Decade of Inquiries into Australian Local Government', Working Paper no.4, University of Technology Sydney, p.39.

Regarding sector wide improvement, financial management reforms initiated by the local government sector, some of which were subsequently incorporated into the LG Act, have strengthened council financial performance. However, the Commission's initial assessment of the evidence suggests that few management or work practice reforms have been undertaken in recent years by the sector.

Councils also participate in a large number of collaborative resource sharing arrangements, ranging from relatively informal arrangements to formal legal structures, with varying degrees of success. Again, however, it is difficult to locate information that enables a quantification of the cost, efficiency or other outcomes of these initiatives.

3. Local government costs

3.1 Introduction

The Inquiry's terms of reference require the Commission to address the following matters regarding local government costs and efficiency:

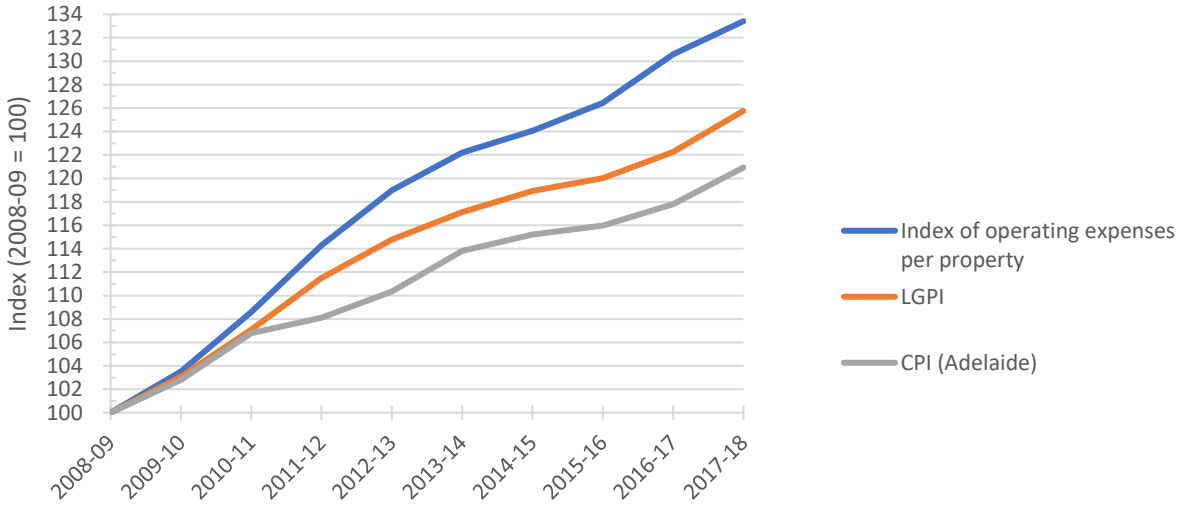
> Analysis of the information on local government costs and the key drivers of costs including:
>
> - identify trends in local government activities and costs of local government operations; and
> - identify the drivers of local government costs and assess their impacts.[1]

Between 2008-09 and 2017-18, total operating expenditure of all South Australian councils increased from $1.6 billion to $2.2 billion at an average annual rate of 4.2 per cent. Adjusting for the change in the number of properties over time, the average annual increase in operating expenditure was 3.3 per cent per annum per property.

In comparison, the two popular measures of price inflation generally used by councils — movements in the consumer price index (CPI) and the local government price index (LGPI) — reflected increases of 2.1 per cent and 2.6 per cent per annum, respectively (refer to Figure 3.1).[2]

This chapter examines trends and changes in council operating expenditure and likely explanations for these changes. To understand the cost drivers, the Commission examined councils' costs for the period from 2008-09 to 2017-18 on both a resource (or input) basis and a function or service (output) basis.

Figure 3.1: Index of the change in operating expenditure per property across all councils and price indices



Source: SALGGC (2017b), ABS (2019), SACES (2019).

[1] For a complete text of the Terms of Reference refer to Appendix 2.

[2] Inflation as measured by the Australian Bureau of Statistics' Consumer Price Index for Adelaide and the South Australian Centre for Economic Studies' (SACES) Local Government Price Index (LGPI). Information on the construction of the LGPI may be accessed at: https://www.adelaide.edu.au/saces/economy/lgpi/.

3.2 Data sources and council groupings

3.2.1 Data sources

In undertaking this inquiry, the Commission has drawn upon a range of data sources. It acknowledges the support of the South Australian Local Government Grants Commission (SALGGC) in providing information from councils' annual returns, supplementary surveys and general information returns.[3] In addition, the Local Government Association of South Australia (LGASA) provided information and data collated from its member councils. Several councils provided additional information in their submissions that has assisted in understanding underlying trends.

The SALGGC provided a database of information and cost data covering the 10-year period from 2008-09 to 2017-18 for all 68 councils. This database included, but was not limited to, the following indicators:

- general and statistical information;
- operating income;
- operating expenditure;
- physical asset and associated capital expenditure;
- statutory accounting statement of financial position and net financial liabilities; and
- financial ratios.

All councils in South Australia must prepare annual financial statements in accordance with the "Model Financial Statements" as published by the LGA.[4] These statements include guidance on the allocation of costs to activities.

The financial information submitted by councils and collected by the SALGGC is based on these model financial statements. The SALGGC reports the consolidated information collected from councils on their website.[5] The SALGGC notes:

> …these reports may include differences from council financial statements and amounts shown in supplementary returns as to enhance data consistency and comparability.[6]

The inquiry has relied on the information contained in these database reports.

3.2.2 Council groupings

The Commission grouped councils, using the Australian Classification of Local Governments (ACLG) Scheme, as detailed in Appendix 6, to enable meaningful comparisons and conclusions to be drawn.[7] This is consistent with the SALGGC's interpretation.

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3 Refer to Appendix 5 for an outline of the extent of the information provided by SALGGC.
4 Refer to the Local Government Act 1999 (Section 127) and Regulation 4(3) and Regulation 13 of the Local Government (Financial Management) Regulations 2011.
5 The Database Reports are available from https://www.dpti.sa.gov.au/local_govt/LGGC.
6 SALGGC, *SA Local Government Grants Commission Database Reports 2017-18*, p1. This report can be accessed at: https://www.dpti.sa.gov.au/__data/assets/pdf_file/0003/564177/Database_Reports_2017-18.pdf.
7 As outlined in Appendix 6, the ACLG scheme is based on a three-step hierarchy system. Each step allocates a prefix made up of three letters to produce a unique identifier for each type of local government area. The system's full classification structure contains 22 separate categories. By way of example, a medium-sized (populated) council in a rural agricultural area would be classified as RAM – Rural, Agricultural, Medium.

The Commission allocated the 68 councils, using this scheme, into one of four groups depending on location and population, broadly as follows:

- Urban:
  - Urban – metropolitan and fringe — which includes the capital city, developed (suburban) and fringe (suburban) metropolitan councils;
  - Urban – regional — non-metropolitan councils with urban centres in regional areas;
- Rural:
  - Rural agricultural – large and very large populated councils in rural or agricultural areas; and
  - Rural agricultural – small and medium populated councils.

Table 3.1 shows the differences between urban, rural and the four council groupings.

Table 3.1: Selected statistics by urban and rural type 2017-18

Indicator	Council group	All urban councils	All rural councils	State-wide total	Urban-Metro & Fringe	Urban-Regional	Rural-Small and medium	Rural-Large and very large
Number of councils		30	38	**68**	21	9	20	18
Area	Total (square kilometres)	10,600	146,230	**156,830**	5,139	5,461	82,780	63,450
	Average per council	*353*	*3,848*	***2,306***	*245*	*607*	*4,139*	*3,525*
Population	Total	1,506,515	223,765	**1,730,280**	1,350,028	156,487	45,342	178,423
	Average per council	*50,217*	*5,889*	***25,445***	*64,287*	*17,387*	*2,267*	*9,912*
Employees	Total (FTE)	7,029	1,838	**8,867**	6,036	993	546	1,292
	Average per council	*234*	*48*	***130***	*287*	*110*	*27*	*72*
Sealed roads	Total (km)	10,768	8,031	**18,799**	8,813	1,955	2,030	6,001
	Average per council	*359*	*211*	***276***	*420*	*217*	*101*	*333*
Unsealed roads	Total (km)	3,945	52,249	**56,194**	2,192	1,753	27,152	25,097
	Average per council	*132*	*1,375*	***826***	*104*	*195*	*1,358*	*1,394*
Roads (including laneways)	Total (km)	14,873	60,307	**75,180**	11,091	3,782	29,184	31,123
	Average per council	496	*1,587*	***1,106***	*528*	*420*	*1,459*	*1,729*
Number of properties	Total	716,175	190,258	**906,433**	630,838	85,337	51,744	138,514
	Average per council	*23,873*	*5,007*	***13,330***	*30,040*	*9,482*	*2,587*	*7,695*
Capital value of properties	Total ($billion) at 1 Jan-19	$337.9	$58.6	**$396.5**	$313.3	$24.5	$14.5	$44.1
	Average per property ($000)	*$471.8*	*$308.0*	***$437.4***	*$496.7*	*$287.5*	*$280.0*	*$318.5*

Source: SALGGC (2019), Valuer-General (2019)

Expenditure by council will vary according to a range of factors including population, area, properties and road length amongst other things.[8] Accordingly, where appropriate, the Commission has also undertaken analyses using the following classifications:

- Urban metropolitan and fringe councils were classified to reflect their level of development — suburban (otherwise referred to as developed) or fringe (or developing), and
- rural councils were classified to reflect similar regional areas or geographies,[9] such as:
    - Eyre Peninsula;
    - Legatus Group[10] of councils (includes various Yorke Peninsula, mid-north and other similar regional councils);
    - Limestone Coast;
    - Murraylands and Riverlands; and
    - Southern and Hills.

Submissions provided broad support for the use of the ACLG classification scheme; for example, the Town of Gawler:

> As acknowledged in the Paper, it is inherently difficult to compare Councils, given each Council has distinct and diverse characteristics. Utilisation of the ACLG is deemed appropriate. (Town of Gawler Submission, p.1)

In contrast, the City of Playford's submission raised the following concern:

> The issue with the ACLG grouping is some Councils can be considered in multiple groupings given their diversity. Therefore, groupings are not relevant for all services. (City of Playford Submission, p.1)

The Commission notes the concerns raised in submissions. Its analysis focuses on the underlying drivers of costs and not in making comparisons between individual councils.

3.3 Analysis of operating expenditure by resource type

This section discusses the issues that the Commission and various submissions have put forward as drivers of council costs. It examines expenditure by the type of resources, or inputs, employed — these comprises employee costs, materials and contracts costs, depreciation charges and finance costs.

3.3.1 Total operating expenditure

As noted, total operating expenditure by councils has grown more rapidly than inflation between 2008-09 and 2017-18.

Figure 3.2 shows the individual cost components of total operating expenditure as well as the rate of change in total annual costs from the previous year.

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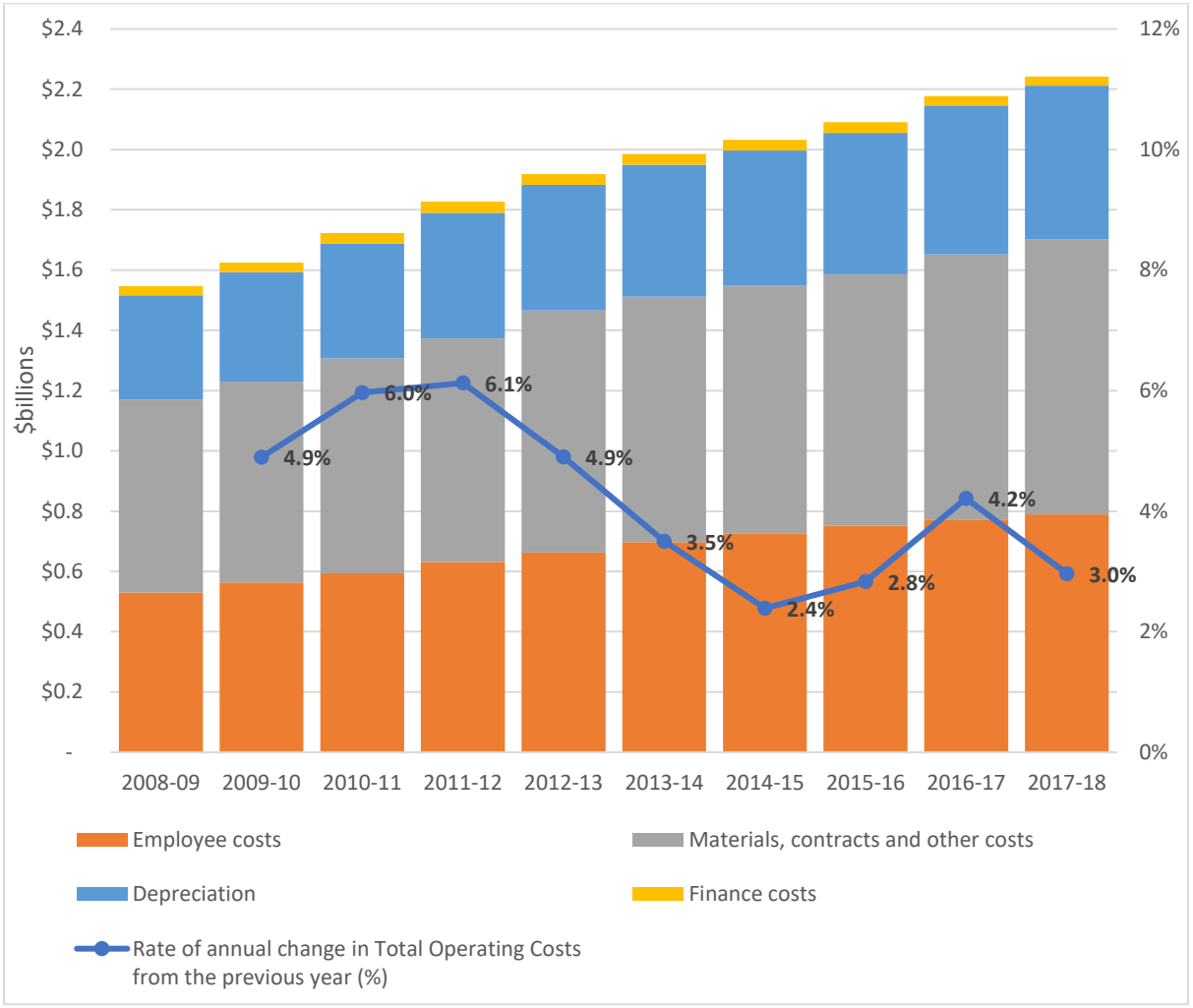
[8] The properties data used in the analysis throughout the report is sourced from the SA Valuer-General and includes both rated and unrated properties to ensure a consistent and reliable time series. The time series data provided by the SALGGC was found to be inconsistent and unreliable primarily due to a change in the data collection and classification systems that were implemented in 2015. A detailed discussion on this matter is provided by Coelli (2019), p.9.

9 The regional classifications used largely reflect the regional local government associations to which the councils themselves belong.

[10] The Legatus Group is the trading name of the Central Local Government Region established under the LG Act. It is a collection of councils from the Yorke Peninsula, mid-north and other nearby areas (refer to Appendix 6).

Figure 3.2: Total operating expenditure by input ($billion) and total annual change (per cent)



Source: SALGGC (2019)

Figure 3.2 shows that the annual growth in operating costs between 2008-09 and 2012-13 ranged between 4.9 per cent and 6.1 per cent, falling to 2.4 per cent in 2014-15. The rate of change has trended upwards in recent years and it slowed to 3 per cent in 2017-18.

Table 3.2 compares the average annual increases in total operating expenditure for all council groups over three different time periods. The table shows that growth in operating costs for the urban metropolitan and fringe group of councils has been highest, and remains high, whereas for the urban regional group expenditure slowed (and fell in 2017-18). In addition, the rate of growth in operating expenditure of the rural small and medium group was the smallest among the council groups over the decade and the past seven years.

Table 3.2: Average annual increase in total operating expenditure by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	4.3	3.7	4.0
Urban - Regional	4.0	3.0	-0.1
Rural - Small & Medium	3.3	2.2	0.5
Rural - Large & Very Large	4.3	3.3	2.0
All Groups	**3.9**	**3.5**	**3.0**

Source: SALGGC (2019)

The two urban and rural council groups experienced similar annual average increases over the 10 years (4.2 per cent and 4.0 per cent per annum, respectively).[11] The capital city and urban fringe councils experienced average annual growth increases of 5.8 per cent and 5.1 per cent, respectively.

The greatest average annual growth in total operating expenditure among the rural councils was experienced by the rural councils of the Murraylands and Riverlands (4.9 per cent).

Figure 3.2 shows that overall spending increased by approximately 45 per cent (or $693 million) over the ten years to 2017-18 and that the relative proportions of the individual components have changed little in that time. In 2017-18, the major components of councils' expenditure were:

- materials, contracts and other costs ($912 million or 41 per cent of total operating expenditure);
- employee costs ($789 million or 35 per cent); and
- depreciation charges ($511 million or 23 per cent).

Finance costs represented only 1.4 per cent (or $31 million) of total operating expenditure in 2017-18. The only other operating charge reported by councils is the loss incurred on their ownership in joint ventures and other businesses.[12]

Each of these cost components is discussed in the following sections.

[11] Similarly, over the last seven years since 2011-12, the average annual rate of increase in total costs has been higher for urban councils, at 3.6 per cent, compared to 3.0 per cent for rural councils.

12 In 2017-18, this item represented approximately 0.1 per cent of total operating expenditure (or less than $1.5 million) and is not separately examined. The corresponding profit on these ventures is reported as income in the revenue section of the Income Statement.

3.3.2 Materials, contracts and other costs

Materials, contracts and other costs is the most substantial category of expenditure for councils making up approximately 41 per cent of total operating expenditure and, in 2017-18, expenditure in this area reached $912 million.[13] The average rate of increase for materials and contract expenditure, over the last 10 years, was 4.0 per cent annually and this was similar across both urban and rural councils. The LGPI increased by 2.6 per cent annually and, assuming this represents the changes in materials prices, the real increase or the volume growth of materials (and other costs) spending is approximately 1.4 per cent annually.

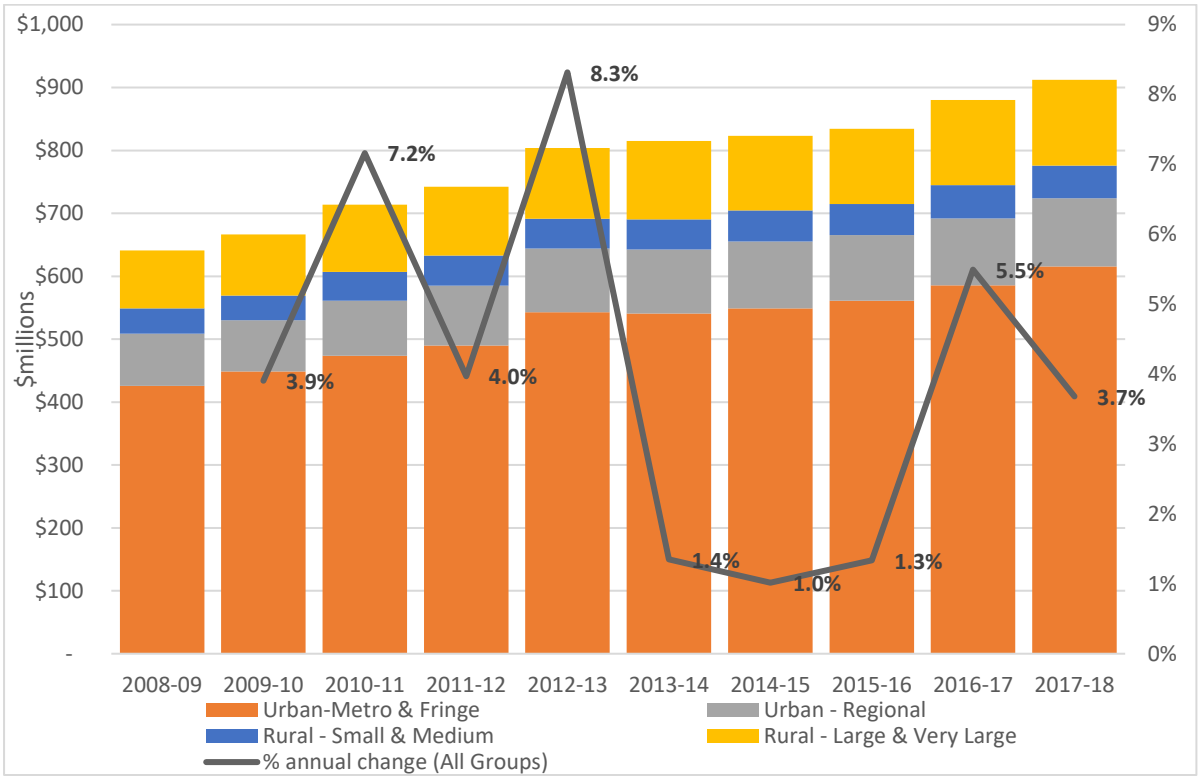
Figure 3 shows the total operating expenditure by group as well as the annual rate of change in the overall materials and contracts cost.

Urban metropolitan and fringe councils represent 67 per cent of materials and contract costs in 2017-18 and, in comparison:

- large and very large rural councils represent 13 per cent;
- small and medium councils' rural councils represent 12 per cent; and
- urban regionals represent less than 6 per cent.

These relative proportions have changed negligibly over time as shown in Figure 3.3.

Figure 3.3: Materials, contracts and other expenditure in total and by group ($million) and total annual change (per cent)



Source: SALGGC (2019)

[13] The materials, contracts and other category includes expenditure on a range of items including consultants, contractors, energy, water, waste services, maintenance, legal, levies to state government, advertising, catering, cleaning, communications, entertainment, various project related costs, sponsorships, subscriptions, insurance, security, information technology and other items.

Despite the similar increase in expenditure across both urban and rural councils over the last 10 years, Table 3.3 shows that there are significant compositional differences in the rate of increase in materials costs amongst the various council groupings:

- the urban metropolitan and fringe council group costs increased by 4.2 per cent per annum on average over the past 10 years. There has been a slight downward trend in the rate of increase (3.9 per cent) over the last seven years but 2017-18 recorded an increase of 5.1 per cent.
- the urban regional group costs increased by 3.0 per cent per annum on average over the 10 years and are moderating — in 2017-18 the increase was 1.8 per cent;
- rural small and medium council group costs increased by 3.1 per cent per annum on average and in 2017-18 costs fell by 1.2 per cent (it is noted that in 2016-17 there was an increase in costs of 7.8 per cent); and
- rural large and very large group costs grew by 4.4 per cent per annum and appear to be falling below the long-term average. In 2016-17, there was an increase of over 13 per cent.

Table 3.3: Average annual increase in materials, contracts and other costs by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	4.2	3.9	5.1
Urban - Regional	3.0	2.2	1.8
Rural - Small & Medium	3.1	1.5	-1.2
Rural - Large & Very Large	4.4	3.7	0.8
All Groups	**4.0**	**3.5**	**3.7**

Source: SALGGC (2019)

The City of Adelaide experienced a 6.4 per cent average annual increase over the 10 year period. In contrast, the metropolitan and fringe councils, experienced average increases of 3.5 per cent and 4.5 per cent per annum, respectively.

In respect of the other regions, the largest average annual increases over the 10 years to 2017-18 related to:

- the rural councils of the Murraylands and Riverlands regions which experienced an average increase of 6.7 per cent;
- the rural councils of the Southern and Hills regions: 5.4 per cent; and
- the metropolitan fringe councils: 4.5 per cent.

The increases for the metropolitan fringe and southern and hills councils may be in part attributed to the growth in population and the demand for greater services in these areas. In contrast, the rural councils of the Murraylands and Riverlands experienced an overall decline in numbers over the last 10 years — although there has been an increase in population in the last two years.

Information request 3.1: Materials, contracts and other costs

What are the main drivers of materials, contracts and other costs for rural small and medium councils?

In what ways do current council procurement practices affect expenditure on materials, contracts and other costs?

3.3.3 Employee costs

Employee costs is the next most substantial expenditure for councils representing approximately 35 per cent (or $789 million) of total operating expenditure in 2017-18. Employee costs incorporate:

- total number of employees; and
- costs per employee, including wages, salaries and supplements.

The average annual increase in total employee costs across the local government sector was 4.5 per cent over the last 10 years, with no major difference between urban and rural councils.

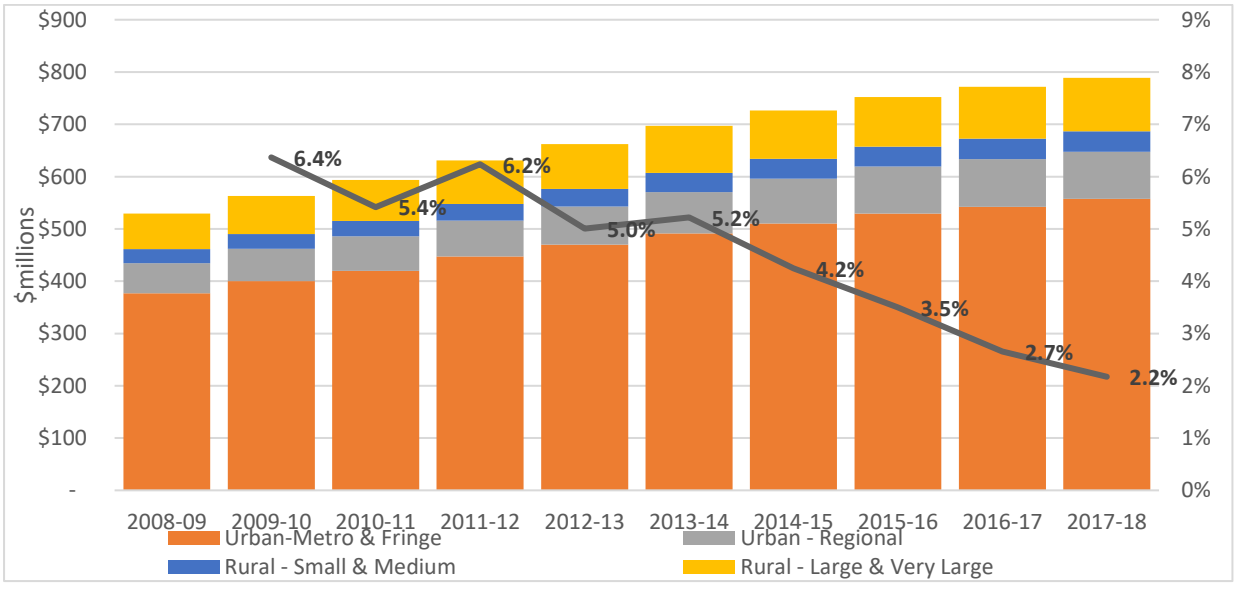
Total employee costs across the four council groups since 2008-09 are shown in Figure 3.4. It is noted that there may be some variation in employee costs from year to year due to the rate of capitalisation of labour that occurs — the Commission does not have access to the labour capitalisation rate for each council.

Urban metropolitan and fringe councils represent 71 per cent of total employee costs in 2017-18 and, in comparison:

- large and very large rural councils represent 13 per cent;
- small and medium rural councils represent 11 per cent; and
- urban regional councils represent 5 per cent.

These relative proportions have changed negligibly over time as may be inferred from Figure 3.4.

Figure 3.4: Employee costs in total and by council group ($million) and annual change (per cent)



Source: SALGGC (2019)

Table 3.4 shows the slowing growth in total employee costs over the last 10 years was experienced across both urban and rural councils. The table also shows that the changes in employee costs tended to diverge more between the various council groupings over time:

- urban metropolitan and fringe councils' employee costs grew by 4.4 per cent per annum on average over the past 10 years, although there has been a downward trend in the rate of increase (to 3.7 per cent) over the last seven years and the rate of increase slowed to 2.8 per cent during 2017-18;
- urban regional councils' employee costs grew by 5.1 per cent per annum over the past 10 years and 4.6 per cent over the last seven years. However, 2017-18 experienced a decrease of 1.5 per cent;
- rural - small and medium councils' costs grew by 4.4 per cent per annum over the 10 years and appear to be slowing, experiencing a 1.2 per cent increase during 2017-18; and
- rural - large and very large councils' costs grew by 4.6 per cent per annum over the 10 years but over the past seven years experienced the smallest rise of all groups (3.5 per cent) and in 2017-18 the rise was 2.6 per cent.

Overall annual growth in employee costs for the entire sector (across all groups) has declined to 2.2 per cent in 2017-18 as shown in Table 3.4.

Table 3.4: Average annual increase in employee costs by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	4.4	3.7	2.8
Urban - Regional	5.1	4.6	-1.5
Rural - Small & Medium	4.4	3.8	1.2
Rural - Large & Very Large	4.6	3.5	2.6
All Groups	**4.5**	**3.8**	**2.2**

Source: SALGGC (2019)

As shown in Table 3.5, over 10 years, the urban fringe councils (of all the groups) experienced the greatest increase in employee costs at 5.8 per cent per annum and 5.4 per cent per annum over the last seven years. Growth during 2017-18 also remained high at 4.6 per cent.

Similarly, the rural regional groups of Eyre Peninsula and the Legatus Group, and the urban regional council group all experienced increases of 5.1 per cent per annum over the 10 years and increases of between 4.1 per cent and 4.6 per cent per annum over the last seven years.

In contrast, the total employee cost increases of the group of rural councils of the Murraylands and Riverlands averaged approximately 3.5 per cent per annum over the 10 years and 2.3 per cent over the last seven years. In 2017-18, these councils' employee costs grew by 1.0 per cent and the southern and hills councils experienced a growth of 0.7 per cent.

Table 3.5: Average annual change in employee costs by regional council grouping (per cent)

Council type and region	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban capital city	3.9	4.0	2.0
Urban metropolitan	4.0	2.9	2.1
Urban fringe	5.8	5.4	4.6
Urban regional	5.1	4.6	-1.5
Rural Eyre Peninsula	5.1	4.1	1.8
Rural Legatus Group	5.1	4.1	3.4
Rural Limestone Coast	4.3	3.2	1.7
Rural Murraylands & Riverlands	3.5	2.3	1.0
Rural Southern & Hills	4.4	4.7	0.7

Source: SALGGC (2019)

From information collected by the ABS for its Wage Price Index for South Australia, the annual growth in total hourly rates of pay (excluding bonuses) for both private and public sectors across all industries was 2.8 per cent over the same 10-year period of this review, 2.6 per cent over the past seven years and 2.1 per cent during 2017-18.

The Commission notes that the average annual growth in the number of council employees (on an FTE basis) has followed the general growth rate of the population at around 0.8 per cent. On an FTE basis, total unit employee costs for the local government sector have increased from $64,100 in 2008-09 to $88,900 in 2017-18 — an average annual increase of 3.7 per cent over the decade.[14]

The increase in total employee cost is driven by the increase in salary and wages rather than by the increase in employee numbers. Furthermore, the increase in salaries and wages may also be due to changes in labour composition to a more skilled workforce. The Commission's analysis shows that the rate of increase in council unit employee costs rose more rapidly than average wages in the South Australian economy for the full decade, for the period 2011-12 – 2017-18 and for 2017-18.

On an urban/rural basis, unit employee costs have increased at a faster rate for the rural council group compared with the urban council group as shown in Table 3.6. The table also shows the average annual change in unit employee cost by the four major council groups and regional area.

[14] It is noted that the full time equivalent employee numbers provided by the SALGGC represents the total workforce and, as such, no adjustment is made for the capitalisation rate associated with the split between operating and capital costs.

Table 3.6: Average annual change in unit employee cost (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban	3.6	3.3	2.7
Rural	4.0	3.4	2.1
Urban - Metro & Fringe	3.5	3.2	2.4
Urban - Regional	4.4	3.9	4.5
Rural - Small & Medium	4.4	4.3	-0.8
Rural - Large & Very Large	3.8	3.0	3.3
Urban capital city	3.1	2.9	3.2
Urban metropolitan	3.4	3.0	1.8
Urban fringe	4.0	3.6	3.5
Rural Eyre Peninsula	4.7	4.3	-1.3
Rural Legatus Group	4.3	3.4	3.8
Rural Limestone Coast	3.7	3.6	0.5
Rural Murraylands & Riverlands	3.4	3.1	3.1
Rural Southern & Hills	3.5	2.7	-0.6
All Groups	**3.7**	**3.3**	**2.6**
SA Wage Price Index	2.8	2.6	2.1

Source: SALGGC (2019)

The average cost per FTE is generally higher among urban councils compared to rural councils. In particular, the average unit employee cost in 2017-18 for each council group was:

- urban metropolitan and fringe group: $92,300;
- urban regional group: $90,500;
- rural small and medium group: $72,500; and
- rural large and very large group: $78,800.

Some stakeholders raised the issue of employee costs and the central role that enterprise agreements play in the wage setting process. In its submission, the City of Charles Sturt stated that:

> Employee expenses comprise approximately 35% of operating costs and governed by Enterprise Bargaining Agreements. In 2008/09 the EBA wages increase at Charles Sturt was 5.5%. It then decreased to 4% until 2013/14 where it was 3% until 2017/18.
> (City of Charles Sturt Submission, p.6)

In addition, the South Australian Financial Management Group (SALGFMG) noted that:

> From 2008/09 many Councils had wages increase in the order of 4% to 6%, falling to around 3% in 2014/15 and more recently in the order of 2%, and more reflective of wages growth in the broader economy.
> (SALGFMG Submission, p.10)

The SALGFMG submission offered a possible explanation and noted that enterprise agreements may have an indirect role by making costs fixed rather than variable:

> Employee costs represent 35% of councils total operating cost […]. This cost is driven by Enterprise Bargaining Agreements and often include no forced redundancy clauses resulting in labour being largely a fixed cost. (SALGFMG Submission, p.10)

Several submissions, including from the City of Charles Sturt, identified employee costs as a driver of increases in operating costs. In particular, the industrial relations framework within which councils operate has been identified by some stakeholders, including the SALGFMG, as a significant driver of operating costs. The Commission understands that, at present, councils negotiate Enterprise Bargaining Agreements (EBAs) individually, with different conditions in place for staff classified as either 'indoor' or 'outdoor' employees.

3.3.4 Finance costs

In general, the cost of finance is small across councils — making up less than 1.4 per cent (or $31 million) of total operating expenditure in 2017-18. Councils generally have very low debt levels.

Over the last 10 years, total finance costs have fallen by an average of less than 0.2 per cent per annum but since 2011-12, finance costs have fallen by 3.0 per cent per annum on average. This reflects falling long term borrowing interest rates — as represented by the 10 year Commonwealth bond yields in Figure 3.5 and the subsequent decrease in deposit rates.

Figure 3.5: 10 year Australian government bond yield

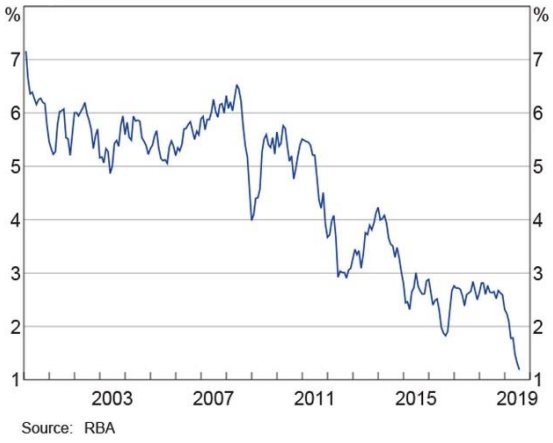
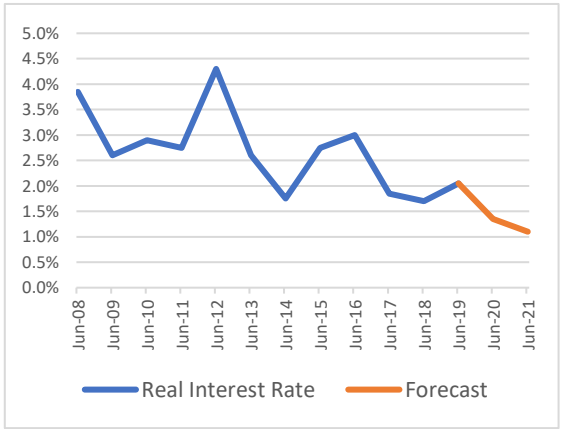


Figure 3.6: Local government real interest rates from 2008 to 2021



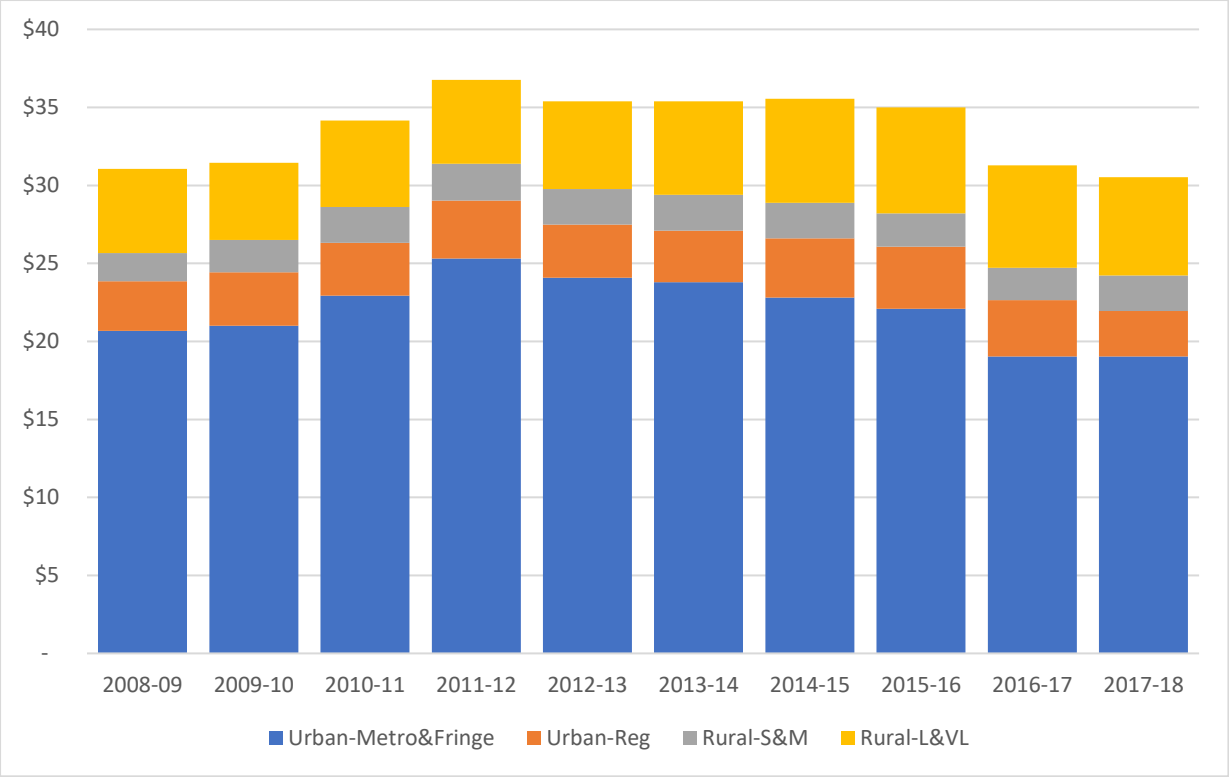
Source: LGFA (2019)

Similarly, Figure 3.6 shows the general decline in actual real interest rates that councils were able to access since 2008 from the Local Government Finance Authority (LGFA).[15]

These declines in interest rates (as well as declining levels of net debt) are reflected in the total finance costs incurred by councils as shown in Figure 3.7.

[15] The Local Government Finance Authority of South Australia, is a body corporate, which provides financial services exclusively to South Australian councils and local government bodies. It was established in January 1984 under the Local Government Finance Authority Act, 1983.

Figure 3.7: Total finance costs by council group ($million)



Source: SALGGC (2019)

As noted, although there was a slight fall of 0.2 per cent per annum in total finance costs across all councils in the past 10 years, the decline in interest rates has resulted in a decline in finance costs of 3 per cent per annum over the last seven years.

Rural councils, as a group, experienced an increase in finance costs of almost 2 per cent per annum over the last 10 years compared with urban councils which experienced a fall of almost 1 per cent. Over the last seven years, rural councils' finance costs fell by 1.8 per cent per annum while urban councils experienced a fall of 4.6 per cent per annum over the same period.

Table 3.7 shows these differences and also shows that the large rural councils faced an increase in finance costs of 2.7 per cent per annum since 2011-12, while other council groups experienced a fall.

Table 3.7: Average annual changes in finance costs by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	-0.92	-4.6	-0.01
Urban - Regional	-0.98	-3.9	-19.4
Rural - Small & Medium	2.6	-0.55	9.3
Rural - Large & Very Large	1.7	2.7	-3.9
All Groups	**-0.2**	**-3.0**	**-2.4**

Source: SALGGC (2019)

Of the increases in total finance costs in the rural council groups, the largest increase was experienced by the Eyre Peninsula rural councils which saw an increase of an average of 6.7 per cent per annum over 10 years and 5.5 per cent over the last seven years.

The biggest decline was by the City of Adelaide which saw its total finance costs fall by an average of over 24 per cent per annum over the last 10 years from $2.4 million down to $0.2 million; however, in 2017-18, its finance costs increased by over 500 per cent from $0.03 million to $0.2 million.

Councils raise funds to finance their operations from a range of sources including:

- grants from governments and gifts in cash or kind from the private sector;
- borrowings from lenders or lending institutions such as banks or non-bank institutions;
- excess funds resulting from operating efficiencies or the deferral (or cancellation) of projects or other programs;
- proceeds from asset sales, and the biggest of all; and
- funds raised from ratepayers.

In terms of borrowings, the local government sector held $668 million at 30 June 2018. This level of borrowings represents approximately 2.7 per cent of the total value of fixed assets. If councils increased their use of debt, finance costs would increase resulting in higher total operating expenditure.

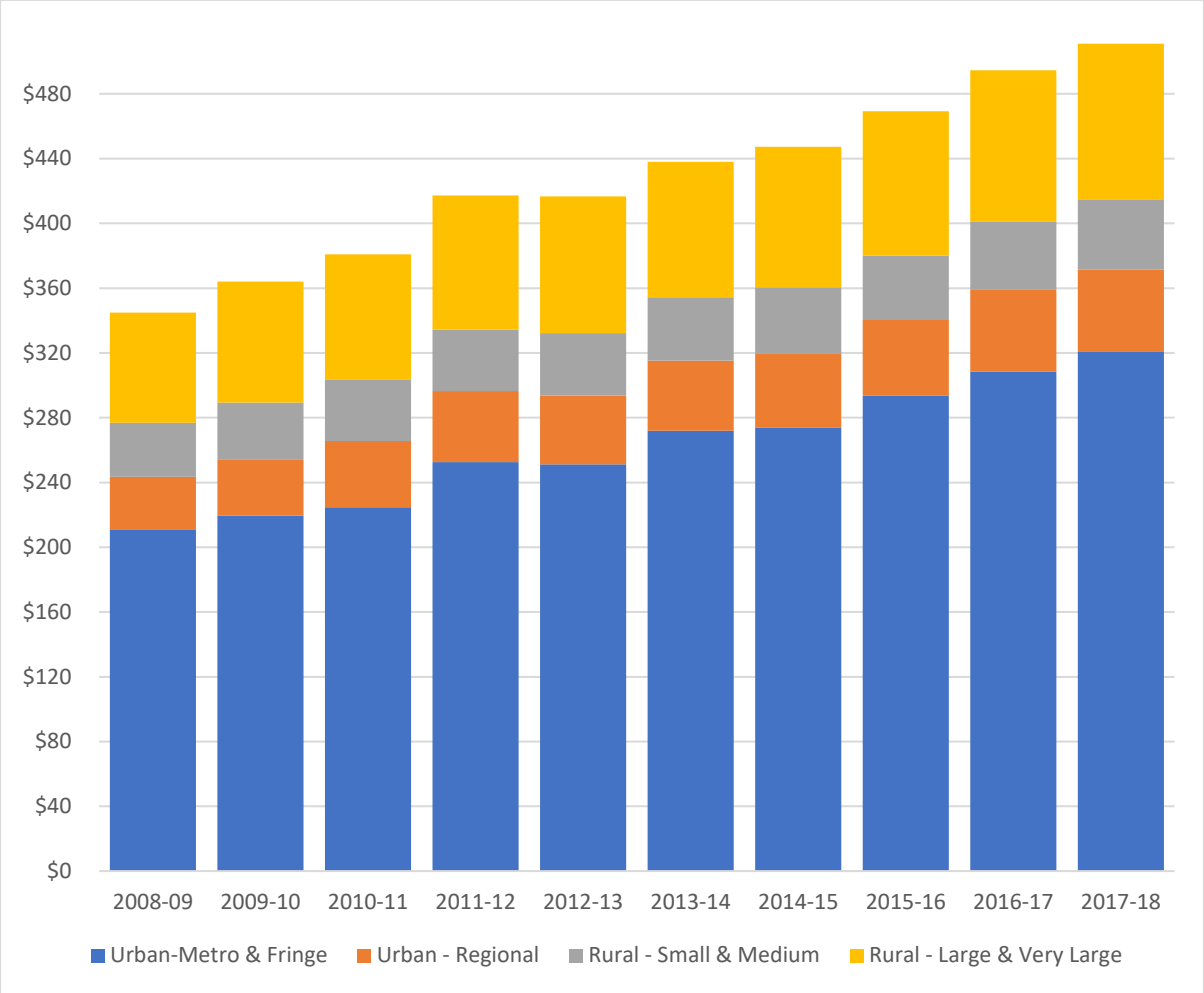
3.3.5 Depreciation, amortisation and impairment of assets

Of all the major resource expenditure categories, depreciation is not an actual cash expense but, in simple terms, an accounting charge that attempts to reflect the loss in the value of an asset as it is consumed over each year of its life.

Although a non-cash item, depreciation is substantial representing approximately 23 per cent (or $511 million) of total operating expenditure in 2017-18 and reflects the level of the fixed asset base (excluding land).

Figure 3.8 below shows that depreciation has increased over the last 10 years from approximately $345 million in 2008-09 to $511 million in 2017-18.

Figure 3.8: Depreciation, amortisation and impairment charges ($million)



Source: SALGGC (2019)

Table 3.8: Average annual changes in depreciation, amortisation and impairment charges by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	4.8	4.1	4.0
Urban - Regional	5.0	2.3	0.2
Rural - Small & Medium	2.9	2.0	1.7
Rural - Large & Very Large	4.0	2.6	3.5
All Groups	**4.1**	**3.4**	**3.3**

Source: SALGGC (2019)

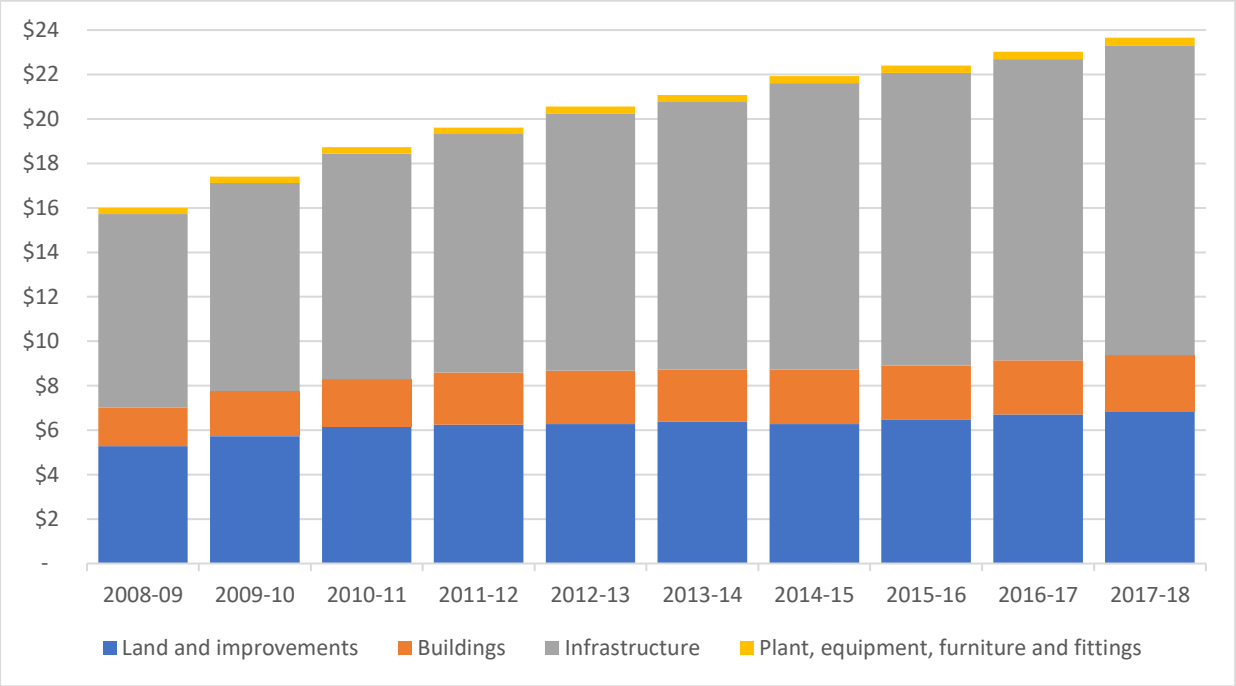
Table 3.8 shows that average annual growth in depreciation charges has been slowing over the decade and is variable across council groups.

Figure 3.9 shows the current value of depreciating assets is approximately $16.8 billion of the $23.7 billion of total fixed assets held by the local government sector at 30 June 2018. Over the 10 years since 2008-09, total assets have increased by $8.2 billion of which the value of net depreciable assets have increased by $6.1 billion — from a combination of revaluations, write-

downs, asset disposals and new additions which is reflected by the levels of capital expenditure.[16]

As a consequence of the levels of capital expenditure in recent years, a total of $6.3 billion of new and upgraded capital works will have been added to councils' asset bases over the course of the past 10 years.

Figure 3.9: Infrastructure, building, plant and equipment assets 2008-09 to 2017-18 ($billion)



Source: SALGGC (2019)

Depreciation is affected by the level of capital expenditure over time as new assets are commissioned and added to the asset base.

Capital expenditure peaked in 2017-18 at $825 million compared to $542 million in 2008-09 as shown in Figure 3.10 — an increase of over 52 per cent or an annual average increase of 4.8%.

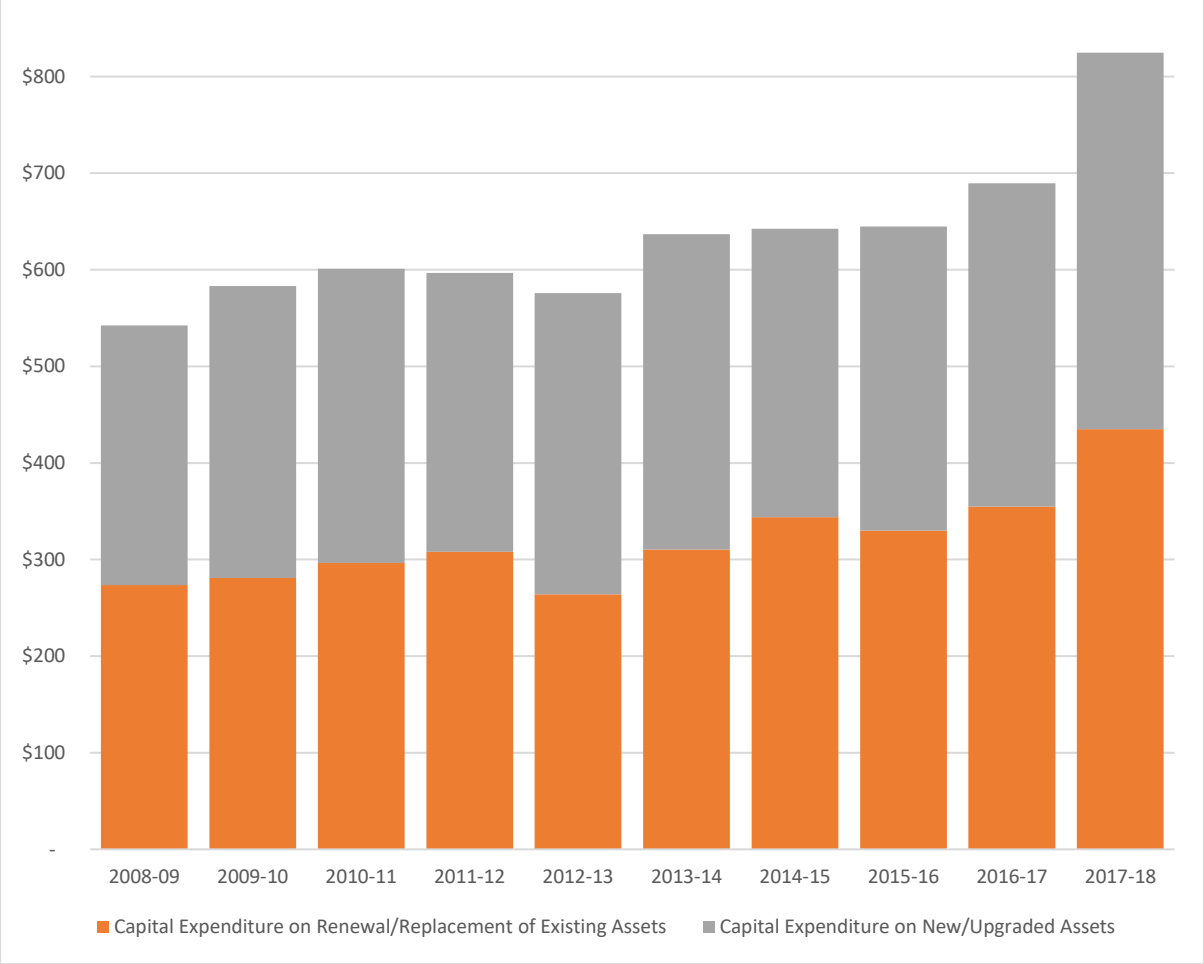
The increase in capital expenditure fluctuates from year to year, as shown in Figure 3.10. The increase from 2016-17 to 2017-18 was approximately 20 per cent or over $135 million as follows:

- the urban metropolitan and fringe council group's capital expenditure increased by $99 million (an increase of approximately 23 per cent) — of which $58 million was incurred by the City of Adelaide;
- the urban regional group decreased capital expenditure by $700,000 (a decrease of approximately one per cent);
- the rural small and medium council group increased capital expenditure by $22 million (an increase of approximately 34 per cent); and
- the rural large and very large council group increased capital expenditure by $15 million (an increase of approximately 12 per cent).

[16] New capital works additions include assets gifted to councils by developers and governments.

The increase in 2017-18 compares with the 10 year and seven year average annual increases in capital expenditure of 4.8 per cent and 5.5 per cent, respectively — and reflects the increasing level of capital projects being undertaken in recent years.

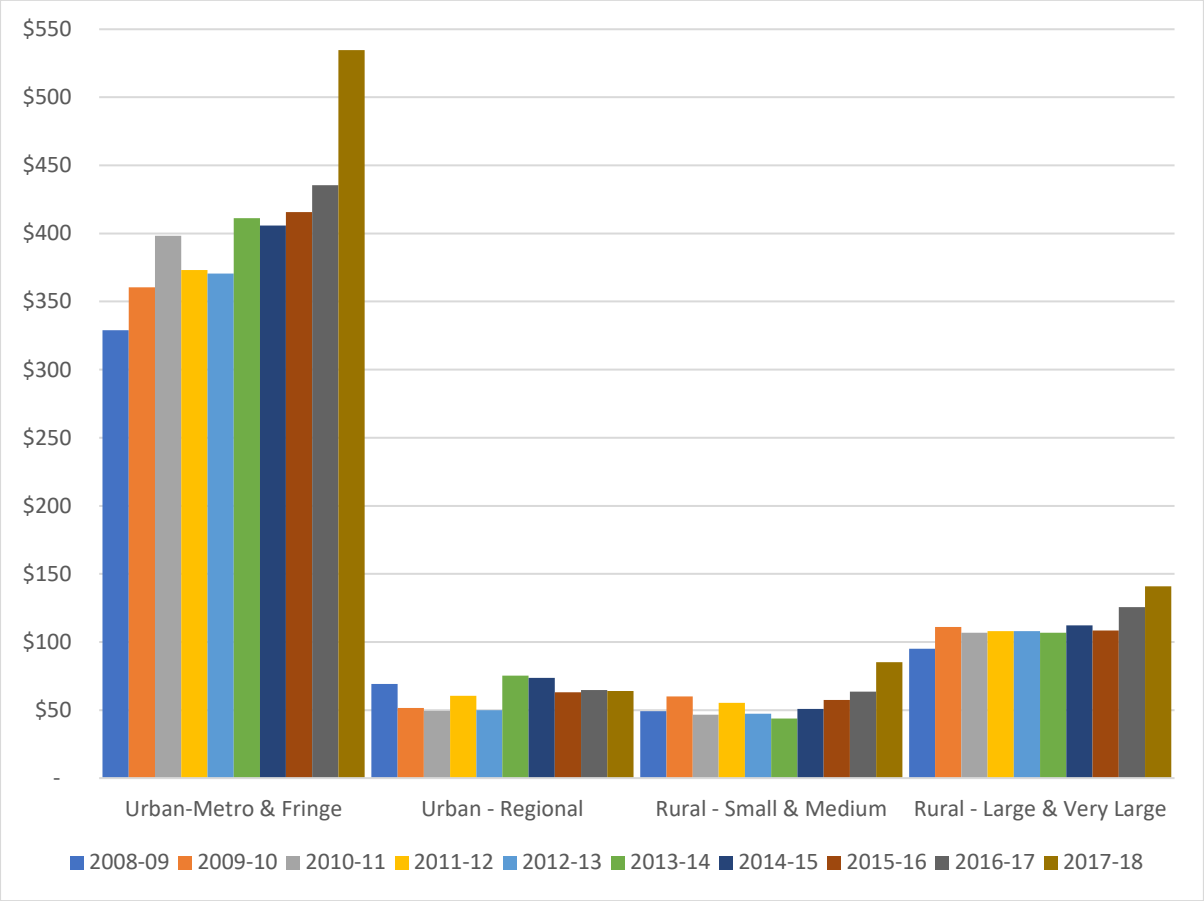
Figure 3.10: Total capital expenditure by project type across all councils ($million)



Source: SALGGC (2019)

Figure 3.11 shows capital expenditure for each of the four council groups. This figure and Table 3.9 shows that other than for the urban regional group, capital expenditure had increased across all groups in 2017-18.

Figure 3.11: Total capital expenditure by council group ($million)



Source: SALGGC (2019)

Table 3.9: Average annual change in capital expenditure by council group ($million) (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	5.5	6.2	22.8
Urban - Regional	-0.8	1.0	-1.1
Rural - Small & Medium	6.3	7.5	33.9
Rural - Large & Very Large	4.5	4.6	12.1
All Groups	**4.8**	**5.5**	**19.6**

Source: SALGGC (2019)

Depreciation expenses were approximately 23 per cent of total operating expenditure in 2017-18 and this share has not changed significantly since 2008-09. It increased by 48 per cent for the period (an annual average of 4.5 per cent) while the value of depreciable assets increased by 57 per cent. Increased capital expenditure by councils, revaluations of assets and the 'gifting' of new infrastructure from land developments will impact on future changes in the depreciation expense. As an important driver of financial sustainability, depreciation requires more consideration.

3.3.6 Findings

Councils' operating costs are comprised mostly of labour (35 per cent), materials (including other costs, 41 per cent) and depreciation (23 per cent) with these proportions not changing significantly over the past decade.

Councils' overall operating expenditure has risen at an average annual rate of 4.2 per cent over the last decade and this has been well above the rate of inflation. There have been minor differences between each of the council groupings but, on an overall basis, average annual increases were well in excess of inflation — ranging from 3.3 per cent (for the small rural group) up to 4.3 per cent (for the urban and the large rural groups).

In particular, materials, contracts and other costs have increased at an annual average rate of 4 per cent over the last 10 years, driven by urban metropolitan and fringe councils and the rural councils of the Murraylands and Riverlands region.

Growth in this expenditure category has resulted more from volume growth than increases in prices paid for materials, contracts and other costs. This may reflect increased use of shared service arrangements and other forms of contracting out.

Total employee costs have increased at an annual average of 4.5 per cent over the last 10 years, well above other parts of the economy. It is noted that the rate of increase has slowed to 2.2 per cent in 2017-18 and is only slightly above the state-wide increase of 2.1 per cent for all employee types as measured by the ABS Wage Price Index for South Australia. These increases contrast sharply with the relatively low average annual growth in employee numbers of 0.8 per cent in the local government sector. These increases are the average outcomes of enterprise bargaining arrangements.

Depreciation (and related) charges have increased by over 48 per cent, or $166 million, from $345 million in 2008-09 to $511 million in 2017-18 — equivalent to an average annual increase of 4.5 per cent.

The increase in recent years in capital expenditure can be expected to flow through to higher depreciation charges in coming years. Depreciation is a substantial figure and an important driver of financial sustainability and deserves more attention.

On the other hand, total finance costs fell from a peak of $37 million (in 2011-12) to a low of $31 million (in 2017-18).

3.4 Analysis of costs by service

This section considers how the mix of functions provided by councils has changed over time for the sector as a whole and by each of the four council groups.

3.4.1 Mandatory and non-mandatory services

The Commission noted in Chapter 2 that, under section 7 of the LG Act, there is wide scope for a council to determine the exact nature and specific level of the function or service to be delivered; that is, the number, volume, depth and quality of services to be provided to its community and the terms on which it is provided in most cases.

Several submissions to the inquiry noted that, over time, councils have grown from a small number of services (such as roads, rates and rubbish) to delivering an extensive and diverse range of services and functions as noted by the following extracts from three submissions:

> … the Campbelltown community have increased their expectations, in regard to the level of services provided, including the provision of new services …
> (City of Campbelltown, p.2)

and

> Elected Councils … influence the range and extent of services provided by their council. Each change over time due to aspirations, demographics and interest of a community. For example, a community may place, indeed warrant, more extensive library services - providing increased geographic accessibility to a lower socio demographic community, or conversely, a higher service level consciously chosen by a higher socio demographic community.
> (City of Charles Sturt Submission, p.3)

and

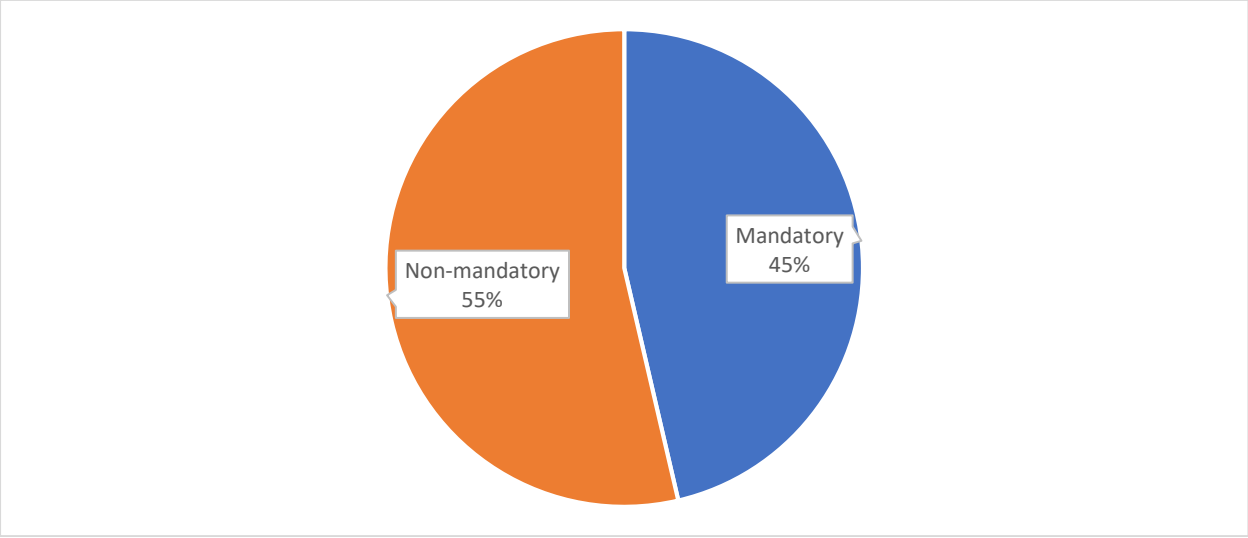
> Changes in service provision and community expectations has increased over the period. Councils are providing additional services in Community Services, Library Services, Economic Development and Recreation and Open Space.
> (City of Prospect Submission, p.2)

Appendix 4 provides a detailed list of mandatory and non-mandatory council activities, based on advice from LGASA.

The Commission notes that the delivery of mandatory services (as defined in Chapter 2) by councils to their communities accounts for less than half (or around 46 per cent) of annual operating expenditure.[17] This proportion has not changed significantly since 2008-09, reflecting similar rates of growth for mandatory and non-mandatory services.

A small number of mandatory services accounts for nearly half of council expenditure. While councils have no choice but to deliver mandated services they largely decide how they deliver these mandated services — which affects their costs.

Figure 3.12: Split of operating expenditure by mandatory / non-mandatory service type for all councils, 2017-18

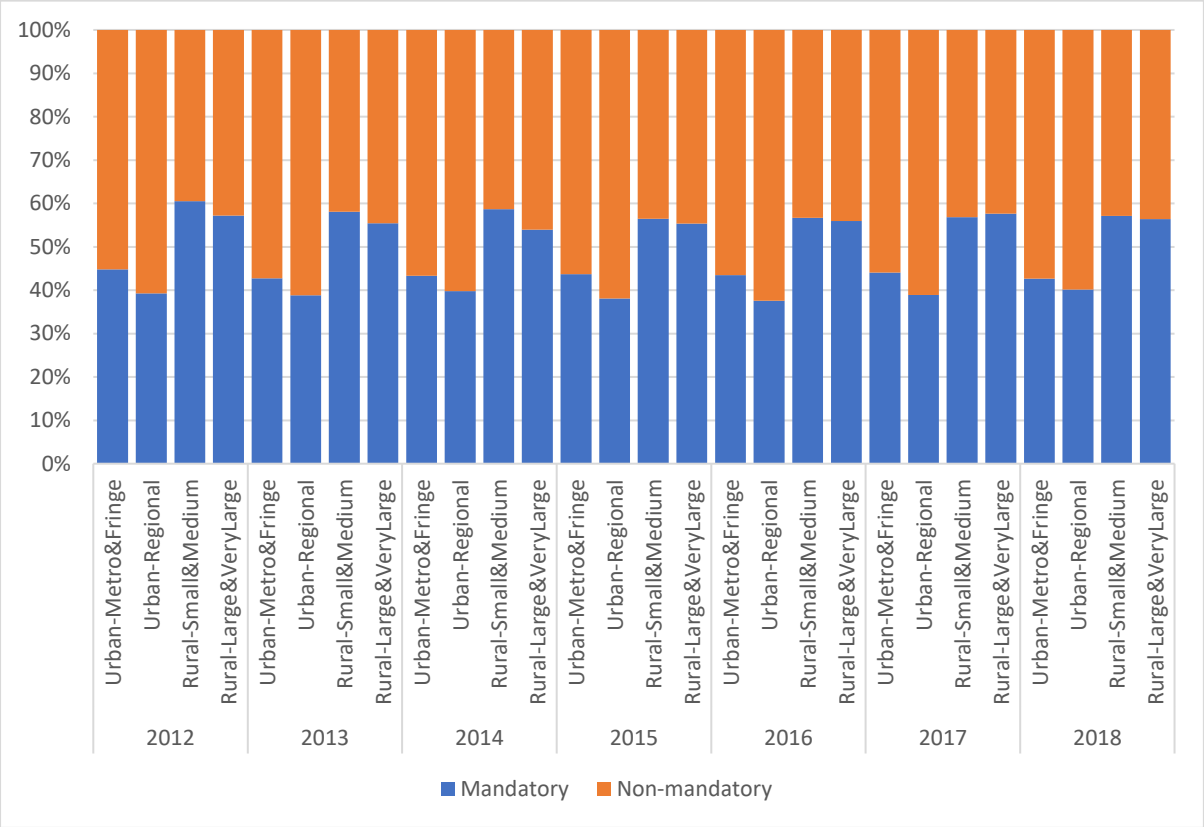


Source: LGASA and SALGGC (2019)

[17] The operating costs used in arriving at this split excludes governance costs ($60m), finance charges ($31m) and the balance of amounts ($12m) not allocated to other functions or services.

Figure 3.13 and Table 3.10 shows the differences between rural and urban council groups in the split of expenditure between mandatory and non-mandatory services.

Figure 3.13 Proportion of operating expenditure by mandatory / non-mandatory service types by council group from 2011-12 to 2017-18 (per cent)



Source: LGA and SALGGC (2019)

Table 3.10: Function mix expenditure proportions for 2017-18 (per cent)

Council group	Mandatory	Non-mandatory
Urban - Metro & Fringe	42.7	57.3
Urban - Regional	40.2	59.8
Rural - Small & Medium	57.1	42.9
Rural - Large & Very Large	56.4	43.6
All Groups	45.2	54.8

Source: LGA and SALGGC (2019)

Figure 3.13 and Table 3.10 shows that rural councils spend relatively more on mandatory services than their urban counterparts. In 2017-18, the rural council groups spent around 57 per cent compared to urban council groups, which are spending around 40 to 43 per cent on mandatory expenses. This is consistent with the views of rural councils that they have less flexibility in responding to the preferences of their communities. While total expenditure has grown, these shares have remained stable over time, since the expenditure on mandatory and non-mandatory functions have grown at similar rates. The highest proportion of expenditure on non-mandatory services, about 60%, is by urban regional councils.

3.4.2 Expenditure by service

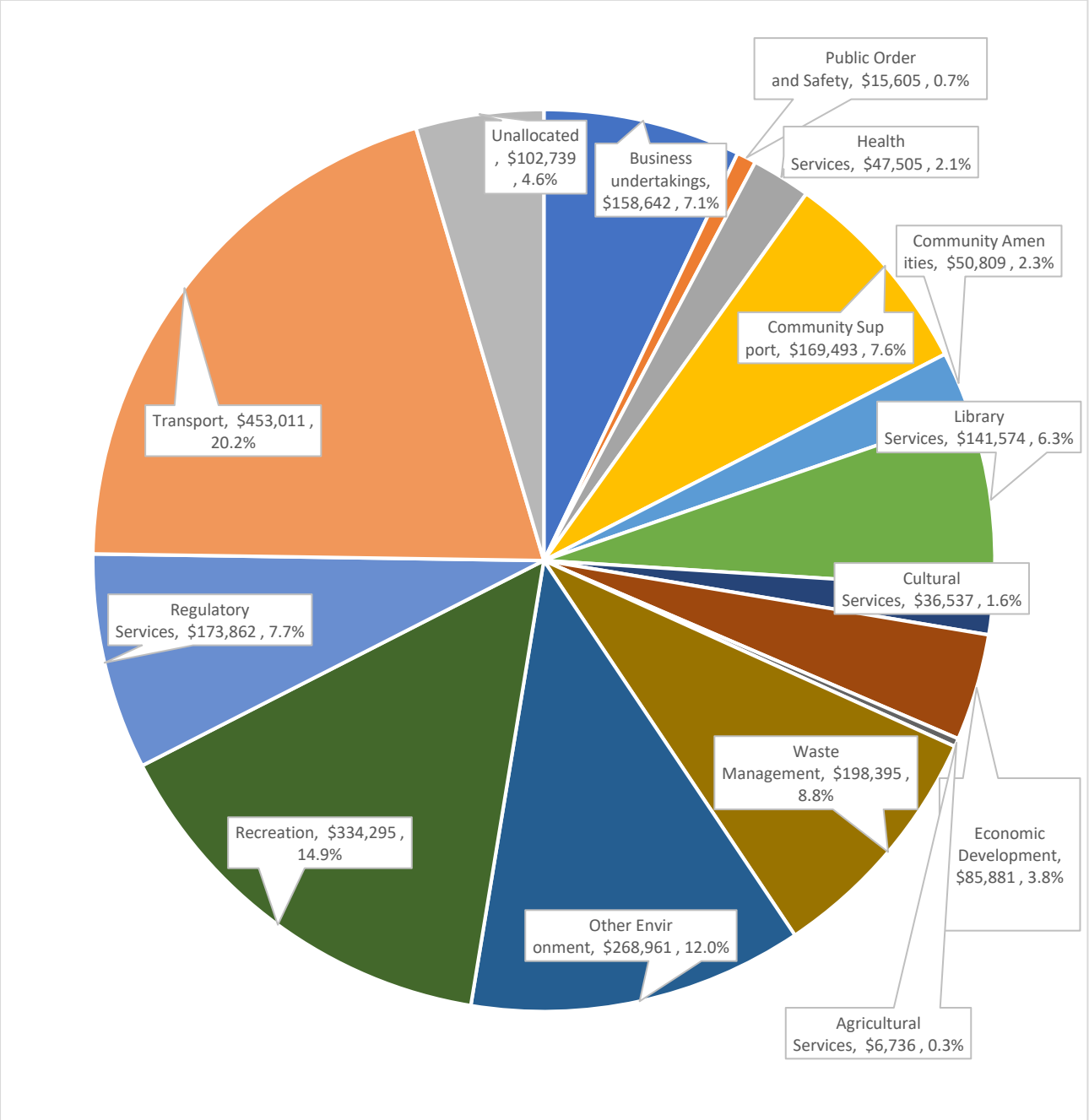
To meet their broad and diverse community demands, councils design and operate their services to be as efficient as possible by minimising input costs while maximising service outputs.

Councils are required to allocate and report their annual operating expenditure against a set of 14 service functions as follows (Appendix 4 provides more detail):

- business undertakings;
- transport;
- community services which includes:
  - public order and safety;
  - health services;
  - community support; and
  - community amenities.
- culture which includes:
  - library services; and
  - cultural services.
- regulatory services;
- economic development;
- environment which includes:
  - agricultural services;
  - waste management; and
  - other environment.
- recreation;

Of the total operating expenditure of $2.2 billion incurred in 2017-18, approximately $2.1 billion (or 95.4 per cent) was allocated to the above service functions. The remaining $100 million of unallocated expenditure, in the main, relates to council administration, governance and finance costs.

Figure 3.14: Expenditure by function 2017-18 ($'000)



Source: SALGGC (2019)

Figure 3.14 reveals that of the $2.1 billion in expenditure allocated to the above 14 functions (excluding unallocated expenses) in 2017-18, a total of $1.9 billion (or 89 per cent) was incurred on the following eight services functions:

1. transport ($453m, 20 per cent);
2. recreation ($334m, 15 per cent);
3. other environment[18] ($269m, 12 per cent);
4. waste management ($198m, 8.8 per cent);
5. regulatory services ($174m, 7.7 per cent);
6. community support ($169m, 7.6 per cent);
7. business undertakings ($159m, 7.1 per cent); and
8. library services ($142m, 6.3 per cent).

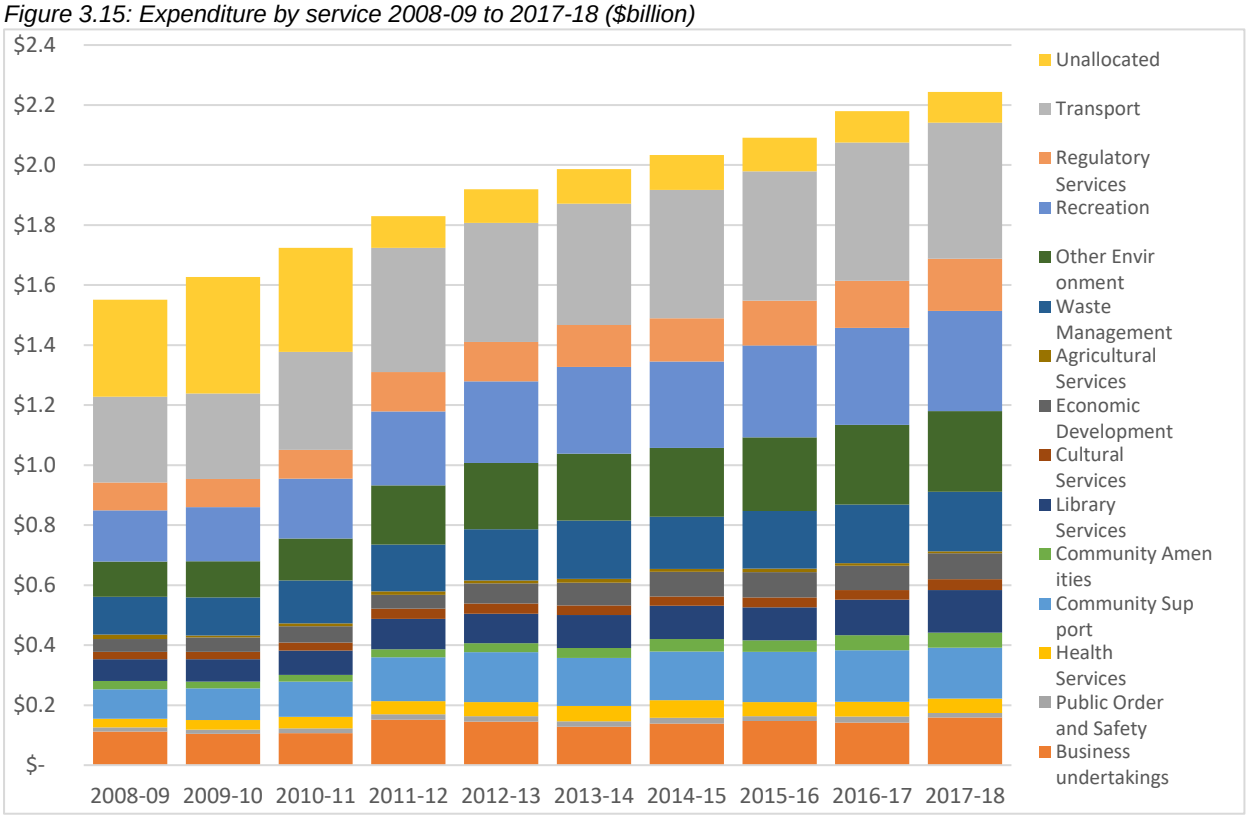
Expenditure on the remaining six categories contributed less than 11 per cent of total services expenditure (or $243 million) with the largest of those being Economic Development at $86 million or 3.8 per cent of the total allocated expenditure on services.

While economic development costs represent 3.8 per cent of the overall total expenditure, the City of Adelaide disproportionately contributes almost 18 per cent to the overall cost in this category reflecting the State's capital role in major events and as a key location for economic activity. If the City of Adelaide is excluded, the overall growth over the 10 years was 0.3 per cent.[19]

18 Other environment includes expenditure on coastal protection, stormwater management, street cleaning, street lighting, street-scaping and a range of other environmental protection services.

19 It is noted that, due to its nature and its status as the state's capital, the proportion of costs borne by the City of Adelaide tends to distort the analysis. For example, the contribution by the City of Adelaide to total operating expenditure (by all councils) can be as high as 38 per cent for business undertakings and 23 per cent for recreation (parks and gardens).

Figure 3.15: Expenditure by service 2008-09 to 2017-18 ($billion)



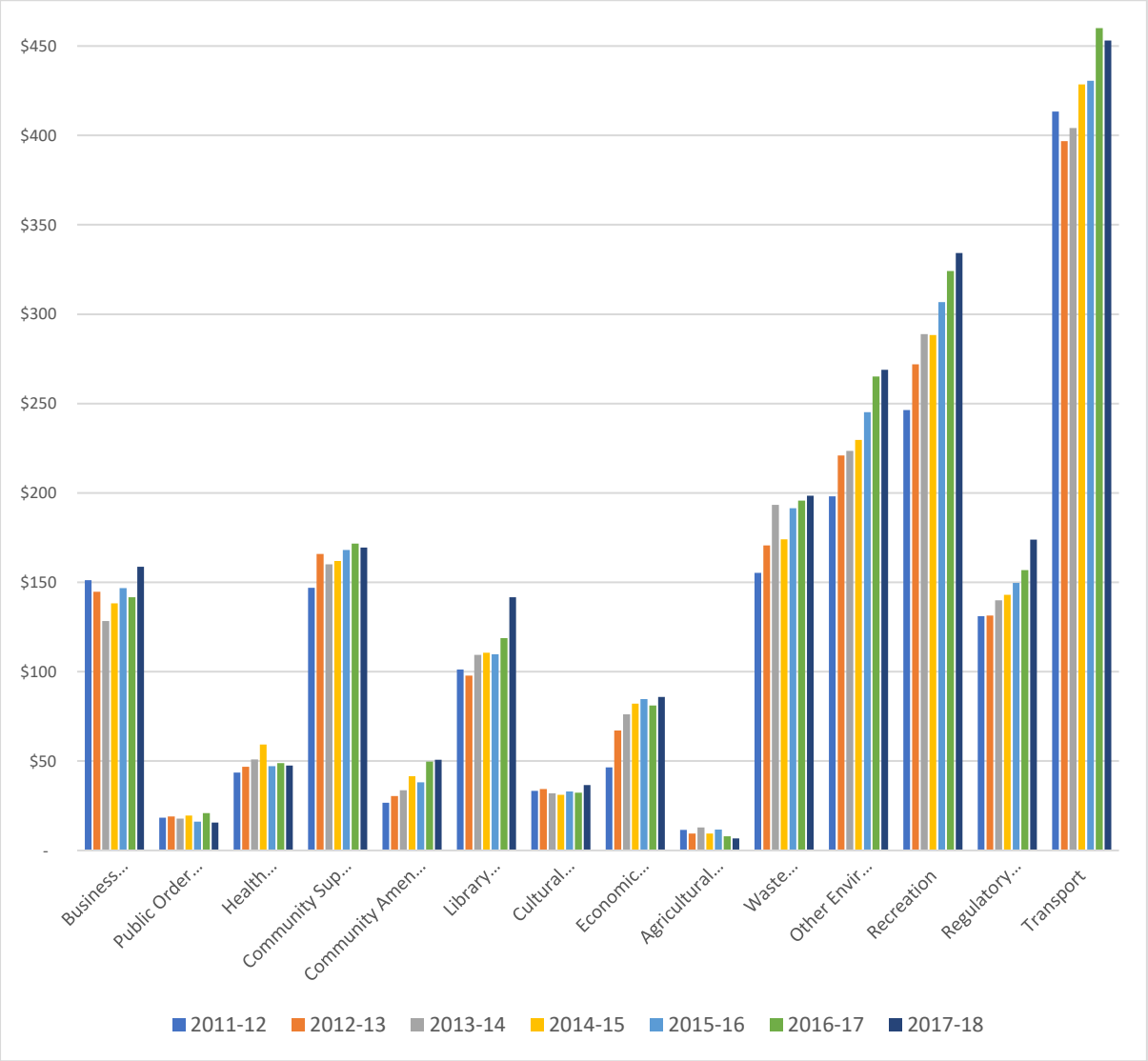
Source: SALGGC (2019)

Figure 3.15 shows that in the first three years, the level of unallocated expenditure was considerable and varied substantially from the levels in subsequent years.[20] Accordingly, the analysis that follows focuses on the years from 2011-12 to 2017-18.

Figure 3.16 provides an overview of the relative expenditure across each of the service functions from 2011-12 to 2017-18 and provides a context for the discussion that follows.

[20] The SALGGC advised that there was a change to the data collection methodology in 2011-12 to address the level of unallocated expenditure.

Figure 3.16: Expenditure by service 2011-12 to 2017-18 ($million)



Source: SALGGC (2019)

The following table provides a breakdown of expenditure by function mix and by council group for 2017-18.

Table 3.11: Relative expenditure by service and by council group 2017-18 (per cent)

Service	Urban-Metro & Fringe		Urban-Regional		Rural – Small & Medium		Rural-Large & Very Large		State-wide Total	
	$millions	*%*	*$millions*	*%*	*$millions*	*%*	*$millions*	*%*	*$millions*	*%*
Agricultural services	3.1	0.2	1.8	0.7	0.4	0.3	1.4	0.4	**6.7**	0.3
Business undertakings	87.0	5.7	23.8	9.5	14.2	10.4	33.6	9.9	**158.6**	7.1
Community amenities	25.9	1.7	10.0	4.0	4.5	3.3	10.3	3.0	**50.8**	2.3
Community support	122.8	8.1	19.5	7.7	6.9	5.0	20.3	6.0	**169.5**	7.6
Cultural services	28.4	1.9	5.3	2.1	0.8	0.6	2.0	0.6	**36.5**	1.6
Economic development	57.1	3.8	12.9	5.1	5.1	3.7	10.8	3.2	**85.9**	3.8
Health services	31.6	2.1	13.7	5.4	1.3	1.0	0.9	0.3	**47.5**	2.1
Library services	119.0	7.9	11.1	4.4	1.3	0.9	10.2	3.0	**141.6**	6.3
Other environment	215.9	14.3	22.9	9.1	7.3	5.3	22.9	6.7	**269.0**	12.0
Public order and safety	10.0	0.7	2.2	0.9	1.0	0.7	2.4	0.7	**15.6**	0.7
Recreation	253.9	16.8	34.5	13.7	13.1	9.5	32.8	9.6	**334.3**	14.9
Regulatory services	124.5	8.2	18.2	7.2	5.8	4.2	25.4	7.4	**173.9**	7.7
Transport	244.1	16.1	43.8	17.4	51.2	37.3	114.0	33.4	**453.0**	20.2
Waste management	135.0	8.9	23.1	9.2	9.8	7.2	30.5	8.9	**198.4**	8.8
Unallocated charges	55.8	3.7	8.9	3.5	14.4	10.5	23.6	6.9	**102.7**	4.6
Total	**1,514.2**	**100**	**251.7**	**100**	**137.0**	**100**	**341.1**	**100**	**2,244.0**	**100**

Source: SALGGC (2019)

Between 2011-12 and 2017-18, services that recorded the largest relative increases were:

- economic development — increasing at an annual average of 11 per cent (a total increase of $40 million over the seven years which largely reflects increased activity by the City of Adelaide);
- community amenities — increasing at an annual average of 11 per cent (a total increase of $24 million over the seven years); and
- library services — increasing at an annual average of 6 per cent (a total increase of $40 million over the seven years).

The largest increases by value were:

- recreation — increasing by a total of $88 million or an annual average 5.2 per cent;
- other environment — increasing by a total of $71 million or annual average 5.2 per cent;
- waste management — increasing by a total of $43 million or annual average 4.2 per cent; and
- regulatory services — increasing by a total of $43 million or annual average 4.8 per cent

The services that recorded the smallest relative increases were:

- agricultural — decreasing at an annual average of 9 per cent (a total decrease of $5 million over the seven years); and
- public order and safety — decreasing at an annual average of 3 per cent (a total decrease of $3 million over the seven years).

3.4.3 Findings

Based on an analysis of 14 service categories, the mix of services provided by the local government sector has not changed significantly over the last decade. The split between mandatory and non-mandatory activities for the sector as a whole has remained steady at 46 per cent and 54 per cent, respectively.

Urban councils are spending relatively more on non-mandatory activities than rural councils — in particular, rural councils spend approximately 60 per cent of expenditure on mandatory activities compared to urban councils which are spending around 40 per cent on their mandatory activities.

While there may have been some increase in the number of mandated activities, the Commission understands that councils generally make decisions regarding the extent and quality of the service levels for those activities.

Of the services provided by councils, expenditure on transport is the biggest expenditure at $453 million in 2017-18, followed by recreation, other environment and waste management. Rapidly growing areas were recreational and environmental services, as well as regulatory services. Slower growing areas of expenditure were agriculture and public safety.

The analysis suggests to the Commission that, at the sector level there is no particular function, or change in service mix which has driven growth in council expenditure.

3.5 Other cost drivers

The Commission has studied the existing data and sought council views through consultation and submissions to identify and understand what council cost drivers are.

In doing so, the Commission has reviewed costs, both at the input level and at the output level. Input costs have been addressed earlier in the chapter and the following section provides detail on the costs of outputs, including those related to demographic change, scope and standards of services.

3.5.1 Demographics

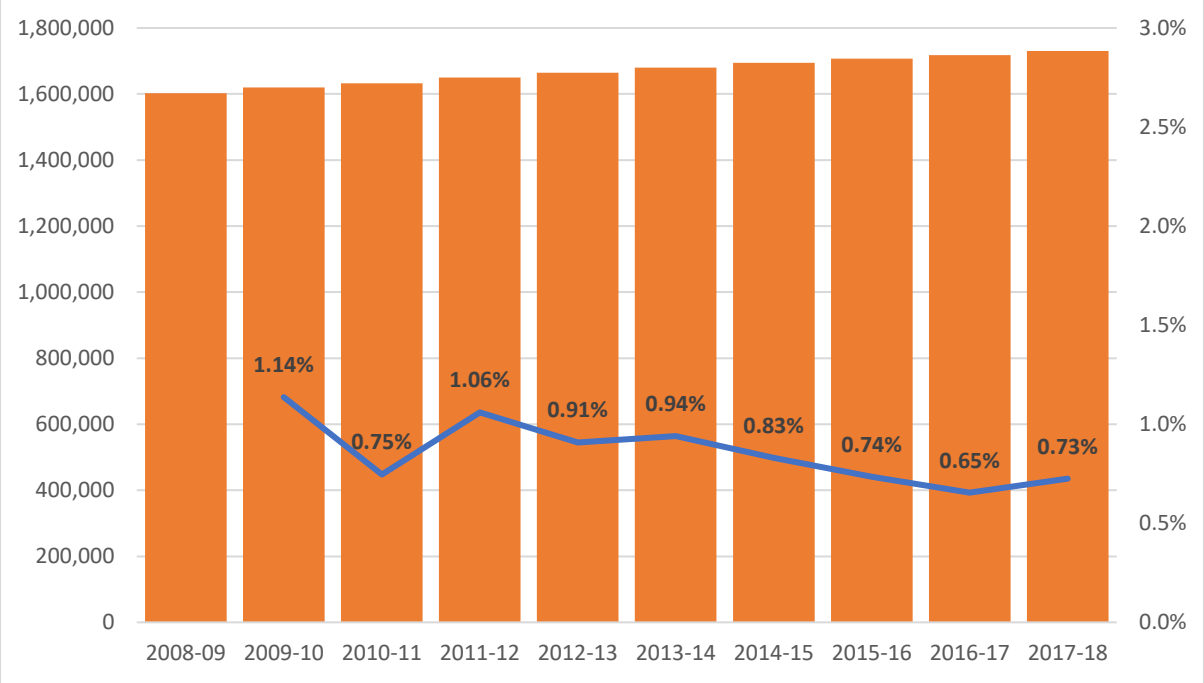
Funding and service delivery requirements are very different for fast-growing population councils compared to councils facing slow growth or declining growth. Fast population growth

places pressure on existing infrastructure (e.g. road networks) and demands investments in new or augmented infrastructure.[21]

> Growth areas – may require councils to increase service levels and/or introduce additional services, may also speed up consumption of assets.
> (LGASA Submission, p.8)

Total population across all councils has increased from 1.6 million to 1.7 million over the 10 years as shown in Figure 3.17 — this reflects an average annual increase of 0.9 per cent over the period. As the figure shows, population growth is also slowing.

Figure 3.17: Estimated resident population of all councils (by number) and annual change (per cent)



Source: ABS (2019)

Over the 10 years, urban areas recorded average population growth of 0.9 per cent per annum compared with a 0.5 per cent per annum growth for rural councils — almost double the rate of growth.

The growth in population across the various council groupings is shown in Table 3.12.

[21] The New Zealand Productivity Commission (2018), Local Government Funding and Financing Issues Paper, New Zealand, p.30.

Table 3.12: Annual increases in population by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	0.93	0.85	0.82
Urban - Regional	0.82	0.70	0.69
Rural - Small & Medium	-0.03	0.11	-0.36
Rural - Large & Very Large	0.60	0.66	0.32
All Groups	**0.8**	**0.8**	**0.7**

Source: SALGGC (2019)

Table 3.12 shows a general decline in the rate of growth in population generally among the groups over the 10 years. Rural small and medium councils have experienced declines in their resident populations.

The City of Adelaide has experienced an increase in its population of approximately 2.5 per cent per annum over the 10 years compared with 1.2 per cent for the fringe councils and 0.8 per cent for the general metropolitan councils.

Urban regional councils have experienced an average increase of 0.8 per cent per annum over the 10 years (close to the state average) while rural regional councils have experienced very low population growth in the range of 0.2 per cent to 0.6 per cent per annum. The only big mover was the southern and hills regional councils which experienced an average increase of 1.7 per cent per annum largely driven by the growth of Yankalilla with 2.4 per cent per annum (off a very low base).

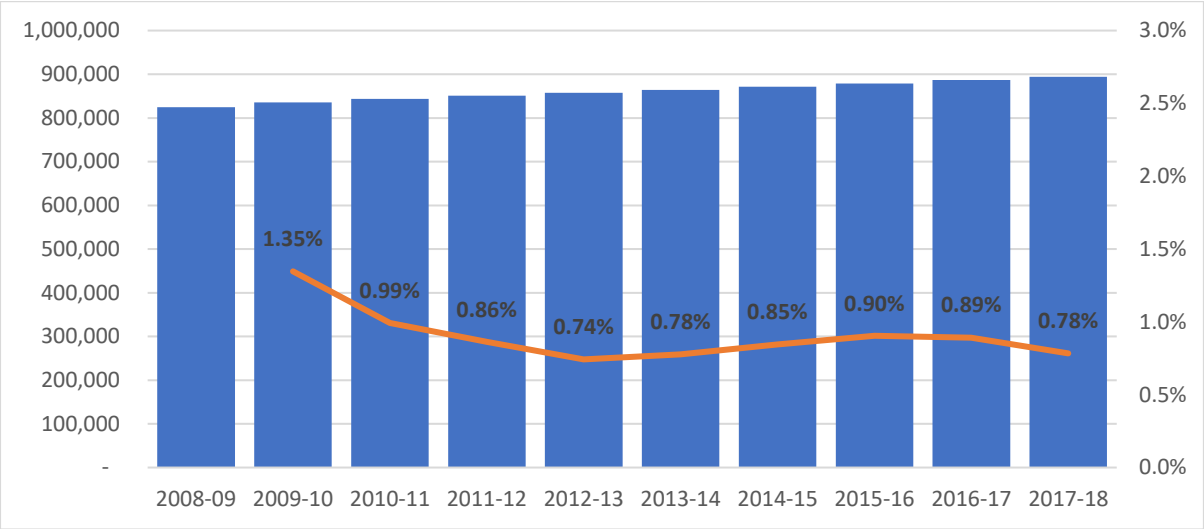
Demographic changes also affect the level and mix of council services demanded by ratepayers:

> Aged care is not a 'core' service of councils however demand is growing in a context of reducing external funding and a focus of Commonwealth aged care funding reforms towards 'functional' improvement at the expense of 'social connectivity' (LGASA Submission, p.8).
>
> The changing demographics of the local area will also play a significant part in the demand for services, along with the efficiency relating to the introduction of new services. Campbelltown has noted that its population is aging, so demands for services for this age profile are likely to increase in future years. (The City of Campbelltown Submission, p.7).

Property numbers across all councils have increased at a rate similar to that of population — increasing from around 824,300 to 893,900 over the 10 years, as shown in Figure 3.18, at an average annual rate of increase of 0.9 per cent over the period although, as can be observed, the growth in property numbers appears to be slowing.[22]

22 As previously discussed, the properties data used in this analysis includes both rated and unrated properties to ensure a consistent time series of data. This was necessary due to a change in data collection and classification systems implemented in 2015 that resulted in unexplained data inconsistencies.

Figure 3.18: Estimated number of properties (including annual change in number) of all councils under review



Source: Valuer-General (2019)

The increase in urban properties was double that of rural properties — 1.0 per cent per annum for urban areas compared to 0.5 per cent per annum for rural areas.

The growth in number of properties across the various council groupings is shown Table 3.13 below.

Table 3.13: Estimated annual growth in property numbers by council group (per cent)

Council Group	2008-09 to 2017-18	2011-12 to 2017-18	2016-17 to 2017-18
Urban - Metro & Fringe	1.01	0.94	0.95
Urban - Regional	1.05	0.95	0.83
Rural - Small & Medium	0.47	0.38	0.36
Rural - Large & Very Large	0.53	0.41	0.16
All Groups	**0.9**	**0.8**	**0.8**

Source: SALGGC (2019)

Note the general decline in the rate of growth in properties all council groups over the 10 years and, in particular, that rural small and medium councils are experiencing very slow growth in property numbers.

Urban regional councils have experienced an average increase of 1 per cent per annum over the 10 years while rural regional councils have experienced very low growth in property numbers – except for Eyre Peninsula which also experienced growth of 1 per cent. In contrast to the increase in population, property numbers in the southern and hills regional councils experienced an average increase of 0.4 per cent per annum. This outcome may be explained by the take up of the existing stock of unoccupied or vacant properties rather than the development of new properties.

Other dynamic factors also change the level of services provided over time, even for a given population. For example, development of an area is a driver extending service delivery, perhaps faster than the increment in population.

> …minor capital improvements on residential properties … may not have a significant impact on council services in isolation, although this type of development when taken together reduces green space on private property and impacts on drainage systems. Other forms of development include development on vacant allotments, infill development in existing suburbs, and construction of new industrial and commercial facilities. This results in greater consumption of Council's services and assets, such as additional drainage capacity and increased wear and tear on roads, additional kerbing and footpaths in areas surrounding the development, due to increased traffic volumes. This also increases demand for Council services consumed by additional residents and visitors to the area. (SALGFMG, Submission, p. 8)

3.5.2 Findings

The population of South Australia continues to grow and its composition is changing. This growth is creating external cost pressure in many councils. The annual increase in population growth in the urban metropolitan and fringe council group will potentially exacerbate cost pressures. Changes in the demographic composition will also drive changes in expenditures as an ageing population brings increased demand for access to its services.

In addition, the increase in population density in the urban and fringe that includes development activity such as urban infills has additional externalities on other residents such as infrastructure pressures.

Information request 3.2: Population density

How does increasing population density and urban infill impact on council service costs?

3.5.3 Service quality and standards

Councils provide a range of services which aim to meet the needs and expectations of their communities. Changes in service quality and standards will often affect operating costs and councils largely determine the level of the service to be delivered for non-mandatory services.

In submissions to the Commission's methodology paper, councils have noted that changes in community demands for facilities and services have contributed to increases in council operating expenditure. For example, the City of Charles Sturt observed:

> Another community may require its Council to provide higher quality of footpaths to accommodate either or both ageing residents or young families who may have children in strollers. Later that community may have a higher demand for playgrounds and later still for structured sports facilities. Over time community expectation changes for example the current unmet demand for women's change rooms and the increase in women's participation in field sports as they transfer from traditional court sports. (City of Charles Sturt Submission p.3)

The City of Salisbury noted:

> The City of Salisbury provides a wide range of services to its community; however, we also undertake additional activities that generate social, environmental and economic benefits to our community … The fundamental

> driver of changes to council costs over time is community need. (City of Salisbury Submission, p.2).

The LGA identifies some rapidly growing service areas:

> Analysis of Local Government Grants Commission (LGGC) expenditure figures for the 10 years to 2015/16, shows that councils have increased their spending on the things which make local communities safe, comfortable and functional such as drinking fountains, street furniture, bike racks and bus shelters, on emergency service and fire prevention programs, on Elderly Citizens Facilities, the Home Assistance Scheme, Services for the Aged & Disabled and on providing parks and gardens. (LGASA Submission part 2, p.10)

Delivering effective services may be achieved by gathering better information on service delivery costs.[23]

Some councils undertake formal service reviews to ensure the services they provide are relevant to their communities and are financially sustainable in the long term (as raised in submissions from councils including the Town of Walkerville, City of Playford and the City of Charles Sturt). As noted by the City of Salisbury:

> … in the past six years we have undertaken a comprehensive review of service levels across the organisation … overall the program of review has delivered approximately $3.0 million in ongoing savings. (City of Salisbury Submission, p.3)

While acknowledging the use of surveys by a significant number of councils, the Commission has not been able to obtain any standarised sector-wide quality or service standard data to analyse the effects of changes in service standards on council operating costs.

Information request 3.3: Sector-wide service standards

How do councils currently define and measure standards of service delivery?

What measures could be developed on a sector wide basis to measure quality standards for either mandated or non-mandated services?

3.5.4 Cost shifting

Evidence from councils indicates that both federal and state governments have engaged in cost shifting.

> The growing burden of state government costs shifted to local government continues to put upward pressure on council rates. Cost shifting creates uncertainty for local government and makes planning and budgeting for delivery of facilities and services more difficult.
> (LGASA Part 1 Submission, p.6)

[23] Victorian Auditor-General office (2018) Delivering Local Government Services, Victoria, p.8.

Forms of cost shifting include:[24]

- transferring responsibility for a function to councils without transferring an adequate funding source;
- requiring (usually by law) councils to deliver services or collect taxes for another sphere of government without being provided with enough funds to cover the costs for example, mandated user fees and charges for council services under the PDI Act;[25] and
- requiring councils to forego revenue by providing mandatory rebates for activities to implement a policy of the state government.

Examples of cost shifting identified by the LGASA submission to the methodology paper (Part 1) are the state government solid waste levy and community housing mandatory rate rebates.

The Commission has formed the view that there have been some instances of cost shifting which have raised council costs. However there also appear to be a number of cases where councils have control over expenditure decisions and the term cost-shifting should not be applied. The term cost shifting in practice is unhelpful particularly where it includes a choice by councils to accept tied funding. In such circumstances the commission considers cost sharing rather than cost shifting, is a more accurate description. The Commission is seeking clarification on this from councils.

Information request 3.4: Cost shifting

To what extent do councils receive external funding or an ability to charge fees for delivery if mandatory services?

To what extent are councils able to fully recover costs for the mandatory services listed in appendix 4?

How are service scope and standards determined for mandatory services?

Councils are asked to provide further information on instances of cost shifting and quantify how they have impacted on councils' costs.

Box. 3.1 Cost Sharing: Adelaide Hills Council continuing government digital hub program Case Study

Cost sharing in most cases is the stopping or reducing funding for a service or program when communities expect that councils will continue to provide it.

Adelaide Hills council entered into a 3-year agreement with the Commonwealth to provide a 'digital hub' to showcase the potential of the NBN and provide direct assistance to community members seeking help connecting to and using online technology.

[24] LGASA, Delivering the LGA 2018 State Election Agenda; Local Government Stopping Cost Shifting, Adelaide, p.1.
[25] See LGASA submission (Part 2), p.35 for more details.

The Commonwealth was the prominent funding partner, with the council providing in-kind contributions through the provision of space, management and employment of the hub staff, IT support, etc. The Hub was essentially a 2 FTE function.

At the end of the 3-year agreement, Commonwealth funding ended in accordance with the arrangement. There was a community expectation that people could still seek support from the council for connecting to and using online technology.

The council subsequently reallocated approximately 0.5 FTE from other areas to enable ongoing provision of digital literacy and support services to the community, albeit limited in comparison to the former Hub. In response to continued community demand, the council allocated an additional 0.5 FTE resource in 2018-19 to expand digital literacy and support services to the community.

When the digital hub funding ended in 2015, council experienced continued community demand for digital literacy and support. Council's administration reprioritised resource allocation to enable continuation of some level of community support in this space. In 2018, the council adopted a budget containing additional allocation of funding for further resources to meet community demand.

The total attached cost to continue the showcase for the council is $90,000 per annum, technology costs nominally $8,000 per year and additional space, employment support.

Source: Adelaide Hills Council case study

3.5.5 Compliance costs

A number of submissions from councils, including the Copper Coast Council, City of Salisbury, and the Town of Gawler, argued that the costs of complying with legislation and regulation have increased council operating costs.

> In analysing corporate costs, the Commission should give consideration to the compliance requirements of councils to meet legislation. It is appropriate that a high level of accountability is placed on councils given the management of public funds, but it also imposes additional costs that other industries are not required to have. The compliance requirements also don't discriminate between council sizes and therefore smaller councils are likely to have a greater cost ratio of compliance costs than a larger council. (City of Salisbury, p.2).

The statutory compliance costs can include permits and planning, health and safety and regulatory compliance. An estimation of council compliance costs has been provided by the Copper Coast Council.[26]

Information request 3.5: Compliance costs

Councils are asked to provide further examples of compliance costs and quantify how they have impacted on councils' costs.

[26] See Copper Coast Council Submission Appendix 1 for details of compliance costs.

Consultation to date has also identified a number of other potential drivers of council costs. They include:

- technological change;
- thin markets;
- loss of overseas markets for materials collected for recycling;
- statutory fees and charges are insufficient to fully cover costs incurred;
- rising prices for inputs (suppliers' costs); and
- climate change.

The Commission is seeking additional information and evidence from councils to identify and understand drivers of councils' costs, the extent to which they are internal or external to councils, the extent to which cost pressures are systematic or unique to particular councils, and their impacts on council costs.

Information request 3.6: Cost pressures

What are the most significant cost pressures (and their impact on costs) which councils expect to face over the next 5 years?

3.5.6 Findings

The growth in councils' operating expenditure is explained in part by growth in the output costs such as the volume and range of services supplied, as well as increases in the quality of these services. A significant number of individual councils conduct formal service reviews to ensure the services they provide are financially sustainable in the long term. Despite this, the Commission has not been able to obtain sector-wide data on service quality to enable conclusions to be drawn on the extent to which quality standards have changed and what impact this has had on council operating costs.

Anecdotal evidence from councils suggests that both federal and state governments have contributed to pressures on council resources by cost shifting. While this would put upward pressure on council costs, the full impact on councils' costs is difficult to quantify.

3.6 Conclusions

Total operating expenditure by the local government sector has grown more rapidly than inflation between 2008-09 and 2017-18.

Urban metropolitan and fringe councils consistently recorded higher growth in operating expenditure than other councils over this period.

Council operating costs are comprised mainly of employee costs and materials, contracts and other costs, which accounted for 35 per cent and 41 per cent of total sector operating expenditure in 2017-18. These proportions have not changed significantly since 2008-09.

The average annual growth in materials (and other costs) of 4.0 per cent exceeds growth in the LGPI over the last decade suggesting that increases in the volume of materials and other costs

has been the main cause of growing expenditure. This growth may reflect a trend towards greater use of contracting out or shared services arrangements.

Sector expenditure on employee costs increased more rapidly over the decade than materials, contracts and other costs at an annual average increase of 4.5 per cent, although it has moderated over the decade in both urban and rural councils.

The number of council employees across the state has increased by an annual average of 0.8 per cent over the decade, resulting in higher employee costs expenditure per FTE. The rate of increase in employee costs expenditure per FTE, particularly in the early part of the decade, has been consistently higher than the growth in average earnings in South Australia over the decade to 2017-18. This differential may – based on submissions – be partly related to the industrial relations arrangements that apply in the sector.

The extent to which growth in employee costs expenditure per FTE has been offset by productivity growth is difficult to determine in the absence of data on council outputs.

Depreciation expenses were approximately 23 per cent of total operating expenditure in 2017-18 and this share has not changed significantly since 2008-09. It increased by 48 per cent for the period (an annual average of 4.5 per cent) while the value of depreciable assets increased by 57 per cent. Increased capital expenditure by councils, revaluations of assets and the 'gifting' of new infrastructure from land developments will impact on future levels of depreciation expense.

Finance costs have been negligible and falling over the decade as councils have tended to finance their operations using internal funds, or equity, rather than debt. This results in their operating costs being lower than they would be if debt levels approaching economy wide norms were used by councils.

More than half of councils operating expenditure is accounted for by the four largest service categories – transport, recreation, other environment and waste management. Analysis of council operating expenditure by 14 service categories indicates that the mix of services delivered has not changed significantly over the last seven years.

While mandated services are relatively small in number, they accounted for 46 per cent of sector operating expenditure in 2017-18.

Mandatory services consistently accounted for a higher proportion of operating expenditure for rural councils (close to 60 per cent) compared to urban councils (around 40 to 43 per cent) throughout the decade. Urban regional councils had the highest proportion of expenditure on non-mandated services at 60 per cent. The Commission notes that while councils have no choice but to deliver mandated services, they generally have discretion to determine how these services are delivered, thereby affecting their costs. Expenditure on mandatory and non-mandatory services has grown at similar rates, both for the sector as a whole and across all council groupings.

In respect of the service mix, the most significant difference between the council groupings is that expenditure on the transport function is substantially greater in proportion for the rural council groups than urban councils.

Growth in population and property numbers (except for small and medium rural councils), while low, would have caused some increase in the volume of council services demanded which would explain part of the growth in council operating expenditure. Slowing population growth

in the later part of the decade would likely have contributed to the observed moderation in operating expenditure growth.

Population ageing can also be expected to have altered the mix of services demanded, although this impact is not evident in the 14 service categories examined by the Commission.

A number of councils have submitted that rising service standards have been a significant contributor to growth in expenditure. However, the Commission has not been able to obtain any sector-wide service level data to enable an assessment of the extent to which increases in the quality of services or facilities have caused increases in councils' costs.

Instances of cost-shifting from federal and state governments to local government have been argued by councils to have increased their costs. The Commission is not in a position to quantify the cost impact of cost shifting at this stage. Councils have sometimes decided to continue to deliver a service or program after federal or state funding commitments have expired, presumably in response to community expectations. Such instances, in the Commission's view, do not constitute cost shifting.

Some councils argued that the burden of complying with state and federal legislation has grown thereby adding to their costs, but data limitations have prevented quantification. Consultation with councils suggests the cost impact may be small and that it requires further investigation.

Councils have varying degrees of control over factors which influence their cost. Some, like the regulatory or taxation environment, or growth in ratepayer or property numbers that drive up demand for services, are externally determined. Others - like the prices they pay for labour and other inputs - can be influenced through industrial relations arrangements and council procurement practices. Councils are also able to influence community expectations through consultation and informing ratepayers regarding changes in service mix and quality.

A third group of costs drivers is more strongly controlled by councils and includes scale, scope and quality standards particularly for non-mandated services, and productivity and efficiency though choice of technology and business processes.

The Commission has reached the following preliminary conclusions regarding growth in local government operating expenditure over the last decade.

In terms of inputs:

- labour costs (in percentage terms) have been the main cost driver, followed closely by materials, contracts and other costs;
- depreciation charges have also been a significant driver of costs but off a smaller base; and
- cost shifting and compliance costs have contributed to expenditure growth, but to a lesser extent.

In terms of outputs:

- the most significant cost driver is likely to be changes in the volume, scope and quality of services provided by councils;
- growth in demand arising from growth in the number of ratepayers and properties is expected to explain, in part, growth in the volume of services.

4. Local government efficiency and productivity

4.1 Introduction

The terms of reference for the inquiry require the Commission to:

- develop and analyse measures of local government efficiency and productivity; and
- identify mechanisms and indicators that could be used by the local government sector to measure and improve performance over time.

The Commission released a methodology paper in May 2019, outlining the technical and analytical issues in estimating local government efficiency and productivity. The Commission's proposed approach is a robust methodology portfolio, consisting of a suite of complementary tools including partial productivity measures, global efficiency measures using Data Envelopment Analysis (DEA), case studies and submissions.

The Commission acknowledges that both partial productivity and DEA measures have their limitations. Taken together, they add significant value and insights to assist councils with understanding their performance relative to other councils or their performance through time.

The terms productivity, efficiency and effectiveness are related but different concepts. They are all elements of the performance of an organisation.

Productivity is defined as the ratio of the output(s) that an organisation produces to the input(s) used.[1] Productivity can refer to measures of partial productivity, which is a single-input, single-output measure such as output per worker. When all inputs and outputs are considered, it is referred to as total factor productivity (or multifactor productivity).

The term efficiency in this chapter refers to technical efficiency. An organisation is technically efficient if it produces the largest possible output from a given set of inputs, or if it uses the least possible quantity of inputs to produce a given level of output. However, as also discussed below, there are practical challenges in the context of the application of this concept to local government operations, because of the problem of measuring correctly the outputs produced, particularly their quality and scope.

There is also a distinction between outputs and outcomes. Outputs are measured as a level of activity while outcomes are defined as the impact of a program or service. As efficiency relates to the relationship between inputs and outputs rather than outcomes, it does not include an assessment of how well it achieves its objectives or the value of these outputs.

In addition to efficiency, a measure of effectiveness is sometimes used to analyse the overall performance of a program or service.[2] Effectiveness commonly refers to the extent to which stated objectives are met. This includes both cost effectiveness (achieving an outcome for the

[1] For a more detailed discussion of the concepts of productivity and efficiency see Coelli, T., Rao, P.O'Donnell, C and Battese, G. (2005), "Introduction to Efficiency and Productivity Analysis", Second Edition, Springer.
[2] Estimating measures of local government effectiveness is outside the scope of this inquiry. However, the Commission has examined how indicators of effectiveness are adopted in other jurisdictions.

lowest cost) and program effectiveness (how well the outputs of a program achieve the desired and valued outcome).[3]

This chapter presents the principal methodological approaches used in the Commission's analysis. The first section introduces the concepts of productivity and efficiency and the experience and lessons of local government efficiency monitoring in South Australia and other jurisdictions. Section 4.2 discusses the experience of local government performance monitoring, section 4.3 presents the partial productivity analysis and section 4.4 presents the global measures of efficiency using DEA. Section 4.5 discusses factors that influence efficiency of councils. The final section presents the Commission's initial conclusions.

4.2 Experience of local government performance monitoring

Performance and efficiency measurement play a role in helping councils to understand of their business and to improve outcomes through reduced costs or better services. This section describes performance monitoring activities across Australia to assist the identification of mechanisms and indicators that might usefully be employed by local government in South Australia.

Performance measurement is most meaningful when comparisons can be made both over time and across organisations.

Comparisons across councils can be difficult if they provide different types and levels of service or face different underlying cost structures. However, such comparisons can help councils identify attainable levels of performance and to learn from peers that are delivering higher quality and/or more cost-effective services. Comparisons of council performance and efficiency, both across councils and through time, can assist in identifying opportunities to improve their performance.

4.2.1 Current performance monitoring programs

South Australia

Throughout the Commission's consultation process, a consistent theme raised was that while most councils monitor their own performance, there has been little performance monitoring conducted across the local government sector as a whole. Nevertheless, there have been attempts made across the sector by the LGASA, groups of councils and individual councils to estimate their performance relative to other councils or the sector.

Submissions from councils including the City of Salisbury, Town of Walkerville, City of Playford, Campbell Town City Council, Copper Coast Council, City of Prospect, City of Tea Tree Gully, Town of Gawler and the City of Charles Sturt provided examples of council level programs to evaluate and compare their performance over time or against similar councils.

The Commission notes that councils have their own service review processes to ensure the services they are delivering are effective in meeting the demands of the community.

> Councils already undertake regular reviews of key services to ensure they are meeting community needs, being delivered in an efficient manner and not impacting on the long-term financial sustainability of the council. Sometimes

[3] Productivity Commission (2013), "On efficiency and effectiveness: some definitions", Productivity Commission staff research note, Canberra.

> difficult and unpopular decisions need to be made about reducing or consolidating services for the sake of greater efficiency and sustainability. It is important that these decisions about the range and level of local services provided remain in the hands of councils and their communities. (LGASA Submission, p.19)
>
> In the past six years we have undertaken a comprehensive review of service levels across the organisation, followed by a review on how we deliver the agreed service levels. This has required some benchmarking as part of the process, but more importantly identified areas within our operations that can be improved to deliver the best outcome for our community. (City of Salisbury Submission, p3)

The Commission also identified several councils that have sought to make comparisons of their performance against other councils.

> In February 2015, Council resolved to undertake a benchmark exercise, fashioned on the Victorian Government Performance Reporting Framework introduced in 2014. The first benchmark report prepared for Council was in September 2016, followed by a revised report in June 2018 and again in February 2019. Council is expecting the latest iteration of its benchmark report at or about November 2019. Council supports mandatory benchmarking within an agreed framework. (Town of Walkerville Submission, p.2)
>
> City of Prospect has previously conducted various efficiency and economy audits and various Service Reviews. Most of these reviews included comparisons with our Councils of similar size. (City of Prospect Submission, p.8)
>
> Council has recently participated in the Local Government Performance Excellence Program (LGPEP), which compares performance against approximately 150 other Councils. (Town of Gawler Submission, p.5)

Establishing service standards is another mechanism for councils to identify areas of improvement and monitor performance as illustrated by the example from the City of Playford described in Box 4.1.

Box 4.1 City of Playford Community Service Standards System

The City of Playford introduced a Community Service Standards System in 2014-15 to help define, measure and analyse the outcomes of services provided by the council. Prior to this, there was no standard process, with ad-hoc reports being manually created when required. The system is a consultative process providing clarity around council activities which can inform and contextualise communication with elected members and the community.

The establishment of service standards is an iterative process which includes defining service outcomes and how they will be measured. Service Standards go through a review process every three years as a regular internal process, or as required by organisational alignment. Currently there are 25 service standards with community outcomes, including one to five related measures per service standard.

Creating quality service standards involve the following:

- consultation with the community and staff to better understand service standards;
- align with the council's community vision and strategic priorities, policies and procedures;
- research into industry best practices and benchmarking;
- monitoring and evaluation, including pre and post-testing implementation of new standards; and
- staff engagement and ownership.

The system was primarily designed to improve service delivery and their alignment to community expectations and outcomes. Any financial savings are an additional benefit. The creation of the standards themselves were the foundational piece to a variety of improvements. These include:

- cost avoidance of approximately $2 million over seven years, where the council was able to improve the effectiveness of the service and reduce exposure to cost pressures of service delivery; and
- efficiency savings of $1.2m from the "City Operations" area alone (Streetscapes, illegal dumping, city maintenance programs). Savings re-invested to expand the area of delivery or increase the standard of service to meet community need without increasing the cost of service.

In addition, there were improvements in consistency and streamlining of processes and procedures, evidence-based decision making and improvements in data accuracy and integrity.

The standards created a measure of performance that is reported on a quarterly basis to the community.

City of Playford state that the system is a journey, not a set and forget implementation exercise. The system is a basis for continuous improvement and the system itself continues to be reviewed and improved. While initial implementation can occur with external assistance, it was quickly learnt that further development and effectiveness of the system needed ownership of each service owner internally.

As an example, the council previously picked up illegally dumped rubbish in a reactive manner. Analysis by the council indicated that picking up illegal dumping within ten days would maintain community satisfaction while minimising complaints. This helped establish the service standard and associated measures that the council could hold the service accountable in terms of its effectiveness. Subsequent review of this service generated improvement to create planned and timed collection to align with those set by the standard. This has led to a decrease in costs by 20% over the last five years (after adjustment for the waste levy increases).

Most councils have not developed formal service standards.

> Campbelltown has not undertaken formal service reviews that articulate the levels of services provided to the community due to the resources required to do this. Internally, efficiency has been focussed on and has been achieved over the years, however a formal register has not been maintained to identify improvements or savings have come from. (Campbelltown City Council Submission, p.4)

Some councils are collaborating to identify possible opportunities to reduce costs and to improve operations and efficiency, as illustrated by the submission from the City of Charles Sturt:

> City of Charles Sturt, Marion and Port Adelaide Enfield have been working on benchmarking between the councils. All council costs are allocated to the activities of councils (around 350 possible activities) and these each have drivers (some of which aren't able to be collected as yet). These activities are rolled up into sub-functions (35) and these are rolled up into 11 functions. The sub functions and functions also have primary drivers. Comparisons occur at the function and sub function level and the activity level data is used to inform improvement areas. (City of Charles Sturt Submission, p.13)
>
> The strength of this approach relative to models like the Performance Excellence Program and the Victorian Performance Reporting Framework is that the benchmarks are comparable and at a level where the basis for differences in performance can be explained and therefore ways to improve performance are identifiable. Internal charge and allocation impacts are removed, there is transparency around corporate service related costs (and performance). (City of Charles Sturt Submission, p.14)

Further detail on the collaboration between Cities of Marion, Charles Sturt and Port Adelaide Enfield is available in appendix 8.

The only example of a sector wide attempt to conduct comparisons across councils that the Commission has been able to identify is a series of reports prepared for the LGASA by UHY Haines Norton.[4] The reports attempt to replicate the Victorian Local Government Performance Reporting Framework using SALGGC data. Due to data limitations, including a lack of data on activities and outputs, this is limited to estimates of expenditure per ratepayer for each of the service areas examined.

In addition, the LGASA has created a web-based tool that consolidates data available from the SALGGC. The tool is available to members and provides a range of financial, socio-economic and other information by council for the period from 2011 to 2017.[5] It allows councils to compare themselves to other councils across a range of measures constructed using SALGGC data.

Other Jurisdictions

The Local Government Professionals 'Australasian LG Performance Excellence Program"[6] provides comparative information, including a range of partial productivity measures, on participating councils. It is a voluntary benchmarking and performance initiative aimed at improving management and operational decision-making and planning.

It comprises an annual survey that collects, compares and benchmarks information from the 163 participating councils across New South Wales, Western Australia, South Australia, Queensland, ACT and New Zealand. The program is managed through Local Government

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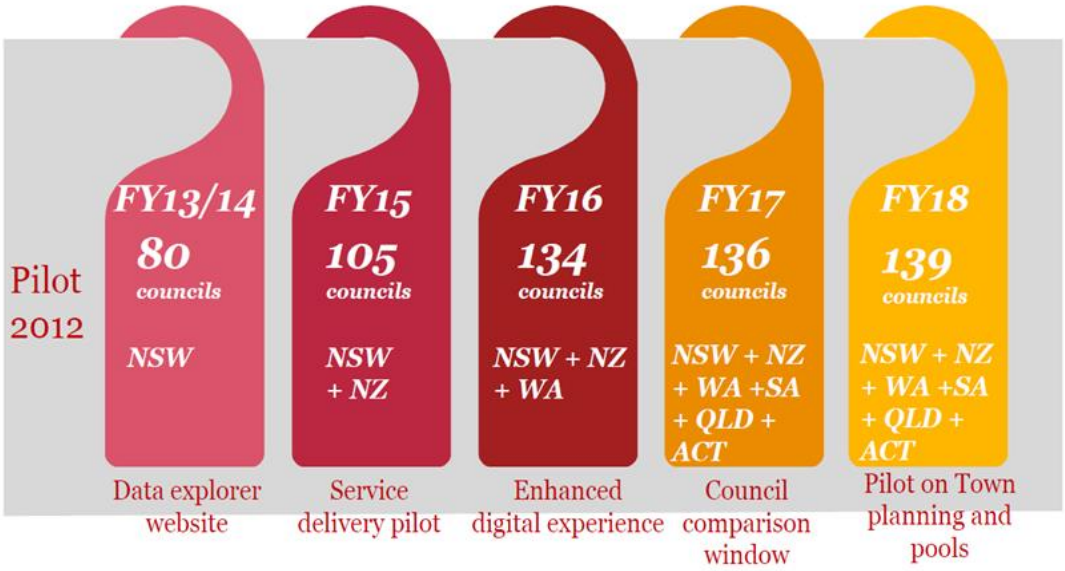
[4] *UHY Haines Norton (2019), "Analysis of Council Data – South Australia- Part 1 and part 2", Prepared for the Local Government Association of South Australia, Adelaide.*

[5] The web tool is based on a series of reports commissioned by the LGASA that consolidates the data. See UHY Haines Norton (2019), "Analysis of Council Data – South Australia- Part 1 and part 2", Prepared for the Local Government Association of South Australia, Adelaide.

[6] Local Government Professionals (2019) Australasian LG Performance Excellence Program 2019 Prospectus, Available from: https://www.lgprofessionalssa.org.au/resources/LG%20Professionals/PEP/2019/e_PwC_Prospectus_2019.pdf

Professionals Australia, NSW. The program started with a pilot in NSW in 2012 and has added additional features and councils each year, as shown in Figure 4.1. The first South Australian councils joined in 2016-17.

Figure 4.1: Local Government Professionals Performance Excellence Program progression



Source: Local Government Professionals (2019)[7]

The Australasian LG Performance Excellence Program includes:[8]

- a semi-customised individual Performance Excellence Report (which includes information on corporate leadership, workforce, finance, operations, risk and asset management, and service delivery);
- a Comparative Analysis Tool that enables each council to analyse their own data; and
- networking.

This information is confidential to each council, with aggregated information being provided to member councils. While this is a useful tool for member councils to track and measure their own performance, it is not a sector-wide performance monitoring mechanism.

The City of Charles Sturt noted in their submission that the Performance Excellence Program currently only presents differences across councils on each metric. It does not attempt to explain differences.

> It should be noted the Performance Excellence Program is undertaken at two of the three councils [that are part of the above-mentioned collaboration]. The PEP has highlighted similar performance differences however does not yet inform the councils on why those differences exist or how they can be addressed, and the data remains focussed on a number of key areas of councils operations rather than covering all activity areas. (City of Charles Sturt Submission, p.14)

[7] LG Professionals (2019) Presentation to the South Australian Productivity Commission, 28 June 2019.
[8] Local Government Professionals (2019)

Victoria

Victoria's Local Government Performance Reporting Framework (LGPRF) was the first state-wide performance reporting framework for local government in Australia.

The Victorian Government established the LGPRF in 2014 in response to a Victorian Auditor-General's observation that performance reporting in local government had limited relevance to ratepayers because it lacked information about the quality of council services, the outcomes being achieved and how these related to councils' strategic objectives.[9]

The 'Know Your Council' Compare Councils tool[10] produces graphs of council performance over the previous four financial years across 12 service areas[11] and allows for direct comparison of up to four 'similar' councils.

The framework provides comprehensive performance information in a consistent manner that provides:

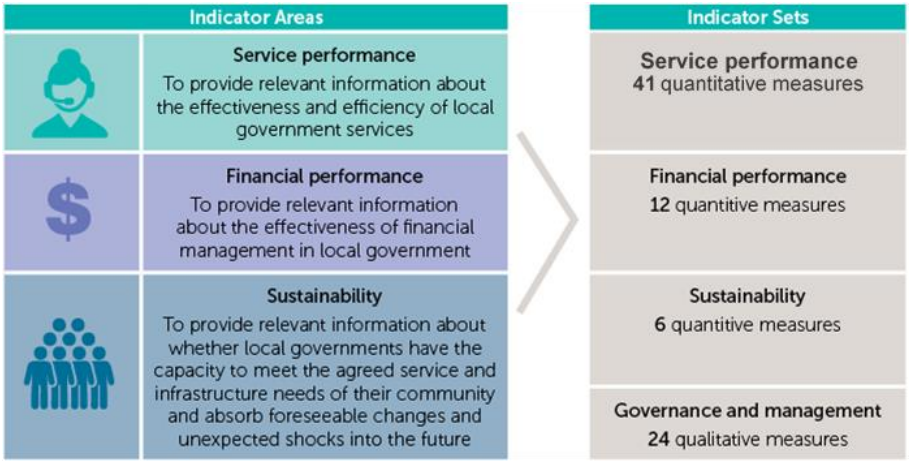
- councils with information to support strategic decision-making and continuous improvement;
- communities and ratepayers with information about council performance and productivity;
- regulators with information to monitor compliance with relevant reporting requirements; and
- state and federal governments with information to allow better informed decisions that insure an effective, efficient and sustainable system of local government.

To provide a comprehensive picture of council performance, four indicator sets: service performance, financial performance, sustainable capacity, and governance and management, were developed across three thematic areas: service performance, financial performance and sustainability. Figure 4.2 provides further detail. An objective for assessing performance against each thematic area has been established to inform the development of performance indicators.

The specific measures of efficiency included in the LGPRF all relate to the average cost per unit of output.[12]

[9] Local Government Victoria, the Department of Environment, Land, Water and Planning (2019), Local Government Bets Practice Guide: Performance Reporting Framework Indicator Workbook, Victoria.
[10] Local Government Victoria (2019), Know Your Council Website, Available from: https://knowyourcouncil.vic.gov.au/
[11] The 12 service areas are: animal management, aquatic facilities, food safety, governance, home and community care, libraries, maternal and child health, roads, statutory planning, waste collection, financial performance and sustainable capacity.
[12] They include: direct cost of indoor aquatic facilities less income received per visit; direct cost of the animal management service per number of registered animals; direct cost of the food safety service per number of food premises; direct cost of the governance service per number of councillors elected at the last council general election; direct cost of the library service per visit; cost of the maternal and child health (MCH) service per hour work by MCH nurses; direct cost of sealed local road. reconstructed per square meter of sealed local roads reconstructed; direct cost of the statutory planning service per planning application received; and direct cost of the kerbside garbage bin collection service per kerbside garbage collection bin.

Figure 4.2: Scope of the LGPRF



Source: Local Government Victoria, the Department of Environment, Land, Water and Planning (2019)

New South Wales

The Office of Local Government in New South Wales publishes a range of time series data annually for each council.[13] The data are collected from a range of sources including the ABS, the Grants Commission process and councils financial reporting to the Office of Local Government.

The focus of the time series data is not specifically on efficiency monitoring, but rather to assist the community to have a greater understanding of their council.

Queensland

The Department of Local Government, Racing and Multicultural Affairs collects information from local governments about the key services they provide and publishes it in the annual 'Queensland local government comparative information report'.[14] The report includes a suite of efficiency, effectiveness and quality-of-service indicators across the areas of finance, personnel, road lengths, water services, waste management, library services and parks and gardens.

Most of the information is collected in local government's annual consolidated data collection, similar to the SALGGC process.[15] This data is then published in excel format to allow comparisons in performance across councils.

Another resource in development is 'LG Sherlock', a data storage and analysis tool that is facilitated and funded by the Local Government Association of Queensland (LGAQ). The primary objective of the system is to help Queensland councils use their data to "support better decision making that will improve financial sustainability, enhance sector reputation and reduce exposure to risk".[16] The details of the program are not yet publicly available.

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[13] NSW Government (2019) *Your Council Report*, Available from: https://www.olg.nsw.gov.au/public/my-local-council/yourcouncil-website

[14] Department of Local Government, Racing and Multicultural Affairs (2019), *Local Government Comparative Reports*, Available from: https://www.dlgrma.qld.gov.au/resources-ilgp/plans-strategies-reports/local-government-comparative-reports.html

[15] South Australian Local Government Grants Commission (SALGGC) (2017), 2016-17 Annual Report.

[16] LGAQ (2019) *What is Sherlock*. Available from: https://sherlock.lgaq.asn.au/what-is-sherlock

Western Australia

The Western Australian Government has established the 'MyCouncil' website as a central place to access and compare information on councils.[17] The website provides a geographic, demographic and financial snapshot of each council. It allows data such as council expenditure by program, rates and other revenue and services delivered to be viewed for each council and compared to others. The MyCouncil website relies on data from existing local government reporting requirements and selected ABS data.

Tasmania

The Tasmanian Government's Local Government Data, Analysis, Transparency, Accountability (LG DATA) project has published local government performance information since 2016-17.[18]

The project aims to enhance transparency and accountability of local government performance and help councils to identify opportunities to improve performance. This includes publishing 'snapshot reports' including comparative information for all Tasmanian councils over a financial year, along with a range of performance indicators related to the snapshot theme.

LG DATA also publishes raw, open datasets from the *Tasmanian Local Government Consolidated Data Collection* for public use through the Tasmanian Government's *Open Data* website.[19] In addition to the LG DATA program, the Auditor-General produces annual reports on local government financial sustainability.

Report on Government Services

While not specific to local government, the Productivity Commission's *Report on Government Services* (RoGS) provides another example of monitoring the efficiency of government delivered services. RoGS publishes annual data on the equity, efficiency and effectiveness of government services in Australia. The Report is used by governments to inform planning and evaluation of policies, for budgeting (including to assess the resource needs and performance of government agencies) and to demonstrate government accountability.[20]

4.2.2 Lessons from performance monitoring programs

The Commission has examined the existing performance monitoring programs in other jurisdictions to understand what does and does not work, and what are some common barriers to success. These lessons have been identified from initial program documentation, program reviews, audits, consultation, submissions and other literature on efficiency and productivity measurement.

This section is not a formal evaluation of existing monitoring, rather it draws lessons that could be applied to any state-wide performance monitoring program adopted in South Australia.

[17] Department of Local Government, Sport and Cultural Industries (2019) *My Council: Frequently Asked Questions*, Available from: https://mycouncil.wa.gov.au/Home/faqs

[18] Tasmanian Government (2019) *Measuring Tasmanian Local Government Performance*, Available from: http://www.dpac.tas.gov.au/divisions/local_government/measuring_tasmanian_local_government_performance

[19] Tasmanian Government (2019) *Open Data*, Available from: http://listdata.thelist.tas.gov.au/opendata/

[20] Productivity Commission (2019) *Report on Government Services*, Canberra

Standardised reporting of performance indicators

The Victorian Auditor-General's Office reviewed the LGPRF using three selected indicators across five councils.[21] The review highlighted inconsistent performance reporting by councils as a sector-wide issue and found that councils need to "identify a consistent set of performance indicators that they report to their leadership team" p.13.

The case for standardised performance reporting was also supported by the LGASA and several councils. The submission from LGASA states that:

> While there is a considerable amount of information already available to communities about what their council is doing; this information is often spread across multiple documents and platforms, can be difficult to find and is not easy to compare with other councils.
>
> Sector wide benchmarking would create a suite of meaningful performance measures that build a more complete picture of the financial and governance health of the sector and the public value of the services and programs delivered by councils. This would support council planning and increase meaningful community consultation to enable local government to continually improve. (LGASA submission, p.16)

The submission from the City of Prospect:

> There is merit in developing a sophisticated online platform for councils to share and compare meaningful data about their performance and enhance the transparency and accessibility of council data for the community. (City of Prospect submission, p.6)

The Town of Walkerville:

> We believe that a sector wide benchmark, possibly mandated, will go a long way to:
> - ensure consistent reporting;
> - ensure that Councils will have evidence based information to support strategic decision making;
> - ensure that communities will have accurate information about their respective Council performance;
> - Councils and other tiers of Government will be better informed to make decisions that support an effective, efficient and sustainable system of local government;
> - identify areas for improvement; and
> - promote accountability and transparency across the sector
>
> (Town of Walkerville Submission, Additional Information Request)

However, this view was not universally shared:

> Benchmarking across Councils will not improve efficiency, it takes resources away from service delivery, increases red tape and administrative overheads

[21] Victorian Auditor-General's Office (VAGO) (2019), Reporting on Local Government Performance, May.

> and is a distraction from improvement initiatives. The rationale for this is that each Council calibrates its services to meet their community's needs. When we compare across Councils it takes time to understand whether we are comparing on a like for like basis and further time to understand the remaining level of difference. It is found that services are intentionally different because each Council is serving the needs of its distinct community. (SALGFMG Submission, p.11)

Submissions stress the importance of allowing for local conditions and choices about quality.

> Costs alone also provide no insight into the quality of work undertaken or different construction methods, which may be reflected in the total expenditure. (Tatiara District Council, p.1-2)

These issues, and other comments in submissions, point to a number of other lessons for the design of performance monitoring programs.

Standardised comparator

A consistent theme in performance monitoring programs across jurisdictions is the value of standardised comparator groups. Due to the partial nature of many of the measures, it is important that only 'like-for-like' councils are compared. This limits to some extent, comparisons between councils which face structurally different costs or different demands for services.

For example, the Victorian LGPRF specifies five 'comparator groups' based on geographic and population criteria.[22] The comparator groups are:

- metropolitan;
- interface;
- regional city;
- large shire (>15,000 population); and
- small shire (<15,000 population).

As council characteristics can change over time, Local Government Victoria has committed to review the groupings every five years in line with the national census.

Consistent reporting over time

Because of underlying differences between councils in the range, quality and cost of service delivery, sometimes the most suitable comparator for a council to benchmark against is themselves over time. The use of trend data can demonstrate whether a council is improving its performance.

According to the submission of the Campbelltown City Council (p. 5)

> Greater benefit to individual Councils would be to compare each Council's own performance over time.

[22] Local Government Victoria (2015), "Victorian Local Government Comparator Groups", LGPRF Practice Note, no. 5, VIC.

The availability of trend data is likely to increase the possibility of councils viewing a performance monitoring framework as a useful exercise, rather than simply a compliance activity. A review of Victoria's LGPRF in 2017[23] found that 24 per cent of councils did not access the 'Know Your Council' website until it was updated to include year-on-year trend data.

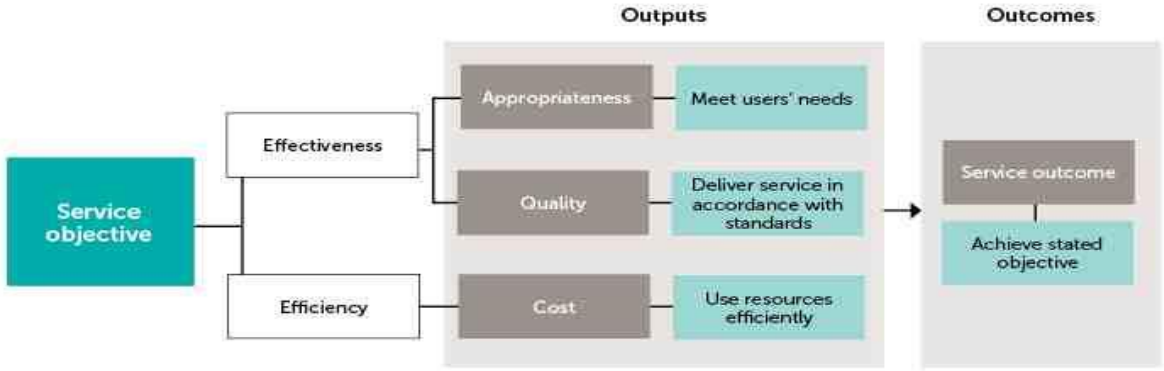
Measures of quality and timing

To be relevant to users, performance information should provide a full picture of service performance, including cost and quality, a range of additional performance measures is needed to provide a context around which the productivity estimates can be interpreted.

> The Review should take into account the varying degree of service standards and expectations of the community. The review should delve down into unit rates and introduce the benchmarking results in order to properly compare one council with another. (City of Tea Tree Gully Submission, p.3)

Victoria's LGPRF addresses this by incorporating measures of effectiveness, including the appropriateness of services and their quality for each of the service objectives being evaluated (Figure 4.3).

Figure 4.3: LGPRF services performance framework



Source: Local Government Victoria (2019)

The LGPRF was developed based on the Productivity Commission's *Report on Government Services* (RoGS).[24] The RoGS framework goes further and includes measures of accessibility and equity.

Council comment on publicly reported measures

For many measures, there can be plausible explanations why one council's estimated productivity differs from others or over time. Incorporating explanations from the council when publicly reporting on performance measures can assist the public in understanding what the measure indicates as well as other councils understand why their performance differs.

> Should comparisons be made, the ability to provide commentary for context purposes would be important, as some Councils may have distinct differences with other Councils such as different levels of service provided to their

[23] Local Government Victoria (2017), "Local Government Performance Reporting Framework, 2015/16 Reporting Period Review", VIC.
[24] Productivity Commission (2019) https://www.pc.gov.au/research/ongoing/report-on-government-services

> communities and additional costs to deliver services due to distance. (Campbelltown City Council Submission, p.5)

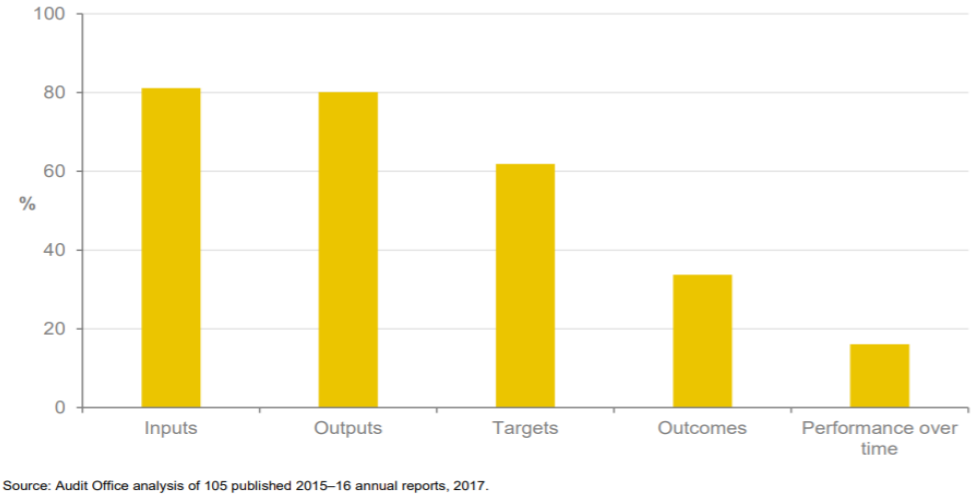
The Victorian Government's 'compare councils' tool achieves this by allowing councils the opportunity to comment on a particular metric prior to publication. This is then linked to the 'compare councils' tool on the website, where data are presented for the current year.[25]

Outcomes in addition to outputs

Data on council outputs are more easily recorded and collected than data on outcomes. As a result, it is easier to construct a measure of performance comparing inputs to outputs.

The NSW Auditor General[26] found that "while councils report on outputs, reporting on outcomes and performance over time can be improved". An analysis of NSW councils' annual reports, presented in Figure 4.4, found that 80 per cent of reporting measures included measures of outputs, but less than 40 per cent included measures of outcomes.

Figure 4.4: Frequency of reporting measures by type, NSW



Source: Audit Office of New South Wales (2018)

Reporting on inputs and outputs provides communities with a general understanding of council's day-to-day activities. However, this type of reporting cannot demonstrate to communities whether councils are delivering services effectively or making improvements over time. The Victorian Auditor-General's Office[27] also concluded that the LGPRF is "not yet realising its full potential because it lacks good outcomes measures…"

A complicating factor in measuring outcomes is identifying the drivers of outcomes. This is especially the case when activities or services provided by councils are part of a complex web of services by multiple government agencies. In addition, there are external factors: for example, variations in business conditions are likely to have more impact than council effort under an economic development banner.

[25] https://knowyourcouncil.vic.gov.au/compare-councils
[26] Audit Office of New South Wales (2018), "Council reporting on service delivery", February.
[27] Victorian Auditor-General's Office (2019), "Reporting on Local Government Performance", May.

Targets and service standards

Targets provide a context around what a council is attempting to achieve and therefore can help to make performance information easier to understand.

> The effectiveness of a program should be measured by the change in the outcome relative to this counterfactual. Operationalising this usually requires setting targets that imply an improvement on what would otherwise have happened. Where the counterfactual is an expected deterioration in the outcome, the appropriate target may be no change, or a smaller decline, which can be conceptually hard to explain. As targets should be achievable, this can create a quandary for measuring effectiveness.[28]

The LGPRF currently does not require councils to adopt targets, however the Victorian Auditor-General's Office found that three of the five councils they audited had adopted targets for some of the LGPRF indicators.[29] Based on a previous audit, Local Government Victoria has committed to introducing targets for a subset of indicators, the 28 indicators that councils include in their annual performance statement, into the LGPRF from 2020-21.

An audit of council reporting on service delivery by the Audit Office of New South Wales found that one third of council reports did not have related target making it difficult for the community to assess a council's achievements in implementing its service delivery program.[30]

Costs of reporting

Councils have expressed concerns about the additional burdens including costs of increased reporting requirements on councils. For example, the submission from the City of Charles Sturt refers to the "number of external data collection requirements for council in place" and suggests making use of and building on what is already in existence such as the SALGGC data.[31]

> For some years, the Victorian Government has collected large amounts of data and cost comparisons from local government and shared them on the "Know Your Council" website. Unfortunately, the reporting regime created significant administrative costs for councils. While these costs can be easily quantified by councils, I am not aware that the Victorian Government has been able to quantify any efficiencies that the system has achieved for the sector. Should regular reporting of additional council data be a part of the Commission's proposed approach to improving efficiency and financial accountability of local government, it is essential to undertake this cost-benefit comparison from the outset. (Tatiara District Council Submission, p.2)

> Achieving consistent data reporting across 68 councils will be a resource intensive exercise and consideration will need to be given to the items that are reported to ensure that they deliver some strategic, operational and policy benefit. Consideration should be given to the cost to implement any proposed model and that this doesn't become an additional cost driver that works against

[28] Productivity Commission (2013) p.7.
[29] *Ibid.*
[30] Audit Office of New South Wales (2018)
[31] City of Charles Sturt submission, p 2.

> local government's efforts to put downward pressure on council rates. (LGASA submission, p.16)

A review of the first two years of operation of the Victorian LGPRF conducted by Local Government Victoria in 2017 found that on average each council had more than 10 interactions per year with the Performance Reporting Analysis and Support Team.[32] While the Commission understands that the number of interactions per year has reduced in more recent years as councils become familiar with the LGPRF and improve their internal reporting processes, councils have been required to allocate resources to the reporting.

Streamlining reporting to the state government

In all states, councils are required to report to state government departments on a range of statutory functions such as waste collection, health inspections and expenditure of government infrastructure grants. To minimise any additional costs to councils of a state-wide performance reporting approach, a streamlined reporting framework which minimises duplication in reporting is desirable.

In Victoria, one key barrier to minimising duplication in reporting has been timelines and frequency of reporting where regulatory periods differ across services and do not fully align with the performance reporting period.[33]

There is no central reporting system in place in NSW, and a recent report by the Auditor-General concludes that consolidating and coordinating the reporting requirements will help lower council reporting burden and duplication, and lead to better reporting over time.[34]

Another barrier is the different IT systems used by different councils and state government departments which have been developed to meet their individual circumstances. These different systems make data sharing difficult, resulting in increased reporting burden for councils.

Council input in the design of a framework

Performance monitoring improves transparency and provides the potential for decision-making that can lead to better outcomes for the community. In order to achieve this, the Victorian Auditor General considers that performance indicators should provide information which help leadership teams to make decisions. These indicators would "support leadership teams to manage strategic risks to the council and assess if the council is delivering services and meeting its strategic objectives".[35] Therefore, it is important to give councils the opportunity to shape information that would help them compare themselves to other councils and identify opportunities to improve service delivery and reduce costs.

The Victorian Auditor General's Report on Local Government Performance highlights the value of shifting councils' perception of performance reporting and monitoring from compliance to an opportunity for improvement.[36]

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[32] Local Government Victoria (2017)
[33] Victorian Auditor-General's Office (2019)
[34] Audit Office of New South Wales (2018)
[35] Ibid.
[36] Ibid.

Involvement of councils in the development of a performance monitoring framework can also help to minimise the reporting burden on councils by designing indicators which are closely aligned with existing council recording systems and relatively easy for councils to collect.

Local Government Victoria established a steering committee, consisting of council CEOs, for the LGPRF. This steering committee oversees an annual program of review and continuous improvement of the framework and has responsibilities including providing recommendations on the overarching framework, the set of indicators and content of reporting by councils and state.

Information request 4.1: Performance reporting

How can these lessons from state-wide performance reporting frameworks in other jurisdictions be applied to South Australia?

Which indicators used in other jurisdictions would be appropriate for South Australian councils?

4.2.3 Findings

Possible mechanisms that could be used by the local government sector to measure and improve performance over time include:

- a sector-wide public reporting framework;
- collaborations among councils to identify opportunities to improve processes and efficiency; and
- documenting service standards and reporting performance against those service standards.

These mechanisms are not, in the Commission's view, mutually exclusive.

There are several examples of sector-wide local government performance monitoring frameworks in other jurisdictions. There is currently no sector wide approach in South Australia. The Commission notes that 25 South Australian councils have joined the Local Government Professional's 'Australasian LG Performance Excellence Program' to benchmark their performance against other councils. In addition, the Commission identified many examples of councils attempting to compare their performance with other councils. However, the lack of a state-wide framework for performance reporting limits the comparability of data and limits the ability of councils, residents and ratepayers to make meaningful comparisons of performance.

After examining the performance monitoring frameworks in other jurisdictions, the Commission considers:

- standardised reporting on performance across the sector would assist decision making by councils, better inform residents and ratepayers and assist discussions between councils about their results;
- not all councils can be directly compared, therefore the definition of standardised comparator groups is valuable;

- performance reporting should be consistent over time whether being used to track performance of a council over time or compare councils at a point in time;
- efficiency should be considered along with measures of quality and effectiveness;
- context and circumstances are important, and councils should be able to comment on their performance before the results are reported publicly;
- targets and service standards are useful for councils to explain their priorities;
- additional reporting imposes a cost to councils and consideration should be given to streamlining any public reporting;
- high data integrity is central to valid comparisons, hence attention to consistency in definition and recording is important; and
- council input into the design of the framework and choice of indicators is important.

4.3 Partial productivity measures

The most widely used measures of local government productivity are partial productivity measures, which relate a single output to a single input. Labour productivity (output per hour worked) and capital productivity (output per unit of capital) are common examples of partial productivity measures.

Such measures are commonly used for benchmarking and provide a useful way of comparing a council's performance against similar councils. These measures have the advantage of being computationally simple and easy to understand. They also provide valuable insight into where a council's costs are higher or lower than comparable councils in certain areas. However, owing to their simplicity, partial productivity measures do not account for differences in council size, scale, service standards and underlying cost structures. Therefore, the interpretation of direct comparisons between councils using partial productivity measures should be undertaken with care.

While productivity is defined as output per unit of input, in this section the Commission has chosen to present the inverse, or inputs per unit of output. The indicator used here is total expenditure divided by an indicator of the level of activity in a service area. These can be interpreted as unit costs. An increase in unit costs represents a decrease in productivity, and vice versa.

As with all partial productivity measures, these estimates do not capture the effects of the scope and quality of service provided.

4.3.1 Estimates for South Australian councils

While South Australian councils use a range of different productivity measures, the Commission has not identified any sector-wide measurement and reporting of recognisable measures of productivity and efficiency. As part of the analytical approach to understanding patterns in local government productivity and efficiency, the Commission has created a set of partial productivity estimates for South Australian councils. These partial productivity measures could be used by the local government sector to measure and improve performance over time.

These partial productivity estimates are based on data available from the SALGGC, with estimates calculated for selected service areas where consistent data are available for both the quantity and expenditure categories reported.

Data availability has limited the number and quality of partial productivity indicators that the Commission has been able to estimate. There are also some concerns with the consistency of the financial data at the individual service level and their comparability across councils. For instance, there may be differences in how councils apportion indirect costs across services and allocate costs to each of the SALGGC expenditure subcategories. Moreover, output quantity data that are reported to the SALGGC but not used by them are subject to less thorough checking than the financial data.

Several councils, including City of Charles Sturt, City of Playford and the Limestone Coast Local Government Association, have raised concerns about the accuracy of the SALGGC data during consultation. However, most agree that it is the most accurate data available and that it is an appropriate starting point for analysis.

> Data collection comes with an impost for councils thus Grants Commission data is a good starting point and is generally comprehensive for financial data. However, the sector has a not unreasonable degree of scepticism as to accuracy of some contained data sets due to the self-reporting nature of data collection and the inconsistency that arises from this and little structure around collection methodology. It would be preferable for consideration to be given as to how the data collection and compilation effort for councils can be minimised as the commission progresses its investigations. (City of Charles Sturt Submission, p.7)

> The reliance on data from existing data bases (grants data bases for example), the existing data sets available, such as the grants data base, were developed for a range of purposes, evaluating performance and efficiency to inform economic models was not one of them. Therefore, these data bases are unlikely to provide valid information for the model and indeed a recent analysis using the SA Grants data base shows that this data has some significant difficulties. (Limestone Coast LGA Submission, p.2)

The Commission has made efforts to 'clean' the data, including adjusting some council expenditure data where expenditure appears to have been reported in thousands of dollars in the earlier years but dollars in the later years. In addition, councils that did not report expenditure in at least one year, while still providing that service, were excluded from the estimation of time series trends. However, there are likely to be some remaining issues with the data, largely relating to the consistency across councils of what expenditure is reported.

All expenditure figures used by the Commission have been converted to 'real' 2018 dollars using the LGPI discussed in Chapter 3.

The methodology paper proposed to investigate a ten-year period from 2008-09 to 2017-18. The Commission has excluded the first three years of this period from service level analysis due to changes in reporting of service level expenditure. In the years 2008-09 to 2010-11, a significantly higher proportion of council expenditure was allocated to the category of 'rates and balance of amounts not allocated to other functions'. Therefore, councils reported service level expenditure is likely to be much more accurate from 2011-12 onwards.

A summary of the types of services provided by councils across the 14 SALGGC service categories (excluding rates and balance of amounts not allocated to other functions) is available in Appendix 5.

The service areas that are responsible for the largest proportions of expenditure are likely to explain the greatest proportion of overall council productivity. Therefore, priority is given to these larger expense categories discussed in Chapter 3 such as transport, recreation, other environment and waste management although current data availability has made it difficult to assess recreation and other environment expenditure.

All councils are also required to report on activities undertaken in relation to a range of regulatory functions and other services such as libraries which has made estimating partial productivity measures for these services more meaningful.

Transport

Transport is the largest expense category for councils, accounting for 20 per cent of local government expenditure in 2017-18.

Councils currently report expenditure on sealed roads, unsealed roads and bridges and major culverts to the SALGGC. This expenditure includes depreciation, capital renewal, maintenance, upgrades and capital expansion. They are also required to report on the total length of sealed and unsealed roads and laneways and the estimated replacement cost for each.

Estimating a partial productivity ratio for the entire category of transport is likely to be misleading and difficult to interpret as councils have different types of roads and related expenditure. Therefore, separate ratios for sealed and unsealed roads have been estimated. No indicators for bridges and major culverts have been estimated as many councils did not have any and the underlying costs vary significantly depending on their size and topography.

> Reported expenditure on roads compared to total kilometres of roads provides no insight into efficiency. Expenditure would have to be compared against kilometres of work completed, and possibly councils' sustainability ratios. Even then, low costs will not necessarily equate greater efficiencies but can simply be a reflection of construction materials like limestone having to be transported significant distances compared to a limestone quarry close by. Costs alone also provide no insight into the quality of the work undertaken or different construction methods, which may be reflected in the total expenditure. (Tatiara District Council Submission, p. 1)

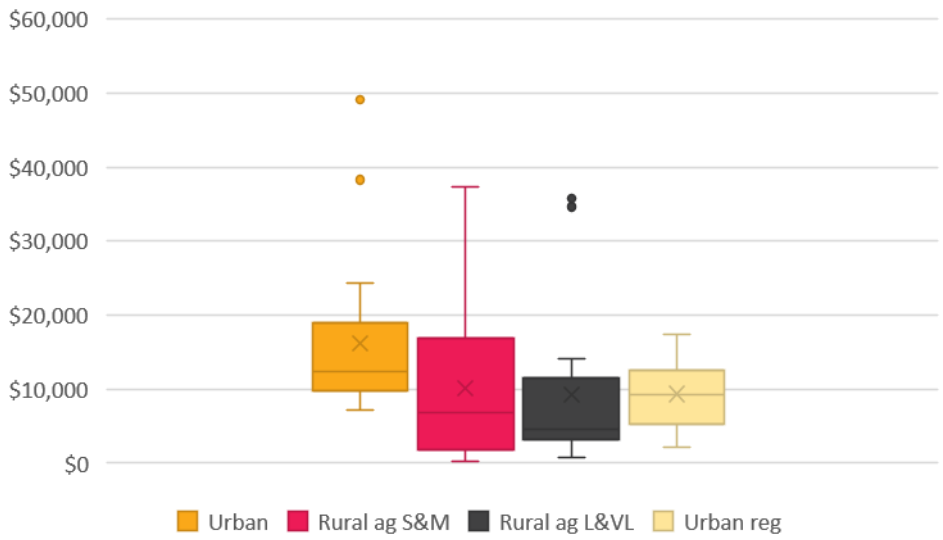
<u>Sealed roads</u>

There are significant differences between councils in total expenditure per kilometre of sealed roads (excluding depreciation). As a result, this measure may be difficult for benchmarking across the sector as some investigation would be required to identify reasonable 'peers' for councils to compare themselves. This distribution appears to be similar to that of earlier years in the sample, although there was one significant 'outlier' in 2013-14 and 2014-15.

Analysis of the expenditure/kilometre of sealed roads for the four groupings of councils, discussed in Chapter 3, shows that there is considerable variation within each group, as

demonstrated in Figure 4.5.[37] It also shows that overall expenditure per kilometre of sealed roads is higher for urban councils than for regional councils, and that the variation is highest among rural agricultural (small and medium) councils.

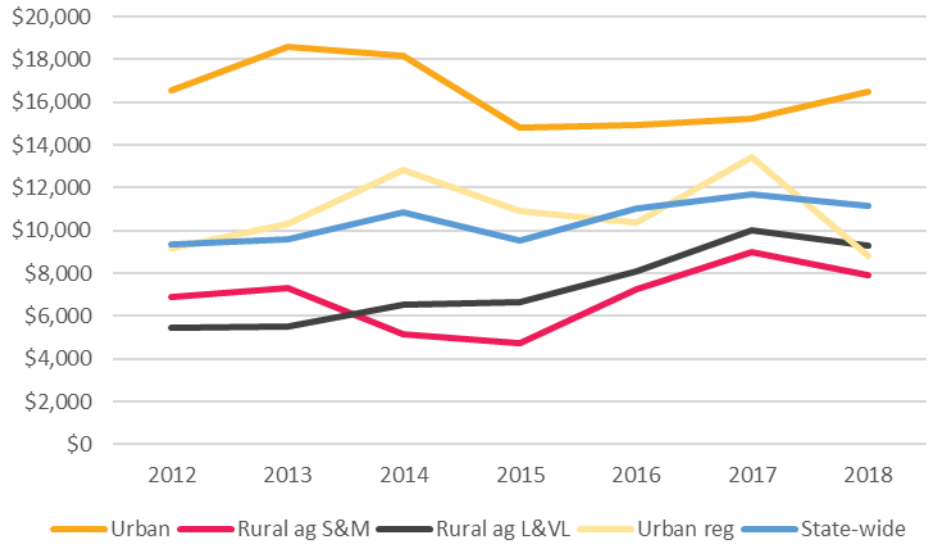
Figure 4.5: Distribution of expenditure per kilometre of sealed roads, by council group, 2017-2018



Source: SALGGC, SAPC estimates

Figure 4.6 below presents the simple average of expenditure per kilometre of sealed roads for each group of councils. There were five councils which reported zero expenditure in any one year[38] which are excluded from this calculation.

Figure 4.6: Average real expenditure per kilometre of sealed roads, by council group, 2011-12 to 2017-18



[37] The lines in a box and whisker plot correspond to the quartiles of the data, ranked in decreasing order, with the top line representing the maximum, then 75th percentile, the median, 25th percentile and the minimum. The cross represents the mean and the dots outside this range represent outliers, defined as data that is more than 1.5 times the interquartile range (the 75th percentile minus the 25th percentile)

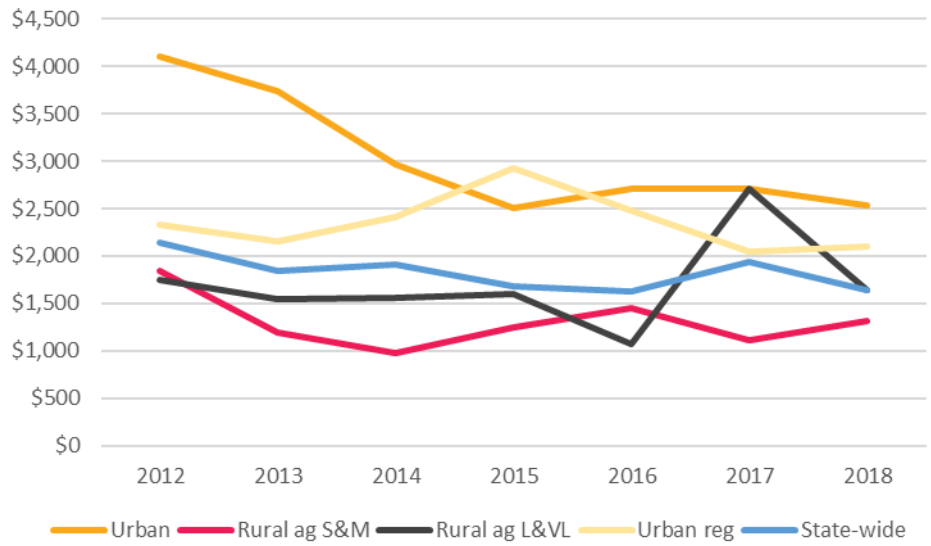
[38] One urban, three rural small and medium and one urban regional council.

Source: SALGGC, SAPC estimates

Over the seven-year period analysed, there has been an average annual increase of three per cent in the total expenditure per kilometre of sealed roads. This is mainly observed in rural areas, with rural agricultural large and very-large (9 per cent) and rural agricultural small and medium councils (2 per cent) having the most increase.

As this measure is based on total expenditure on sealed roads, the observed changes in expenditure per kilometre could be a result of greater capital expenditure rather than maintaining current roads or improving the quality of sealed roads. To test this, the Commission also estimated reported expenditure on maintenance of sealed roads per kilometre, presented in Figure 4.7.[39]

Figure 4.7: Average real expenditure on maintenance of sealed roads per kilometre, by council group, 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

Overall average expenditure per kilometre on the maintenance of sealed roads has fallen by four per cent a year across the state over the period. The reduction in expenditure is observed across all council groups, but greatest among urban councils (8 per cent) and rural agricultural small and medium councils (6 per cent).

This may indicate that the increase in expenditure per kilometre of sealed roads is a result of upgrades to existing roads rather than increased maintenance costs, however there is insufficient data available to test this further.

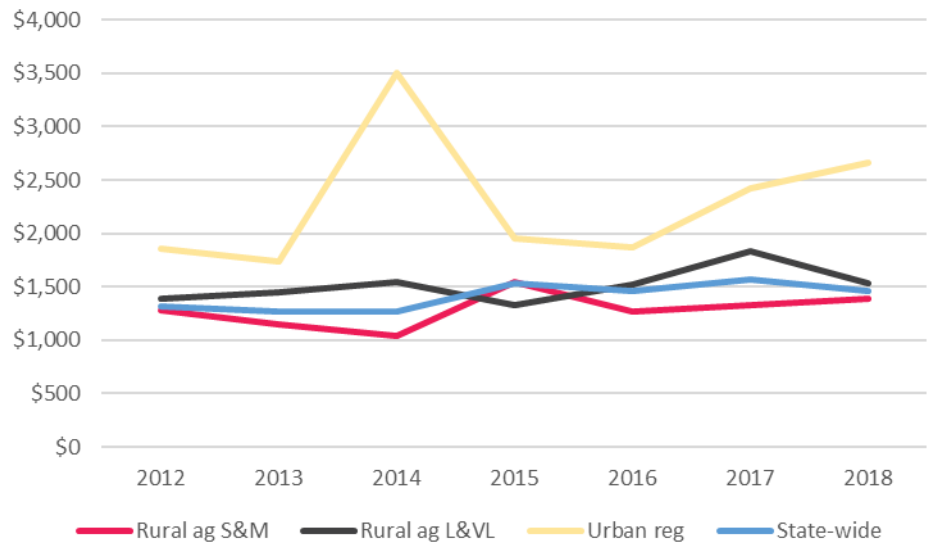
There has also been an increase in total kilometres of sealed roads of approximately 0.8 per cent per year, while the length of unsealed roads has declined by 0.15 per cent per year, suggesting some upgrading of unsealed roads to sealed roads.

[39] Reported expenditure on sealed roads is classified as either maintenance, capital renewal, capital expansion (expenditure on new roads) or upgrade. Comparing these other categories to total kilometres of roads is not meaningful and no data is available on the amount of activity for these other activities (such as the distance of road upgraded).

Unsealed roads

Across the state, there has been a two percent average annual increase in total expenditure per kilometre on unsealed roads (Figure 4.8). Urban councils were excluded from this analysis as they have very few unsealed roads.

Figure 4.8: Average total real expenditure per kilometre of unsealed roads, by council group, 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

Waste Management

As discussed in Chapter 3, waste management (including recycling) accounted for 9 per cent of total council expenditure in 2017-18. Councils report the type and tonnage of waste collected annually to the SALGGC. This section presents partial productivity measures relating to recycling, general and green waste collection based on the data available.

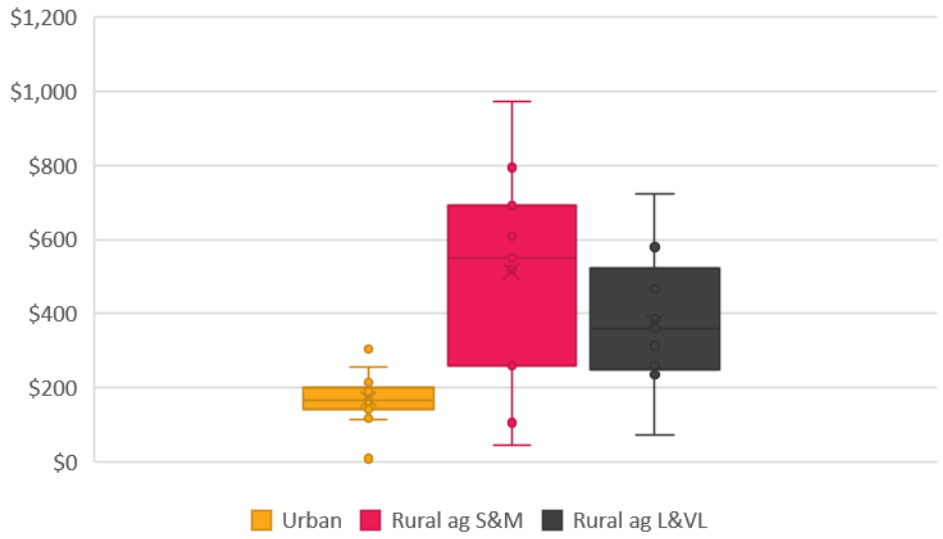
Recycling

During 2011-12 – 2017-18, approximately 88 to 98 per cent of councils reported tonnes of recycling collected annually. However, during the same period, only 60 to 74 per cent of councils recorded expenditure on recycling.

The distribution of expenditure per tonne of recycling for 2017-2018 is presented in Figure 4.9, which illustrates its variation across councils. Urban regional councils have been excluded from Figure 4.9 as only four out of the nine councils reported expenditure in 2017-18.

A council not reporting expenditure in any one year may reflect differences in reporting and accounting practices, including where recycling is managed by regional subsidiaries. As a result, this expenditure is likely included elsewhere in the SALGGC data but not separated out. The Commission has not investigated this at depth.

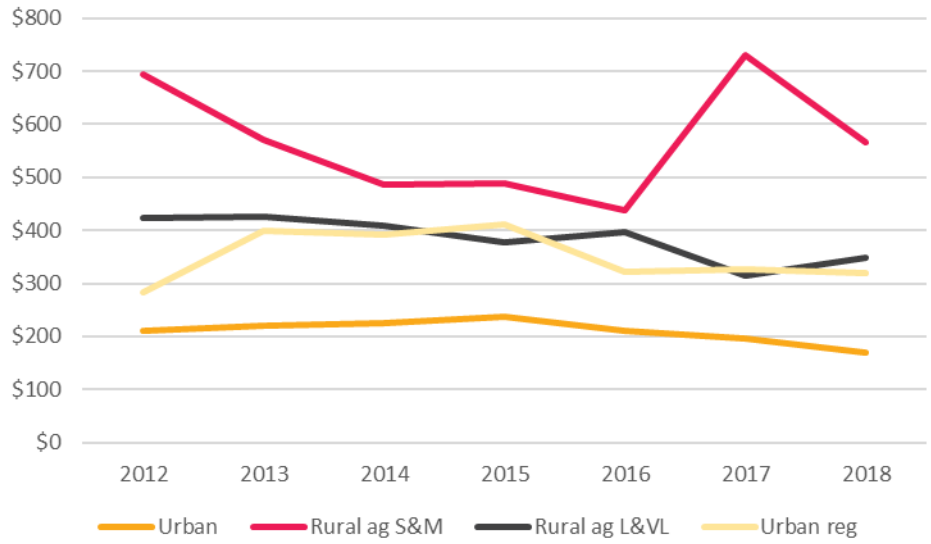
Figure 4.9: Distribution of expenditure per tonne of recycling collected, by council group, 2017-18



Source: SALGGC, SAPC estimates

Figure 4.10 shows the average expenditure per tonne on recycling between 2011-12 and 2017-18. Urban councils had the lowest cost per tonne of recycling and rural councils have the highest. As properties tend to be more spread out in rural and regional areas, the cost of waste collection can be higher compared with urban councils. The data also indicate that during the same period, the average annual real cost per tonne of recycling fell for urban councils (4 per cent), rural agricultural small and medium (3 per cent) and rural agricultural large and extra- large (3 per cent).

Figure 4.10: Average real recycling expenditure per tonne, by council group, 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

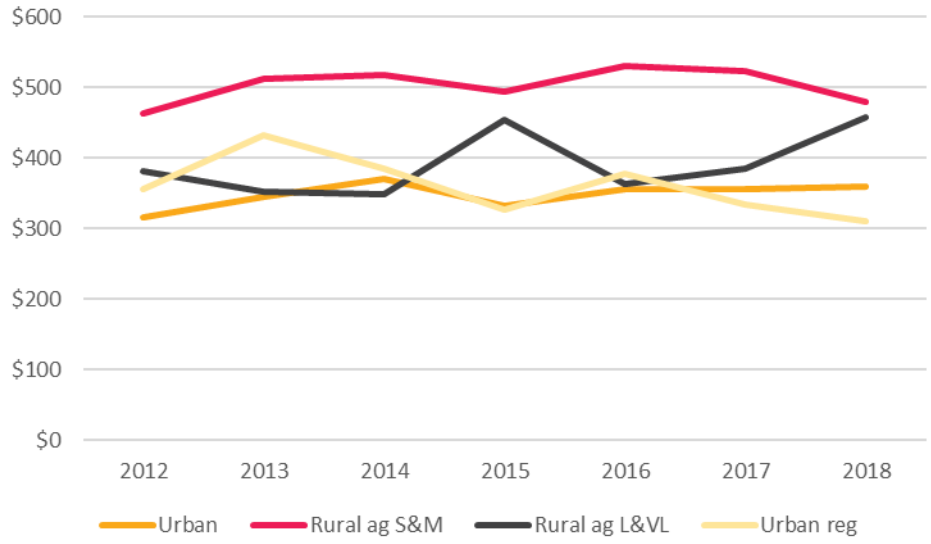
Urban regional councils recorded an increase in costs per tonne of two per cent per year. However, this was a very small group as only three councils reported costs for the entire period.

Overall, there has been a reduction in the cost of recycling per tonne across all councils. This seems to relate to a reduction in total expenditure, which fell by an average of four per cent per year, whereas the total tonnes of recycling collected remained relatively constant over the seven-year period analysed.

General waste collection

The average real expenditure per tonne of general waste collected between 2011-12 and 2017-18 is presented in Figure 4.11 below. Overall, average annual real costs per tonne increased by approximately two per cent. However, this increase has not been evenly shared by all councils. Large and extra-large rural agricultural councils had the greatest cost increase of three per cent per year, while urban regional councils achieved cost reductions of two per cent per year.

Figure 4.11:Average real expenditure per tonne of general waste collected, by council group, 2011-12 to 2017-18



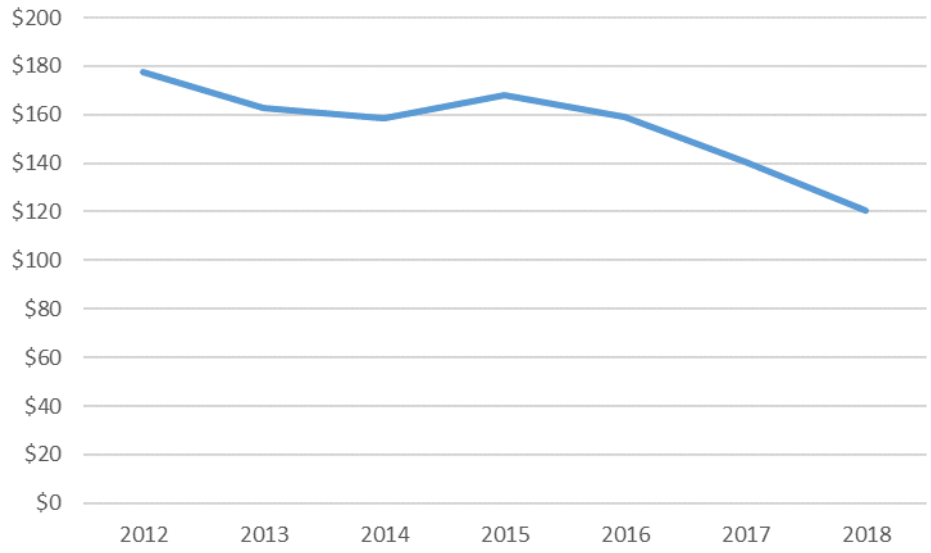
Source: SALGGC, SAPC estimates

During this period, the total tonnes of general waste collected have remained relatively constant for both urban and small and medium rural agricultural councils. However, rural agricultural large and very-large councils reported a decline in the tonnes of waste collected by an average of over five per cent per year, while urban regional councils had general waste collection cost increase by three per cent per year.

Green waste collection

Only fifteen of the 68 councils reported expenditure on green waste in all seven years analysed, therefore examination by council grouping is not meaningful in this instance. Among the fifteen councils whose data was available for all years, average expenditure per tonne of green waste collected declined by six per cent per year (Figure 4.12).

Figure 4.12: Average real expenditure per tonne of green waste, all councils, 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

There is some evidence of an expansion of green waste collection by councils over this period. Approximately 70 per cent of councils reported having collected green waste in 2011-12. This figure rose to 79 per cent by 2017-18. There has also been an increase in total tonnes of green waste collected by an average of four per cent per year.

Planning

Town planning is the largest regulatory function councils perform, accounting for over 47 per cent of regulatory services expenditure in 2017-18.

Councils report to the SALGGC their total planning costs, as well as quantity data relating to the number of new development applications and additions and alterations by type. The costs of assessing a planning application vary significantly depending on its complexity.

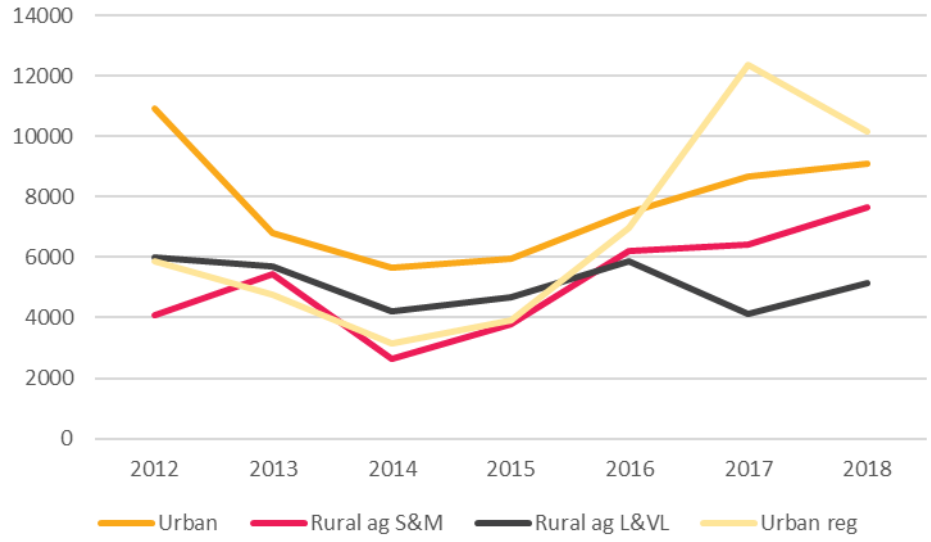
Factors other than the type of development also affect the costs of planning. Proximity to areas such as the Hills Face Zone and other environmental areas affect the level of analysis by a council as well as state authorities where concurrent advice is required. Impacts on existing infrastructure also need to be considered which can affect timeframes and costs of development assessment. In addition, if a council approves groups of the same type of house in bulk in a new development, compared to different houses each with a separate assessment process, their 'productivity' would be higher.

Therefore, comparisons across councils and over time should be interpreted with caution as they may reflect differences in the type and location of development activity rather than differences in efficiency. Nonetheless an estimate of the costs to councils per application can be useful in examining trends in council expenditure and activity.

The Commission has not received any data that separates planning costs by type. Therefore, the analysis is based on constructing partial productivity ratios of the total planning expenditure per number of applications for each new development and additions and alterations as shown in Figure 4.13 and Figure 4.14.

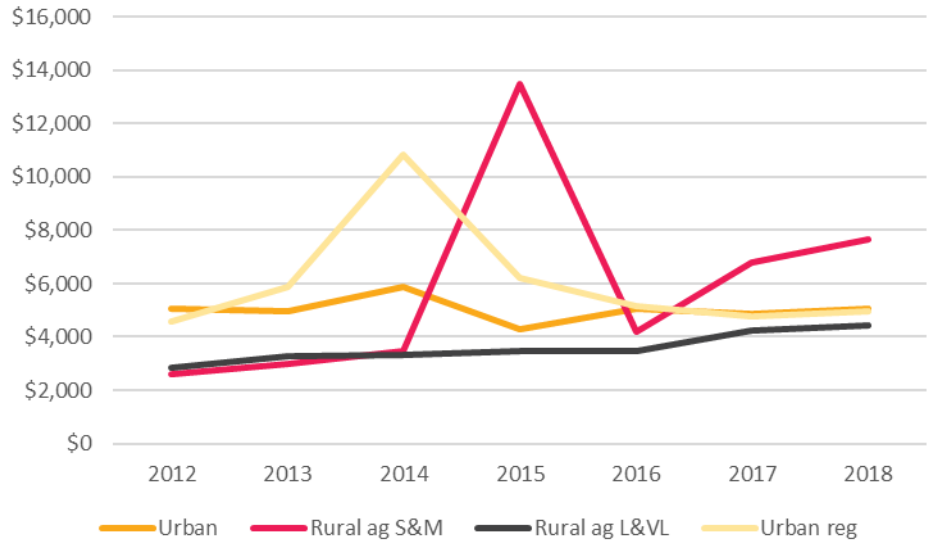
A council that has a higher proportion of additions and alteration applications can be expected to have a significantly higher total planning expenditure per number of new planning applications. Similarly, a shift in the type and level of development occurring in any year will have significant impact on the estimated ratios.

Figure 4.13: Average real total planning expenditure per number of new planning applications, by council group, 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

Figure 4.14: Average real total planning expenditure per number of additions and alteration applications, by council group, 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

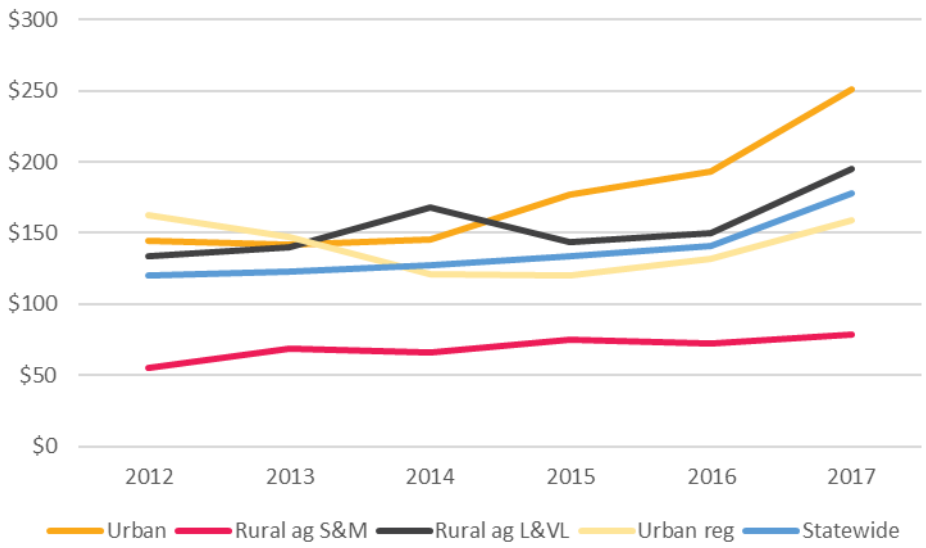
Overall, real costs per planning application have fallen for urban councils, with costs per new application falling by an average of three per cent per year and costs per addition and alteration application remaining constant. However, costs for rural agricultural small and medium and urban regional councils have increased across both measures.

Provision of library services

Library services accounted for six per cent of total expenditure across all councils in 2017-18. The LGASA estimates that library services cost $89 per ratepayer per year on average for the period 2012-2018.[40]

Councils report to the SALGGC the number of 'active borrowers' and the number of 'active borrowers' who reside outside the council area. The data indicate that the proportion of borrowers who reside outside the council area varied across councils from zero to 98 per cent in 2017. Therefore, expenditure per ratepayer may not be the best measure to estimate productivity of libraries. Instead the Commission has estimated real expenditure per 'active borrower', demonstrated in Figure 4.15.

Figure 4.15: Average real expenditure on libraries per active borrower, by council group 2011-12 to 2017-18



Source: SALGGC, SAPC estimates

Across the state, average annual real expenditure on libraries per 'active borrower' has increased by over eight per cent. This increase is across all councils, except urban regional councils where real expenditure per active borrower fell by an annual average of 0.4 per cent.

This apparent decline in productivity reflects falling numbers of active borrowers, as real expenditure has increased by only 1.5 per cent per year. On the other hand, the number of active borrowers across the state has declined by an annual average of 8.3 per cent. This decline in borrowers is higher for urban councils (9.2 per cent) and lower for urban regional councils (4.7 per cent).

One possible weakness of this measure is that the number of 'active borrowers' may not accurately reflect the number of people who use library services. Submissions from stakeholders also highlight that the type and number of services offered by libraries has expanded beyond the traditional provision of no-cost access to books.

[40] UHY Haines Norton (2019), "Analysis of Council Data – South Australia- Part 2 - services", Prepared for the Local Government Association of South Australia, Adelaide.

> A library service can be a simple online service, it could be just books, or it could provide a community hub for knowledge, learning and to connect community. In each case the costs are for a library, but the inputs and outputs are different, and their cost allocations will vary across each Council. It will also vary over time as the nature and scope of services change, for example the outputs for a library 10 years ago will be different to the outputs provided today. (Limestone Coast LGA, p3)

The Commission notes that in light of these limitations, the Victorian LGPRF used an estimated number of visits to the library as the denominator of their productivity measure. A review of the LGPRF in 2017[41] recommended that this be expanded as the door counts did not include online visits, whereas the expenditure amount included the costs of e-books.

4.3.2 Findings

Current data availability and quality issues severely limit the ability to conduct meaningful analysis of council performance at the service level. While there is data on expenditures on higher level service types, there are issues with the consistency of reporting across councils and missing values for some councils in single years limits the ability to analyse sector-wide trends over time.

Accounting changes in 2011-12 further limit the ability to compare service level expenditure prior to this period as changes to the amount of expenditure not allocated to a function decreased substantially.

These issues need to be addressed as part of a strategy to develop a common performance framework across all councils.

Nevertheless, the data demonstrates that urban councils face different unit costs than rural councils, and that metropolitan urban councils differ from urban regional councils. For example, urban councils have significantly higher expenditure per kilometre of sealed roads than other councils, but lower expenditure per tonne on waste collection. Furthermore, there is significant variation within each council group.

Despite the issues with the data, the Commission found some evidence of an expansion in the scope of services as the number of councils reporting expenditure on green waste collection increased from 70 to 79 per cent over the time period analysed. As discussed in Chapter 3, several councils argued that the scope of their services had expanded, and this had driven up expenditure.

There is also some possible evidence that the increased expenditure on roads is a result of an uplift in quality of roads. This is a result of real total expenditure per kilometre of sealed roads increasing over this period, while real expenditure on maintenance of sealed roads per kilometre has not.

However, there are issues with measuring expenditure per kilometre of total roads. Without data on the amount of activity conducted, these estimates must be interpreted with caution.

[41] Local Government Victoria (2017) Local Government Performance Reporting Framework 2015/16 Reporting Period Review.

Information request 4.2: Partial productivity estimates

What do these partial productivity estimates tell us about local government efficiency?

What other partial productivity estimates can be used with currently available data?

What additional data would councils be able to report on for minimal additional cost which would improve our understanding of council efficiency?

Is there any other evidence of an expansion in the scope of council services, or improvement in quality over this time period?

Is the current reporting to the SALGGC an appropriate process for any additional reporting by councils? Is there value in making any changes to this reporting?

4.4 Global efficiency measures

In addition to the partial productivity measures described above, the Commission has undertaken a global analysis that enables the estimation of multiple-input, multiple-output estimates of local government efficiency. This also enables some allowance for local conditions that affect performance.

As noted in section 4.1, our focus in this chapter is on the measurement of efficiency in terms of multiple inputs and outputs, which is referred to as technical efficiency. Different methods are available for this purpose, which are discussed in appendix 7. The Commission in this instance has chosen Data Envelopment Analysis (DEA) as the best method to apply to the data available. Box 4.3 contains some notes on constraints on the application of DEA in this situation and their implications.

Box 4.3 Data Envelopment Analysis

The application of the DEA method requires data on outputs and inputs. It produces a measure of the ratio of actual inputs used to an estimated minimum achievable amount of inputs, which is defined by the observed inputs used by the best performing councils in the sample if they were to operate in similar circumstances. For example, a score of 0.9 indicates that the council of interest could produce its current output using 10 per cent fewer inputs, according to the experience of others, while a score of 1 indicates the council is producing its current output using less inputs than other similar councils. The measures of technical efficiency are relative to the performance of others in the sample: they are not indicators of what can be achieved in absolute terms.

The technique can be used to assess changes over time, not only in the performance of an individual council, but also of the best performers in the sample, which is regarded as measure of technical change. A set of measures like this is potentially a powerful tool to provide advice and insight to council leaders.

The challenge, because of gaps in the availability of data, is that the method can produce measures of performance which may be the consequence of factors other than technical efficiency.

The most serious of these gaps is that related to measuring output. This issue is examined in more detail in appendix 7. Care must therefore be taken when interpreting the results in terms of either levels of technical efficiency or the patterns of technical change. Even so, the results can be used to identify interesting questions for further analysis. Examples of these situations and their consequences for the analysis are provided in the discussion of the results below.

4.4.1 Previous research on local government efficiency using DEA

The Commission has reviewed previous research on estimating local government efficiency to identify appropriate methodologies and lessons that could be applied to South Australia. It is important to note that the results of separate DEA studies cannot be compared as they relate to different frontiers and there is an established relationship between DEA efficiency scores and sample size[42] (in this case the number of councils). Furthermore, as DEA efficiency scores are relative to those included in the study, it cannot be said that South Australian councils are on average more or less efficient that those in other states.

The existing body of literature on measuring global efficiency using DEA in local government in Australia predominantly relates to Victoria and New South Wales. The choice of inputs and outputs used in the DEA models is based on several factors including the research or policy questions analysed, data availability and quality, and applicability within local government. An overview of existing studies is summarised in table 4.1 below.

The Commission is aware of only one available study that estimates relative efficiency in local government in South Australia.[43] The analysis uses an input-oriented DEA with operational and staff expenditure as inputs and a series of output measures that capture the number of planning assessments and length of roads. It concluded that the relative efficiency of a typical council in South Australia had slightly decreased during the study period. The average relative efficiency fell from 0.863 in 2013 to 0.835 in 2014 and further decreased to 0.823 in 2016. The study also concludes that rural councils, on average, have a higher relative technical efficiency than their urban counterparts.

Other studies have used several different combinations of inputs and outputs in the DEA model which allows comparison of relative efficiency estimates under different specifications.

For example, the models estimated by the Essential Services Commission (ESC) of Victoria found that total factor productivity across Victoria's local government sector decreased between the period 2010-11 to 2015-16, which was attributed to reductions in technological change. DEA models estimated across 152 councils in New South Wales for the year 2011 found average efficiency scores ranging from 0.66 to 0.72. Based on a series of robustness analysis, the study presented a preferred model which consists of staff and capital expenditure as inputs and the number of businesses, households and length of roads as outputs.[44]

[42] Zhang, Y. & Bartels, R (1998), The Effect of Sample Size on the Mean Efficiency in DEA with an Application to Electricity Distribution in Australia, Sweden and New Zealand. *Journal of Productivity Analysis* 9: 187.
[43] Drew, J. (2018), "Measuring Relative Technical Efficiency of South Australian Local Governments", University of Technology Sydney Centre for Local Government, Sydney, NSW.
[44] Drew, J., Kortt, M. and Dollery, B. (2015), "What Determines Efficiency in Local Government: A DEA Analysis of NSW Local Government", Economic Papers, 34(4), 243-56.

Table 4.1: Summary of Methodologies for Australian Local Government Efficiency Measurement

Author	Inputs	Outputs	Data
Victorian Essential Services Commission (2017)[45]	Council Staff ($), Capital ($)	Households, businesses, length of roads	79 Victorian councils
Victorian Essential Services Commission (2017)[46]	Council Staff (FTE), capital ($)	Households, businesses, length of roads	79 Victorian councils
Victorian Essential Services Commission (2017)[47]	Council Staff ($) Capital ($)	Households, businesses, length of roads, waste collected	79 Victorian councils
Victorian Essential Services Commission (2017)[48]	capital ($) operating expenses (excl. depreciation) ($)	Households, businesses, length of roads	79 Victorian councils
Victorian Essential Services Commission (2017)[49]	operating expenses (excl. depreciation) ($) + depreciation ($)	Households, businesses, length of roads	79 Victorian councils
Fogarty and Mugera (2013)[50]	employee costs, physical expenses and financial expenses	Population, number of properties, length of sealed and unsealed roads	98 Western Australian councils (2009,2010)
Worthington (2000)[51]	Number of workers, financial expenditures (except depreciation), other expenditures	Total population, number of properties acquired to provide the following services: potable water, domestic waste collection, surface of rural and urban roads (km).	177 New South Wales councils (1993)
Drew, Kortt and Dollery (2015)[52]	Staff ($), Capital ($)	Businesses, Households, Roads	152 New South Wales councils
Drew (2018)[53]	Operational expenditure ($), staff expenditure ($)	Number of assessments (residential, business, other), length of roads (sealed, unsealed)	68 South Australian councils (2012-2016)

[45] Essential Services Commission (ESC) (2017)," Measuring Productivity in the Local Government Sector: Consultation Paper", September.
[46] *Ibid.*
[47] *Ibid.*
[48] *Ibid.*
[49] Ibid.
[50] Forgarty, J. and Mugera, A. (2003), "Local Government efficiency: Evidence from Western Australia", Australian Economic Review, 46(3), 300-11.
[51] Worthington, A (2000), "Cost Efficiency in Australian Local Government: A Comparative Analysis of Mathematical Programming and Econometric Approaches", Financial Accountability and Management, 16(3), 0267-4424.
[52] Drew, Kortt, and Dollery (2015).
[53] Drew, J. (2018) "Measuring Relative Technical Efficiency of South Australian Local Governments", University of Technology Sydney Centre for Local Government, Sydney, NSW.

4.4.2 Global efficiency measures for South Australian councils

The methodology paper released by the Commission in May 2019 proposed a model for estimating the technical efficiency of South Australian local governments.[54] The Commission has since consulted extensively on the proposed model and analysed the suitability of data available.

The Commission also engaged Economic Insights Pty. Ltd. to provide advice on issues relating to productivity and technical efficiency measurement and to estimate local government efficiency using DEA.[55]

In order to produce meaningful estimates for each of the 68 councils in South Australia, Economic Insights advised that a single model for all councils, with a maximum of five or six variables, was needed. As a result, it was not possible to include data on all council outputs (even if available). Therefore, several proxies that are likely to represent the outputs a council produces were chosen instead. Clearly, these proxies do not capture all the outputs produced by any council, therefore the estimated efficiency scores must be interpreted with caution.

After consideration, the preferred DEA model proposed by Economic Insights and agreed by the Commission was[56]:

Inputs:

- Opex = labour expenses + materials, contracts and other expenses
- Capital = depreciation expenses

Outputs:

- Residential properties
- Other properties
- Total road length

A detailed discussion of the variables included in the model is in the Economic Insights report.

Having analysed the peers selected by the model, the Commission has chosen to exclude one council, the City of Adelaide, from the results. As described in their submission, the City of Adelaide faces significantly different expenditures than other metropolitan councils, and as a result, the peers selected by the model for City of Adelaide were not informative.

> A direct comparison with other metro Councils to determine efficiency may be misleading as being a Capital City Council, our service provision often extends to those outside its ratepayers' catchment area. This is particularly evident in Council's support for key city events and activation activities such as the Adelaide Fringe, Supaloop500 and the various Christmas and New Year's Eve events extending beyond the event itself to the cost impact associated with the management of key infrastructure components that enable these activities. (City of Adelaide Submission, p.1)

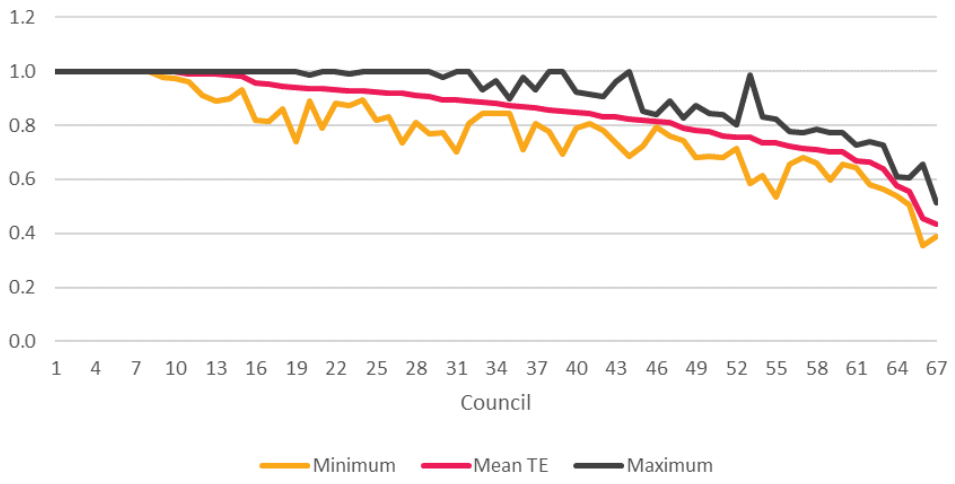
[54] A similar methodology to that discussed in Drew, Kortt and Dollery (2015).
[55] Detailed analysis available in Economic Insights (2019), "Efficiency and Productivity Analysis of Local Government in South Australia", Report prepared for the South Australian Productivity Commission, July.
[56] Ibid.

While the City of Adelaide has been excluded from the presentation of the results, it was included in the model, however this does not affect the results for any other council. Figure 4.17 presents technical efficiency scores of each council in the four council groups, estimated using the single 68 council model.

Sector-wide estimates

The analysis by Economic Insights indicates that with a few notable exceptions, South Australian councils overall estimated technical efficiency scores were relatively close to the maximum score of one. For example, 43 per cent of South Australia's councils had an estimated mean technical efficiency over the 10-year period greater than 90 per cent. A further 35 per cent of councils had a mean technical efficiency of over 75 per cent. This is demonstrated in Figure 4.16, which presents the mean technical efficiency for each of the 67 councils over the ten-year period (in descending order) as well as the maximum and minimum technical efficiency score by each council in any year.

Figure 4.16: Minimum, Maximum and Mean Technical Efficiency Scores, by council ranked in descending order 2008-09 to 2017-18



Source: Economic Insights (2019), SAPC estimates

The efficiency scores in Figure 4.16 are an estimate of efficiency relative to all other councils in the sample, not an estimate of absolute efficiency. The Commission is unable to estimate the levels of council efficiency and a value of one does not mean a council cannot become more efficient.

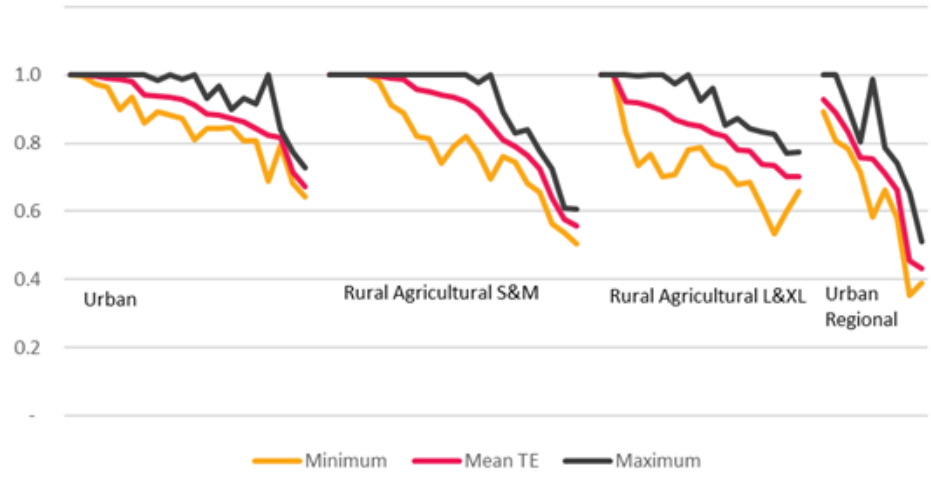
Analysis by council group

The methodology paper proposed to conduct separate DEA studies for each of the groupings of councils used in Chapter 3 and partial productivity analysis. However, advice from Economic Insights was that this may result in too few observations in each model to have reliable estimates and that a single model for all councils is preferred. This single model would then self-select appropriate 'peers' for each council and rural councils would be compared against other rural councils (based on their high ratio of roads to properties) and urban councils would be compared against other urban councils.

Compared to urban councils, rural and urban regional councils had a higher variation in mean technical efficiency. Urban regional councils had the widest range of estimated technical

efficiency, which could be because it is a small group with a few members that are quite unique. As discussed in Chapter 3, urban regional councils also had the highest proportion of expenditure on non-mandated services.

Figure 4.17: Minimum, Maximum and Mean Technical Efficiency Scores, by council type ranked in descending order 2008-09 to 2017-18



Source: Economic Insights (2019), SAPC estimates

4.4.3 Service-specific DEA estimates

As discussed in the methodology paper, estimating service-specific global efficiency of councils can potentially avoid some of the limitations of whole of council estimations, particularly in defining a comparable and comprehensive set of inputs and outputs. Estimating service-specific efficiency also largely addresses the criticism that councils providing additional services may be deemed inefficient as variability of costs between councils is likely to be more contained when looking at specific services and analysis of differences is simpler than for whole-of-council comparisons.

Several submissions from councils also supported estimating service-specific efficiency (for example, City of Tea Tree Gully, City of Charles Sturt, Copper Coast Council, and Playford City Council). Councils noted that as "non-specific" measures do not account for the variability across councils, they are not comparable.

Other submissions, including those from Campbelltown City Council and the LGASA raised concerns about such measures:

> Due to the differences in service levels between councils (and also potentially in the way a council financially accounts for that service) it may be difficult to get to a point where service-specific metrics are directly comparable. There is also a risk that councils operating in thin markets (more likely in regional areas) which need to pay more to procure certain services could be viewed as 'inefficient' when compared to others. (LGASA Submission, p.29)

> The risk with these types of comparisons is that the areas being compared may not be a focus of all Councils. Establishing comparisons of this nature may place an expectation on perceived low performing Councils to improve in this area,

> meaning that other services may need to be reduced or further rate increases required to fund the extra services. (Campbelltown City Council, p.5)

The Commission investigated possible options for measuring service-specific global efficiency estimates, including obtaining expert advice from Economic Insights, and has concluded that currently available data do not support this exercise at this point. Nevertheless, the Commission sees value in further work in this area. The submission from Copper Coast Council suggests that:

> a working party be established through the Local Government Association of South Australia to develop service-specific efficiency models for councils. (Copper Coast Council Submission, p.5)

Information request 4.3: Service-specific efficiency

Acknowledging the gaps in data currently available, how can data quality be improved in order to measure service-specific efficiency across councils?

4.4.4 Efficiency changes through time

As previously discussed, DEA efficiency scores are defined relative to the efficiency frontier of the sample under consideration. It is therefore not meaningful to compare efficiency scores calculated against different efficiency frontiers. This means that it is not possible to directly compare estimated efficiency scores over different time periods, even for the same underlying sample.

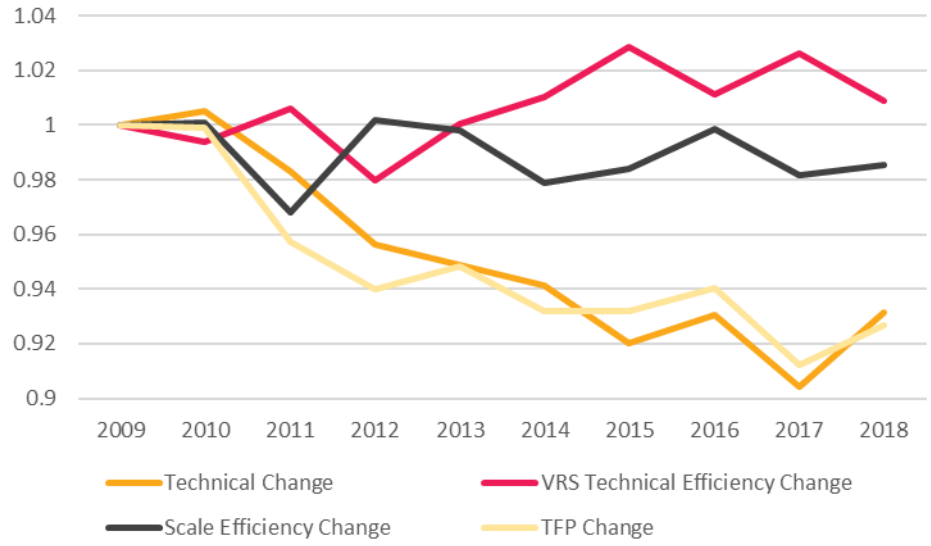
The technical efficiency scores, discussed in section 4.3.2, relate to the distance from the frontier. However, over time the frontier can also move. This is known as technical change.

Economic Insights estimated changes in efficiency and Total Factor Productivity (TFP) for each council over each pair of adjacent years. These estimates can be decomposed into measures of changes in technical efficiency, technical change and changes in scale efficiency.[57] This technique enables comparisons of productivity and efficiency over time without directly comparing the estimated efficiency scores.

The analysis by Economic Insights includes estimating TFP growth for the 10-year period from 2008-09 to 2017-18. This provides measures of TFP growth for each council between each pair of adjacent years. The results are presented in Figure 4.18.

[57] Further details are available in Economic Insights (2019).

Figure 4.18: Malmquist DEA TFP change aggregate indices 2008-09 to 2017-18



Source: Economic Insights (2019)

The results indicate that TFP has fallen by an average of 0.8 per cent per year over the ten-year period. This decline is primarily due to the technical change component declining by an average of 0.8 per cent per year over this period. There are also minor contributions from technical efficiency and scale efficiency (of approx. 0.1 per cent) but these tend to be minor compared to the larger effect of technical change.

In most sectors one would expect technical change to be positive. There are several explanations for the estimated negative technical change. They include:

- declining performance across our sample;
- an increase in the volume, scope or quality of services that are not measured by the output proxies used in the model; or,
- measurement issues.

Based on the feedback from the Local Government Reference Group and consultation with stakeholders, the Commission understands that increases in scope, quality and quantity of services are likely to be a factor in the explanation of these results. This is consistent with the Commission's findings in Chapter 2 that the legislative framework has enabled an expansion in functions and in Chapter 3 that growth in the volume and quality of outputs are a significant driver of increased operating expenditure.

However, quantifying changes in the volume and scope of council services is problematic. The Commission has not been able to identify any standardised measures of service quality across councils, which limits incorporating service quality into the model.

> Some Councils have embarked on community surveys to ascertain Council service quality. In my view, it is considered that a sector wide community survey could be explored, but subject to a review of the cost benefit of such survey. Previously, some years ago, the Local Government Association of South Australia coordinated a community survey for councils that chose to participate on a cost basis. (Copper Coast Council Submission, p.4)

Data issues have also prevented the Commission from quantifying any expansion in the scope of services provided by councils. Therefore, estimates of declining productivity should be interpreted with caution. However, the Commission has found some evidence of an expansion in the scope of services (as discussed in section 4.3), with the number of councils reporting expenditure in green waste collection increasing from 70 per cent to 79 per cent in seven years. Further evidence provided by councils in their submissions, discussed in Chapter 3, also supports the view that the scope of services provided has grown.

Information request 4.4: Efficiency changes through time

How can the change in volume, scope or quality of services be quantified or otherwise incorporated into an evaluation of local government efficiency?

4.5 Understanding factors that influence efficiency of councils

Council performance may be influenced by factors outside their control, including socio-economic and demographic characteristics of council areas, their geographic location, and operating and policy environments, as discussed in Chapter 3. Submissions from stakeholders also noted factors such as growth areas, ageing populations, labour market shocks (for example, large scale redundancies such as the closure of automotive manufacturers) and thin markets (LGASA submission, p.32).

Some of the limitations of the DEA efficiency estimation described in earlier sections can be addressed by analysing the effect of external factors on council efficiency scores. This will also assist in establishing a context with which the estimated efficiency scores from the DEA analysis can be more meaningfully interpreted.

The most commonly used methodology is Two-Stage DEA. It involves using the DEA efficiency scores in a regression model to explain differences in estimated efficiency scores of councils.

The Commission acknowledges that such an analysis will be limited by the data available and may not capture the context in which councils operate in its entirety.

4.5.1 Previous studies of two-stage DEA in local government

The type of factors analysed depends on the specific research or policy questions addressed. Existing studies have used a range of variables summarised in Table 4.2. While it is not possible to directly compare possible factors that are associated with council efficiency across different jurisdictions, they provide useful insight into the nature and extent of differences and similarities of councils.

Table 4.2: Factors associated with council efficiency

Study	Factors used in the study
Comparing cost efficiency of NSW councils. Worthington (2000)[58]	Grant dependence; debt service; current assets; number of staff; average residential property rate
Local government efficiency in WA. Fogarty and Mugera (2013)[59]	Population density; rate share of total expenses; ABS disadvantage index; employee cost per resident
Local government efficiency in NSW. Drew et al (2015)[60]	Population; population density; percentage of population over/under 65; percentage of ATSI[61] population; percentage of NESB[62] population; annual unemployment rate; average annual wage; total liabilities; total infrastructure value; grant funding; depreciation; sealed and unsealed roads (km)
Planning and regulatory efficiency in NSW. Worthington and Dollery (2000)[63] Waste management in NSW. Worthington and Dollery (2001)[64]	Geographic and demographic conditions classified into five categories (urban developed; urban fringe; urban regional; rural significant growth' rural agricultural)
Efficiency measurement in municipal water services in NSW. Woodbury and Dollery (2004)[65]	Population, properties per km of main location; rainfall; proportion of residential properties; unfiltered water; groundwater.
Measuring productivity in the local government sector in VIC. Applied Econometrics (2017)[66]	Population, population density, proportion of population under 15; proportion of population over 65, percentage of ATSI population, percentage of NESB population; unemployment rate; median annual wage rate; total liabilities; total infrastructure value; total grants, annual depreciation; length of roads
Local government efficiency in SA. Drew (2018)[67]	Population, population density, proportion of population under 15, on Newstart allowance, NESB, ATSI; median wage; financial assistance grants; urban; shared services

[58] Worthington (2000)
[59] Fogarty and Mugera (2013)
[60] Drew *et al* (2015)
[61] Aboriginal and Torres Strait Islander
[62] Non-English-speaking background
[63] Worthington, A. and Dollery, B (2000), "Measuring Efficiency in Local Governments' Planning and Regulatory Functions", Public Productivity and Performance Review, 23(4), 469-485.
[64] Worthington, A. and Dollery,B. (2001), "Measuring Efficiency in Local Government: An analysis of New South Wales Municipalities' Domestic Waste Management Function", Policy Studies Journal, 29(2),232-249.
[65] Woodbury, K. and Dollery, B. (2004), "Efficiency Measurement in Australian Local Government: The Case of New South Wales Municipal Water Services", Review of Policy Research, 27(2), 77-91.
[66] Applied Econometrics (2017), "Measuring Productivity in the Local Government Sector, A Reply to Stakeholder Comments concerning DEA", Response to the Essential Services Commission, VIC.
[67] Drew, J (2018).

4.5.2 Estimates for South Australian councils

The Commission engaged Economic Insights to conduct second-stage DEA analysis of a range of social and economic factors that might influence council efficiency. A detailed discussion of the analysis is available in the Economic Insights report.[68]

The Commission notes that several other factors are not accounted for in the analysis due to data and/or analytical constraints that may contribute to differences between councils in measured efficiency scores. Some of these noted in the consultation process, including submissions are outlined below:

- multiple towns/service delivery centres – might reduce efficiency because a duplication of services such as libraries may be required;
- climatic factors – such as higher rainfall might influence efficiency through increasing maintenance requirements on roads and bridges due to water damage;
- soil types – such as reactive clays versus more stable gravels and loams might affect road maintenance costs;
- topographic differences – such as hilly versus flat terrain might also influence maintenance costs of roads and parks to some degree;
- coastal versus inland setting – humid salty air might imply extra maintenance is valuable for buildings plus there might be more parks, jetties and wharves to maintain in coastal areas;
- tourism – extra seasonal populations might put additional pressure on parks and waste facilities; and
- quality of services – some councils might deliver higher quality services because they are demanded by their residents.

The issue of quality of services provided by councils was regularly raised in the consultation process. However, the absence of appropriate data that captures service quality in a consistent manner across the sector has precluded further analysis.

Given that there are considerable data limitations, further analysis would be required to investigate what factors and how they are related to estimated council efficiency and productivity.

Information request 4.5: Factors that influence estimated council efficiency

What other factors can explain the estimated efficiency differences between councils or over time?

What factors can explain the estimated productivity differences between councils over time?

What other possible data sources can improve this analysis?

What further information could be considered to analyse and interpret estimated partial and global efficiency scores?

[68] Economic Insights (2019)

4.6 Conclusions

This chapter brings together the Commission's analysis of local government efficiency, which includes a portfolio of partial and global efficiency measures supplemented by contextual analysis based on qualitative information available from submissions and consultations. It is expected that this analysis will help initiate constructive conversations across the local government sector.

The Commission notes that many councils are attempting to compare their performance against other councils. However, it is evident that issues around the comparability and quality of currently available data limit the usefulness of such comparisons and impose analytical constraints with respect to efficiency analysis across the sector as a whole. The Commission's analysis also highlights the benefits of a standardised sector-wide performance measurement reporting framework.

Based on a review of local government performance monitoring nationally, the Commission regards best practice in performance monitoring as including: standardised comparator groups to enable meaningful comparisons across councils and over time. Any estimate of council efficiency should also acknowledge the context influencing this efficiency estimate, including measures of quality and effectiveness as well as council targets or service standards. The value of performance monitoring can be further improved by allowing councils the opportunity to comment publicly on their performance, prior to any estimates being publicly released. Furthermore, any reporting framework should balance the costs of reporting against the benefits of the additional information and every effort made to streamline existing reporting and remove duplication. Council input into the design of the framework and choice of indicators is critical to its success.

While mean technical efficiency has remained relatively constant over the ten-year period, the DEA model indicates that TFP has fallen by an average of 0.8 per cent per year.

This observation may be at least partially explained by a combination of declining performance, an increase in the volume, scope or quality of services that are not measured by the outputs chosen in the model, or inherent measurement issues. Based on stakeholder consultations, the Commission is of the view that this fall could largely be attributed to the unmeasured changes in volume, scope or quality of services provided.

In terms of the relative efficiency scores by council grouping, compared to urban councils, rural and urban regional councils had a higher variation in mean technical efficiency. Urban regional councils had the lowest estimated technical efficiency, which could be due to the fact that it is a small group with a few members that are quite unique.

The Commission has sought to analyse the councils that were identified as either the most efficient, or relatively inefficient to identify possible reasons and problems with the DEA model. However, further comment is constrained by the Commission's commitment to not publicly identify individual councils.

Many of the less 'efficient' councils according to the DEA study were quite unique compared to other councils in terms of their size, location or service mix. As a result, their levels of operational expenditure per property or kilometre of roads is higher than their 'peers' in the model.

The Commission's estimates of partial productivity highlighted the limitations of available data for this purpose, particularly relating to the quality and consistency of reported data, across councils and over time.

The Commission has identified some limited evidence, presented in section 4.3, to demonstrate an expansion of the scope or quality of services. However, quantifying changes in scope of services requires additional information and data, highlighting the value of further work to understand the underlying influences on efficiency.

While DEA provides an important starting point for an analysis of council efficiency and is the best methodology available to provide an overall estimate of council efficiency, it is imperfect. The inability to capture all council outputs requires the use of proxies that are unable to capture all aspects of every councils' activities. Therefore, DEA is an important first step in efficiency analysis and can be more meaningful when complemented by analysis of partial productivity and service quality measures.

5. Costs and efficiency improvements

5.1 Introduction

The inquiry's terms of reference require the Commission to analyse, and report on, the following terms of reference in relation to costs and efficiency in the local government sector:

- provide advice on possible options to guide and assist councils to improve efficiency and create capacity to pass on cost reductions to ratepayers;
- provide recommendations on actions by the South Australian Government to lower local government costs and enhance local government financial accountability.

The Commission is expected to have regard to the changing service expectations of communities and the long-term financial sustainability of councils.

The Commission's analysis of the observable trends in, and potential drivers of, costs and efficiency in the sector, together with consideration of input received from councils and other stakeholders, provides the basis for the recommendations to the South Australian Government and advice to councils presented in this chapter.

The Commission's focus has been on identifying measures that can be implemented by state and local governments in the short to medium term to effectively frame and inform councils' decision-making. These measures can be broken down into three broad elements.

First, the Commission seeks to identify ways in which councils can obtain a deeper understanding of their costs and related aspects of their performance. This is intended to provide councils with better information to inform their decisions on what services to provide and how to provide them. Better decision making, in turn, will help councils to improve their efficiency and create a capacity to pass on cost reductions to ratepayers. The Commission's draft recommendations and advice in this area are focused on enabling councils to respond more effectively to their communities' preferences, both now and into the future.

Second, the Commission seeks to identify ways in which councils can improve their performance over time, potentially contain expenditure growth and utilise efficiency dividends from the more effective use of their resources. The Commission's draft recommendations and advice in this area relate to improving the ways in which councils make use of data and analytical tools to monitor and improve performance.

Third, the Commission's focus is directed towards identifying ways in which councils can use performance and expenditure reporting to demonstrate and achieve greater accountability and financial sustainability. This involves giving consideration to the way in which councils interact with other levels of government and their ratepayers.

In sum, the recommendations and advice aim to achieve the following interrelated key outcomes sought by the terms of reference:

- reduce growth in councils' costs;
- improve efficiency in the sector;
- create greater capacity within local government to pass on any reductions in costs to ratepayers; and
- enhance councils' financial accountability.

The Commission's findings, views and councils' views on costs, efficiency and accountability are discussed below. This is followed by draft recommendations to the South Australian Government and draft advice to councils.

5.2 Cost drivers and improved decision-making

5.2.1 Commission's findings

The analysis in Chapter 3 of trends in, and possible drivers of, expenditure in the local government sector shows that the growth in local government operating expenditure over the last decade has been relatively high. Urban metropolitan and fringe councils consistently recorded higher growth in operating expenditure than other councils during this period. This growth has been greater than underlying measures of inflation and has been funded, in the main, by increases in rate revenue, thereby putting upward pressure on the cost of living for ratepayers.

The Commission has found that councils' operating expenditure is mainly made up of employee costs and materials, contracts and other costs, which accounted for 35 per cent and 41 per cent of total sector operating expenditure in 2017-18. These proportions have not changed significantly since 2008-09.[1]

Sector expenditure on employee costs increased more, in percentage terms, over the decade than any other expenditure category at an annual average increase of 4.5 per cent, although growth has moderated over the decade in both urban and rural councils.

The number of council employees across the state has increased by an annual average of 0.8 per cent over the decade, resulting in higher employee expenditure per FTE employee. The extent to which this has been offset by productivity growth is difficult to determine in the absence of data on council outputs.

Finance costs have been negligible and falling over the decade as councils have tended to finance their operations using internal funds, or equity, rather than debt. This results in their operating costs being lower than they would be if debt levels approaching economy wide norms were used by councils.

More than half of councils' operating expenditure is accounted for by the four largest service categories – transport, recreation, other environment and waste management. Analysis of operating expenditure by the fourteen service categories indicates that the mix of services delivered has not changed significantly over the last seven years.

While mandated services are relatively small in number, they accounted for 46 per cent of sector operating expenditure in 2017-18.

Mandatory services consistently accounted for a higher proportion of operating expenditure for rural councils, at close to 60 per cent, compared to 40 per cent for urban councils. The most significant service mix difference between council groupings is that expenditure on the transport function is proportionally greater for regional councils than urban councils.

[1] As noted in Chapter 3, data limitations have prevented the Commission from analysing the extent to which the average annual growth in materials (and other costs) reflect increases in prices paid, volumes purchased or changes in efficiency.

Growth in population and property numbers, while low, is likely to have caused some increase in the volume of services demanded, with the exception of small and medium rural councils. This could explain part of the growth in council operating expenditure. Slowing population growth in the later part of the decade would likely have contributed to the observed moderation in operating expenditure growth. In addition, the effect of an ageing population is likely to have altered the mix of services demanded, although this impact is not evident in the fourteen categories of operating expenditure examined by the Commission.

Instances of cost-shifting from federal and state governments to local government have been argued by councils to have increased their costs. The Commission is not in a position to quantify the cost impact of cost shifting. Councils have sometimes decided to continue to deliver a service or program after federal or state funding commitments have expired, possibly in response to community expectations. In the Commission's view, a decision to continue to provide a service after funding has been withdrawn by a higher level of government does not constitute cost shifting. Cost shifting is discussed further in section 5.4.

In addition to the expansion of responsibilities under various pieces of state legislation, some of which are unfunded, councils have raised the issue of a cost pressure resulting from an increased regulatory compliance burden imposed by state government.

Councils have varying degrees of control over factors which influence their cost. Some are externally determined, including, for example, the broader regulatory or taxation environment or growth in ratepayer or property numbers, which drive up demand for services. Other factors, such as the prices councils pay for labour and other inputs, are influenced by industrial relations arrangements and procurement practices. Councils are also able to influence community expectations through consultation and informing ratepayers regarding changes in service mix and quality.

A third group of cost drivers is more strongly controlled by councils and includes scale, scope and quality standards particularly for non-mandated services, and productivity and efficiency levels through choice of technology and business processes.

5.2.2 Councils' views

The Commission notes that councils have highlighted a range of factors that could, either separately or collectively, account for the observed increase in expenditure over the last decade.

A large number of councils, both in metropolitan and regional areas, have noted in their submissions that state government legislation has expanded the scope of councils' responsibilities. Councils have contended, in particular, that the increased scope of their responsibilities under new or amended legislation has not been matched by an increase in state government funding sufficient to cover the costs of providing additional services or regulatory functions.

The City of Prospect, for instance, cites a number of examples of legislative requirements imposing greater costs on the local government sector, including functions under the *Dog and Cat Management Act 1995* and the *Local Nuisance and Litter Control Act 2016*. Under the latter piece of legislation, for example, councils are defined as the principal authority for dealing with local nuisance and littering in their areas.

Several councils, including the City of Charles Sturt, have argued that some legislated requirements, such as the mandatory 75 per cent rate rebate for community housing properties, have become a substantial cost burden.[2]

Other councils argued that the burden of complying with state and federal legislation has grown significantly over the last decade, thereby increasing their overall cost burden. While data limitations have prevented quantification, consultations with councils have suggested that the cost impact is likely to be comparatively small. This remains an issue that is likely to require further analysis.

A number of councils have submitted that rising service standards have been a significant contributor to growth in expenditure. However, the Commission has not been able to obtain any sector-wide service level data to enable an assessment of the extent to which increases in the scope or quality of services or facilities have caused increases in councils' costs.

In addition to an increase in costs as a result of new or enlarged functions mandated by legislation, councils have highlighted other fees imposed by the state government as significant cost drivers, including the solid waste levy. Councils have been clear in their submissions to the Commission that the levy – which is seen by the local government sector as a prominent example of cost shifting – contributes significantly to overall costs:

> The waste levy increase equates to 0.58% increase in rates and Council has no choice but to pass the cost of the State Government Tax on to our ratepayers.[3]

The Commission notes that a concern about the costs mandated by state legislation are pervasive within the sector, taking in a range of areas beyond community housing and the waste levy.

Councils have also expressed concerns about the overall effects, which are borne out by the Commission's analysis in Chapter 3, that employee costs have had, and are likely to continue to have, on councils' costs.

A number of councils have contended that Enterprise Bargaining Agreements, which are not sector-wide and include 'no forced redundancy' clauses, have been a major cost pressure point. The South Australian Local Government Financial Management Group (SALGFMG) points out that, beginning in 2008-09, annual wage increases for many councils were in the order of 4 to 6 per cent. This had fallen to approximately 3 per cent by 2014-15, with more recent increases averaging around 2 per cent, which is broadly reflective of growth in wages throughout the wider economy.[4]

At present, councils negotiate Enterprise Bargaining Agreements (EBAs) individually, with different conditions in place for staff classified as either 'indoor' or 'outdoor' employees. A number of councils have expressed the view that the current industrial relations environment requires reform, and that moving towards a sector-wide system of bargaining could have significant benefits. The Commission understands that the LGASA has convened a working group to consider potential opportunities for moving towards sector-wide enterprise bargaining.

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[2] City of Charles Sturt, Submission, p.4
[3] *Ibid.,* p.2
[4] SALGFMG, Submission, p.10.

Information request 5.1: Employee costs

Are there any benefits from streamlining the current industrial relations arrangements by moving to sector-wide enterprise bargaining?

5.2.3 Commission's view

As noted above, the Commission's analysis of councils' costs showed that, over the last decade, there has been real growth in operating costs, but little significant change in the composition of input costs and output mix.

Moreover, the Commission's analysis of the sector's major cost drivers, both in relation to inputs and outputs, suggest that the most plausible explanation, at least in part, for the real increase in the sector's expenditure over the last decade is a growth in output costs, including the volume, scope and quality of services supplied. Some of these services are mandated by legislation, while others are provided on a non-mandatory basis.

The Commission is of the provisional view that enhancing councils' capacity for sound decision making is likely to have a positive effect on improving their performance over time, reducing costs and enhancing efficiency and financial sustainability.

As local decision-makers, councils have a broad remit. The LG Act, for instance, makes clear that councils are expected to take a leading role in ensuring, either by direct provision or through coordination, equitable access to "public services and facilities", and to ensure that their communities and resources are developed in a "socially just and ecologically sustainable manner".[5]

In the Commission's thinking, sound decision making by councils requires a clear conception of which services are most effectively and efficiently delivered at the level of local communities.[6] Various organisations, individuals or business provide services. Sometimes it may be appropriate for the council itself to manage the provision of the service, but councils always look for roles of others.

The services provided tend to be used by groups of people and often the benefits are greater because the facility or activity is shared. The services might be social, cultural recreational or political. The bundle of services provided at local level will be responsive to local preferences, innovative and effective. The service bundle is not based on a list fixed by a higher level of government but is an outcome of local decision making. Local governments fund their own activities by raising revenues, notably rates. They operate in a financially sustainable manner; weigh the interest of current and future generations; look to minimise costs; and seek cooperation with their neighbours, or buy from an at scale provider, when scale matters.

[5] See section 6(b) of the Local Government Act 1999, p. 2.

[6] The Commission has been guided by its reading of the assessment of the principle of subsidiarity presented in Drew, J and Grant, B., (2017), 'Subsidiarity: more than a principle of decentralization – a view from local government', *Publius: The Journal of Federalism*, 47(4), pp. 522-545.

Some implications of this framework are that local governments would observe the following principles:

- regularly review current service functions, and divest if the case is made for some form of cooperation or the private sector, if possible, to provide the service;
- look for options to reduce the dependency on funding from other governments, including through joint arrangements with users and/or councils (among other service providers), or methods of managing demand through pricing or other forms of rationing;
- regularly consider the options for provision including comparisons of in-house provision to contracting out in order to lower costs;
- foster the development of a variety of forms of cooperation within their areas which might have the capacity to undertake existing services or meet new demands that emerge;
- make transparent the relationships between taxpayers and recipients of funds and make users accountable for funds;
- apply mechanisms that demonstrate in a credible manner the accountability of local government elected officials and staff for their decisions and use of the funds.

Local government can be supported in these processes by operating in a legal and policy framework that is defined by a higher level of government, in which these principles are embodied, and which creates the expectation of reporting against them. Local governments themselves may regulate to establish an environment at the local level which supports the operations of the cooperative bodies in their jurisdictions.

Given councils' broad legislated remit, especially in relation to non-mandatory services, it is possible for councils to provide a wide range of services reflecting community preferences and values. As already noted, councils' expenditure has been increasing at a higher rate than underlying measures of inflation. This is true of both mandatory and non-mandatory services and is likely to be strongly influenced by decision-making at the local level.

In the case of services required by legislation, the Commission accepts that councils have no control over the ultimate decision about *what* services are mandated by legislation. However, they retain a considerable degree of local autonomy over decisions on *how* they deliver mandatory services.

Mandatory services are comparatively small in number but accounted for 46 per cent of the sector's operating expenditure in 2017-18. The Commission has formed the view that councils could achieve greater efficiency and lower costs by improving information and analysis as a basis for decisions on what services they provide and how they deliver them. Adjusting the scope, volume and quality of services, both mandatory and non-mandatory, can help councils to manage the further expansion of their operating expenditure.

The Commission's identification of cost drivers has been constrained by a lack of data, particularly with respect to outputs and quality. It has formed the provisional view, through consultation with councils, that increases in the scope, volume and quality of outputs have been a significant driver of growth in councils' operating expenditure.

The Commission notes that managing and containing this growth requires improved data on council inputs and outputs. It also requires the development of analytical tools to deepen understanding of cost drivers and manage their impacts. Council decisions on volume, scope

and standard of services, if based on quality data and robust analytical techniques, will help to clarify the trade-offs between more or better services and higher expenditures and improve transparency and accountability.

Information request 5.2: Quality and quantity of data

How can councils be assisted to work collectively to improve the quantity and quality of the available data on inputs, outputs and outcomes for services?

5.3 Efficiency and continuous improvement

5.3.1 Commission's findings

The analysis in Chapter 4 of the local government sector's efficiency and productivity, over the period 2008-09 to 2017-18, shows that technical efficiency has remained relatively constant and indicates that measured total factor productivity (TFP) fell by an average of 0.8 per cent a year.

While the Commission has been unable to determine the causal relationships that might fully explain this observation, it could be partly explained by an increase in the volume, scope or quality of services that are not measured by the outputs chosen in the model. Based on stakeholder consultations, the Commission has formed the view that the declining trend in measured efficiency could be largely attributable to the unmeasured changes in scope, quality or volume of council services provided. This conclusion is also supported by the analysis of cost drivers undertaken in Chapter 3.

In terms of the relative efficiency scores by council groups, rural and urban regional councils, when compared with their urban counterparts, had a higher variation in mean technical efficiency. Urban regional councils had the lowest estimated technical efficiency. This could reflect the fact that the group is comparatively small, with a few members that are unique in their defining characteristics.

Significantly, the Commission's estimates of partial productivity measures have highlighted the significant limitations in available data for this purpose. The Commission notes that this is particularly marked in relation to the quality and consistency of reported input and output data, both across councils and over time.

The Commission has identified some limited evidence that demonstrates an expansion of the scope or quality of services. However, quantifying these changes in service scope requires additional data, which highlights the potential value of additional work aimed at understanding the relationships between cost and service mix.

While DEA provides a useful starting point for an analysis of council efficiency, it is clearly imperfect, and the results should be interpreted with a degree of caution. DEA is therefore only a first step, albeit an important one, in analysing councils' efficiency, and further analysis is required.

This analysis also highlights the need for a standardised sector-wide performance measurement and reporting framework.

5.3.2 Councils' views

Several councils have begun, or are in the process of beginning, to compare their performance against other councils. It is also evident from councils' engagement with the inquiry, both through submissions and on the basis of consultation, that there is qualified support for the development of a performance measurement framework. In its submission, the City of Charles Sturt offers some support for a form of benchmarking, provided that the framework uses and builds on current data sources:

> Data collection comes with an impost on councils. There are already a number of external data collection requirements for council in place. It would be good to build on and refine those rather than replicate.[1]

The Commission notes the LGASA's view, which is supported by a number of councils, such as the City of Prospect, that much of the data on councils' performance is currently dispersed and difficult for stakeholders to access in a meaningful form. This contributes to the overall difficulty of developing performance measurement standards for councils' activities. As submissions make clear, this caveat lends some additional weight to the need to devise a form of performance monitoring that is appropriate to the sector's diversity.

A number of councils, such as the City of Salisbury and the City of Prospect, noted that any benchmarking framework would require, as a minimum, a source of consistent and reliable data. It must also have sufficient analytical flexibility to account for the differences in councils' pertinent characteristics that affect costs, efficiency and effectiveness. Councils have suggested that these differences are particularly important in relation to explaining differences in service mix, which may often arise from the diversity between council areas.

The Commission notes that this analytical concern is closely related to, but is also separable from, concerns around the comparability and quality of currently available data. These limitations, when linked with the diversity of councils' services, impose significant analytical constraints on any form of efficiency analysis across the sector as a whole.

Councils' submissions have cautioned that any form of performance measurement and analysis involves potentially significant administrative costs and could lead to the redirection of considerable resources from other activities. The submission from the SALGFMG addresses this concern in relation to the difficulty of comparing the service provision of inherently disparate councils:

> Benchmarking across Councils will not improve efficiency, it takes resources away from service delivery, increases red tape and administrative overheads and is a distraction from improvement initiatives.[2]

In addition to the mandatory reporting requirements contained in the LG Act, individual councils have provided the Commission with examples of the benchmarking and continuous improvement activities that have been, or are currently being, undertaken.

The City of Charles Sturt, for instance, provided the Commission with a detailed overview of the benchmarking project that it is undertaking along with the City of Marion and the City of Port Adelaide Enfield.[3] The Commission notes that, given the methodological and data limitations

[1] City of Charles Sturt, Submission, p.2.
[2] SALGFMG, Submission, p.11.
[3] City of Charles Sturt, Submission, p. 13.

that affect comparisons of diverse council activities, a salient feature of the group's program is that comparisons are based on activity-level data at the function and sub-function levels:

> The fact the allocations and drivers are undertaken by a common resource across the 3 entities and are performed at close to a transactional level has meant the benchmark comparisons are factual, fair and impartial. This has contributed significantly to the effectiveness of the change management program that follows to enable improvements to be made and reduces the ability for stakeholders to discredit the comparability of functions.[4]

The experience reported to the Commission suggests that these efforts can yield high returns. In particular, this group of three councils reported that, to date, they have subjected less than 10 per cent of their total spending to deep analysis, yet this has yielded resource savings of 11 to 22 per cent. Were this ratio to apply to all spending across the sector, then the estimated benefit could be substantial (for further details on the joint performance improvement project, see appendix 8).

5.3.3 Commission's view

The Commission notes that recent reforms in the local government sector have focussed on shaping the relationship between state and local government and lifting the financial sustainability of the sector.

Moreover, there is considerable evidence to suggest that the financial management reforms initiated by the sector have contributed significantly to strengthening the financial performance of councils.

Conversely, the Commission has found little evidence to date on significant reforms in other areas, especially in relation to management and workplace practices, at least in recent years. It is possible that individual councils might have undertaken reforms in these areas, but the Commission has been unable to find significant information on reform projects initiated within the sector.

The Commission is aware that a number of councils have sought to utilise, with varying levels of measurable success, a variety of collaborative initiatives aimed at, amongst other things, lowering costs or improving efficiency often in the area of resource sharing. However, the available evidence is insufficient to enable the Commission to quantify the outcomes, cost and efficiency impacts of these initiatives.

The Commission is seeking further information on the opportunities and challenges associated with resource sharing.

The findings of the efficiency analysis now point to the need for concerted and consistent sector-wide efforts to measure and improve performance. While most councils engage in some form of performance monitoring at the council level, there is no sector-wide framework to support rigorous and consistent comparisons or monitoring of productivity or efficiency over time.

The Commission notes that performance monitoring initiatives, such as the joint project being undertaken by the cities of Marion, Charles Sturt and Port Adelaide Enfield, will necessarily place greater demands on councils' resources, including existing databases, reporting systems

[4] Ibid., p. 13.

and workforce skill sets. Any expansion of performance monitoring, especially on a sector-wide basis, will therefore require councils to develop their workforces' abilities to manage data collection and analysis. The investment in staff skills will also require a matching upgrade of the systems needed to support larger-scale data analytics.

The Commission's analysis of partial productivity and global efficiency measures highlighted the importance of an appropriate framework and consistent data to facilitate sector-wide benchmarking. It also highlighted the value of collaborative efforts to identify continuous improvement opportunities, as well as the importance of council input into the design of a suitable framework and choice of indicators.

The Commission is of the view that an analysis of council efficiency and productivity is an important starting point in improving business processes and management decisions aimed at lifting efficiency across the local government sector. Access to timely, reliable and comparable information on council performance can provide the basis for the development of continuous improvement programs at the council level.

Current SALGGC data is not adequate for performance measurement or benchmarking, but a significant investment has been made by state and local governments in its development. It could provide the basis for an improved local government sector data-set for performance measurement and monitoring. The quality and consistency of council reporting to the SALGGC would need to be improved. State government leadership is required to improve the value of the data that it requires councils to provide to the SALGGC. Action to define, measure and collect data on service levels is critical to understanding unit costs and efficiency. Improved output data is also needed.

The Commission has formed the view that all councils can benefit from benchmarking activity. Good data alone, however, will not drive better outcomes. An improvement in data is a necessary, but not a sufficient, condition for the successful implementation of change. Individual councils are unlikely to consider the benefits for the sector as a whole that will arise from their individual efforts, and the Commission believes that this strengthens the case for state government support for the development of a benchmarking program.

Any measurable sector-wide improvement in efficiency in the short to medium term is highly unlikely to succeed if it relies on optional or voluntary initiatives alone. State government action could contribute to addressing critical information gaps and ensuring the adoption of standardised approaches, that provide the basis for performance comparisons to drive change. Leadership, collaboration and a culture that supports innovation are also required. The Commission also recognises the importance of minimising increases in costs to councils associated with any increase in reporting requirements.

5.4 Governance, accountability and transparency

5.4.1 Commission's findings

The Commission's examination of the legislative and governance framework within which councils currently operate, largely undertaken in Chapter 2, indicates that South Australian councils, when compared to some of their interstate counterparts, exercise a comparatively high degree of autonomy in relation to decisions about the appropriate service mix for their communities and its form of delivery. The state government's legislative reforms had the effect of increasing autonomy, combined with strengthening governance and transparency, with an

expectation, articulated in section 8 of the LG Act, that councils would take responsibility for managing their activities in an efficient manner.

The relative autonomy of councils in relation to oversight by the state government, along with the broad powers and functions assigned to the local government sector, is a fundamental feature of the LG Act, especially in the provisions, contained in sections 7 and 8, that define councils' functions and the principles that must inform their decision-making.

The Commission notes that the very general nature in which councils' functions are defined in the act has helped to enable an expansion in the non-mandatory services provided by councils. While the LG Act did not cause the current mix of non-mandatory services – with councils' current service mix a consequence of a number of complex causes, including community preferences – the legislative and governance environment has a potentially significantly effect on costs and efficiency in the sector by increasing the scope of non-mandatory services.

The Commission has also found evidence that councils' decision-making processes, especially in relation to changes in the mix, scope and standards of their services, are not always articulated clearly by councils or communicated to ratepayers. This could adversely affect councils' capacity to justify a decision to withdraw from, or contain the expansion of, non-mandatory services.

On the basis of the available evidence, that reforms initiated by the local government sector have focussed predominantly on efforts to ensure councils' financial sustainability.

5.4.2 Councils' views

In their submissions to the Commission, a number of councils have highlighted the fact that the state's legislative and governance environment, while granting local government considerable autonomy, has also facilitated a generally unfunded transfer of regulatory and service responsibilities by both the State and Australian governments.

Some councils, such as Campbelltown City Council, have argued that councils' costs and responsibilities have increased substantially as a direct result of legislation assigning responsibilities to the sector, including statutory fees and charges that are set by the state government, but which do not always cover councils' costs.[5] Councils have consistently argued that many of the responsibilities transferred or assigned under legislation involve a form of cost shifting.

Several councils have contended that the LG Act, particularly the principles enumerated in section 8, place an obligation on councils to be responsive to community needs and expectations beyond considerations of efficiency and subsidiarity. The City of Salisbury, for instance, argues that section 8 demands a focus on ensuring that councils are meeting the expectations of their communities, both in terms of the scope and quality of service delivery:

> Proper consideration of these principles requires broader thinking as well as innovative approaches that add greater value when delivering council services to a standard that at least meets community expectations, rather than focussing solely on efficiency and effectiveness.[6]

[5] Campbelltown City Council, Submission, p.2.
[6] City of Salisbury, Submission, p. 4.

Apart from the potentially rivalrous nature of community expectations and technical efficiency, the Commission notes councils' concerns that the current legislative and governance arrangements are frequently affected by an imprecise division of responsibilities between the state and local levels of government.

The current legislative framework does not always provide clear or sufficient guidance on the respective responsibilities of the two spheres of government, especially where functions or responsibilities might overlap. As the City of Charles Sturt observes in its submission, "Unfortunately without clear roles defined in the *Local Government Act 1999* for local government, much cost shifting occurs with associated impact on costs to Council".[7]

5.4.3 Commission's view

South Australia's legislative framework, particularly the LG Act itself, not only recognises local government as a separate and legitimate sphere of government in its own right, but also provides councils with a high degree of autonomy to act as decision makers in their communities. The quality of councils' decision-making will therefore have a significant effect on the service mix that councils provide in their communities. This is especially important in relation to non-mandatory services, where councils' discretionary authority is greatest, but is also important when councils consider the scope and quality of service provision for mandatory services.

The Commission acknowledges the important role that councils play as decision makers in relation to services that can be provided at a local scale and at least cost. Similarly, communities have legitimate preferences in relation to the most locally appropriate service mix, including in relation to scale and quality. These preferences are more easily determined and addressed at the local level, as envisaged by the LG Act.

Councils' capacity to exercise autonomy in making decisions in the best interests of their communities, however, can be affected by a variety of forms of 'cost shifting' by other levels of government. The Commission notes that the LG Act can facilitate 'cost shifting' by requiring that councils "…undertake other functions and activities conferred by or under an Act". The Commission is aware that councils have repeatedly emphasised the adverse effects on their overall costs of functions and services required under other state legislation. Submissions received by the Commission generally argue that this amounts to a form of cost shifting, where the higher level of government 'shifts' responsibility for service delivery without commensurate funding to councils.

The Commission has concluded that 'cost shifting' is an accurate description of situations where the higher level of government removes or reduces a previously agreed cost sharing arrangement. This can leave councils with service delivery or regulatory responsibilities without sufficient funding to cover the ongoing costs of delivering the function. However, the Commission has also formed the view that, in some situations, especially when local government has accepted tied and time-limited funding, 'cost sharing' is a more appropriate description of the division of delivery and funding responsibilities.

While mindful of the complex nature of service delivery responsibility, the Commission believes that councils' decision making could become more effective. As already noted, councils' legitimate authority as decision makers, as outlined in the LG Act, imposes a corresponding

[7] City of Charles Sturt, Submission, p. 8.

responsibility to make decisions that take seriously the distinction between mandatory services and non-mandatory services.

The Commission has formed the view that the functions undertaken by councils should, in general, be guided by the principle of subsidiarity which holds that lead responsibility should be devolved to the lowest level of government practicable, allowing for the significant diversity of the state's 68 councils.

A clear and consistent division of responsibilities between state and local governments is fundamental to the efficient allocation of resources between them. This, and legislative clarity regarding mandatory service provision by councils, would assist council understanding of the boundaries around their autonomy and would provide a stronger foundation for council decision making and resource management.

This also provides a basis for resolving any debates about cost-shifting. Councils should then have a solid basis on which to engage more effectively with their communities regarding their plans and performance with respect to the scope and quality of facilities and services and the use of any dividends from efficiency improvements.

The Commission's consideration of options for containing cost growth and improving efficiency have led it to consider the alternatives of the state government imposing mandated requirements on the sector as against promoting voluntary action by councils. The Commission seeks views from stakeholders on these alternative approaches to the use of external audits.

Information request 5.3: Strengthening councils' accountability and transparency

How can the South Australian Government strengthen the accountability and transparency of councils? Possible instruments include:

- funding;
- legislation and monitoring of implementation through audits of the processes of local government decision making; and
- an agreement with councils and regular dialogue to reinforce the expectation that councils will conduct audits of the processes of local government decision making.

Should councils be required to undertake an independent external audit of their expenditure and efficiency in the event of that they record relatively high operating expenditure growth in a given period?

Would growth in operating expenditure over any three year period (normalised for population growth) which exceeds the rise in the Local Government Price Index for that period be an appropriate trigger for such an audit?

Draft recommendations to South Australian Government

To lower local government costs and enhance local government financial accountability, the Commission proposes that the South Australian Government:

1. Lift the capacity of *local councils to identify and address opportunities to reduce their cost base and improve their operations* by:
   In conjunction with local government, defining and establishing a sector wide performance monitoring framework that would enable comparisons between councils and over time to assist decision making by council leaders and to inform communities, including by:
   i. Establishing common key performance indicators (KPIs) for inputs, outputs, service standard and financial indicators;
   ii. Optimising existing information held by the South Australian Government, especially that gathered by the South Australian Local Government Grants Commission;
   iii. Filling the gaps in the current information;
   iv. Publishing this information in a contextualised form designed to assist individual councils.
2. Facilitating benchmarking by clusters of councils through an appropriate mix of incentives for councils to participate and expectations that they will report information publicly in a format consistent with the framework.

3. Further lower council costs by addressing aspects of the relationship between the South Australian Government and local government by:

<u>In the short term</u>

   i. Identifying and addressing inefficiency and red tape from the South Australian Government mandated services and other legislated requirements on:
      a. Councils
      b. communities
   ii. Adopting a strong South Australian Government review process for any measures affecting local government;
   iii. Clarifying local government responsibilities, including service standards, for mandated services.

<u>In the medium term</u>

   iv. Clarifying the respective responsibilities of the South Australian and local governments to remove unnecessary overlaps, or duplication and reduce uncertainty between governments.

<u>In the long term</u>

   v. Clarifying relevant aspects of s6, s7 and s8 of the *Local Government Act 1999 to* reflect an appropriate division between the levels of government and to make clearer the range of options available to councils in the performance of legislated functions.

Draft advice to councils

To guide and assist councils to improve efficiency and to create capacity to pass on cost reductions to rate payers, the Commission suggests that local government:

1 As a body, facilitate in depth benchmarking between councils by:
   a) Establishing a Community of Practice, sponsored by the Local Government Association, to share among other elements:
      i. methods, tools and approaches;
      ii. a panel of competent providers; and
      iii. lessons learned and examples of success.
   b) Assisting in "matchmaking" South Australian councils that seek deeper benchmarking opportunities (noting value of groups of councils at different levels) with other councils, including interstate comparisons;
   c) Collectively undertaking a regular sector-wide analysis of efficiency measures.

2 Prioritise, in any systems upgrades, a focus on improving collection and retrieval of information for planning, monitoring and managing performance.

3 Enhance the transparency and accountability of their operations by councils:
   a) When considering new, or material changes to, council services, undertaking an independent analysis that includes consideration of alternatives to councils providing the service directly, community consultation; and publishing a report;
   b) Including in their external audits an examination of service reviews and program evaluations; and
   c) Incorporating in their published long-term asset and financial plans and draft annual budgets whether changes to the scope or level of services are planned and their implications for council expenditure.

Appendices

Appendix 1. Submissions to the Methodology Paper

	Organisation
1	Campbelltown City Council
2	City of Adelaide
3	City of Charles Sturt
4	City of Mitcham
5	City of Prospect
6	City of Salisbury
7	City of Tea Tree Gully
8	City of West Torrens
9	Copper Coast Council - includes Appendices 1 to 2 Copper Coast Council - includes Appendices 3 to 4
10	Councillor Martin Bray
11	Councillor Ruth Trigg
12	Councillor Ruth Trigg - Supplementary
13	HomeStart Finance
14	Limestone Coast LGA
15	Local Government Association
16	Local Government Association - Supplementary
17	Martin Morris
18	Playford Council
19	SALGFMG
20	Tatiara District Council
21	Town of Gawler
22	Town of Walkerville
23	Town of Walkerville - Supplementary
24	Winni Pelz

Appendix 2: Local Government Reference Group Terms of Reference

As part of the inquiry and the systematic approach to engagement the commission has established a reference group which will assist the SAPC by providing:

- relevant data and information;
- expert advice, insights and understanding about the drivers of productivity and efficiency in the South Australian local government sector;
- feedback on the commission's analysis and possible improvement options: and
- advice on communicating with stakeholders.

The group will last for the duration of the inquiry and have an advisory status only. Meetings will be chaired by the Commission. The meeting agenda will be distributed to members and meeting notes will be circulated to members of the group following each meeting.

The Local Government reference group comprises:

Dr Helen MacDonald, Chief Executive Officer, Clare and Gilbert Valley Council

Ms Annette Martin, Manager Financial Services, City of Charles Sturt

Mr John Comrie, Consultant

Ms Natasha Cheshire, Director, ESCOSA

Mr Matt Pinnegar, Chief Executive Officer, Local Government Association

Mr Peter Ilee, Executive Officer, Local Government Grants Commission

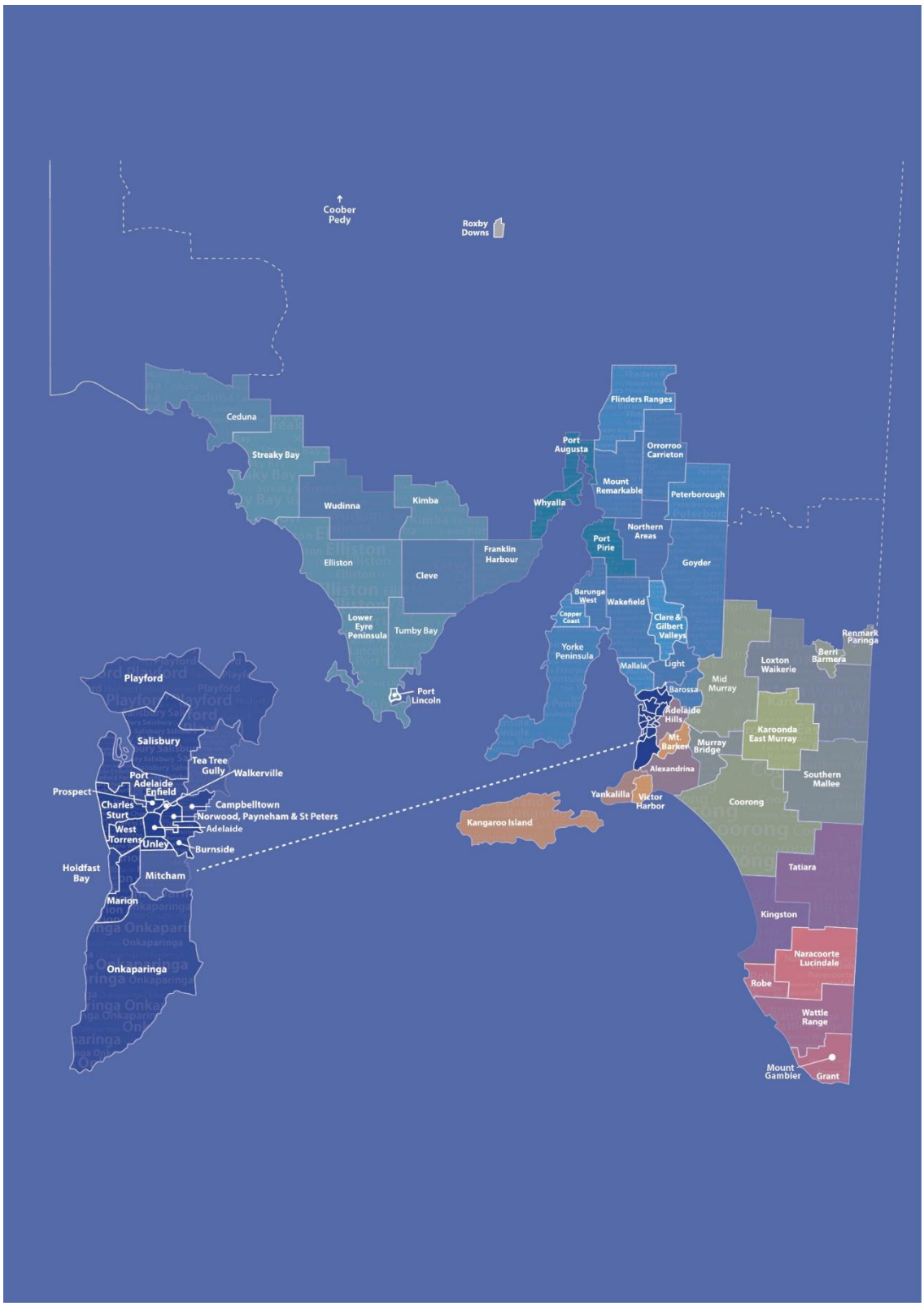
Mr Adrian Skull, Chief Executive Officer, City of Marion

Dr Matthew Butlin, Chair SAPC

Mr Jeff Tate, Commissioner SAPC

Professor Christopher Findlay, Commissioner SAPC

Appendix 3: Map of councils and SA Government regions



Source: Local Government Association of South Australia

Appendix 4: List of mandatory and non-mandatory activities

Community Services
Community Centres and Halls *
Libraries 🎗 *
Home Library Services *
Literacy Programs *
Community transport (passenger networks)*
Town Bus Service 🎗*
Aged care home support and facilities *
Services for the Aged and Disabled 🎗*
Food Business Health Inspections ^
Cooling Tower Inspections □
Management of Hoarding and Squalor *
Environmental Protection Control □
Shaded recreational areas *
Public Health and Community Wellbeing *
Heritage Advisory Service *
Heritage Assessment □
Museums and art galleries *
Other arts and culture programs *
Heat refuges *
Migrant resource centres *
Busking permits*
Community IT Programs *
Youth outreach services *
Volunteers programs *
Immunisation – Infants and Youth 🎗*
Disability services*
Art gallery services and programs *
Cultural development *
Child care centres 🎗*
Worksite Immunisations *
Children and youth services *
Holiday programs for youth *
Family and neighbourhood support *
Community networks *
Victims of domestic violence support*
Cemeteries/Crematoria □*
Drug action teams *
Health Risk from hoarding and squalor □

Environmental Services
Rubbish collection □
Recycling Metro □
Recycling Regional *
Green waste – Metro councils □
Green waste – Regional councils *
Hard Rubbish Collection *
Waste disposal facilities□ *
Coastal protection □
Stormwater and drainage □
Flood mitigation □
Noise and nuisance controls □
Dog management and control □
Cat management and control *
Control of soil erosion *
Land reclamation and conservation *
Landcare programs 🎗*
Agriculture pest control *
Street cleaning *

Infrastructure
Road construction and maintenance □ 🎗
Car parking - off street *
Street scaping *
Street lighting *
Heritage protection □
Footpath Construction and maintenance *
Playground Construction & Maintenance *
Community wastewater management □ ^
Water supply – domestic *
Electricity supply undertakings *
Pedestrian malls *
Drinking fountains *
Public clocks *
Street furniture *
Bicycle racks *
Development assessment □
Bicycle path construction and maintenance*
Graffiti removal *
Drainage Maintenance □
Private works *
Telecommunications networks *
Bus shelters *
Jetties ^ *
Roadside verges □
Marine facilities 🎗 *
Sports facilities – indoor 🎗*
Sports facilities – outdoor 🎗*
Swimming centres 🎗*
Building control □
Town planning □
Public toilets *

Parks and Gardens
Caravan Parks / Tourist accommodation *
Irrigation *
Landscaping and Management *
Street Tree Program *
Public Reserves – Maintenance *
Street Beautification *

Economic Development
Regional development 🎗*
Support to local businesses 🎗*
Employment creation programs *
Youth work experience *
Youth traineeships ^ 🎗
Tourism and regional promotion 🎗*
Visitor centres 🎗 *
Markets /Saleyards *

Emergency Management
Fire Prevention Enforcement □
Emergency Management □
Public order and safety *
Climate Adaptation Planning 🎗*
Coastal Risk Management Planning 🎗*

Community Events
Citizenship ceremonies *
Community Days *
Australia Day events *
Christmas Decorations *
Christmas Parades *
Carols by Candlelight *
Event Support *
Sponsorship and grants *

Finance
Rate Postponement for seniors □
Rate postponement for others *

Legend
□ – Required by legislation/regulation
^ – MOU or agreement
🎗 – Receives Funding
* – non-mandatory activities

Source: LGA of SA ECM 65110 2017 – Council Service List

Appendix 5: Summary of SALGGC data sets used

Statistical and general information (Database Report 1); for example:

- *size of council area*
- *population (resident)*
- *employees*
- *road lengths (various categories)*
- *rateable properties (total number)*
- *capital value of properties*

Operating income **information** (Database Report 2 and Report 10); for example:

- *general rates and other rates collected*
- *late payment charges etc*
- *rebates, remissions and write-offs*
- *statutory charges*
- *user charges*
- *grants, subsidies and contributions*
- *investment income*
- *Joint venture profits*

Operating income information is further broken down (in Report 10) on a functional basis.

Operating expenditure information (Database Report 3); for example:

- *employee costs*
- *material, contracts, and other expenses*
- *finance costs*
- *depreciation and other charges*
- *Joint venture losses*

Operating expenditure information is further broken down (in Report 9) on a functional basis.

Physical asset and associated capital expenditure information (Database Report 4); for example:

- *expenditure on renewal/replacement of existing assets*
- *expenditure on new/upgraded assets*
- *amounts received for new/upgraded assets*
- *proceeds from sale of replaced assets*
- *proceeds from sale of surplus assets*

Summary statement of financial position statutory accounting information (Database Report 5) and **net financial liabilities** information (Database Report 7)

Council rates and rating information (Database Report 6); for example

- *total rates*
- *rateable residential properties (number)*
- *minimum rate*
- *rates as a proportion of total operating income*
- *total residential rates (including on a per property basis)*
- *rating basis*
- *fixed charge declared*
- *percentage of general rates raised by fixed charge*
- *total rate income change from previous year*

Financial ratio information (Database Report 8); for example

- *operating surplus ratio*
- *net financial liabilities ratios*
- *adjusted operating surplus ratio*
- *adjusted net financial liabilities ratio*

Table 14 Summary of activities provided by councils by SALGGC service area

Service area	Types of activities	
Business Undertakings	Caravan/tourist accommodation Real estate development Car parking – on street controlled Car parking – fee paying Community Waste Water Management Domestic Water Supply	Town Bus Service Gravel Pits/Quarries Markets/Saleyards Private works Investment Property Electricity
Public Order & Safety	Emergency Services &fire prevention Beach inspections and patrols; Surf life saving	Crime prevention Road safety/driving schools General Inspectors
Health Services	Immunisations Nursing Homes Support for home nursing Community health and dental clinics	Family planning CAFHS/CAMHS Housing for health workers
Community Support	Community Centres & Halls Child Care Centres Community Transport Services for Aged and Disabled; Children and Youth Services; Family & Neighbourhood support Grants, donations or 'in-kind' assistance to persons and community welfare groups	Assistance for homeless people Aboriginal welfare programmes Immigrants/refugees Disaster relief Suicide prevention programs Community Halls/centres used by welfare groups
Community Amenities	Cemeteries/Crematoria Telecommunications Networks; Public Conveniences Street furniture Bicycle racks	Pedestrian Malls Drinking fountains Public clocks Bus shelters Municipal directories Free off-street parking
Library Services	Static Libraries Mobile Libraries	Housebound services
Cultural Services	Performing Arts Museums & Art Galleries Heritage	festivals/concerts/artist/writers; Flora and Fauna parks Zoos; Botanical Gardens
Economic Activity	Employment Creation Programs Support for Local Businesses	Regional Development Tourism and regional promotion
Agricultural Services	Agriculture water Agriculture pest control	Agriculture Land
Waste Management	Ordinary solid waste collection & disposal Recycling collection and disposal; Green waste	Street bins; Public area bins Hard rubbish collection Drum Muster; Chemicals and paint collection

Service area	Types of activities	
	collection and disposal Waste disposal facilities	Purchase and sale of wheelie bins
Other Environment	Coastal Protection Street Cleaning Streetscaping Stormwater & Drainage Street Lighting	Flood mitigation works Riverbank environment protection; Non-agricultural land programmes; Water conservation programmes
Recreation	Jetties; Parks & Gardens Sports Facilities	Marine Facilities Swimming Centres
Regulatory Services	Dog & Cat Control; Town planning; Environmental Protection Control	Building Control Health Inspection
Transport	Aerodromes Footpaths & Kerbing Roads	Bridges & Culverts Traffic Management Wager Transport

Source: LGASA (2019) Analysis of Council Data -South Australia – Part 2 – Services.

Appendix 6: Local government groupings

Step 1	*Step 2*	*Step 3*	*Identifiers*	*Category*
URBAN (U)				
Population more than 20 000 OR If population less than 20 000, EITHER Population density more than 30 persons per square kilometre OR 90 per cent or more of the local governing body population is urban	CAPITAL CITY (CC)	Not applicable		UCC
	METROPOLITAN DEVELOPED (D) Part of an urban centre of more than 1 000 000 or population density more than 600 per square kilometre	SMALL MEDIUM LARGE (L) VERY LARGE (V)	up to 30 000 30 001–70 000 70 001–120 000 more than 120 000	UDS UDM UDL UDV
	REGIONAL TOWNS/CITY (R) Part of an urban centre with population less than 1 000 000 and predominantly urban in nature	SMALL MEDIUM LARGE (L) VERY LARGE (V)	up to 30 000 30 001–70 000 70 001–120 000 more than 120 000	URS URM URL URV
	FRINGE (F) A developing LGA on the margin of a developed or regional urban centre	SMALL MEDIUM LARGE (L) VERY LARGE (V)	up to 30 000 30 001–70 000 70 001–120 000 more than 120 000	UFS UFM UFL UFV
RURAL (R)				
A local governing body with population less than 20,000 AND Population density less than 30 persons per square kilometre AND Less than 90 per cent of local governing body population is urban	SIGNIFICANT GROWTH (SG) Average annual population growth more than three per cent, population more than 5000 and not remote	Not applicable		RSG
	AGRICULTURAL (A)	SMALL MEDIUM LARGE (L) VERY LARGE (V)	up to 2000 2001–5000 5001–10 000 10 001–20 000	RAS RAM RAL RAV
	REMOTE	EXTRA SMALL (X) SMALL MEDIUM LARGE (L)	up to 400 401–1000 1001–3000 3001–20 000	RTX RTS RTM RTL

Source: Department of Infrastructure and Regional Development (2015), Local Government National Report, 2012-13, Canberra

Rural – Small and medium: 20 councils

Council Name	Group	ACLG	Other Association	Regional grouping
Barunga West	Rural-Small & Medium	RAM	Legatus Group	Yorke Peninsula
Ceduna	Rural-Small & Medium	RAM	Eyre Peninsula LGA	Eyre
Cleve	Rural-Small & Medium	RAS	Eyre Peninsula LGA	Eyre
Elliston	Rural-Small & Medium	RAS	Eyre Peninsula LGA	Eyre
Flinders Ranges	Rural-Small & Medium	RAS	Legatus Group	Far North
Franklin Harbour	Rural-Small & Medium	RAS	Eyre Peninsula LGA	Eyre
Goyder	Rural-Small & Medium	RAM	Legatus Group	Mid-North
Kangaroo Island	Rural-Small & Medium	RAM	Southern & Hills LGA	Fleurieu
Karoonda East Murray	Rural-Small & Medium	RAS	Murraylands & Riverlands LGA	Murraylands
Kimba	Rural-Small & Medium	RAS	Eyre Peninsula LGA	Eyre
Kingston	Rural-Small & Medium	RAM	Limestone Coast LGA	South East
Mount Remarkable	Rural-Small & Medium	RAM	Legatus Group	Mid-North
Northern Areas	Rural-Small & Medium	RAM	Legatus Group	Mid-North
Orroroo Carrieton	Rural-Small & Medium	RAS	Legatus Group	Mid-North
Peterborough	Rural-Small & Medium	RAS	Legatus Group	Mid-North
Robe	Rural-Small & Medium	RAS	Limestone Coast LGA	South East
Southern Mallee	Rural-Small & Medium	RAM	Murraylands & Riverlands LGA	Murraylands
Streaky Bay	Rural-Small & Medium	RAM	Eyre Peninsula LGA	Eyre
Tumby Bay	Rural-Small & Medium	RAM	Eyre Peninsula LGA	Eyre
Wudinna	Rural-Small & Medium	RAS	Eyre Peninsula LGA	Eyre

Rural – Large and very large: 18 councils

Council Name	Group	ACLG	Other Association	Regional grouping
Adelaide Plains	Rural-Large & Very Large	RAL	Legatus Group	Barossa Light and Lower North
Berri Barmera	Rural-Large & Very Large	RAV	Murraylands & Riverlands LGA	Riverlands
Clare & Gilbert Valleys	Rural-Large & Very Large	RAL	Legatus Group	Mid-North
Coorong	Rural-Large & Very Large	RAL	Murraylands & Riverlands LGA	Murraylands
Copper Coast	Rural-Large & Very Large	RAV	Legatus Group	Yorke Peninsula
Grant	Rural-Large & Very Large	RAL	Limestone Coast LGA	South East
Light	Rural-Large & Very Large	RAV	Legatus Group	Barossa Light and Lower North
Lower Eyre Peninsula	Rural-Large & Very Large	RAL	Eyre Peninsula LGA	Eyre
Loxton Waikerie	Rural-Large & Very Large	RAV	Murraylands & Riverlands LGA	Riverlands
Mid Murray	Rural-Large & Very Large	RAL	Murraylands & Riverlands LGA	Murraylands
Naracoorte Lucindale	Rural-Large & Very Large	RAL	Limestone Coast LGA	South East
Port Pirie	Rural-Large & Very Large	RAV	Legatus Group	Mid-North
Renmark Paringa	Rural-Large & Very Large	RAL	Murraylands & Riverlands LGA	Riverlands
Tatiara	Rural-Large & Very Large	RAL	Limestone Coast LGA	South East
Wakefield	Rural-Large & Very Large	RAL	Legatus Group	Mid-North
Wattle Range	Rural-Large & Very Large	RAV	Limestone Coast LGA	South East
Yankalilla	Rural-Large & Very Large	RSG	Southern & Hills LGA	Fleurieu
Yorke Peninsula	Rural-Large & Very Large	RAV	Legatus Group	Yorke Peninsula

Urban – Metropolitan & fringe: 21 councils

Council Name	Group	ACLG	Other Association	Regional grouping
Adelaide	Urban-Metro	UCC	n/a	Capital City
Adelaide Hills	Urban-Metro	UFM	Southern & Hills LGA	Adelaide Hills
Alexandrina	Urban-Metro	UFS	Southern & Hills LGA	Fleurieu
Barossa	Urban-Metro	UFS	Legatus Group	Barossa Light and Lower North
Burnside	Urban-Metro	UDM	Eastern Region Alliance	Eastern Adelaide
Campbelltown	Urban-Metro	UDM	Eastern Region Alliance	Eastern Adelaide
Charles Sturt	Urban-Metro	UDL	n/a	Western Adelaide
Gawler	Urban-Metro	UFS	n/a	Barossa Light and Lower North
Holdfast Bay	Urban-Metro	UDM	n/a	Southern Adelaide
Marion	Urban-Metro	UDL	n/a	Southern Adelaide
Mitcham	Urban-Metro	UDM	n/a	Southern Adelaide
Norwood, Payneham & St Peters	Urban-Metro	UDM	Eastern Region Alliance	Eastern Adelaide
Onkaparinga	Urban-Metro	UFV	n/a	Southern Adelaide
Playford	Urban-Metro	UFL	n/a	Northern Adelaide
Port Adelaide Enfield	Urban-Metro	UDV	n/a	Western Adelaide
Prospect	Urban-Metro	UDS	Eastern Region Alliance	Eastern Adelaide
Salisbury	Urban-Metro	UDV	n/a	Northern Adelaide
Tea Tree Gully	Urban-Metro	UDL	Eastern Region Alliance	Northern Adelaide
Unley	Urban-Metro	UDM	Eastern Region Alliance	Eastern Adelaide
Walkerville	Urban-Metro	UDS	Eastern Region Alliance	Eastern Adelaide
West Torrens	Urban-Metro	UDM	n/a	Western Adelaide

Urban – Regional towns/cities: 9 councils

Council Name	Group	ACLG	Other Association	Regional grouping
Coober Pedy	Urban – Regional	URS	n/a	Far North
Mount Barker	Urban – Regional	URM	Southern & Hills LGA	Adelaide Hills
Mount Gambier	Urban – Regional	URS	Limestone Coast LGA	South East
Murray Bridge	Urban – Regional	URS	Murraylands & Riverlands LGA	Murraylands
Port Augusta	Urban – Regional	URS	Upper Spencer Gulf Common Purpose Group	Far North
Port Lincoln	Urban – Regional	URS	Eyre Peninsula LGA	Eyre
Roxby Downs	Urban – Regional	URS	n/a	Far North
Victor Harbor	Urban – Regional	URS	Southern & Hills LGA	Fleurieu
Whyalla	Urban – Regional	URS	Eyre Peninsula LGA Upper Spencer Gulf Common Purpose Group	Eyre

Numbers of councils by geographic category

Type	Geographic category	Number
Urban – Metro & Fringe	Capital City	1
Urban – Metro & Fringe	Metropolitan Developed (suburban)	14
Urban – Metro & Fringe	Metropolitan Fringe (developing)	6
Urban – Regional	Non-metropolitan regional urban centre	9
Rural	Eyre Peninsula	9
Rural	Legatus Group	14
Rural	Limestone Coast	6
Rural	Murraylands and Riverlands	7
Rural	Southern and Hills	2
Total		**68**

Appendix 7: Estimation of global efficiency measures

Data Envelopment Analysis (DEA)

DEA is the most commonly used methodology in measuring the relative efficiency of local councils in Australia. This approach does not require assumptions regarding the relationship between inputs and outputs. It uses a technique known as linear programming to construct an 'efficiency frontier' (comprising of councils that convert inputs into outputs most efficiently), and then estimates the relative efficiency of councils based on the distance from the frontier.

The results from the DEA estimation can be further analysed to examine the effect of external factors and council characteristics on estimated council efficiency.

Questions that can be answered using DEA[1]:

- How to select an appropriate role model to serve as a benchmark for performance improvement?
- What are the most efficient councils within a local government area?
- What are the characteristics of efficient councils?

Advantages of using DEA in analysing local government performance are that it:

- provides the observed efficiencies of individual councils, which helps in benchmarking against performance targets;
- identifies possible peers or role models, which also helps in benchmarking;
- readily incorporates multiple inputs and outputs using information on output and input quantities.
- does not require price data – this makes it particularly useful in analysing efficiency in government service providers (such as councils), where it may be difficult to assign prices to inputs and outputs;
- provides a way of identifying possible sources of inefficiency as well as levels of efficiency;
- provides simple efficiency scores that are easy to interpret and understand;
- does not require an assumption regarding the relationship between inputs and outputs (as is required in the use of the SFA approach); and
- allows for different assumptions regarding economies of scale (see Box 1).

The literature discusses several limitations of DEA including the following:

- DEA measures efficiency relative to best practice with the given sample – therefore, it is not meaningful to compare across groups outside the sample;
- efficiency scores are sensitive to input and output specification and the size of the sample.

The Commission acknowledges the limitations of DEA, particularly within the context of a policy framework. However, it is useful in providing a broad understanding of the relative efficiency of councils and is the most widely used methodology in local government efficiency analysis, including by the Essential Services Commission of Victoria (ESC 2017).

[1] Steering Committee for the Review of Commonwealth/State Service Provision (1997)

Stochastic Frontier Analysis (SFA)

An alternative to DEA efficiency estimation is Stochastic Frontier Analysis (SFA). The concepts are similar, however SFA is a parametric method for estimating the production frontier, first proposed by Aigner, Lovel and Schmidt (1977) and Meeusen and Ben den Broeck (1977).

Under SFA, rather than the production frontier being a series of straight lines between the most efficient firms, the production frontier can be represented mathematically as a function of the inputs used by councils.

The main advantage of SFA is its parametric nature, which means that it is less sensitive to outliers or measurement issues with the data. It is also simple to obtain measures of reliability for estimates such as standard errors, making it relatively easy to conduct statistical inference using confidence intervals and hypothesis testing.

However, SFA has several disadvantages including the need to assume the form of the production function (typically Cobb-Douglas, however there are several alternatives), and the results can be sensitive to the choice of function. In addition, results can be unreliable in small samples and estimation of models with multiple-inputs and multiple-outputs can be problematic.

Because of these factors, SFA is usually preferred to DEA when a single measure of output is available (such as GDP when measuring total factor productivity of economies), and DEA is usually preferred for multi-input, multi-output models. Most economic studies of local government efficiency have applied DEA for these reasons.

Further considerations

Regardless of the choice of DEA or SFA methodology, a few additional considerations need to be made about the nature of local government production, and as a result, their efficiency. This includes whether local governments face constant or variable returns to scale, and whether they seek to maximise their output or to produce a certain level of output for the minimum amount of inputs.

Returns to scale

The shape of the production frontier depends on the scale assumptions that underpin the model. There are two scale assumptions generally used: constant returns to scale (CRS), and variable returns to scale (VRS).

Given that councils have little control over the scale of their operations, it is preferred to estimate a VRS frontier. This will ensure that councils that are 'scale inefficient', either smaller or larger than the point of optimum scale, are not unfairly labelled as inefficient due to their size.

However, the Commission's analysis also includes estimating the CRS frontier to allow for investigation of the extent to which council size might affect their efficiency.

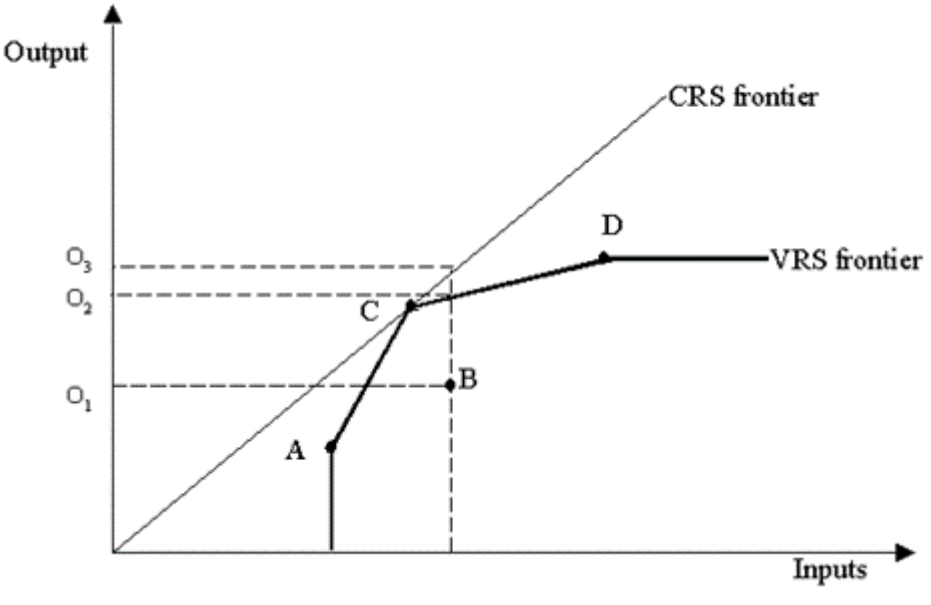
Box 1 Returns to scale

Constant Returns to Scale (CRS) and Variable Returns to Scale (VRS) frontiers

CRS assumes that output will change in the same proportion as the proportionate change in inputs (e.g. a doubling of all inputs will double output). It evaluates inefficient councils against any peer on the frontier (regardless of size).

VRS takes into account the fact that production technology may exhibit increasing, constant and decreasing returns to scale. The effect of the scale assumption on the efficiency measure is illustrated in Figure 19.

Figure 19 Simplified single-input -output production frontiers



Source: Pascoe et al (2003)

Points A, B, C, and D (which refer to input and output pairs for different councils) in Figure 19 are used to estimate the efficient frontier under both scale assumptions. Points along the frontier are defined as efficient. With constant returns to scale, the frontier is defined by point C, with all other points falling below the frontier (hence indicating relative inefficiency).

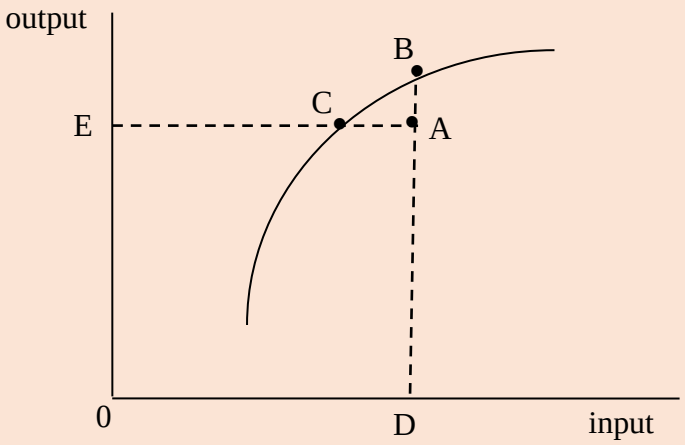
Under variable returns to scale, the frontier is defined by points A, C and D. In this scenario, only point B lies below the frontier indicating relative inefficiency. Under both estimates, efficient councils are given a score of 1 and (relatively) inefficient councils are assigned a score between 0 and 1, with a lower score indicating lower relative efficiency.

Input/output orientation

DEA models can be constructed as either input-oriented or output-oriented depending on the assumptions made about the behaviour of firms, or in this case councils, in the model. An input-oriented DEA assumes that a firm attempts to minimise the level of inputs to produce a given level of output, whereas an output-oriented model assumes that a firm attempts to maximise its outputs for a given level of inputs.

Box 2 Output and input orientation

Figure 20 Output and input orientation



Source: Coelli (2019)

Figure 20 above demonstrates the difference between an output and input orientation. In an output-oriented model, for firm A, the maximum amount possible to produce for a given level of inputs, therefore firm A's output-oriented technical efficiency is defined as the ratio of the distance AD to BD. Similarly, in an input-oriented model, firm A's input-oriented technical efficiency is defined as the ratio of the distance EC to EA.

Given that local councils are obliged to service the residents, ratepayers and roads that are within their jurisdiction, an input-oriented model is likely to be more appropriate for an analysis of local government efficiency as council management have more control over input levels than output levels.

Estimating productivity and efficiency change over time

DEA efficiency measures are defined relative to the efficiency frontier of the sample under consideration. It is therefore not meaningful to compare efficiency scores across different samples as all calculations are based on different efficiency frontiers. This also means that it is not possible to directly compare estimated efficiency scores over different time periods, even for the same underlying sample.

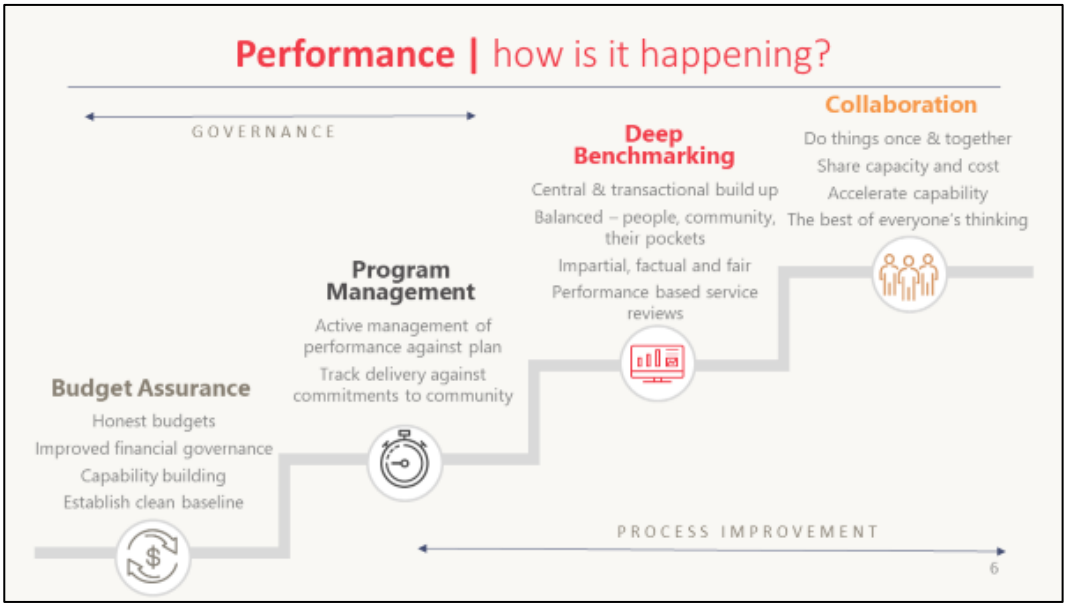
One way of comparing efficiency through time is to construct a Malmquist TFP index, which can be decomposed into measures of changes in technical efficiency (catch up to the frontier), changes in scale efficiency and technical change (shifts in the frontier). A full discussion of how Malmquist indexes are calculated can be found in the Economic Insights report.

Appendix 8: Performance improvement

BACKGROUND

Since 2017, the Cities of Marion, Charles Sturt and Port Adelaide Enfield have been working collaboratively on performance improvement. The three councils partnered based on the shared values of the Chief Executive Officers (CEO's) and their collective aspiration to contain rate increases and do more for their communities.

The councils jointly funded a performance improvement resource to lead a program across the councils to identify, justify and deliver performance improvement into the three organisations.



GOVERNANCE | ACHIEVEMENTS

Initial stages of the program focussed on financial governance, supporting the finance teams to drive increased ownership of financial outcomes, trimming funds from budgets that were no longer required and increasing rigour around project delivery to ensure commitments to the community were both met and achieved as cost effectively as possible.

This activity has driven greater engagement in how community funds are used at all levels of the organisations. Budgets have been reduced by more than three per cent to date (with more possible as the change process continues) and two of the councils achieved record low rate rises in 2018 and 2019. Two of the three councils were in the lowest four rate increases in South Australia in 2019, with Charles Sturt achieving its lowest ever rate rise since amalgamation 22 years ago. Project delivery has increased by more than 80% at one of the councils with all having greater data-driven focus on delivery than two years prior.

PROCESS IMPROVEMENT | ACHIEVEMENTS

The second phase of the program has focussed on sustainable performance improvement through process change. This has been informed by detailed activity and driver analysis which has enabled benchmarking and identification of an opportunity pipeline.

This critical phase was undertaken centrally for the three councils to ensure comparability and meaningfulness of the data from the ground up. The benchmarking is sufficiently detailed to not only point to areas where difference in performance or costs exists, but to inform each council on what to focus on to improve. Improvements are generated by taking the best of each council's performance, and then testing the functions under review against criteria designed to find further improvement opportunities.

Initiatives implemented to date include open space transformation at Marion, shared procurement between Charles Sturt and Marion and a cross-council irrigation construction crew operating across all three council boundaries. A further three initiatives are underway and will be implemented by the end of the 19/20 financial year.

To date less than 10% of the costs of the organisations have been subject to detailed optimisation reviews. Outcomes range from 11-22% improvement in costs and capacity (17% overall) with reviews typically identifying around 20% improvement. These improvements have been achieved with minimal disruption to staff and an increase in service levels delivered. The additional optimisation analysis has seen even the "better" performing areas of the three councils improve by up to 20% again, demonstrating good sector performance can be improved upon. Collaboration has also allowed the councils to deliver benefits beyond what the any of the councils could achieve alone.

CHALLENGES

Key challenges have been:

- Reliance on key individuals, in particular the CEO's to drive the program. Driving performance is more challenging in the public sector than the private sector due to the absence of dynamic price signals to provide rapid performance feedback. With a focus on rate stability and avoiding price shocks, an unintended consequence can be an organisational reluctance to vigorously pursue performance improvement.
- The magnitude of change the program has driven has at times been underestimated and required effort and consistency of vision to remain on track.
- Being equipped with change and collaboration capabilities throughout the organisations at a level that actively supports the program, combined with a willingness to be humble and open to new ways of doings things cannot be underestimated.

The ability to attract, develop and retain highly developed analytical and commercial skills to the public sector on scale is also expected to be a challenge.

SUPPORT FOR THE SECTOR

The experience of the councils and the sector to date has highlighted that league table benchmarks alone will not drive sector performance. They can typically lead to defensiveness rather than encouraging people to be open to improvement and actively seeking the best solution.

Detailed, comparable, data-based benchmarking is considered an important foundation to performance improvement. This needs to be supported in turn by the skills and capability to convert observations to realised performance outcomes, and these skills need to be accessible and affordable to all councils.

Additionally, measurement needs to be supported by motivators for good performance (and consequences for poor performance) and active change management in order to drive deep and sustainable sector wide improvement.

Benchmarking | sector experience

Different models appear to drive performance to different degrees

Method Comparison	Budget assurance / rate capping	PEP	Know your council	AG	Grants Commission	Cross Council	Published Value Driver Analysis	Supported performance improvement
Irrefutable comparisons						✓	✓	✓
Drives performance	✓					✓	✓	✓
Sustainable performance improvement		✓	✓			✓	✓	✓
Better than sector performance						✓		✓
External drivers	✓						✓	✓
Community needs considered			✓			✓		✓
Transparent performance			✓				✓	✓
Able to be supported/afforded by individual councils	✓		✓	✓	✓			✓

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1. CONTEXT | SECTOR WIDE PERFORMANCE IMPROVEMENT

We understand the Productivity Commission's work is to recommend what is needed to deliver sector wide and sustainable performance improvement in Local Government, resulting in improved outcomes for the South Australian community.

We have aimed to suggest – where appropriate - ways forward which we believe will drive overall sector performance improvement in a pragmatic way and in a way that won't pose extraordinary burden or risk on the sector.

Our recommendations are based on our own experience in driving performance improvement within our own council, across our collaboration with the Cities of Charles Sturt and Port Adelaide Enfield, and research focussed on identifying success in changing performance improvement outcomes in local government interstate and overseas.

2. BACKGROUND | COLLABORATIVE PERFORMANCE IMPROVEMENT

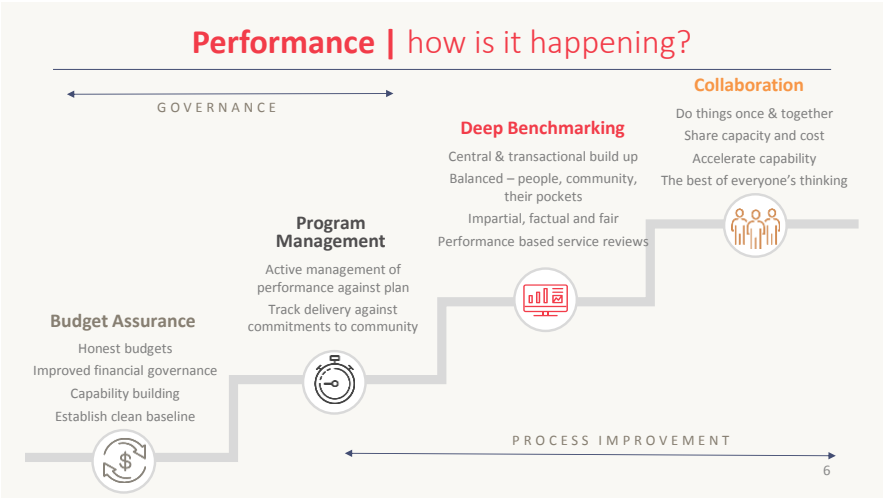
The Cities of Marion, Charles Sturt and Port Adelaide Enfield have been working together for two and a half years to drive performance improvement outcomes across the three councils.

This collaborative approach to performance improvement was founded in the idea that most councils are doing similar things in the majority, albeit probably in a different manner and achieving different outcomes.

It was expected:

- performance improvement would be possible in the sector,
- managing this across multiple councils would make bringing in skills at the right level affordable,
- working together would lower the cost of the process by sharing the cost, as well as
- working together would get the benefit of the three council's collective thinking, and the best of everyone's practices, leading to better outcomes overall
- the program would pay for itself

The program was designed to start with lower risk and lower impact change through strengthening financial governance and increasing focus on delivery, working up to more complex and higher return benchmarking, process improvement changes and collaborations.



To date, the original hypothesis has been proven and the program is successfully delivering improved commercial outcomes to the community.

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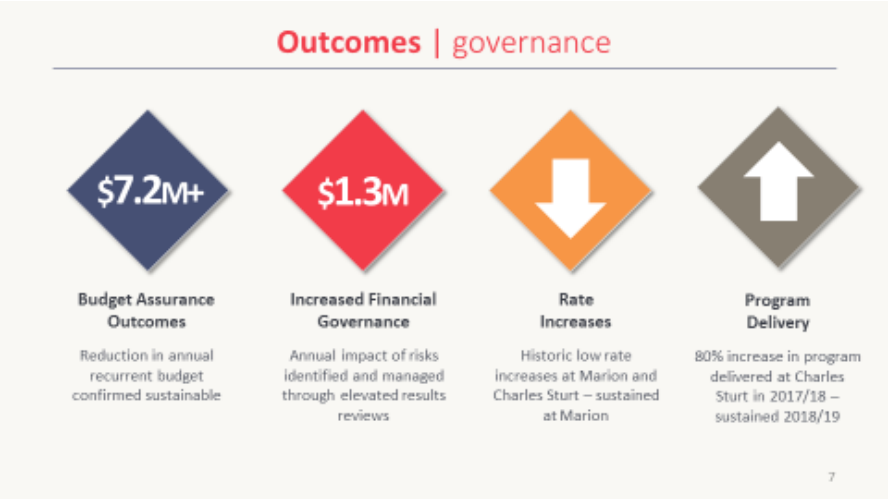
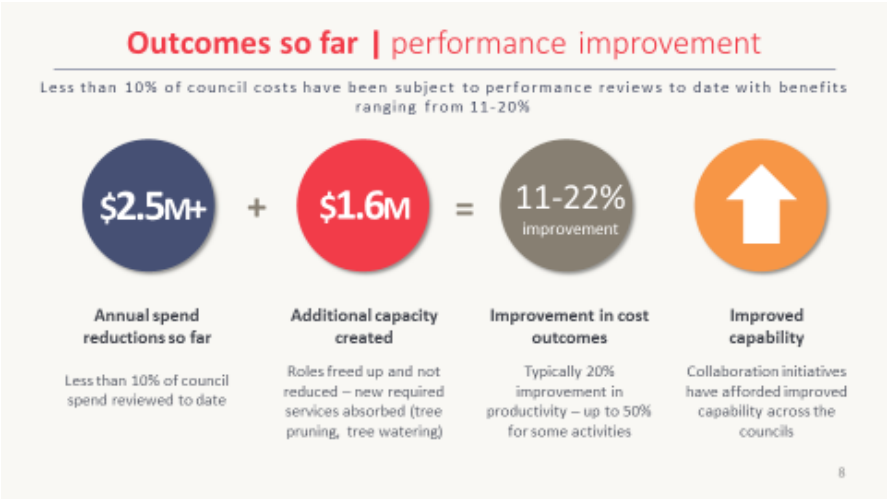
Governance related improvements have delivered 3% improvement across the cost bases of the council. Additionally, previously undetected cost increases have been mitigated or reversed to the value of $1.3M per annum.



Detailed service reviews of 10% of the total (capital and operating) spend of the councils have identified around $2.5M in annual cost reductions and $1.6M (annual equivalent) in additional work that is being delivered with freed up capacity such as supporting delivery of a programmed tree pruning program and tree watering for increased tree plantings. Service reviews are typically resulting in cost improvements of 10-20% in the areas reviewed.



Identified benefits are being realised in line with expectations. It is important to note, this has been achieved without adversely impacting service provision (and in some cases improving service levels), while minimising disruption to staff.

Another important note which is key to the program is there is a compelling commercial case for undertaking this work. The resource employed to define, drive and delivery the program outcomes across the organisations is more than self-funding and made more affordable to each council by working together. In addition – there is a detailed and compelling case to implement every initiative that has been identified.

3. **LEARNINGS** | WHAT HAS BEEN NEEDED TO ACHIEVE PERFORMANCE OUTCOMES

All that has been necessary to achieve performance improvement outcomes within and across the councils are summarised in Table 1.

While benchmarking is an important and critical foundation to performance improvement, it takes a lot more than that alone. A combination of tools, skills and cultural elements are required – all aligned to delivering better tangible outcomes for our communities - in order to be able to understand how to improve council performance and to convert that into actual outcomes for the community.

The key points to note are, in order to achieve performance improvement there needs to be an organisational drive to be better, an ability for the organisation to accept and adapt to change, as well as having the skills and tools to undertake the analysis, solution identification and implementation itself.

In order to translate this experience into sector wide performance all facets of performance improvement would need to be somehow replicated across the sector – from sector wide motivation to perform better for our communities, to sector wide development or provision of access to the skills and experience required to identify opportunities and implement change.

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TABLE 1: INPUTS TO PERFORMANCE OUTCOMES

What is needed	Needs to be:	Tools	Skills	Culture
Continual and ongoing focus and drive to achieve more for the community **Motivation**	• A focus • Courageous • Dynamic • Compelling fact based case for change	• Communication and engagement plans and tools	• Leadership • Courage • Communication • Engagement	• Connected to achieving good community outcomes • Focussed on improving on existing performance
Benchmarking and Analysis	• Factual and fair • Balanced – service, quality and cost • Comprehensive • Comparable, defensible, and informed • Able to direct to solution/ focus	• Activity costing and value driver analysis • Benchmarking Comparatives • Historic Analysis • Community surveys	• Critical thinking • Data driven analysis • Operational and financial analytics	• Introspective • Inquisitive • Fact and data driven
Improvement Identification	• Fact driven • Methodical review of opportunities • Realisable and measurable outcomes	• Benchmarking • Performance improvement levers	• Problem Solving • Commerciality • Creativity • Fact based decision making	• Innovative • Collaborative and collegiate • Driven
Business Justification	• Balanced • Consider commercial and community outcomes • Sustainable • Supported by measurable outcomes • Compelling	• Templates • Financial models • Risk assessments • Measures and targets	• Commercial and decision support analysis • Project Planning • Change Management • Risk Management	• Commercial • Data Driven • Able to balance decisions
Improvement implementation	• Planned • Supported by change management disciplines	• Project management tools • Project Plans • Change Management plans • Communication and Engagement Plans	• Leadership • Change Management • Project Delivery	• Focussed • Persistent • Courageous • Change Ready • Agile
Benefits Realisation	• Measured against a baseline • Honest • Used as a review and improvement tool	• Realisation approach • Budget and LTFP adjustments	• Problem solving	• Adaptable • Resilient • Outcome (not just task) focussed • Constructive
Recognition	• Based on community outcomes and genuine measurable performance	• Communication and engagement plans and tools	• Leadership • Communication • Engagement	• Connected to achieving good community outcomes

4. **OTHER EXPERIENCE** | INSIGHT FROM INTERSTATE AND OVERSEAS EXPERIENCE

In order to inform this submission, we have undertaken research on local and municipal government performance improvement overseas and in Australia to gain insight into what might help drive sector wide performance (both service levels and efficiency).

Generally, to date, we haven't found a model that has achieved demonstrable sector wide efficiency improvement over a sustained period of time in developed countries, however some models have delivered demonstrable improvements in service outcomes. The Comprehensive Performance Assessment model in the UK, although now disbanded, was one of the more comprehensive models and effective in driving increased service levels and community quality outcomes.

We did identify a number of areas where some sectors had demonstrated some success and believe if a model incorporated many of these individual elements, the model would come closer to driving sector wide performance outcomes.

One of the more interesting observations was structured, focussed, proactive and constructive communication by an independent body to the wider community on sector performance (positive and negative, in terms the community could relate to) was a feature of driving performance. As were independent awards and recognition.

It is also interesting to note funding wasn't generally seen to be a key motivator across the sector in developed countries (albeit it may be for smaller and regional councils or those in financial hardship).

The World Bank summarised their findings on what drove successful performance improvement across developing countries and in doing so provided a framework under which the observed themes could be set out. The key themes identified through our research are summarised under the World Bank's headings below:

Political Leadership

- Strong policy helped – legislated performance improvement requirements have been put in place in the UK with outcomes audited by a state government body similar to NSW and Victoria
- Political motivation of elected member bodies through active communication on performance to the community by an independent body featured

It is worth noting many legislated performance requirements were managed through retrospective audit rather than upfront support to drive and deliver outcomes. Partnering upfront, rather than auditing after the fact, would potentially speed up performance achievement through the provision of capability.

Incentives - Sector Wide

- Informed proactive communication into the community was seen to motivate local government
- Sector level awards and achievements to recognise positive performance

Performance (not price) based league tables were relevant and digestible to communities but needed to be well formulated and to reflect efficiency and service levels.

It was interesting to note, financial incentives were of low impact as a local government motivator in developed countries which also appears to be the South Australian experience with FAGs.

Incentives - Organisational

- Policy backed by program monitoring, system and process support to test whether legislated outcomes were being achieved

- A justifiable and compelling case for participation / change

Incentives - Individual

- Sector led training, capability and professional development paths
- Legislated performance based pay supported by better performance management practices featured.

While performance based pay featured, it should be noted direct links to all of sector outcomes were low. Key findings were performance based pay supports attracting required skill sets from the private sector as well as provides the impetus to get other work practice changes approved and in place which indirectly supported performance improvement. That said linking individual performance indicators and sector outcomes was not possible.

Data

- Transparency was important
- The ability to use gathered data to obtain insights and drive performance was also important
- Evidence based decision making was key to attaining performance outcomes
- Use of analysis outcomes to communicate performance to the wider community in a way that would engage the community helped incentivise the sector to do better

Capacity Building

- Promotion of the sector as being dynamic and achievement focussed to support attracting talent from the private sector
- Sector led training, recruitment programs, technology, system and process development
- Skills based council organisations

Flexibility

- Trialling and testing models / approaches to allow the sector to move forward faster and continue to improve rather than aiming to work toward a perfect outcome that then doesn't work in practice

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5. RESPONSE | OVERALL SAPC RECOMMENDATIONS

Draft recommendations to the South Australian Productivity Commission Inquiry

To lower local government costs and enhance local government financial accountability, the Commission proposes that the South Australian Government:

1. Lift the capacity of local councils to identify and address opportunities to reduce their cost base and improve their operations by:

In conjunction with local government, defining and establishing a sector wide performance monitoring framework that would enable comparisons between councils and over time to assist decision making by council leaders and to inform communities, including by:

i. Establishing common key performance indicators (KPIs) for inputs, outputs, service standards and financial indicators;

ii. Optimising existing information held by the South Australian Government, especially that gathered by the South Australian Local Government Grants Commission;

iii. Filling the gaps in the current information;

iv. Publishing information in a contextualised form designed to assist individual councils.

Benchmarking needs to be supported by skills and incentives to act to achieve performance outcomes

We would like to emphasise that benchmarking alone will not drive performance outcomes. This has been proven a number of times interstate and overseas.

Benchmarking needs to be supported by the skills and capability to use benchmarking to drive performance improvement. Ability is needed to ensure comparisons are robust, data is critically reviewed and to be able to provide informed and actionable recommendations to convert collected data into performance improvement outcomes for the community.

In addition, sector wide incentives and motivation will be necessary to compel the use data, insight and recommendations gained through effective benchmarking to drive changes in outcomes for the community and is critically important to unlocking the value of benchmarking for the community.

Trialling method will increase speed to act and likelihood of success

The council would support development of a sector wide set of benchmarks. In order to expedite this and to trial the effectiveness of benchmarking leading to performance outcomes for the community in a cost effective way - it is recommended:

- Benchmarking is trialled between a group of self-nominated councils
- The trial makes the most of work already performed and makes use of benchmarks and drivers already identified through work undertaken across a number of councils to date
- The trial is supported by the analytical capability to convert benchmark data into actionable recommendations
- The success of the trial is measured based on the improved outcomes achieved through benchmarking balanced against the investment required in the trial

SALGCC provides a sound starting point to build from

Leveraging the good work already performed by the Grants Commission makes sense and avoids some potential for duplication however consideration needs to be given to:

- Determining how to accelerate submissions to the Grants Commission by the sector – support would need to be provided to councils to set up their data collection in an efficient and consistent manner
- Determining how to accelerate compilation and analysis of the data by the Commission – current timeliness of data provision makes it easy for the sector to dismiss the data
- Adding greater resolution to the functions reported on at present, removing overhead allocations and augmenting the operational data collection that is currently undertaken (see Attachment A)
- Augmenting the data analysis skills of the Grants Commission with strong operational analysis and performance improvement capability to help translate data into insights into performance – and actionable performance improvement opportunities

Consideration will need to be given to how these skills are transferred to / provided to / retained in the sector post trial.

2. Facilitating benchmarking by clusters of councils through an appropriate mix of incentives for councils to participate and expectations that they will report information publicly in a format consistent with the framework.

Benchmarking by clusters of councils makes some sense

Benchmarking between like groups of councils makes sense in order to support making fair comparisons (ie: regional councils versus metro councils).

Benchmarking between dissimilar councils can also give a different perspective and insight into different ways of working and thinking that may lead to more significant changes in the sector.

As a result it would be good to maintain the flexibility to benchmark from multiple perspectives over time.

It should be noted for collaboration, grouping councils in physical proximity to each other makes sense as it enables more practical operational resource, equipment and facility sharing - all of which represent significant opportunities for our communities.

Incentives could extend from legislated performance improvement plans to independent Awards, proactive communication of sector performance to the community to a simple and compelling case to participate

Aside from rate-capping and legislation of performance improvement plans, the key incentive for the sector to act identified in the research was linked to proactive and independent communication on sector performance to the community.

Awards given from outside of the sector to the sector for performance, and the subsequent and proactive communication of the outcomes achieved by Award recipients to the community also featured as positive drivers of performance.

The awards and communication were also recognised as having the secondary benefit of lifting awareness of the sector, marketing it as being dynamic and progressive, resulting in talent from other sectors being drawn to local government.

An independently judged Governor's Award might be an appropriate suggestion for South Australia. Promoting winning councils and their initiatives through media as well as making the award status highly visible to members of the community in the recipient council areas would also support the Award profile and therefore motivation of the sector.

A compelling case to participate in greater performance improvement would also provide incentive to the sector to drive performance. In our own experience the self-funding nature of the program we are undertaking (albeit it has come with cultural and change impacts) made it compelling to invest in it. This

has also been the experience in collaboration in the University Sector. A community knowing the potential and opportunity would make it difficult for a council to not participate if the model was established in a way that it would be cost effective for any council to participate.

Funding may be more of a driver for regional councils where resource and funding constraints are more prevalent.

Self-reporting alone is not likely to deliver performance improvement outcomes

Having councils self-report in an agreed framework may be practical however we believe this is unlikely to deliver benefit to the community of itself and as such we wouldn't support this.

Self-reporting without central review and analysis is likely to experience the same issues that currently exist with even Grants Commission and Performance Excellence Program data (both of which are centrally compiled). Lack of data comparability and an inability to determine what the data might be inferring or what might need to change would mean benchmark credibility would be low and therefore of limited use in driving performance.

Centralised reporting and analysis will be critical to ensuring benchmarks are robust, comparisons are meaningful and fair and to gain effective and actionable insight into what can be done to lift performance when differences present.

It would also serve to support building sector capability in this space in the early stages of driving sector performance and would minimise the impost on individual councils to establish this independently.

Proactive communication of sector outcomes will be needed

Passive transparency and data provision to the community is also unlikely to drive sector performance. This has been demonstrated across South Australia, NSW and even in Victoria's experience where the Know Your Council platform has provided the community with an exceptional tool and significant transparency to some Local Government performance outcomes. Despite the availability and accessibility of information, there have not been any notable increases in performance as a result of this data provision. This is likely to be because the community need to be motivated to seek out the information and undertake analysis and comparisons themselves.

Overseas research in particular saw independent constructive and proactive communication to the wider community on sector performance and outcomes as one of the key incentives for the sector to perform. As a result central analysis and communication of performance outcomes is seen to be key to incentivising the sector to act.

Performance (not price) based league tables were relevant and digestible to communities but needed to be well formulated and to reflect efficiency and service levels.

3. Further lower council costs by addressing aspects of the relationship between the South Australian Government and local government by:

<u>In the short term</u>

i. Identifying and addressing inefficiency and red tape from the South Australian Government mandated services and other legislated requirements on:
a) councils
b) communities.
ii. Adopting a strong South Australian Government review process for any measures affecting local government;
iii. Clarifying local government responsibilities, including service standards, for mandated services.

In the medium term

iv. Clarifying the respective responsibilities of the South Australian and local governments to remove unnecessary overlaps, or duplication and reduce uncertainty between governments.

In the long term

v. Clarifying relevant aspects of s6, s7 and s8 of the Local Government Act 1999 to reflect an appropriate division between the levels of government and to make clearer the range of options available to councils in the performance of legislated functions.

We fully support these recommendations. There are many opportunities to better align services and remove duplication and inefficiencies created by the existing responsibilities between Local and State Government, however changes to these responsibilities need to be managed with appropriate levels of engagement, diligence and funding realignment between State and Local Government prior to them occurring.

There are also opportunities to remove inefficiencies from within the sector created by council boundaries however a certain amount of legislative courage would be required to enact this effectively.

To guide and assist councils to improve efficiency and to create capacity to pass on cost reductions to rate payers, the Commission suggests that local government:

1. As a body, facilitate in depth benchmarking between councils by:

i. Establishing a Community of Practice sponsored by the Local Government Association, to share among other elements:

a) Methods, tools and approaches;

b) Skilling of council staff;

c) Panel of competent providers; and

d) Lessons learned and examples of success.

ii. Assisting in "matchmaking" South Australian councils that seek deep benchmarking opportunities (noting value of groups of councils at different levels) with other councils, including interstate comparisons;

iii. Collectively undertaking a regular sector-wide analysis of efficiency measures.

The LGA has a continuous improvement network in place, to support building capability and awareness of ways to improve council performance. Participation by councils is elective. Quite often it is those already oriented to performance improvement who participate. Events, information and case studies are shared, however those learnings may not be implemented to the benefit of their communities.

We expect increased support from the sector will not drive better performance in the absence of any additional incentives or motivations for the sector to deliver measurable performance outcomes for the community and is likely to support those organisations already active in the space.

Undertaking a regular sector wide analysis of efficiency measures is also of itself not likely to drive measurable outcomes. In addition experience interstate and overseas has shown independent measurement and communication of performance outcomes is likely to be more credible and therefore effective in driving performance outcomes due to the credibility of independent assessment.

2. Prioritise, in any systems upgrades, focus on improving collection, retrieval, analysis and presentation of information for planning, decision making, monitoring and managing performance.

Ease of access to data is essential for a benchmarking and performance monitoring. In order for this to be effective a number of items will need to be defined upfront to ensure the sector is moving toward a common outcome:

- A target platform / state and technology would help ensure alignment of the sector to this outcome.
- A prescribed set of functions, activities, drivers and service outcomes would need to be developed to ensure data collection by the councils is focussed and aligned
- Data standards will also need to be established to facilitate meaningful comparisons and ensure data integrity. The ability to provide data to a detailed or transactional level is critical to allowing for interrogation of data and for comparisons to be tested

3. Enhance the transparency and accountability of their operations by councils:

i. When considering new, or material changes to, council services, undertaking an independent review that includes consideration and analysis of alternatives to councils providing the service directly, community consultation; and publishing a report;

ii. Including in their external audits an examination of service reviews and program evaluations; and

iii. Incorporating in their published long-term asset and financial plans and draft annual budgets advice on whether changes to the scope or level of services are planned and their implications for council expenditure.

We agree with the intent of these recommendations however in each case – have concerns the recommendations will not ultimately drive outcomes for the community if they are managed through self-regulation as they have been to date.

For example, while improvement of service efficiency is a requirement of council members under the Act, service review programs are not a mandatory requirement of the sector and are not undertaken by all councils. As a result external audit of service review programs, if they are in place, doesn't feel like it will have the intended impact of ensuring sector wide performance outcomes are being driven.

Legislated performance improvement programs, such as are in place in the UK, which are assessed for effectiveness by the equivalent of their Auditor General may be more effective in terms of driving performance outcomes.

Similarly S270 of the Act requires policies and processes to be in place to ensure there is active consideration of any request by the community to improve or add services. Perhaps refining the specification of this part of the legislation to include any change in service levels (regardless of who initiates them) being reviewed as well as the criteria against which they should be reviewed may support greater diligence around decision making regarding service provision changes and the models under which they are delivered.

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Response to Inquiry into Local Government Costs and Efficiency

6. RESPONSE | SAPC SPECIFIC QUESTIONS

Chapter 2 – Structure, development and reform

2.1: Funding

FAGs funding is untied once distributed to the local government sector. From time to time the Australian Government also provides specific purpose grants to councils of either a capital (e.g. GFC School grants scheme) or operating nature (e.g. Adelaide Hills Council case study, Chapter 3) to achieve its particular policy objectives.

How does the untied nature of FAG funding affect council decisions to provide non-mandatory services?

FAG funding does not feature in our decision making.

Budgeting occurs assuming to some degree that FAG grants won't be received as the quantum and timing of payment is not known with certainty from year to year. As a result FAG funding or changes in FAG funding may contribute to unbudgeted surpluses and variation in results from one year to the next.

How does other Australian Government program or project funding to councils, of a more ad hoc nature, affect council expenditure?

Australian Government program or project funding to councils can often result in projects being generated that would not have otherwise been generated based on normal strategy and planning approaches.

Grants are often tied and funding needs to be matched by councils, so while tied grant funding may stimulate additional investment in communities, it can often be unplanned and create resourcing and priority conflicts. Some councils are now moving to include project management resource funding in their proposals to ensure there is capacity to deliver on any commitments made in relation to grant funding.

2.2: Competitive neutrality policy

The principle of competitive neutrality is given legislative expression in South Australia through the *Government Business Enterprises (Competition) Act* 1996 and applies to the business activities of publicly-owned entities whose activities include "producing goods and/or services for sale in the market place with the intention of making a profit and providing financial returns to their owners". Local government business activities must also comply with the CPA.

How, if at all, do the requirements of competitive neutrality policy affect councils' decision making on whether, and how, to provide services to their communities?

This may include direct provision of services or contracting the services from private sector providers.

This has not needed to be a material part of our decision making.

2.3: Financial management

The local government reform process of the 1990s consisted of legislative changes and other structural reforms. Subsequently there was a new focus on financial management reforms.

The LGASA's Financial Sustainability Program (FSP) produced resources to assist councils to achieve and maintain financial sustainability.

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Response to Inquiry into Local Government Costs and Efficiency

How have the financial management program reforms affected councils' ability and incentives to manage costs?

The Financial Sustainability Program has been great for building sector financial resilience however there is residual conservatism

The Financial Sustainability Program reforms have supported councils to improve their financial and asset sustainability however the focus has also brought with it some level of conservatism in budgeting and debt management.

There is opportunity to now responsibly balance financial conservatism with better outcomes for the community

A review of annual budget history against the funding requirements actually needed (as evidenced by the final reported financial results that occurred in each of those reviewed financial years) demonstrated a relatively systemic pattern of budgeting for more costs and less income than what typically eventuated.

To temper this conservatism, we have focussed on increasing commerciality in our approach to budgeting for costs and have worked to manage risk across the cost portfolio rather than building conservatism into every item of our operational costs and income.

This "budget assurance" process yielded a step reduction in our budgets of $1.4M/2.5%. We continue to undertake critical reviews of our budgets each year following finalisation of our results to ensure there is preservation of and, where possible, improvement in the budget assurance outcomes.

We are now looking to review our underlying cost trends over the past three years to determine the next steps we will take as we critically review council's cost management practices.

What changes to the type or quality of financial management information would assist councils to improve their decision making and contribute to better performance?

Changes to the way the currently available information is used, as well as changes to the information that is used would be beneficial.

Augmenting local government's existing financial capability with greater focus on partnering with the operations to improve performance

Until recently the focus of the accounting teams has been on financial accounting, reporting, governance and internal controls. While there has been engagement with the operational business units, conservative budgets have meant detailed focus on actual performance and risk identification, management and mitigation has not been as necessary.

In conjunction with the budget assurance work which resulted in tighter budgets, we have increased engagement of the operational staff with their financial results. This is yielding better overall outcomes as financial awareness has improved, risks and overruns are being identified sooner and therefore able to be mitigated. There is also a greater focus on managing to budget.

Operational and community data needs to be incorporated into monthly reporting regimes to drive greater insight and outcomes at an organisational level

The addition of operational activity level data would improve insight into the cost drivers, service levels and operational outcomes of the organisations. This would drive a greater level of awareness of the changes in the operations and their impact on financial performance and service levels and the community. This would drive another level of performance again. BI capability is currently being developed which should, combined with the skills to determine appropriate performance measures, support building this greater organisational intelligence.

Ideally these metrics would be aligned to any sector wide performance reporting and benchmarking to ensure actions taken within the organisation directly translate to what the sector has deemed important for its communities. It would also help build the analysis and insight capability needed within the sector.

Is there a need for a stronger external auditing process to increase councils' compliance with their legislated responsibility to produce long-term asset and financial management plans and lift the quality of these plans? If so, what form should it take?

Stronger compliance in this area may be of benefit as long as it is focussed on the outcomes of asset management and financial planning for the community, and not just checking whether tasks have been completed.

As an example effective tests would be related to what is done to test the impacts of different road rejuvenation treatments on asset life and therefore the financial forecasts of replacement. Checking whether a plan has been produced would not be effective.

Testing whether or not financial sustainability ratios have been optimised, testing the alignment of forecast rate increases against CPI forecasts, and testing historic accuracy of long term financial planning, would all be effective tests. Testing a LTFP exists would not be as effective in driving good community outcomes.

Benchmarking asset performance and LTFP outcomes across councils could be considered in lieu of or addition to greater auditing of asset management and financial planning.

A greater focus on improving asset management performance (without compromising asset sustainability) would be valuable.

Improvement in understanding the outcomes for the community of effective asset management and financial management plans would be of benefit.

Prior under-investment in community assets has led to greater discipline in this area which is great however, as with budgeting, it may have led to possible over-correction. At present asset forecasts are built into Long Term Financial Plans and tend to be treated as a "given" and a limit to spend to, however there is opportunity to optimise treatments, asset lives and the costs of asset replacement to the significant benefit of the community.

The focus on asset sustainability can also tend to see savings made against planned costs in a given year being used to bring forward investment from future years rather than being returned to the community undermining the efficiency of the asset planning process with assets replaced sooner than necessary.

Capability is being built in strategic asset management modelling which should support improvement in optimisation of maintenance costs, different asset treatments, capital costs and service levels over time.

2.4: Workforce planning

Training and upskilling can lift labour productivity and the efficiency of local councils. The literature suggests there is considerable variation in the workforce capabilities of councils.

Have councils experienced any issues with attracting and retaining workers or securing workers with specific skills?

Attracting traditional skill sets to the sector has not historically been an issue.

Attracting new skill sets may present an issue

The work undertaken on collaborative performance improvement has highlighted the need for greater levels of analytical, commercial and problem solving skills in the councils to help support the drive for performance and identification and delivery of improved community outcomes.

In addition, the degree of change stimulated by the program has also highlighted the need for greater change management and collaboration capability.

These skill sets are prevalent in the private sector but not as much in Local Government due to the different historic drivers in the sectors.

Identifying appropriately skilled candidates when the skill set is new to a council needs to be supported to ensure candidates will bring the required outcomes to the sector and may be something that can be supported more proactively by the sector. Being able to pitch roles to attract the right level of candidate - especially for roles that should ultimately self-fund – has also posed a challenge.

Are these issues unique to individual councils?

We do not see these issues as being unique to individual councils as the skills required across the councils appear to be quite common.

We do however expect that affording and attracting the right candidates might be even more difficult for smaller and non-metro councils.

Is there value in a sector-wide or region-wide approach to workforce planning and the development of specific skills to support councils?

We believe this would assist greatly in pooling resources and to understand and plan for the future.

Approaches that would support diversification of the workforce and would help develop and address some of the needed skills and experience could include:

- Local government marketing to university graduates – career days and events etc
- Sector initiated graduate programs
- An engagement strategy to attract private sector talent

New Zealand appear to have had some success in lifting the sector profile and attracting private sector experience to local government through proactive marketing of the sector as being diverse and dynamic and through engagement of the community the achievements of the sector.

Sector wide change management training would be of value as would access to a central pool of skilled change management resources that could be accessed across councils to support major projects and transformation programs.

2.5: Resource sharing

Within the local government sector, resource sharing currently occurs in a variety of forms and at different levels of legal and administrative formality, ranging from the highly informal, such as information sharing arrangements between councils, to formal legal structures, including subsidiaries established under sections 42 or 43 of the LG Act.

What is the potential for additional use of resource sharing to deliver efficiencies and other benefits to participating councils?

Resource sharing affords councils greater capability, provides opportunity for existing staff and creates valuable work for freed up capacity

To date resource sharing has afforded the Cities of Marion, Charles Sturt and Port Adelaide Enfield cost effective access to a collaborative Performance Improvement Lead, Strategic Procurement capability, an in-house irrigation construction crew, a collaborative ICT Program Management Office, central ICT strategy development and roles to support Utilities Management across the councils.

These resources would not have been able to be justified on a standalone basis and are either self-funding, have been accessed through pooling vacancies or have provided opportunities for resources freed up through productivity improvements.

Additional opportunities are likely for resource and equipment and facility sharing

As we have only reviewed 10% of our collective activities (on a cost basis) to date we expect more of these opportunities to be identified as being of value to the councils and their communities as we proceed.

Resource sharing can be undertaken with minimal adverse disruption to staff

It should also be noted these opportunities have occurred with minimal impact to existing resources, and in a number of cases have created new local government positions or opportunities for existing team members while also delivering net commercial and service quality benefit to the community.

In councils' experiences of resource sharing, what works and what does not? Why?

Resource sharing works when shared resources have clear responsibilities and the support of senior executives at each council

To date in our experience, sharing strategic leadership roles across the three councils works effectively where these roles are supported to create alignment across the councils in their service stream (ie: performance improvement, strategic procurement, ICT Strategy and PMO). Those roles are faced with navigating three organisational cultures and ways of doing things, however having responsibility for leadership in that space at each of the councils, and support of senior executives across the councils, help ensure those roles achieve the outcomes they need to in order to be effective.

Resource sharing faces a number of practical considerations however most can be overcome

From a practical perspective there are a number of considerations to take into account in supporting cross council resources. Issues range from who manages the performance of the shared resource, to having three lots of system log-ins, calendars and access cards, assigning delegations, disparity in pay and agreeing how costs get shared across the organisations etc. These are all issues that can be worked through and resolved and standardised approaches have been developed to support ensuring the responsibilities of, and the organisations' responsibilities to, shared resources are clear and understood.

Having criteria that support determining when it makes sense to share resources and when it doesn't helps

We have developed criteria against which services can be assessed for suitability for collaboration as it would not be beneficial for individual organisations to collaborate on every service (in the absence of amalgamation). Collaboration is not promoted if it would:

- not deliver value to the community
- dilute the identity of a council,
- fundamentally impact support to employees, the community or elected members,
- result in dilution of critical accountabilities,

Sharing operational teams and equipment is not as effective when there is locational separation

Sharing operations teams and equipment has limited effectiveness when there is a substantial distance between areas that need to be serviced. That said – where the tasks are of a project nature rather than

high volume nature (ie: irrigation construction versus irrigation maintenance), distance becomes less of an issue.

Resource sharing and collaboration can fail when based on relationships alone – foundations are required to ensure sustainable partnerships

There is a reasonable amount of local and interstate experience where strong collaborations have failed as the individuals who were the proponents of the collaboration leave, or there is not adequate formalisation of the relationships to manage through when the going gets tough.

To that end we have put in place an MOU, principles for collaboration and procedural frameworks. We also have a head agreement and have developed (and are implementing) agreements for each initiative to ensure roles and responsibilities are clear, terms of engagement are explicit and there are processes around managing issues should they arise.

These foundational documents and processes are there for exceptional circumstances and to ensure the arrangements sustain beyond the people who established them. This infrastructure was a sizeable effort, albeit an internal one, and may also be an impediment to sustainable resource sharing and collaboration efforts being put in place for other councils. Having such collaboration tools available to the sector may support making it easier for others to establish effective collaboration frameworks.

Are there any impediments to the greater uptake of various forms of collaboration or resource sharing?

Collaboration can be seen to be a painful option rather than a way to get things done more effectively for the community in the longer term – "go fast alone, go far together"

The key impediment to greater uptake of working together to drive improved outcomes for all of our communities is the fact that this is not a priority for all parties in the sector. Collaboration takes effort and if there isn't a driver to push through that effort – either through the sheer will of elective participants or through an imposed incentive of meeting performance targets - then it isn't likely to be consistently adopted across the sector.

Having councils in physical proximity to each other who are aligned in their desire to work together isn't an impediment to sharing all services however it limits cost effective sharing of equipment and facilities.

Appropriate incentives and motivations to drive greater alignment across the sector will greatly support improved collaboration.

When the sector aligned, collaboration is easier

The shared insurance schemes across Local Government have seamlessly supported resource and equipment sharing across the councils.

Disparity in awards can present a barrier to resource sharing. We have experienced employees declining secondment and employment opportunities due to remuneration being lower than the employing Council.

The simple fact that the sector is made up of over 60 organisations each with their own leadership, cultures and ethos also limits collaboration. Engagement with other councils to encourage collaboration can often be met with a "no thank you" as it is not seen across the sector as a way to get things done and simply due to the competitive nature of organisations. This limits the potential to have the most optimal collaboration arrangements in the sector.

Having a sector based Award would support collaboration and resource sharing

Having a sector Award would significantly help collaboration and resource sharing however it is acknowledged this would required a staged approach with alignment of renewal dates a logical first step. A

sector based EB negotiation team would support the sector skills base in this area, provide strategic alignment and also support ensuring there is transition to a sector based EB.

What challenges, if any, do councils face in making use of the provisions contained in sections 42 and 43 and Schedule 2 of the Local Government Act 1999 to deliver effective and efficient services to their communities?

To date we have established a number of collaborative services across councils without establishing a Subsidiary. The Materials Recovery Facility projects will require establishment of Regional Subsidiaries and in time a Regional Subsidiary may be a more pragmatic and sensible approach to facilitation of services across multiple councils.

To this end, simplification in the process to establish a subsidiary including removing the need for ministerial approval and the ability of the subsidiary to be able to support more than one mandatory or regulated service would improve the ability for councils to more effectively use Regional Subsidiaries.

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Response to Inquiry into Local Government Costs and Efficiency

Chapter 3 – Local government costs

This chapter examines trends and changes in council operating expenditure and likely explanations for these changes. To understand the cost drivers, the Commission examined councils' costs for the period from 2008-09 to 2017-18 on both a resource (or input) basis and a function or service (output) basis.

3.1: Materials, contracts and other costs

Materials, contracts and other costs is the most substantial category of expenditure for councils making up approximately 41 per cent of total operating expenditure.

The average rate of increase for materials and contract expenditure, over the last 10 years, was 4.0 per cent annually and this was similar across both urban and rural councils.

What are the main drivers of materials, contracts and other costs for rural small and medium councils?

N/A

In what ways do current council procurement practices affect expenditure on materials, contracts and other costs?

There are a large number of ways to access large scale contracts in the sector and having access to State contracts would support this further

There are a large number of procurement options available for councils through Procurement Australia, LGAP and Council Solutions which are utilised when beneficial (i.e. Energy, IT panels, Telco etc)

Whilst there are a number of procurement options available for aggregated expenditure, accessing State Government contracts and pricing would deliver a large benefit to local government. There are synergies with a number of State Govt contracts, however access to these has always proven difficult. Other state governments – Qld, NSW and Victoria in particular provide this to local government and public sector organisations.

Buying power can be diluted if individual council preferences are retained

The contracting options provided by the local government related bodies can tend to be diluted by trying to meet the specific needs of individual councils rather than the overall objective of getting the best outcomes for the sector in terms of price and quality for contracted goods and services ie: specific vendors being included on panels due to preference. There may be potential to re-structure contracts and panels moving forward to enable flexibility through contract addendums or annexures which will still allow for the sector to leverage the aggregated buying power without diluting it.

Appointment of a collaborative Strategic Procurement Lead has provided immediate benefit to the councils and will be self funding

In addition to sector wide resources, we have recruited a shared Strategic Procurement Leader across Charles Sturt and Marion to:

- understand spend and contracts across the councils and to use this information to develop the best approach to market for contracted goods and services given all of the arrangements available
- build commercial capability and provide commercial and strategic procurement advice across the councils
- lead both organisations' procurement teams to ensure there is facilitated and active engagement in collaborative procurement and a commercial approach to every procurement

Having this capability engaged at the councils has already proven valuable:

- procurement is being lifted from a transactional "have-to" to a strategic tool to deliver value to the community
- active strategies regarding fleet management, energy procurement, contracting for construction materials and services already underway.
- active and proactive management of significant vendors has also already provided value to our communities within the first 9 months.
- having the resource embedded in the councils is also allowing for commercial and contracting skills and capability to be developed within the operations and construction teams with insights such as peer review of designs upfront supporting reduction in the opportunity for variations to be issued by contractors during construction.

The Strategic Procurement Lead has complemented existing capability available to the councils and is delivering value that would not have been achieved otherwise. The role will be self-funding and will deliver quantitative cost reductions as well as qualitative value through improved service quality, reduced risk and intrinsic valued adds through contracts.

3.2: Population density

The population of South Australia continues to grow and its composition is changing. This growth is creating external cost pressure in many councils. The annual increase in population growth in the urban metropolitan and fringe council group will potentially exacerbate cost pressures. Changes in the demographic composition will also drive changes in expenditures as an ageing population brings increased demand for access to its services.

How does increasing population density and urban infill impact on council service costs?

15-20% of council costs are directly linked to resident numbers

Increasing population density does impact on some council service costs (waste management, postage collection and receipting costs etc) however not all costs are variable and in proportion to population growth and many costs of council are fixed in the short term. Around 15-20% of total recurrent costs (excluding depreciation) are typically linked to properties and / or ratepayers.

High amenity at new developments will drive increased maintenance costs as assets are contributed

Large scale development infill is presenting an emerging issue. The service levels inherited from property developers who invest in high levels of amenity (ie: proportionately high density of playgrounds and open space, grassed verges, dual footpaths etc) to attract buyers are proving to be an emerging issue for councils who need to maintain the associated assets when developments are completed and handed over to council to maintain. Developments such as Lightsview, St Clair, Tonsley and Blackwood Park all have high levels of amenity relative to the rest of council areas and will attract relatively higher maintenance costs as a result.

Greater demands on planning and infrastructure will present other cost increases or impacts

In addition other impacts occur as greater demand is placed on infrastructure and the environment such as:

- Increase demand on stormwater infrastructure
- Increased pressure on councils to provide open space / playspaces as backyards reduce
- Increased issues with on street car parking requiring additional enforcement/monitoring
- Development issues with overlooking, over shadowing
- Loss of greenspace, more restricted streetscapes and places for tree planting – with resultant increased urban heat island effect

3.3: Sector wide service standards

While acknowledging the use of surveys by a significant number of councils, the Commission has not been able to obtain any standardised sector-wide quality or service standard data to analyse the effects of changes in service standards on council operating costs.

How do councils currently define and measure standards of service delivery?

While we have historic established levels of service, the current focus is on understanding actual levels of service provision with service levels being measured based on numbers of activities delivered (outcomes) and the community's satisfaction with those service levels based on the volume and nature of their feedback captured through various channels - typically call centre interactions, online requests and web interactions.

What measures could be developed on a sector wide basis to measure quality standards for either mandated or non-mandated services?

Service standards should be measured based on activity outcomes and the community's satisfaction with them

It is recommended service standards are based on activity level outcomes and are measured in conjunction with the community's view of the importance of and their satisfaction with each activity. In the absence of comprehensive community surveys, data from various communication channels could be used to establish a baseline against which to improve (ie: call centres, online communication and email).

As an example, reserve mowing could be measured based on mows per reserve per year/week and the number of contacts from the community per year related as a result of dissatisfaction with mowing of a reserve. "Complaints" per ratepayer per annum with respect to mowing could then be a service comparator across councils.

Establishing a sector wide community survey could be cost effective and would allow for service level comparisons

Over time measuring the community's satisfaction with any given service, as well as their view on the relative importance of the service, in a consistent manner, across the sector, would give better insight into the community's overall satisfaction with existing service standards on a consistent basis and would allow fair comparatives on service delivery outcomes between councils.

It would also provide a sound factual insight from the community against which changes in service levels and service provision could be assessed. This would ensure cost effective delivery of the right level of service to the community based on their genuine needs and priorities.

This would be a worthy sector wide initiative and interstate models exist that would provide a sound foundation upon which to build. Comparable community satisfaction data was a key feature of the UK's CPA model.

In summary, it is recommended a greater understanding of current actual service levels, and the community's relative happiness with those is the initial focus for service standards. Setting service standard targets without an appreciation of current levels actually being attained may lead to changes in service levels being recommended which drive adverse and inadvertent impacts for the community and cost without there being a genuine desire or need from the community for that change.

3.4: Cost shifting

The Commission has formed the view that there have been some instances of cost shifting which have raised council costs. However there also appear to be a number of cases where councils have control over expenditure decisions and the term cost-shifting should not be applied. The term cost shifting in practice is unhelpful particularly where it includes a choice by councils to accept tied funding. In such circumstances the commission considers cost sharing rather than cost shifting, is a more accurate description. The Commission is seeking clarification on this from councils.

To what extent do councils receive external funding or an ability to charge fees for delivery of mandatory services?

A number of fees are able to be charged for delivery of mandatory services. The fees in many instances are determined and allowed through Government Statute.

At present we don't consider fees and charges to reflect cost recovery for mandatory services and support the LGA and FMG's request for a review of fees and charges that are fixed by Government Statute.

To what extent are councils able to fully recover costs for the mandatory services listed in appendix 4?

The fees allowed do not enable full recovery of the costs of provision of the service with the most material example being planning and development fees allowing for 40-45% of the cost of the function to be recovered. Having had the fees fixed for more than 10 years while regulations increased has resulted in a significant under-recovery of the fees. The under-recovery exceeds $1.0M per annum and is nearly 2% of council's total recurrent costs.

How are service scope and standards determined for mandatory services?

Councils are asked to provide further information on instances of cost shifting and quantify how they have impacted on councils' costs.

The following changes in legislation and sector responsibilities have driven changes in revenue and costs over the last few years:

- 260% increase in the solid waste levy over 10 years which is expected to be $2.6M in 19/20. This original temporary levy is now more than 4% of the total cost base for council.
- Increased Mandatory Rebates reducing revenue as community housing transferred from councils to community housing organisations. These rebates have increased by $0.8M for Marion in the last 3 years.
- Electricity and water costs including public lighting have increased 82% over the 10-year period which is more than $0.8M.
- Local Government Election costs being borne by councils with election costs increasing for the 18/19 round of elections by $120K or 50% in 4 years.
- Greater than CPI rate changes by SAPN for public lighting have eroded the benefits of the significant investment in LED lighting by around 50% or $0.1M per annum for lights installed to date.
- Higher than market increases in EBA costs have cost $X.X
- 150% + increase in the Emergency Services levy over 10 years which, while a pass-through to the community and does not have a net impact on council costs, there is a perception the increase is related to council activities

Other instances of changes to responsibilities or added requirements include:

- Implementation of DACO and the funding required to support the provision of that service ongoing (council to estimate cost) without there being opportunity to reduce costs at the councils to the same extent
- Transfer of responsibility of nuisance by-laws from the EPA to local government increasing resourcing requirements by up to 2 FTE at each of the partner councils
- Imposition of additional planning and development and safety regulations including roof truss legislation and health and safety compliance including the required regime of auditing of food businesses.

  In many cases legislated fees have not recovered the costs of the underlying activity (ie: Haynes Norton analysis showed a fee of approximately $67 per application would have been be required to cover councils' costs for roof truss inspections with an equivalent of $18 being allowed)
- Increased planning and development costs while Local government legislated fees did not increase for at least 10 years. A comparison of planning fees across Australia demonstrates South Australian is significantly lower with a market for certifiers emerging with commercially charged fees are significantly higher than those afforded to councils.
- Implications of Heritage Law changes resulting in additional costs of reviewing greater numbers of demolitions along with amendment of development plans
- Implementation of the e-Planning portal will result in costs to local government in addressing changes to legislation, implementing the process and change impacts of the new portal as well as providing explicit funding to support its implementation.

3.5: Compliance costs

A number of submissions from councils…argued that the costs of complying with legislation and regulation have increased council operating costs.

Councils are asked to provide further examples of compliance costs and quantify how they have impacted on councils' costs.

- Please see above

3.6: Cost pressures

The Commission is seeking additional information and evidence from councils to identify and understand drivers of councils' costs, the extent to which they are internal or external to councils, the extent to which cost pressures are systematic or unique to particular councils, and their impacts on council costs.

What are the most significant cost pressures (and their impact on costs) which councils expect to face over the next 5 years?

The existing exposures are likely to continue into the future

Key drivers of expected increased costs in our long term financial plans and their impacts are:

- $6.0M (>30% over 10 years) increased depreciation flowing on from increased investment in community infrastructure
- Increased superannuation levies will drive and additional $1.3M in costs over and above CPI per annum over the course of the plan

Other likely drivers of increased costs not reflected in the plan are:

- Continuing Industrial Relations costs – every 1% increase above CPI will add $0.4M to annual costs which will accumulate for every year that it occurs
- Investment in technology advancement
- Climate change and the implications on flood, fire and other associated hazard management
- Ever increasing environmental costs include waste management and waste levies
- Economic welfare of the state
- Cost shifting and changes to regulation and or legislation
- Ongoing changes in ratepayer expectations and service levels
- Cost of maintenance of contributed assets
- Increased community engagement and consultation requirements

Any performance improvement initiative has to support net cost reductions

We see performance improvement as a way in which these costs may be able to be partially mitigated however it is important that sector wide investment in driving performance outcomes is proven to be of net benefit to the community of itself also.

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Response to Inquiry into Local Government Costs and Efficiency

Chapter 4 – Local government efficiency and productivity

The term efficiency in this chapter refers to technical efficiency. An organisation is technically efficient if it produces the largest possible output from a given set of inputs, or if it uses the least possible quantity of inputs to produce a given level of output.

This chapter presents the principal methodological approaches used in the Commission's analysis.

4.1: Performance reporting

Performance and efficiency measurement play a role in helping councils to understand of their business and to improve outcomes through reduced costs or better services. This section describes performance monitoring activities across Australia to assist the identification of mechanisms and indicators that might usefully be employed by local government in South Australia.

How can these lessons from state-wide performance reporting frameworks in other jurisdictions be applied to South Australia?

Vic, NSW and SALGGC show data alone won't drive performance – it needs to be timely, relevant and come with analysis and insight

The Victorian Performance Reporting framework is an example of efficiency comparisons and benchmarking implemented across sector. It has recently been reviewed by the Essential Services Commission ESC and while it provides a highly accessible 'front end' and is the outcome of significant engagement with the local government sector, it has been deemed not entirely accurate and not necessarily a driver of performance. The Vic ESC review addresses the important aspect of reporting alone not being a driver of performance.

SA Local Government has had some comparative data prepared for a significant number of years through the SALGC. This data presents a comprehensive overview of financial performance and a partial view of operational effectiveness. The comparisons and inferences need to be drawn by the user of the data and so the comparatives aren't fully transparent to the community or the uninitiated. Availability of this data has not driven performance due to the absence of explicit insight into what it means, the compulsion for people to use the data and consequences of relative good or bad performance. While available it could not be described as easily accessible and also suffers from a significant lag from the relevant reporting period to publication thus eroding perceived relevance.

Auditor General based oversight may tend toward governance and control improvements

NSW oversight has largely focussed on financial sustainability rather than efficiency with the AG undertaking performance audits across local government as instructed by the minister each year. These performance audits to date have not addressed overall efficiency.

A lot of time and effort can be expended before a start can be made

Metric development has taken a number of years in most jurisdictions with the sector only to find that once it is implemented, there are a large number of lessons learned and improvements to be made.

Significant time can be invested with the entire sector working up a solution that may already exist. Based on what has been published to date we have a number of different and incomplete metric sets. If we took them all we would find a very complementary and close to complete set of metrics that could form a solid foundation to test.

A lot of time and effort was invested in developing detailed definitions in Victoria only for the ESC to find data was still not comparable in an audit. The ability to centrally review detailed data that make up

submissions would help reduce time refining definitions and increase the likelihood of being able to achieve comparable data.

Overseas experience has also demonstrated it is better to be flexible and test and learn as you go (with a plan on what the end state is that is being aimed for).

Lessons learned and possible resolutions are summarised below

- **Benchmarking alone doesn't drive sector performance outcomes – it needs to be supported by analysis and insight to have any impact**

  Provision of central resources and support with the ability to undertake central review, refinement and analysis of reported data would help improve accuracy as well as provide insight into areas of opportunity and build capability across the sector

- **Analysis and insight needs to be shared with the community**

  This needs to be done in a proactive and simple way to help the community understand how the sector is performing so they can respond

- **Focus on getting the method 80% right first**

- **Don't overinvest in gaining alignment before you gather proof**

  An initial trial between a small number of councils who represent the interests of the sector may minimise the time to develop a framework and test its effectiveness as well as minimise the impost and burden on all South Australian councils in its development. This will however require trust to be placed in the representative councils by the rest of the sector.

- **Build on what is already available – and refine it**

  The Grants Commission data, interstate models, work undertaken by the three councils, the service standards defined by the City of Playford and the work undertaken to date by the FMG on local government disclosures would provide a solid foundation to start with.

- **Gather transactional level data centrally so refinement of comparisons can occur without having to impact councils – it will help integrity of comparisons later on**

  Provision of a detailed transaction listing from each council to support submissions would allow for central and preliminary assessment of apparent anomalies in cost reporting and performance and to allow for more direct queries to be directed to councils. This would need to be supported by central analytical resourced however.

- **Find a way to make it easy and repeatable for councils to remove a barrier to engagement**

  Most councils have a finance system from which they would be able to extract a transactional dump and a detailed chart of accounts.

  As a starting point to sector wide reporting, each council could be supported to map their chart of accounts to activities to support preliminary data allocation and to make this largely repeatable by council from year to year. To map a chart of accounts to activities would take around 1-2 days depending on the size of the council and assuming the person undertaking the mapping understands the activity definitions.

  Collection of operational data requirements may not be as straight forward however support could be provided to councils to determine how to collect operational data systematically and consistently throughout the course of a financial year to remove the impost of annual data collection.

  Over time systems could be refined and more automated provision of data and some level of analysis could be refined.

Which indicators used in other jurisdictions would be appropriate for South Australian councils?

See above

4.2: Partial productivity estimates

The data demonstrates that urban councils face different unit costs than rural councils, and that metropolitan urban councils differ from urban regional councils. For example, urban councils have significantly higher expenditure per kilometre of sealed roads than other councils, but lower expenditure per tonne on waste collection. Furthermore, there is significant variation within each council group.

What do these partial productivity estimates tell us about local government efficiency?

Greater insight is required into the drivers of costs to be able to form informed conclusions about why performance between councils appears different.

The findings of the analysis conducted by the commission to date reflect sector wide experience with high level benchmarks. While high level analysis is good for macro performance measurement and trend analysis – transactional level insight is then needed to explain and interpret what is causing variation in performance between councils and what might be able to be done about it.

What other partial productivity estimates can be used with currently available data?

Partial productivity analysis is a very sound economic tool however it is not widely understood. It tends to be used in more macro scale analysis when the links between inputs and outputs are being explored and aren't known. As the relationships between inputs and outputs are necessarily inferred, sometimes inconclusive it is not clear in the conclusions that can be drawn from it.

We would prefer an approach that is based on value driver analysis where costs of activities are linked to the volumes of outcomes of those activities and the drivers of those volumes. This method creates explicit relationships between inputs and outputs and the connections are easy for most people to understand.

It is recommended the focus turns to activity costing and value driver analysis and some insight into community satisfaction to ensure that additional work undertaken is working toward the likely benchmarking metric set which will yield insight into relative council efficiency.

There are key features of benchmarking we would want to achieve regardless of where the function is performed

The following comments are based on our experience in benchmarking performance.

In order to maximise the impact of benchmarking:

- measures need to be comprehensive (ie: all costs are allocated to an activity and the ability to omit or shift costs is minimised),
- their composition needs to be understood to a detailed level to be able to manage gaining acceptance of the comparability of benchmarks
- measures need to be comparable between each other and over time
- overheads need to be treated as activities in their own right rather than allocated across all other direct activities to ensure overhead costs are actively managed and benchmark comparisons aren't impacted due to differences in overhead allocation practices

Using a value driver approach ensures the key differences between the nature of councils are taken into account when benchmarking performance between councils.

Benchmarking between councils provides insight into differences in performance. Benchmarking to a detailed level informs what is driving those differences in performance and drives understanding the

impact of different ways of doing things. This in turn drives insight into what might be an actionable improvement opportunity.

Benchmarking individual councils against their own performance over time supports understanding each councils individual contribution to the improvement in overall sector performance.

Metric sets need to be supported by detailed analysis into understanding differences to they in turn can drive performance.

What additional data would councils be able to report on for minimal additional cost which would improve our understanding of council efficiency?

See comments in 4.1

Is there any other evidence of an expansion in the scope of council services, or improvement in quality over this time period?

See comments in 4.1

Is the current reporting to the SALGGC an appropriate process for any additional reporting by councils? Is there value in making any changes to this reporting?

Leveraging the SALGGC process makes sense and will reduce risk of duplication

Leveraging and developing the current SALGGC process would be appropriate subject to the comments made in earlier in the report regarding timeliness of information and support of the production of information with analysis and insight.

4.3: Service-specific efficiency

Data availability has limited the number and quality of partial productivity indicators that the Commission has been able to estimate. There are also some concerns with the consistency of the financial data at the individual service level and their comparability across councils. For instance, there may be differences in how councils apportion indirect costs across services and allocate costs to each of the SALGGC expenditure subcategories. Moreover, output quantity data that are reported to the SALGGC but not used by them are subject to less thorough checking than the financial data.

The Commission investigated possible options for measuring service-specific global efficiency estimates, including obtaining expert advice from Economic Insights, and has concluded that currently available data do not support this exercise at this point. Nevertheless, the Commission sees value in further work in this area.

Acknowledging the gaps in data currently available, how can data quality be improved in order to measure service-specific efficiency across councils?

Value driver analysis for the major spend areas of council (ie: ensuring that the 20% of activities that drive the 80% of costs are covered in detail) would enable detailed central comparison of performance and would mean the commission could support councils in identifying the manner in which performance could be improved in addition to highlighting where performance is deficient.

Increasing the resolution of spend categories will yield greater insight and make historic changes in external factors more transparent

The total costs as reported in the SALGGC include employee costs; materials, contracts and other expenses; depreciation/amortisation; and finance costs (including interest payments).

Significant cost impacts in recent years have been driven through:

- changes in state levies and charges,
- changes in sourcing models,
- energy costs,
- open space service levels

Materials, Contractor and Other expenses is a significant category and the classification of costs between Materials, Contractors and Other can vary significantly between councils depending on outsourcing levels.

For analysis purposes there is likely to be value in separating Materials, Contractors and Other into:

- Water
- Electricity and Gas
- Temporary Labour Hire
- ICT licencing and support costs
- Waste Costs
- Waste Levy
- Other State Levies
- Other contracted Services
- Materials
- Other spend

This will facilitate greater insight.

Overhead functions should be treated as activities in their own right

Some councils allocate the cost of their overhead activities to the costs of operational activities. This causes distortion in comparisons due to different approaches to allocation, and overheads being different proportions of overall costs between councils. It is recommended the SALGGC method treats overhead functions as activities and internal overhead cost allocations are excluded.

Greater resolution in discretely reported activities

It is recommended there is greater resolution in the specific activities captured by the SALGGC in their activity costs. The functions developed for Model Financial Statements could be used as a starting point as each council should be reporting in that format already. These functions could be tested against other metric sets available and aligned or improved over time.

Increased operational metrics

It would be preferable to capture a primary driver at least for each of the reported activities. This will require an increase in the number of operational statistics captured. Primary driver data could be obtained from the City of Playford service standards and the benchmarking used the collaboration.

Provision of transactional data

Provision of transactions extracts (including as many attributes as practical) as part of the submissions will provide the SALGGC with the ability to stress test comparisons themselves to a degree. Resource and system capability to manage this data analysis at SALGGC may need to be assessed.

4.4: Efficiency changes through time

Quantifying changes in the volume and scope of council services is problematic. The Commission has not been able to identify any standardised measures of service quality across councils, which limits incorporating service quality into the model.
Data issues have also prevented the Commission from quantifying any expansion in the scope of services provided by councils.

How can the change in volume, scope or quality of services be quantified or otherwise incorporated into an evaluation of local government efficiency?

Looking at benchmark data (costs and drivers) for a time series for a given council will give insight into the drivers of changes over time for any given council and therefore the sector. Categorisation of movements in drivers and unit rates into their root causes (ie: increase in service levels, new services, increase in residents, externally driven unit cost changes, one off events and projects, wages increases etc) will allow for calculations to be performed that demonstrate the overall impact to councils and sectors of underlying cost performance.

This categorisation could be prepared as part of annual reports or as part of benchmarking analysis activities. It could also trigger assessment of whether or not recommendations relating to greater scrutiny of changes in services and service levels would be valuable to the community.

This would need to also be considered in the context of trend data (measured consistently) on community satisfaction.

4.5: Factors that influence estimated council efficiency

Council performance may be influenced by factors outside their control, including socio-economic and demographic characteristics of council areas, their geographic location, and operating and policy environments, as discussed in Chapter 3. Submissions from stakeholders also noted factors such as growth areas, ageing populations, labour market shocks (for example, large scale redundancies such as the closure of automotive manufacturers) and thin markets (LGASA submission, p.32).

What other factors can explain the estimated efficiency differences between councils or over time?

There are a significant number of factors that affect council output and efficiency including:

- Varying numbers of precincts, high streets and activity areas
- Climatic factors
- Soil Types
- Topographical differences
- Tourism
- Service quality expectations
- Legacy conditions such as relative asset condition
- Elected member preferences

This demonstrates the importance of the driver data and analysis aspced of benchmarking and there being a deep and consistent understanding of the benchmark data provided aacross councils to ensure realistic, informed and fair comparisons are made.

What factors can explain the estimated productivity differences between councils over time?

See above

What other possible data sources can improve this analysis?

See above

What further information could be considered to analyse and interpret estimated partial and global efficiency scores?

See prior responses.

Productivity Commission |

Response to Inquiry into Local Government Costs and Efficiency

Chapter 5 – Costs and efficiency improvements

Trends in, and possible drivers of, expenditure in the local government sector shows that the growth in local government operating expenditure over the last decade has been relatively high. Urban metropolitan and fringe councils consistently recorded higher growth in operating expenditure than other councils during this period. This growth has been greater than underlying measures of inflation and has been funded, in the main, by increases in rate revenue, thereby putting upward pressure on the cost of living for ratepayers.

5.1: Employee costs

The Commission has found that councils' operating expenditure is mainly made up of employee costs and materials, contracts and other costs, which accounted for 35 per cent and 41 per cent of total sector operating expenditure in 2017-18. These proportions have not changed significantly since 2008-09.

Sector expenditure on employee costs increased more, in percentage terms, over the decade than any other expenditure category at an annual average increase of 4.5 per cent, although growth has moderated over the decade in both urban and rural councils.

Are there any benefits from streamlining the current industrial relations arrangements by moving to sector-wide enterprise bargaining?

We believe there would be a number of benefits from streamlining the current industrial relations arrangements.

- Transaction costs would reduce. The negotiation process is extremely resource intensive, which would be the case for all Councils. We see real potential in gaining efficiencies and reducing duplication across the sector through consolidating enterprise bargaining.
- Pressure on councils to move wages to match the highest paying councils would reduce. Disparity in existing rates as a result of legacy arrangements creates pressure on Councils to provide the same quantum increase, regardless of the actual wages and conditions that exist in the individual Council, which creates either an adversarial process by not reaching an agreement and/or wage creep.
- Mobility across the sector would improve. The difference in wages across Council can be a deterrent for employees to take opportunities with another Council. We have experienced employees declining secondment opportunities due to the wage being lower than the employing Council.
- Opportunity to better align workforce and organisational objectives - Building in pay for performance across the sector (would be more achievable if we were to progress as a sector rather than individually), positively impacting motivation, accountability, engagement and performance.

5.2: Quality and quantity of data

The Commission's identification of cost drivers has been constrained by a lack of data, particularly with respect to outputs and quality. It has formed the provisional view, through consultation with councils, that increases in the scope, volume and quality of outputs have been a significant driver of growth in councils' operating expenditure.

How can councils be assisted to work collectively to improve the quantity and quality of the available data on inputs, outputs and outcomes for services?

Agreeing on and using a standard set of metrics for sector wide benchmarking, and establishing an expectation that, from a point in time, councils could report on these metrics on a monthly basis would

focus councils on developing a comprehensive and appropriate set of metrics quickly as well as getting councils to a level of capability with respect to monthly operational performance reporting more quickly than if not mandated. It would also reduce the cost of separate development and refinement of metrics across all councils.

5.3: Strengthening councils' accountability and transparency

South Australia's legislative framework, particularly the LG Act itself, not only recognises local government as a separate and legitimate sphere of government in its own right, but also provides councils with a high degree of autonomy to act as decision makers in their communities. The quality of councils' decision-making will therefore have a significant effect on the service mix that councils provide in their communities. This is especially important in relation to non-mandatory services, where councils' discretionary authority is greatest, but is also important when councils consider the scope and quality of service provision for mandatory services.

How can the South Australian Government strengthen the accountability and transparency of councils?

Possible instruments include:

- funding;
- legislation and monitoring of implementation through audits of the processes of local government decision making; and
- an agreement with councils and regular dialogue to reinforce the expectation that councils will conduct audits of the processes of local government decision making.

Should councils be required to undertake an independent external audit of their expenditure and efficiency in the event of that they record relatively high operating expenditure growth in a given period?

We believe this would be best managed through effective benchmarking and review if it can be achieved.

Would growth in operating expenditure over any three-year period (normalised for population growth) which exceeds the rise in the Local Government Price Index for that period be an appropriate trigger for such an audit?

See above

7. POTENTIAL NEXT STEPS FOR THE SECTOR

Step 1 | Budget Assurance

- Existing grants commission data
- Assess for surpluses and larger outcomes against published budgets
- Low level analytical effort
- Consider incentive to act

Step 2 | Historic Trend Analysis

- Existing grants commission data
- Trends at expenditure type level
- Low level analytical effort
- Consider incentive to act

Step 3 | Expanded functional analysis

- Modifications to grants commission data
- Comparisons of around 40 functions
  - Use Local Government Financial Reporting Functions
  - Separation out of overhead functions / internal cost allocations from operational costs
  - Capital spend breakdown by type
  - Addition of ~20 operational indicators and ~10 capital indicators to cover majority of services
  - Customer event data to allow for preliminary community indicators
- Would require augmented analytical effort
  - use as a trial and pilot on larger councils
  - central function that would ultimately be funded by councils out of generated savings?
  - State government funded trial? Self-elected participants?
  - Provision of transactional supporting data for central validation / comparison to ensure comparability and credibility of analysis
- Consider incentive to act

Step 4 | Sector Wide Implementation

- Post trial period - Move to next level analysis with increased driver data capture on priority functions
- Likely investment required in centralised analysis platform and capability to make effective
- Sector Wide Community Survey – satisfaction and importance ratings
- Expect collaboration opportunities would be one of the many performance improvement recommendations that should / could / would be generated

CITY OF MARION

Hamilton Park Reserve Community Court

Originating Officer	Open Space and Recreation Planner - Rebecca Deans
Corporate Manager	Manager City Activation - Greg Salmon
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191022R16

REPORT OBJECTIVE

The objective of this report is to recommend the funding and construction of a community court at Hamilton Park Reserve.

EXECUTIVE SUMMARY

At the council meeting in 2017 (GC280217R06), Council adopted a three year works program of prioritised upgrade, renewal and removal of tennis and netball courts.
The proposed works at Hamilton Park Reserve included demolition of club rooms and landscaping. This work was carried out in August 2019 and landscaping will be complete early October 2019.
In 2018, the State Government granted $180,000 to install an automated toilet at the reserve. Extensive community consultation was undertaken to understand how the residents wanted the reserve to be developed in the future to ensure the correct placement of the toilet.
Along with toilet placement at the site of the demolished clubrooms, the consultation results articulated a clear desire for a community tennis court at the site. The community consultation report can be found in Appendix 1.

RECOMMENDATION

That council:

1. **Constructs a community tennis court at Hamilton Park Reserve, with facility for basketball and netball.**
2. **Fund $136,000 for a bitumen community court at Hamilton Park Reserve through the unfunded initiatives program with an operating, maintenance and renewal cost of $14,053 per annum.**

OR

3. **Fund $150,000 for an acrylic community court at Hamilton Park Reserve through the unfunded initiatives program with a operating, maintenance and renewal cost of $15,500 per annum.**

Liveable:	The construction of a community court responds to resident feedback for the development of open space at Hamilton Park Reserve.
Engaged:	The community consultation on Hamilton park Reserve engaged the community.
Innovation:	An innovative design that includes a community tennis court as well as facilities for basketball and netball will be developed.

Timeline	The court will be constructed in this financial year, subject to weather and other guiding factors.
Proposed Future Budget Allocation:	It is proposed that future budget allocation be referred to the unfunded initiatives list.
Whole of Life Costs:	

DISCUSSION

BACKGROUND

The tennis court and club room at Hamilton Park Reserve were demolished in August 2019 as part of an endorsed tennis and netball three year work program.

As an outcome of the 2018 State Government election, Council received $180,000 for the construction of a public toilet at Hamilton Park Reserve. The installation of the public toilet coincided with the removal of the tennis court and club house and provided an opportunity to engage with the public on a future reserve upgrade.

The council playground framework identified the playground at Hamilton Park Reserve to be upgraded within the next five years. To ensure the correct placement of the toilet, community feedback was sought to consider the overall development of the site and plan for the future.

Community Consultation was undertaken over a three week period to December 12th 2018. The results of the consultation can be found in Appendix 1.

73.5% of survey respondents had suggestions for other types of activities they would like to see at the reserve, with the highest activity being retention of the tennis court.

A community meeting held on site strongly suggested that retention of a tennis court was wanted by the local residents.

Four courts have now been demolished. Half of this area has been set aside to build a community court and other community sport facilities such as basketball and netball. The other half of the demolition will be irrigated, turfed and seeded.

DISCUSSION

The tennis and netball review found that the courts were in poor condition. A tennis club has relocated and was no longer using the club rooms or courts, the netball club was relocated to an updated facility and there were good quality courts available at Hazelmere Road Reserve.
A review of Open Space across the City of Marion shows that provision of open space in Warradale is low. As provision is low, the open space available should be developed to its best potential.

There are no other community tennis courts available in Warradale. Hazelmere Road Reserve has community courts available, across Oaklands Road. Community court provision mapping has been included in Appendix 3.
Community consultation demonstrated a desire for a public tennis court to be constructed on site.
It is proposed that the community court be built on the footprint of the demolished courts.
There are two options for construction

Bitumen Court	Lower Cost Will begin to oxidise from 3 years and require maintenance after 15 years. As surface begins to crumble makes court slippery Additional facilities for netball and basketball and line marking.	Bitumen court $110,000 Temporary Security Fence $2,000 Basketball and Netball Post $3,000 Line Marking $1,000 Backfill, irrigate, seed $20,000 Approximate Cost $136,000
Acrylic Court	Higher cost Acrylic surface protects and preserves the surface Will require new acrylic coat 7 - 10 years Additional facilities for basketball and netball and line marking. Visually appealing	Bitumen Court $110,000 Temporary Security Fence $2,000 Acrylic Plexipave $14,000 Basketball and Netball post $3,000 Line Marking $1,000 Backfill, irrigate, seed $20,000 Approximate cost $150,000

A tree root barrier can be installed when constructing a new court. This will provide a barrier to stop tree roots cracking the surface. This will cost an extra $100 per linear metre and a decision for this will be made in partnership with the council arborist.

Differences with bitumen and acrylic surfaces

Bitumen	**Acrylic**
Black surface	Colour of choice
Begins to oxidise after 3 years and can result in a crumbly and slippery surface	Will provide a barrier on bitumen for up to 9 years to stop oxidisation
Requires a pressure clean every 3 years	Requires a pressure clean every 3years
Needs a re-sheet of bitumen after 15 years. Will require taking down fence to fit in equipment. Costs approximately twice as much as applying new acrylic.	Dependent on use, will require new acrylic coat after 7 - 9 years.

Whole of life costs are dependent on use, movement of soil and invasion of tree roots as well as surface treatment. A whole of life cost worksheet can be found in Appendix 4. The ongoing operating maintenance and renewal cost of each option are similar at approximately $15,000 per annum.
It is recommended a stand alone tennis court be provided with facilities for basketball, netball and line marking available on another portion of the site, much like the redevelopment of the courts at Glandore Oval (Appendix 2). The existing small basketball ring will be demolished as part of the playground upgrade in the future.

Community Courts
There has been a disconnect within council as to how we maintain, upgrade and provide provision of community courts. The tennis and netball review endorsed by council did not consider upgrades or provision of community courts. As a result of this we have reviewed internal process and in the future we will wrap community court provision into the open space plan.

To understand the current condition of community courts, we will undertake an audit of the following courts to ascertain future works that may be needed.

- Ballara Park Reserve - scheduled for removal but can they be saved as a community court if needed?
- George Street Reserve - upgrade may be required when the playground is upgraded
- McConnell Avenue Reserve
- Weaver Street Reserve - two courts scheduled for removal and two courts to be upgraded for community use.
- Edwardstown memorial Oval
- Aldridge Avenue REserve
- Mulcra Avenue Reserve
- Rajah Street Reserve
- Sandery Avenue Reserve
- Mitchell Park Oval

The outcomes of the audit will be realised through the Open Space Plan and aligned with the current and forward playground renewal projects where appropriate.

Attachment

#	Attachment	Type
1	Hamilton Park Reserve Engagement Findings Appendix 1	PDF File
2	Glandore Oval Court Upgrade	PDF File
3	Open Space Mapping hierarchies October 19 Appendix 3	PDF File
4	Whole of Life Costs Hamilton Community Court Appendix 4	PDF File

Hamilton Park Reserve
Public Toilet and Reserve Upgrade
Community Engagement Findings

December 2018

Introduction

As an outcome of the 2018 State Government Election, Council received $180,000 from Member for Gibson Corey Wingard for the construction of a **public toilet** at **Hamilton Park Reserve, Warradale**. The installation of a new public toilet coincides with the removal of the tennis courts and club house, and provided an opportunity to engage with the public on future reserve upgrades.

Removal of Tennis Courts and Club House

A review of the tennis and netball facilities across the City of Marion was completed in 2017. The review found that the Hamilton Park facilities were in poor condition, did not meet acceptable standards for community sport and were underutilised. The review also stated the ongoing cost of maintaining the courts in good condition would increase due to the impact of nearby trees.

Council endorsed the removal of the tennis courts and club house in February 2017 and to investigate the feasibility of relocating tennis court lighting.

A New Public Toilet

The removal of the club house will includes the existing public toilet. Council has received grant funding from the Minister for Recreation and Sport, Corey Wingard MP for the construction of a new public toilet, to be completed by August 2019.

The preferred location for the toilet is within proximity to the old club rooms where services including water, sewer and electricity exist.

Upgrade of the Playground

Council's playground framework has identified the playground is to be upgraded within the next six years.

The preferred location is to relocate the playground to the tennis court area as there are fewer trees in this area allowing for a greater selection of equipment that will not impact tree roots.

Reserve Upgrade

If funds are available following the removal of the clubhouse and courts and the construction of the toilet, other recreation facilities, elements or activities for the broader reserve may be considered within this process.

Community Consultation

Before progressing the installation of the toilet, community feedback was sought to consider the overall development of the site and plan for the future.

The intention for this consultation was to:

- Determine a location for a new public toilet in the reserve
- Determine the location for a future upgrade to the playground
- Gain resident views on other facilities that could be considered at the reserve in the future; and
- Note the proposed upgrades to the reserve would be delivered in stages.

Community consultation was undertaken over a three week period to 12 December 2018 including:

- A Making Marion online survey
- Postcards delivered to 430 households directing them to the online survey
- Signs installed at Hamilton Park Reserve.
- Social media marketing
- On site meeting held from 4pm on Sunday 2nd December 2018

The following report provides an analysis of the feedback that was received.

Executive Summary

In summary, during the 3 week consultation period Council received:

- 34 completed surveys
- 34 written responses within the survey
- More than 20 visitors to the on-site consultation meeting
- 1 letter of response
- 24 Facebook comments (2 relevant to the engagement)

Of the 34 respondents who completed surveys **88.2% supported the installation of a public toilet at Hamilton Park Reserve**. All residents who supported the installation of a toilet supported the proposed location of the toilet in the vicinity of the current club room building.

24 Respondents (70.6%) preferred to relocate the future playground to the current tennis court location.

73.5% of survey respondents had suggestions for other types of activities they would like to see at the reserve. These activities included:

Amenity	Number of comments
Fencing around playground	2
Shade and seating / BBQ	6
Fitness equipment	3
Community garden	1
Bike track	3
Retain tennis courts	7

The on site consultation was well attended and the following items were raised in response to the question "*What would you like to see at the Reserve"?*

- Native trees
- BMX / Dirt Bike track
- If the fencing is still up around the court – use the space
- Plan as a future reserve for grown ups
- Community Garden
- Keep the shelter
- Footpath around the reserve
- Static fitness equipment
- More trees and lower planting
- Party room hire – use existing club room and renovate

- Have equipment for toddlers
- Dog free park or at least dog on leash park
- Make tennis courts good
- Add activities for 7 – 15 year olds
- Options for older kids
- Lighting on a timer system
- Options for young kids (grandchildren) and older carers
- Tennis court
- Kid proof fence

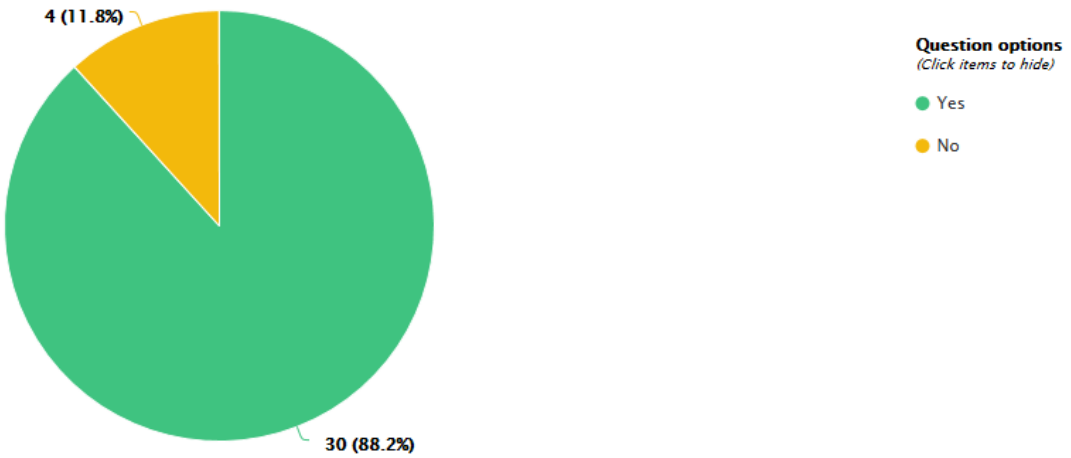
Suggestions were also made to conduct a traffic survey around the site to ensure that parking and ease of movement through the surrounding streets was adequate.

Summary of Consultation Findings

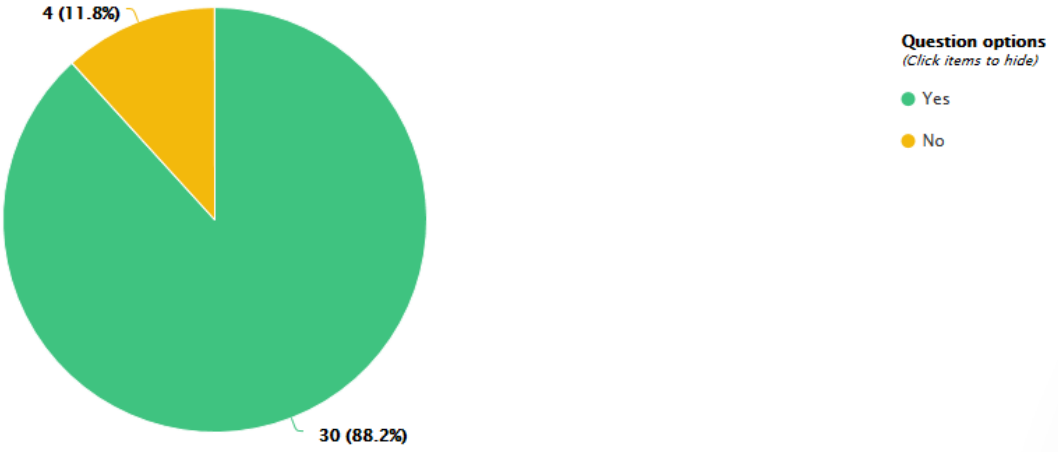
Plan……

Consultation was held over three weeks, closing on the 12 December 2018. Six questions were asked and the findings are consolidated below.

Question 1
Council has received funding for the construction of a new public toilet facility. Do you support the installation?



Question 2.
The reserve upgrade concept plan represents Council's preferred location for the new public toilet facility. Do you support the location?



Question 3.
If no, where is your preferred location / any other comments?

Don't waste your money. Very few use the area and those that do, generally live very close. There are several of these areas near my home and in the last 10 years I cannot remember someone using one. It might sound negative but it only becomes an area for several individuals that will visit very rarely. Try mowing or weeding my council owned front area rather than trying to fine me for parking there.
Don't support public toilet. Hi

Thank you for the opportunity to provide feedback on the Hamilton Park Reserve proposal.

I strongly object to building new public toilet, bike track, fencing off playground, community garden, fitness equipment, tennis courts and walkway/footpath around perimeter of the park. These facilities were mentioned by a single community member at the community consultation on 2 December and I don't think they represent the wider view of the community and are focused on the needs of her 3 children at a very specific age bracket. I think any changes in the park should focused on longer term solutions that enhance this gem of a park with budget/ongoing maintenance costs in mind.

I don't see any value in building the facilities listed above as they are already provided (other than community garden) at Hazelmere Park which is only 200m north of Hamilton Park.

I think adding these facilities will detract from the beautiful natural open feel of the park.

I support upgrading the playground when current playground reaches end of life – as it stands it is a great little playground and does not require an upgrade. I do not support fencing off playgrounds as it detracts from the open space and natural beauty.

I would like to see Hamilton Park Reserve kept as a beautiful open space with established native trees.

I support the removal of existing tennis courts, lights, fencing and clubroom - rationale for this is:
o Tennis court is past its usable life – maintaining or upgrading the court is very expensive.
o No club is currently occupying the space resulting in a lack of maintenance.
o Clubroom and pergola is reaching its end of life.
o Fencing restricts public use.

On the vacated site lay turf and plant new native species to match existing trees – rationale for this:
o Enhance the open space look and feel of the park.
o Increase trees to provide shade and attract birdlife
o Reduce maintenance costs to council.

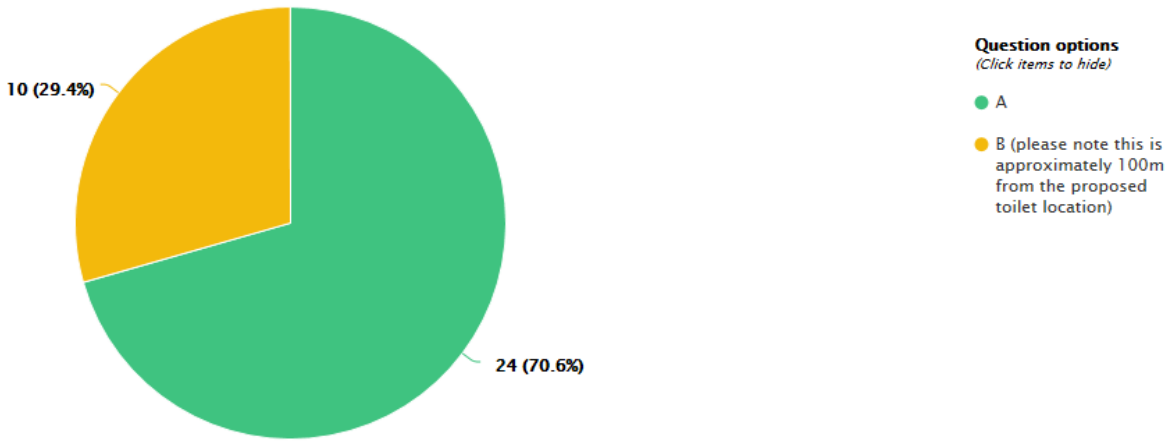
I believe the recommendations above are aligned with Hamilton Park's classification of Neighbourhood Level in accordance with the Marion Playground Policy which states:

Categories Description
Purpose Neighbourhood Level playgrounds will be of a higher quality with a diversity of character in good locations that cater for one or more suburbs. Due to the broader scale of facilities people can use these playgrounds for extended periods of time. They provide similar environmental value as Local Level playgrounds.
User Catchment Distributed within approximately 750m distance to dwellings and work places. Serves surrounding suburbs and is generally within walking or cycling distance, but some may drive.
Types of facilities Sporting and recreation facilities for unstructured sport, park furniture and amenities including at least one seat, pathways for accessibility, diverse opportunities for play for a range of ages, shelter and natural shade with consideration of shade over playground equipment, water sensitive urban design landscaping, limited irrigated grass.

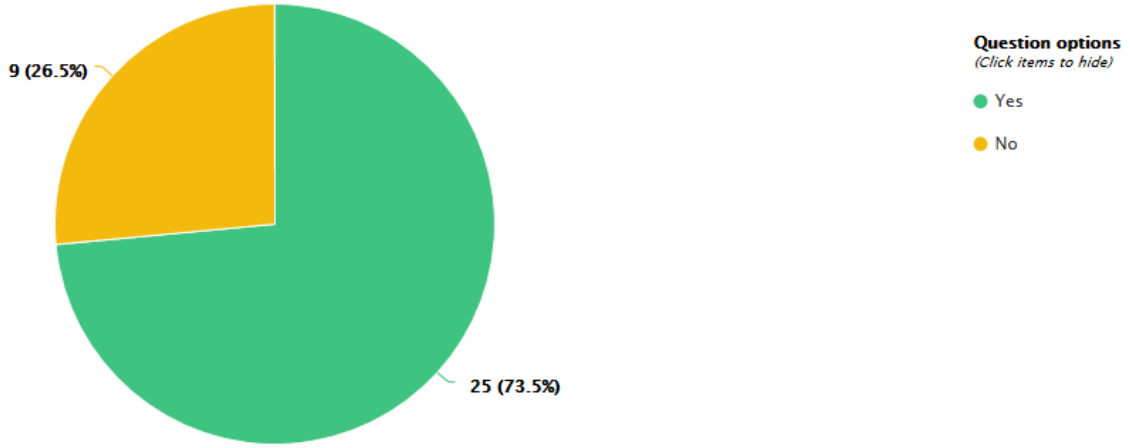
Thanks for the opportunity to provide feedback.

Consideration needs to be given to low mobility visitors and shade for persons waiting for others using the amenities. It is a long walk for a person on a walking frame or other restriction. Grandparents mind children and take them to activities. Workcover persons with low mobility need to be able to access the site. Shade is needed in the vicinity of the amenities.
I do not want a toilet at all !!! Living directly opposite the park I am often woken up by teenagers / young adults drinking and partying in the park at late hours. I believe a toilet block will; 1. encourage people to drink in the park after hours (if there is a toilet facility available). 2. encourage loitering as has been the experience at other public toilets ie Marion wetlands area. 3. Supply a place for drug use. On several occasions I have found used syringes in the park which I have disposed of at the RAH and Queen Elizabeth Hospitals (where I work). This park is quiet and used only by locals who surely don't need a toilet block when their homes are so close. This investment is a waste of money for the few who use the park. Please pay respect to those who live directly opposite the park not the few who live "nearby" who want it for their convenience. It is those who live directly opposite the toilet block who will be affected by the noise, sight, smell and public loitering of a toilet block. My neighbours don't want it either. Use the money for better seating, shelter, trees, play, exercise, sport equipment. This could be implemented now rather than in the proposed 6 year time frame. PLEASE SURVEY the owners directly opposite the park, NOT those living in the surrounding streets / neighbourhood. This proposed block is totally unnecessary when Hazelmere reserve is so close with BBQs/ toilets etc available 100-150 meters away. ABSOLUTELY no toilets on the Western end!! Yes to revegetation throughout, playgrounds and shade (site A)

Question 4.
Please choose a preferred location for the upgraded playground:



Question 5.
Are there any other facilities, elements or activities you would like to see at this reserve?



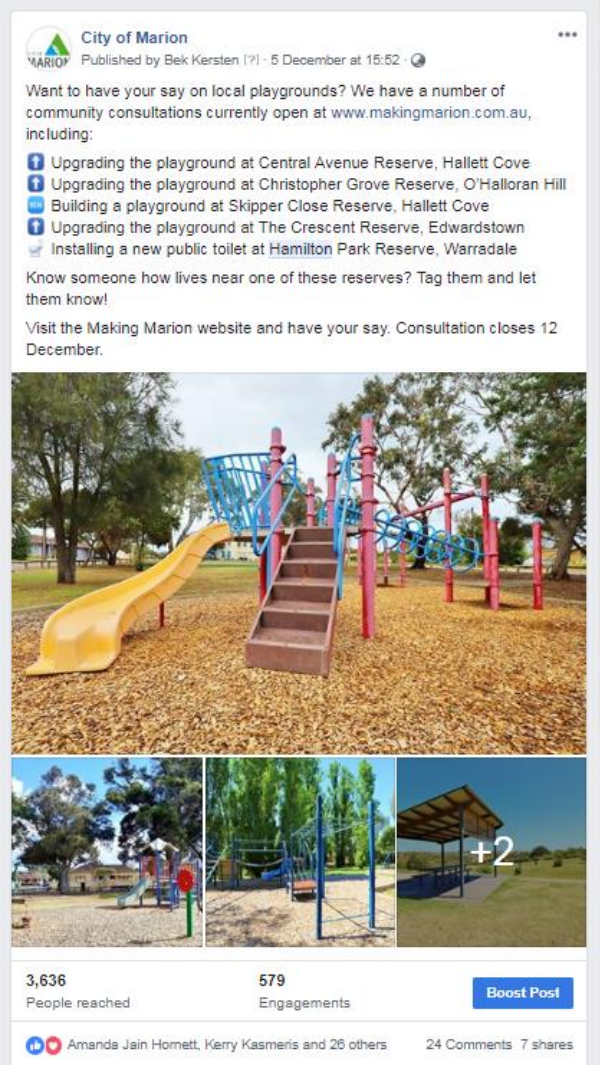
Question 6.
With the limited budget in mind, please choose one activity/facility you would like to see at the site:

As there is no fencing at the reserve, a fence around the new playground would make it safe for children and families.
this park is suited to gym type equipment when budget allows I also believe the cricket practise nets at the dog park on Oaklands Road are unsuited at that site and should be relocated to Hamilton Park. Both to go in area of the former tennis courts
Shade and more seating/tables for barbies. Tap for washing/general purpose
Bike track similar to the one at the new Hendrie st park
A community garden that would make use of part of the enclosure and give people/families who have limited yard space an opportunity to enjoy in order for
Retention of the 2 western tennis courts as they are in the best condition - with open access to the community (currently locked up courts that we cannot use), retention of lights and change to user pay coin operated system. Please!!!
A barbecue similar to the Gully Road playground would encourage groups of friends and their young children to extend their visit.
BBQ, Seating and a few shelters. Bigger playground suitable for all aged children not just preschoolers. Get a new contractor for the loo as I could build a further 4 bedrooms and an extra loo and bathroom for the same money!
Solar lighting in the Park, help with keeping the Park and residents safe. To keep one or two tennis courts, they are sought after, not everyone has small children. We've had a famaily Xmas tennis day every year since moved here, 22 years ago.

Bike path through the park for kids
Pergola with roof next to the bbq facilities. Existing clubhouse location would be ideal. Playground is better where it is. Please make sure both signs advise that reserve is on lead only. Currently the western notice is incorrect
*tennis courts to access whenever
Fence around new playground. As many trees and open green space as practicable.
Hopefully BBQ facilities. It is a great area to hang out in. We would go more often as a family if we could cook a few snags or something.
Natural play equipment (not plastic) - something that fits with the nature of the surrounding area. Play area with water play and sand if possible. Shade area and 1-2 BBQ's around parkland.
large chess set.
Stainlless Steel Water Fountain with dog / bird drinking bowls incorporated,tables and benches / seats. Playground should consider needs of population -disability and ageing-including dementia. Feedback re survey: too limited field .
Somewhere where older children could hang out
tennis courts, so the area is inter- generational - where adults of all ages and children can enjoy the facilities. Tables and chairs to accommodate tennis.
tennis courts where the netball courts are, BMX track for young kids and older teens to use (oklands skatepark isn't the safest or most enjoyable place at times.
Re-lay the tennis court and open it up to the public. It has been a locked court for the whole 20 years that i have lived opposite the park. Keep the lights, convet to a user pays coin system so it can light both tennis courts and playground.
Static bar exercise area for teen and adults. Put powerlines underground
static bar exercise area for adults
two tennis courts in place of the existing four. Specify dogs must be on leads at this park (Oaklands Rd Dog Park to be used for when off lead)
more trees to replace recent losses. Upgrade play equipment / sports and recreation equipment instead of toilet block. Not enough people use the park to warrant $180000 for a toilet block the locals do not want

Social Media

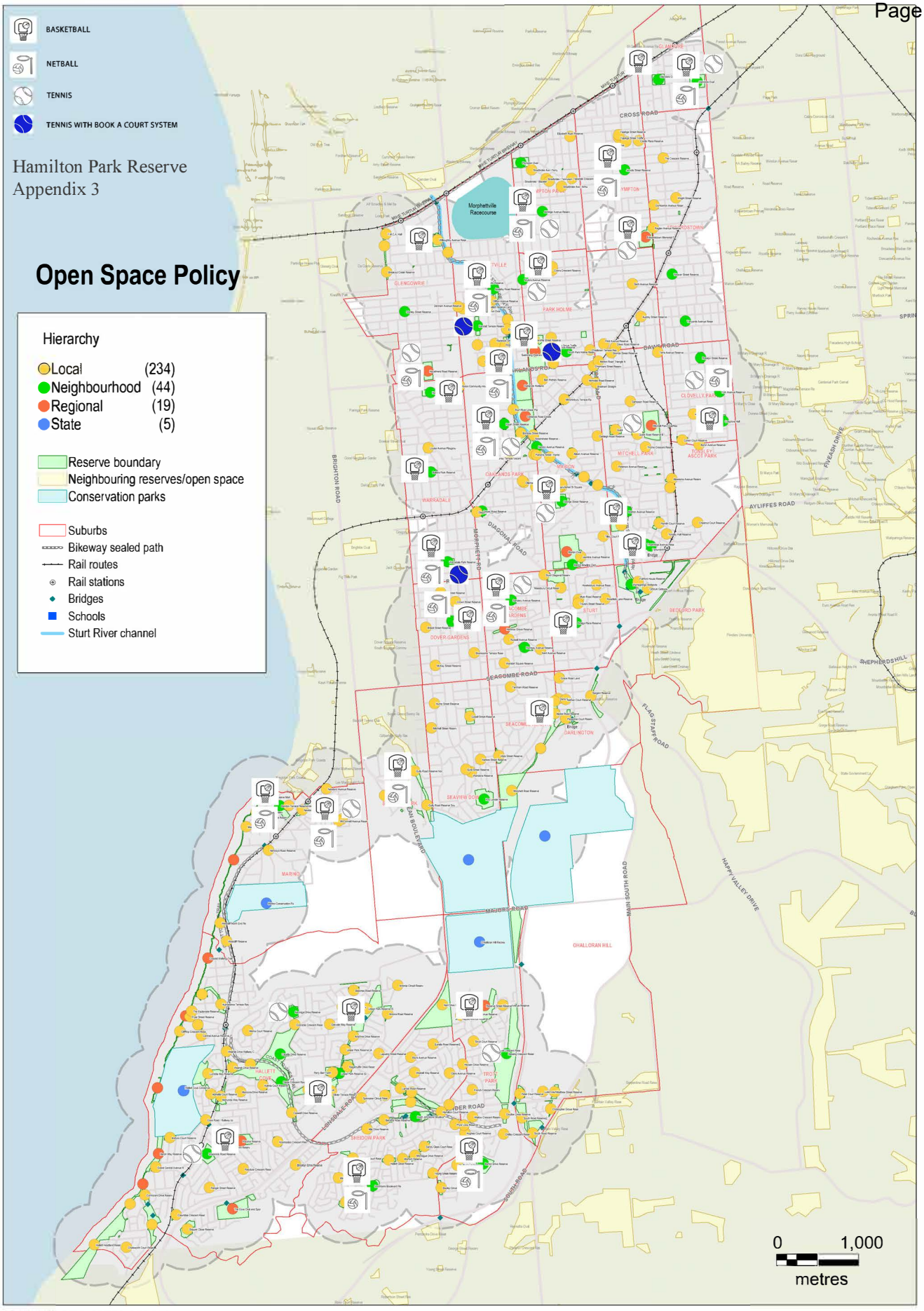
Engagement was undertaken on Facebook to invite community members to have their say via Making Marion.



24 comments were provided to the Facebook posts. Out of the 24 comments only 2 comments were applicable to Hamilton Park Reserve and are included below. The remaining comments related to other City of Marion playgrounds and engagements.

Please please please factor the provision of shade into your costings and design!
Please allow for more fenced in parks!

Glandore Oval Court Upgrade Appendix 2


BASKETBALL
NETBALL
TENNIS
TENNIS WITH BOOK A COURT SYSTEM
Hamilton Park Reserve
Appendix 3
Open Space Policy
Hierarchy
Local (234)
Neighbourhood (44)
Regional (19)
State (5)
Reserve boundary
Neighbouring reserves/open space
Conservation parks
Suburbs
Bikeway sealed path
Rail routes
Rail stations
Bridges
Schools
Sturt River channel
Morphettville Racecourse
CROSS ROAD
DANIEL AVENUE
KIANDRA ROAD
BRIGHTON ROAD
DIAGONAL ROAD
MORPHETT ROAD
AYLIFFES ROAD
SEAGOMBE ROAD
FLAGSTAFF ROAD
MAIN SOUTH ROAD
HAPPY VALLEY DRIVE
MAJORS ROAD
OHALLORAN HILL
SHEPHERDS HILL
0
1,000
metres

Whole of Life Costs Hamilton Community Court Appendix 4

Whole of Life Cost Analysis — **Hamilton Park Reserve Community Court - Appendix 4**

Description	Operating/ Capital	Lifecycle Yrs	Acquisition Cost	Contingencies & Professional Fees	Projected Operating Costs pa	Projected Maintenance Costs pa	Total Projected O&M pa	Less Existing O&M pa	Net Increase O&M pa	Projected Depreciation/ Renewal pa	Existing Depreciation/ Renewal pa	Net Increase Depreciation/ Renewal pa	Whole of Life Cost of Proposal	Whole of Life Increase Cost of Proposal
Manual input	*Select from dropdown*	*Manual input*	*Manual input*	*Manual input (if not separated out)*	*2%*	*5%*	*7%*	*Manual input*		*based on useful life*	*Manual input*		*based on capital component with longest life*	*based on capital component with longest life*
Bitumen Court	Capital	30	136,000	61,200	2,720	6,800	9,520	-	9,520	4,533	-	4,533	618,800	618,800
Acrylic Court	Capital	30	150,000	67,500	3,000	7,500	10,500	-	10,500	5,000	-	5,000	682,500	682,500
	Capital	0		-		-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
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	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
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	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-
	Capital	0	-	-	-	-	-	-	-	-	-	-	-	-

CITY OF MARION

End Dumped Trolley – Provision of Personal Shopping Trolleys

Originating Officer	Unit Manager Operational Support - Roger Belding
Corporate Manager	Manager Engineering and Field Services - Mathew Allen
General Manager	General Manager City Services - Tony Lines
Report Reference	GC191022R17

REPORT OBJECTIVE

To provide a response to the Motion with Notice raised at the General Council Meeting 13 August 2019, that Administration investigates options for providing Marion-branded personal shopping trolleys to the community at or about cost price as part of the Council's campaign to end trolley dumping.

RECOMMENDATION

That Council:

1. **Notes the report.**

2. **Endorses the bulk purchase of 1,000 personal shopping trolleys to be Marion-branded and sold to interested residents at a cost of $13 each, with the cost incorporated within the second budget review, and receives a report in April 2020 outlining the uptake of the sale of the personal shopping trolleys.**

OR

Endorses the individual purchase of personal shopping trolleys to be Marion-branded and sold to interested residents at a cost of $25 each, and receives a report in April 2020 outlining the uptake of the sale of the personal shopping trolleys.

OR

Decides not to progress with the purchase of personal shopping trolleys.

3. **Requests that Administration works with Retail, Housing SA and other groups to explore cost effective or subsidised shopping delivery options for low income households.**

GENERAL ANALYSIS

Background

On 12 July 2018, the City of Marion hosted a summit to discuss the problems and possible solutions related to dumped trolleys (refer Appendix 1).

At the 13 August 2019 General Council Meeting (GC190813M01) Council requested that Administration investigates options for providing Marion-branded personal shopping trolleys to the community at or about cost price as part of the Council's campaign to end trolley dumping.

DISCUSSION

Dumped trolleys result from a retail shopping trolley being removed from a shopping complex facility in order to transport groceries or other heavy items to the home, and then discarded to the verge or footpath rather than being taken back to the store.

On 24 September 2019, Council Endorsed a draft By-law 1 Shopping Trolley Amenity By-law 2019 By-law No.8 2019 to proceed to community consultation. This by-law is anticipated to deter the removal of shopping trolleys from the retail location with the benefit being a reduction in the number of dumped trolleys. There may also be an impact on people who have difficulties in transporting food goods from a shopping complex to their residence. To solve this issue there are several options that could be considered, including the provision of a personal shopping trolley at a subsidised or at cost price.

On assessing the market, the cost to purchase a personal shopping trolley that would be capable of transporting one to two bags of groceries ranges from approximately $8 each if importing direct with a minimum order of 1,000 units to between $20 and $149 each if locally sourced.

If Council were to purchase and on-sell personal shopping trolleys it would need to brand them and purchase and hold stock. There would also be responsibilities to provide warranty replacement. These branding and general chain-of-supply administrative costs are estimated at an additional $5 per trolley.

There is a risk that a large bulk order of personal shopping trolleys (1,000) would take a long time to on-sell, and a possibility that this quantity may never be completely sold. Storage of this number of trolleys would be a difficulty.

Other options for consideration could include working with:

- Retail to provide a suitable monitored shopping trolley and improved process for collection. The shopping trolley could be signed out at the store by the user with the retail operator to collect from an advised address on the same day.
- Retail and Housing SA to seek funding from State Government to offer a subsidised basic delivery service for low income households.

Provision of City of Marion branded personal shopping trolleys would provide an option for transportation of a small amount of groceries and other goods. This solution may not be practical where people need to transport a larger amount of groceries or are at the same time accompanied by young children. In these cases subsidised delivery of goods or provision of a fully monitored full size trolley would be beneficial.

Attachment

#	Attachment	Type
1	Appendix 1 - Trolley Report 22-8-18	PDF File

END DUMPED TROLLEYS

Outcomes of the City of Marion Shopping Trolley Summit

12 July 2018

CITY OF MARION

To the Community

The City of Marion's Trolley Summit was a useful discussion.

More than 40 participants from 21 government and private organisations proposed 17 solutions that could help rid our streets of abandoned shopping trolleys.

Trolley dumping is not the number one issue of Council but it is a persistent low-level problem.

For people with disabilities, in scooters or visually impaired, abandoned shopping trolleys can be a real safety concern.

We have trolleys left on the roads, in creeks and reserves, which is why the City of Marion launched a campaign to fix the problem. The culmination of the campaign was the Trolley Summit.

Cleaning up our streets needs to be a collective effort, recognising that the primary responsibility for returning the trolley lies with the individual.

Council has a role to play to bring the major players together to find a solution when this personal responsibility falters.

Among the ideas presented at the summit were GPS tracking, coin-operated trolleys, community education campaigns and the introduction of by-laws to force retailers to collect trolleys.

Council staff will assess the ideas over the coming months while continuing to work with the industry to clean up our streets.

On behalf of the City of Marion, I want to thank everyone who attended the summit and the valuable contributions that were made.

Yours sincerely

KRIS HANNA

Mayor
City of Marion

END DUMPED TROLLEYS

A BLIGHT ON OUR SUBURBS

Australia is awash with more than one million shopping trolleys.

About 68,000 of those trolleys are in South Australia, 3000 of which are in shopping centres in the City of Marion.

The vast majority of customers do the right thing and return their trolley after using it. Unfortunately, there is a small number of customers who abandon their trolleys.

They dump them in parks and waterways. They block footpaths and roads around shopping centres. It is an eyesore and a hazard to pedestrians.

The problem is not confined to Marion but felt across metropolitan Adelaide, despite the best efforts of many retailers.

COUNTING THE COST

The cost of collecting, maintaining and replacing trolleys nationally each year is estimated at $50 million. Each trolley can cost up to $600. The cost of replacing a trolley is ultimately passed on to consumers.

In South Australia, abandoned trolleys are considered litter under the Local Nuisance and Litter Control Act 2016 and penalties can apply of up to $5000. Prosecuting an offender is difficult, costly and has no guarantee of success.

COMMUNITY DECLARES ENOUGH IS ENOUGH

On 24 May 2018, the City of Marion launched a campaign to clean up the streets of dumped trolleys.

To raise awareness, Council staff collected a staggering 232 trolleys from 500 metres around Westfield Marion and Castle Plaza shopping centres over four days in May.

The haul was presented to the news media as a stark reminder of the extent of the community problem. It generated widespread conversation in the media and in social media.

Over the following weeks, Council deployed inspectors to patrol the streets around the centres. These patrols were backed up by an education campaign reminding people of their responsibilities to return trolleys.

The campaign culminated with an unprecedented Trolley Summit on 12 July 2018.

The summit brought together retailers, State Government regulators, peak organisations, trolley collection and manufacturing firms and other metropolitan Councils, which are concerned about the problem in their communities.

END DUMPED TROLLEYS

TROLLEY SUMMIT

The City of Marion's Trolley Summit on 12 July 2018 brought together for the first time the key industry stakeholders to find a solution to the problem.

Nearly 50 people attended the summit, representing Coles, Woolworths, Drakes, the Environment Protection Authority, Kesab, the Local Government Association, Scentre Group, Housing SA, and SA Police, as well as several trolley collection agencies.

In addition, there were representatives from the cities of Onkaparinga, Playford, Port Adelaide Enfield, Prospect, Salisbury, Tea Tree Gully and West Torrens.

At tables, participants were invited to consider the following questions:

1. **What are the best practice options for ridding our streets of abandoned trolleys?**
2. **What solutions could work in Marion?**
3. **What are the barriers to implementing possible solutions and how we do overcome them?**
4. **How could your organisation contribute to a solution?**

Tables reported the results of each question to the room in turn followed by a general group discussion about a pathway forward.

The City of Marion is grateful to the participants for their valuable insights, commitment and spirit of cooperation.

POTENTIAL SOLUTIONS

Participants at the Trolley Summit identified 17 options that may assist in solving the problem of abandoned trolleys.

Participants agreed a single, one-size fits all approach is unlikely to be an effective long-term solution. Rather, a multi-pronged approached stands a better chance of success.

One of the key points made by the retailers is that a solution involving cost or liability of retailers will need either the agreement of all relevant retailers, or a mandatory option including all retailers - to ensure a 'level playing field' in terms of cost pressures.

1 Legislative

1.1 New by-laws

Councils could introduce a by-law to fine the owners (retailers) for each trolley found abandoned. The by-law would be similar to that used by Councils interstate.

1.2 Adopt ACT laws

SA Government could introduce Australian Capital Territory-style laws to make all trolleys coin operated.

1.3 Review SA Act

The Evironment Protection Authority and Local Government Association could work together to incorporate trolley dumping as a specific offence in any future review of the Local Nuisance and Litter Control Act 2016. Retailers could also be required to have a management plan for trolleys.

2 Technological or innovative

2.1 GPS tracking

Fit trolleys with GPS tracking to help retailers locate trolleys that are removed from a shopping centre.

2.2 Coin deposit

All trolleys could be coin operated. The customer receives a refund when they return the trolley.

2.3 Electronic locking

Fit trolleys with a mechanism that automatically locks the wheels if an attempt is made to remove it from a shopping centre car park.

2.4 Retail leases

Make retailers responsible for the timely collection of shopping trolleys as part of their lease agreement with centre management.

2.5 Trolley hire

Customers needing to take a trolley home would pay a deposit and receive the money back when they returned the trolley.

2.6 Trolley bounty

Retailers to offer a bounty for the return of abandoned trolleys.

2.7 Suburban bays

Build shopping trolley drop-off points around identified dumping hot spots and near public transport, to make collection easier.

2.8 CCTV

Install CCTV cameras to identify offenders.

2.9 Reusable trolley

Introduce affordable, reusable trolleys that shoppers can bring to supermarkets similar to reusable shopping bags.

3 Behavioural change

3.1 Baseline research

Identify precise locations of trolley dumping, build a profile of the offenders and research the reasons why people do it.

3.2 Education

Undertake an education campaign, including signage, advertising and information sheets written in multiple languages, to reinforce the responsibility to return trolleys.

3.3 Target dumpers

Councils could periodically focus on catching and finding people caught dumping trolleys under the Local Nuisance and Litter Control Act 2016. The offence is littering.

3.4 Promote enforcement

Proactively promote any successful prosecutions under the Local Nuisance and Litter Control Act 2016 as a deterrent.

3.5 Dob in a litterer

Set up a hotline to enable the community to dob in trolley dumpers.

NEXT STEPS

The Trolley Summit has identified a range of possible solutions that may assist in reducing the number of abandoned and dumped shopping trolleys in our suburbs.

The City of Marion intends to evaluate the various options presented at the Summit as part of a broader plan to address the problem, which affects communities across metropolitan Adelaide.

In particular, Council will monitor the interstate trials of GPS tracking and locking devices, as well as explore the effectiveness of legislative and bylaw reforms.

These legal changes have focussed on two areas:

- Local by-laws to fine retailers who fail to collect dumped trolleys in a timely manner.
- The introduction of mandatory coin-operated trolleys in the Australian Capital Territory.

This report emphasises that Council has not yet settled on a preferred option to solve the issue.

Council remains committed to working co-operatively with the State Government, other Councils, peak associations and the retailers, recognising that any sustainable solution will require their assistance to implement.

Progress reports will be tabled at Marion Council meetings or other relevant forums, and communicated to the community and other stakeholders.

Whatever system is ultimately adopted will need to be effective, consistent and avoid shifting the cost burden of implementation on to responsible members of the community.

In the meantime, the City of Marion will continue with its campaign to educate the community about their responsibility to return shopping trolleys – and where they can report dumped trolleys.

PARTICIPATING ORGANISATIONS

APC Intergration

Blind Citizens Australia

City of Marion

City of Norwood Payneham & St Peters

City of Onkaparinga

City of Playford

City of Port Adelaide Enfield

City of Prospect

City of Salisbury

City of Tea Tree Gully

City of West Torrens

Coles

Drakes Supermarkets

Environment Protection Authority

Housing SA

KESAB

Local Government Association

SAPOL

Trolley Tracker

Westfield

Woolworths

STAY IN TOUCH

Stay in touch with the campaign via
these dedicated social media channels:

/Trolleywatchsa
@Trolleywatchsa

City of Marion

245 Sturt Road, Sturt

T: 8375 6600

CONNECT WITH US

/CityofMarion
/CityofMarion
/CityofMarion

www.marion.sa.gov.au

END DUMPED TROLLEYS

CITY OF MARION

CORPORATE REPORTS FOR INFORMATION/NOTING

Investment Performance 2018/19

Originating Officer Treasury Accountant - John Stewart

Corporate Manager Manager Finance - Ray Barnwell

General Manager General Manager Corporate Services - Sorana Dinmore

Report Reference GC191022R18

REPORT OBJECTIVE

Section 140 of the Local Government Act requires Council to review the performance of its investments on an annual basis. This Finance and Audit Committee reviewed and noted the 'Investment Performance' report at their meeting on Tuesday 8 October 2019, and were satisfied with the performance results.

A summary of the 2018/19 Investment Performance is provided at Appendix 1 for the Council's information, showing that Council recorded a favourable result against the benchmark indicator. A favourable result has been experienced each Financial Year since 2007/08.

RECOMMENDATION

That Council:

1.Note Investment Performance Report 2018/19.

Legal / Legislative / Policy: In compliance with Section 140 Local Government Act.

DISCUSSION

Decision making regarding investments are carried out under the guidance and limitations set within Council's Treasury Management Policy.

Compliance with Treasury Management Policy (Investments)

Council has complied with all elements of the Treasury Management Policy. Compliance has been achieved against the following major policy requirements:

Policy Requirement	Review
Council funds available for investment will be lodged 'at call' or having regard to differences in interest rates for fixed term investments of varying maturity dates, may be invested for a fixed term.	Investments in Fixed Term Deposits were made between a range of 30-363 days with an average maturity of 86 days and an average return of 2.65%. The average 'at call' rate of return was 1.72%. No Fixed Term Deposits were required to be broken during the year.

In the case of Fixed Term Investments, the term should not exceed a point in time where the funds could otherwise be applied to cost-effectively defer the need to raise a new borrowing or reduce the level of Council's variable interest rate borrowing facility.	The variable interest rate borrowing facility was not required to be accessed.
Council will select the investment type which delivers the best value, having regard to investment returns, transaction costs and other relevant and objectively quantifiable factors.	The Council supports the Local Government Finance Authority of South Australia (LGFA) for the placement of investment funds. The LGFA is a statutory authority established for the benefit of Councils in South Australia. Utilising the services of the LGFA provides an efficient means of investing surplus funds and a source of highly competitive interest rates. All deposits made with the LGFA are also guaranteed by the Treasurer of South Australia. To ensure Council continues to receive competitive rates for investments, quotations are regularly obtained from authorised institutions on investments of $1,000,000 or more where the period of investment exceeds 30 days. During 2018/19 all surplus funds were invested with the LGFA, who, on all occasions offered the most competitive interest rates.
Investments fixed for a period greater than 12 months to be approved by Council.	No Investments were placed for a period greater than 12 months.
The Policy indicates where surplus funds can be invested and that if they are invested in choices outside of the Policy, Council approval is required.	All surplus funds invested during the 2018/19 financial year were invested with the LGFA which is an allowable option under the Policy.
The Policy indicates investment activities that Council would not participate such as shares in private/public companies, listed or unlisted property trusts and derivatives.	No investments were placed in such options.

Performance against Benchmarks

Reserve Bank Cash Rate

Council earned $1,213,615 of interest on its investments in 2018/19 at an average rate of return of 2.52%, a favourable outcome compared to the benchmark indicator (average Reserve Bank cash rate) of 1.49%.

Bank Bill Swap Rate (BBSW)

The Finance and Audit Committee commented, when reviewing the 2014/15 Investment Report, that it would also be useful to benchmark against commercial rates being offered.

The BBSW is the rate at which banks will lend to each other. It is a short term swap rate, and reflects a compilation and average of market rates supplied by domestic banks regarding specific maturities of bank bills. The BBSW is published daily and therefore an annual average index can be readily calculated for comparative purposes.

The most common index applied is the 90 Day BBSW which also closely aligns with Council's average maturity of 86 days. For the 2018/19 financial year, the 90 Day BBSW was 1.86%. Council's annual rate of return of 2.52% is also favourable compared to the BBSW indicator, the fourth consecutive year that this has been achieved.

Interest on Investments Budget Performance

The performance of Interest on Investments is also monitored and managed against the Budgeted forecast. The actual value of investment interest of $1,213,615 was a 4.16% favourable variance against a final revised budget forecast of $1,165,178.

Conclusion

The investment performance for 2018/19 was satisfactory when compared to relevant benchmark indicators. Investments were placed exercising due care and diligence and in strict accordance with Council's Treasury Management Policy.

Attachment

#	Attachment	Type
1	GC191022R Investment Performance 2018-19 Appendix 1	PDF File

Appendix 1

Investment Performance 2018/19

Interest on Investments

Interest on investments for 2018/19 was $1,213,615. Recent interest on investment history reveals the following:

	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Total Interest (including LGFA Bonus)	$793k	$888k	$696k	$929k	$1,111k	$1,214k
LGFA Bonus	$87k	$86k	$109k	$90k	$132k	$168k

The increase of interest on investments in 2018/19 can be mainly attributed to the increase in the average amount invested per day, increasing from $46.8m in 2017/18 to $48.2m in 18/19. This would indicate that funds were able to be kept on deposit for longer periods in 2018/19, prior to being required to meet payment obligations for creditors, payroll and progress payments for major capital projects.

The breakdown by Institution of the above total interest of $1,214k for 2018/19 was as follows;

Term Deposits		
LGFA	$1,201k	Annual Average Rate of Return 2.58% which includes the annual LGFA bonus distribution. Best rate was 2.75% over 240 Days (includes LGFA bonus) – last experienced October 2018.
Other Institutions	$Nil	
Sub-Total	$1,201k	
Operating Account		
BankSA	$13k	Annual Average Rate of Return 0.81%
Total	**$1,214k**	

Competitive quotes were sourced during the financial year and all investments were placed with the LGFA who provided the best competitive rates in all instances.

Peak Value of Investments

Investments peaked in December 2018 at $53,323,629. The peak value of investments history reveals the following:

2013/14	*2014/15*	*2015/16*	*2016/17*	*2017/18*	*2018/19*
$30.9m	$34.9m	$30.1m	$47.1m	$52.6m	$53.3m
Jun 2014	Sep 2014	Mar 2016	Jun 2017	Mar 2018	Dec 2018

Traditionally investments reach their peak in the first half of the financial year due to a portion of ratepayers paying their rates in full rather than paying quarterly. Large grant revenue receipts and the timing of significant Capital Expenditure projects also have an impact on investment balances.

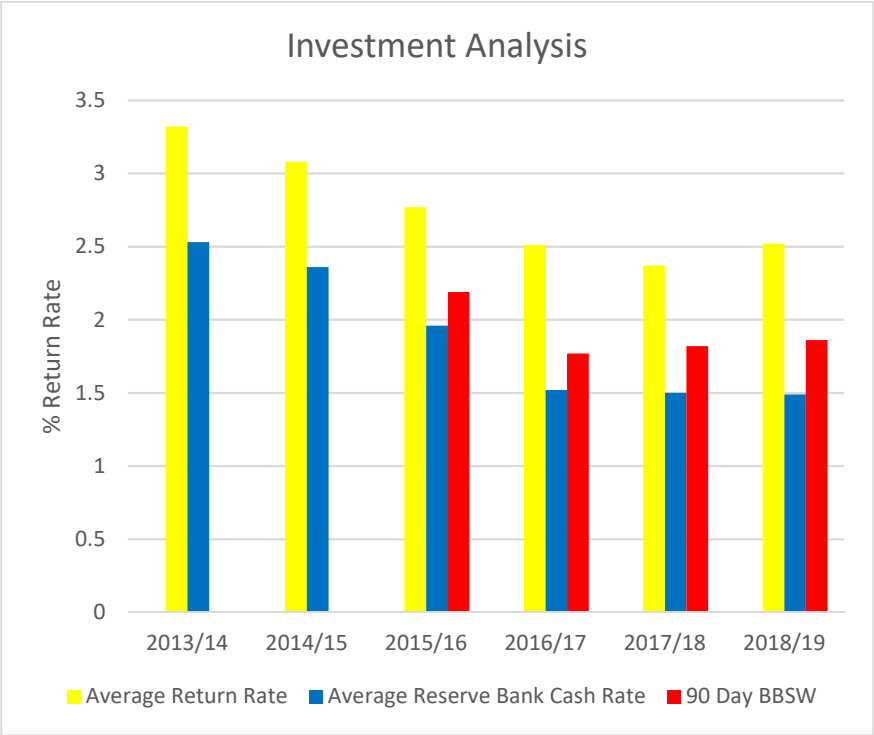
Annual Rate of Return on Investments

Council's Investment performance is measured against a recommended benchmark and submitted for consideration by Council on an annual basis. This is in accordance with guidelines contained in the "Investment Policy & Review of Investments" document published by the South Australian Local Government Financial Management Group.

The benchmark indicator referred to above that measures our investment performance, is the average annual Reserve Bank cash rate. The cash rate remained at 1.50% for the majority of the financial year, with a 0.25% negative adjustment implemented on 5 June 2019.

The annual rate of return on investment for the City of Marion in 2018/19 was 2.52% compared to the annual average bench mark rate of 1.49%, providing reassurance that funds invested by City of Marion were well managed. The following table and graph summarises Council's history of annual rate of return on investments.

	2013/14	*2014/15*	*2015/16*	*2016/17*	*2017/18*	*2018/19*
Annual Rate of Return	3.32%	3.08%	2.77%	2.51%	2.37%	2.52%
Average Reserve Bank Cash Rate	2.53%	2.36%	1.96%	1.52%	1.50%	1.49%
Benchmark Variation	**+0.79%**	**+0.72%**	**+0.81%**	**+0.99%**	**+0.87%**	**+1.03%**



The Council's annual rate of return includes the annual bonus paid by Council's principal investment financial institution – LGFA. The bonus amount paid to Councils by LGFA is based on a combination of Council's investment and borrowing activity for the prior year.

The table indicates a positive variation in each financial year against the average Reserve Bank Cash Rate. The 2018/19 result is the twelfth consecutive year of a favourable outcome against this benchmark. In addition, the 2018/19 annual rate of return of 2.52% also marks the fourth consecutive year that Council's investments outperformed the BBSW indicator.

Council's General Bank Account earned an average rate of 0.81% in 2018/19, which is factored into the benchmark result. The inclusion of the General Bank Account earnings in the overall investment performance does make it more challenging to achieve a positive benchmark performance. As a result, it is important that the Treasury Management function monitors and minimises any potential negative impact.

CITY OF MARION

Corporate Risk Quarterly Report

Originating Officer	Risk Coordinator - Karen Peake
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R19

REPORT OBJECTIVE

The purpose of this report is to provide Council with assurance that the City of Marion is committed to managing its corporate risks and provide information on those risks currently rated outside Council's risk tolerance through the provision of the Corporate Risk Quarterly Report.

EXECUTIVE SUMMARY

Council last considered the Corporate Risk Quarterly Report along with the Annual Corporate Risk profile, at its meeting on 27 August 2019 (GC190827R14).

The quarterly corporate risk review shows a continuing maturity of risk management across the organisation through a reduction in risks rated outside Council's risk tolerance. A summary of the outcomes of the Corporate Risk Register reviews over the past twelve months is provided in **Appendix 1** and demonstrates the reduction in the number of risks currently rated high and medium.

RECOMMENDATION

That Council:

1. **Notes the report including the reduction of risk and the mitigation strategies of high rated risks.**

DISCUSSION

During the July to September 2019 quarter, two medium rated risks were removed as they were no longer considered risks within the current context. This resulted in a new total of 109 risks identified in the Corporate Risk Register with current risk ratings as follows; 8 high, 81 medium and 20 low.

One previously high rated risk, Damage to the Local Government sector reputation impeding on CoM's successful delivery of services to the community, was re-rated to medium, due to work undertaken on issue and crisis management planning around individual Council initiatives and decisions of Council, as well as participation in the LGA promotion/marketing working group.

The 8 corporate risks rated as high which are detailed in an extract from the Corporate Risk Register (**Appendix 2**) and relate to; asset management, WHS management, environmental management, governance, business continuity & community and ICT infrastructure/cyber security. These risks are managed on a day to day basis across the organisation at Senior Leadership level as the Risk Owners, with the Executive Leadership Team undertaking a review each quarter in line with the Risk Management Team monitoring and reporting to the Risk Working Group.

CONCLUSION

The ongoing quarterly reporting provides Council with the assurance that the City of Marion is working to manage and mitigate its high rated risks. This will benefit the business and provide a greater level of assurance for Council and all key stakeholders.

Attachment

#	Attachment	Type
1	Appendix 1 Corporate Risk Quarterly Summary Sept 2019	PDF File
2	Appendix 2 Corporate High Risk Sept 2019	PDF File

Table of Corporate Risk Register Review Quarterly Outcomes **APPENDIX 1**

Period:	Qtr 2: Oct to Dec 2018			Qtr 3: Jan to Mar 2019			Qtr 4: Apr to Jun 2019			Qtr 1: Jul to Sept 2019			Current Risk Impact
Corporate Risk	I	C	F	I	C	F	I	C	F	I	C	F	
Extreme	16	0	0	17	0	0	20	0	0	20	0	0	↔
High	75	8	0	74	9	0	74	9	0	71	8	0	↓
Medium	16	80	64	16	79	64	17	84	68	18	81	67	↓
Low	0	19	43	0	19	43	0	18	43	0	20	42	↑
Total	107	107	107	107	107	107	111	111	111	109	109	109	

Risk Tolerance

Current High Risk %	7%	8%	8%	7%

** Key: I = Inherent, C = Current, F = Forecast*

Corporate Risk Register - extract showing current HIGH risks (Sept 2019)

ELT Risk Owner	SLT Risk Owner	Strategic Link	Ref	Risk Description	Risk Causes /Sources	Potential Consequences	INHERENT Level of Risk			Current Controls in Place	CURRENT Level of Risk			Further Actions	Due Date	Action Owner	FORECAST Level of Risk		
							Likeli-hood	Conse-quence	Risk Rating		Likeli-hood	Conse-quence	Risk Rating				Likeli-hood	Conse-quence	Risk Rating
City Development	Innovation & Strategy	Liveable	ASY02	**Property & Infrastructure** Failure to appropriately manage assets and associated funding, including planning, acquisition, renewal , maintenance, management and disposal.	- Lack of lifecycle and whole of life controls utilised in corporate decision making. - Poor asset related data - Ineffective asset management systems - Ineffective asset management planning - Lack of clarity regarding service standards/levels - Change in strategic priorities - Increased workload/ inadequate staffing ~~levels~~/specialised skills - Inadequate funds allocated for asset management ~~of assets~~ - Increased quality expectations from the community, Australian standards and legislation - Climate change	1.Death or critical injury (contractor mgt) 2.Reputational damage 3.Asset deterioration/ failure 4.Financial burden - short & long term 5.Poor staff morale 6.Non compliance with legislation, regulations and industry standards 7.Dissatisfied community 8.Service level cuts	Likely	Severe	EXTREME	1. Strategic Plan 2. Asset Management Plans (x7) 3. Long Term Financial Plan (LTFP) 4. Annual Budget Planning process 5. Valuation program 6. Asset Management Governance 7. Annual Asset Management Maturity Assessments 8. Asset Inspection & Audit Program 9. Asset Management Policies/Procedures/Processes 10. Asset induction & training program 11. Community Satisfaction Survey 12. Professional memberships 13. Annual Audit of Financial Statements 14. Annual Internal Control Audit 15. Monitoring of Complaints via CES	Unlikely	Severe	HIGH	1. Update Asset Management Plans (x 7) - will incorporate reference to Climate Change & SMART Cities 2. Review asset condition inspection regime 3. Finalise 'single point of truth' for all asset data 4. Finalise review and setting of asset service levels 5. Development of the City Property Strategic Asset Management Plan 6. Undertake activity level process mapping 7. Develop & implement ICT Asset Management Information System (AMIS) 8. Implement Asset Mgt Improvement Program (AMIP 2.0) 9. Adopt an Asset Management Strategy 10. Implement a Key Performance Indicator (KPI) program	1.31/12/20 2.30/06/20 3.31/03/20 4.31/12/20 5.30/06/20 6.30/06/20 7.30/06/21 8.30/06/21 9.31/10/19 10.30/06/21	1.UM AS 2.UM AS 3.UM AS 4.UM AS 5.Mgr CP 6.UM AS 7.Mgr ICT 8.UM AS 9.UM AS 10.UM AS	Rare	Severe	MEDIUM
Corporate Services	Finance & Contracts	Council of Excellence	CON03	**WHS Management** Failure to manage contractors appropriately to ensure that contractual obligations are met	- Inadequate awareness for the procurement and contracting process - Inconsistent approach for the procure-to-pay process - Lack of knowledge regarding corporate requirements for contract management - Lack of training regarding contractor management	1.Death or critical injury to Workers, Contractors or member of Public 2. Weak internal controls and process assurance 3.Ineffective financial monitoring of contracts/budgets 4.Inappropriate contractor management 5.Inability to engage quality contractors 6.Non-performance of contractors 7.Ineffective use of staff resources 8.Lack of integrity in the process, frequent 'work arounds' 9.Disruption to works impacting CoM & team 10.Disruption to works impacting local community 11.CoM exposure to liability 12.Reputation damaged through adverse media coverage	Likely	Severe	EXTREME	1.Procurement and Contractor Management policy & procedures 2.Staff training provided in procurement & contractor management 3.Business Partnering approach 4.Internal customer satisfaction surveys (every project) 5.Annual procurement planning (aligned to projects etc) 6.Contracting centralised through the Contracts Team 7.Existing Procurement and Contractor Management Policies and Procedures (including tender evaluation, contractor induction, site inspections);Tender Board process for contracts greater than $200,000 8. Skilled Contracts staff 9. Sharepoint used to manage records 10. Staff trained in Contract Management Oct/Nov 2016 11. Contract Management Internal Audit undertaken 12. Contractor Audit program outlined in HSE Plan 13. Pilot contractor surveillance & monitoring to SkyTrust	Unlikely	Severe	HIGH	1.Contract Management Internal Audit recommendations	1.30/06/19	1.UM Contracts	Rare	Severe	MEDIUM
City Development	Innovation & Strategy	Valuing Nature	ESU03	**Environmental Management /Climate** Failure to understand, plan and act to respond to the projected impacts of climate change.	- Lack of climate change awareness / understanding - Lack of recognition for climate risk mapping in urban planning (PDI Act) - Planning application approvals in unsuitable areas - Poor decision making - Poor project management - Inadequate communication - Poor inter-departmental working	1.Catastrophic damage during extreme weather (e.g. flooding) 2.Cost of remedial works 3.Cost of mitigation works 4. Dissatisfied community 5. Damage to coastal zone from storm surge 6. Reduced rates revenue as property values go down 7. Increased difficulty in obtaining insurance cover 8. Increased difficulty in obtaining loans if financial institutions require evidence of responses to climate change impacts 9. Infrastructure damage	Likely	Severe	EXTREME	1. Valuing Nature CoM Community Vision 2. CoM Climate Change Policy 3. Resilient South regional Climate Change Adaptation Plan 4. Resilient South Local Government Regional Implementation plan 5. CoM Climate Risk & Governance gap analysis 6. Coastal Climate Change Adaptation Plan being developed including baseline monitoring to detect early changes to risk. 7. Professionally qualified staff 8. Education via events, networking, workshops etc. 9. Building community resilience through partnership & education	Possible	Severe	HIGH	1. Review of climate change projections/observations & use of pathways approaches in adaptation planning. 2. Evaluating the progress of the Regional Implementation Plan with program partners 3. Develop & implement a Climate Risk Governance program 4. Implement findings of Coastal Climate Adaption Plan 5. Elected Member engagement & education 6. Undertake a skills/capability audit & document training gaps in the TNA 7. Provide training & capability building opportunities with identified staff	1.31/12/19 2.31/12/19 3.30/06/20 4.30/06/20 5.30/06/20 6.31/12/19 7.31/12/20	1.UM ES 2.UM ES 3.UM ES 4.UM ES 5.UM ES 6.UM ES 7.UM ES	Rare	Severe	MEDIUM
Corporate Services	Corporate Governance	Council of Excellence	GOV02	**Governance Risk** Break down of Council Administration and Elected Members working relationship, impacting on sound and effective decision making process for the delivery of aligned and strategic business outcomes.	- Poor strategic level decision making - Administration managing requests from Council without due consideration and adequate time - Council and Administration failing to communicate with each other, resulting in unfunded, unplanned initiatives gaining Council endorsement - New initiatives going straight to Council without following procedures through due diligence (eg Asset Management, Finance, Governance, Risk, Environmental Sustainability, Contracts, Strategic Management etc), - Some Councillors have differing perspectives of their role on Council, decisions being made that are Ward based, rather than whole of - Council perspective - State Government Elections- Local Government Elections	1. Unsustainable initiatives 2. Strategic plan misalignment 3. Process Errors 4. Lack of funding and negative financial implications 5. Lack of or misuse of resources 6. impact on the delivery of other project/initiatives 7. Staff stress 8. Low staff morale	Likely	Moderate	HIGH	1. Process of unfunded initiatives 2. Staff provide frank and fearless advice 3. Annual workshop for Council & Finance & Audit Committee 4. Council Meeting Procedures training during induction 5. Committee's bi-annual self evaluation effectiveness survey 6.GM's induction on governance processes 7. CEO and Mayor relationship 8. Due diligence and prudential report to Council. 9. Elected Member Code of Conduct (Mandatory) and Elected Member Code of Code Procedure for Investigating Complaints 10. Caretaker Policy reviewed and adopted by Council 11. Caretaker training delivered to EM's and Staff 12. Elected Member Planning Day (19/01/19) 13. CEO/Mayor weekly meetings 14. Manager CG & Mayor fortnightly meetings 15. Good Governance training Program implemented (inc.'How to Work Effectively with Elected Members'). 16. Post Election (Nov18) Policy review completed 17. EM Training - re Council Induction & LG Act mandatory requirements	Likely	Moderate	HIGH	1. Supplementary election	1.09/12/19	1.Mgr CG	Unlikely	Moderate	MEDIUM
Corporate Services	Corporate Governance	Council of Excellence	GOV06	**WHS Management** Failure of COMs officers to discharge Due Diligence obligations under the WHS Act	- Failure to advise and train staff of WHS obligations - Officers' having low levels of WHS knowledge & awareness - Ineffective training - Inadequate WHS Management System	1. Criminal Charges 2. Incarceration 3. Financial Penalty 4. Reputation Risk	Likely	Severe	EXTREME	1.Skilled and experienced WHS Staff 2.TSLW WHS Management system (SkyTrust) 3.Specialist WHS Coordinator 4.Due diligence training 5.Ongoing consultation, training and advice to staff across CoM 6.ELT Support and briefings on emerging risk issues 7.WHS induction new staff 8.Monthly reporting to Council, ELT and SLT regarding hazard and incident management 9.Annual WHS KPI Action Plans 10.Internal WHS Audits undertaken 11.Implementation of Work Area Inspections 12.WHS training with Elected Members	Unlikely	Severe	HIGH	1.Implementation of Contractor Mgt/ Skytrust S3 (Pilot undertaken but awaiting Contract team to identify system) 2.Review all SWMs, SOPs, related policy & procedures 3.WHS KPI Action Plan 2019	1.30/09/19 2.31/10/19 3.31/10/19	1.Contracts Leader 2.UM Risk 3.UM Risk	Rare	Major	MEDIUM

Corporate Risk Register - extract showing current HIGH risks (Sept 2019)

ELT Risk Owner	SLT Risk Owner	Strategic Link	Ref	Risk Description	Risk Causes /Sources	Potential Consequences	INHERENT Level of Risk			Current Controls in Place	CURRENT Level of Risk			Further Actions	Due Date	Action Owner	FORECAST Level of Risk		
							Likeli -hood	Conse -quence	Risk Rating		Likeli-hood	Conse-quence	Risk Rating				Likeli-hood	Conse-quence	Risk Rating
Corporate Services	Corporate Governance	Council of Excellence	GOV10	**Business Continuity & Community Safety** Failure in Council's ability to prevent, prepare, respond to and promote resilience in the community in the event of an emergency ie earthquake, flood, extreme heat, bushfire and terrorism	- Absent, outdated or inadequate Community Emergency Plan, - Failure to undertake risk assessment and undertake mitigation activities for known hazards	1. Death or critical injury to Workers, Contractors or member of Public 2. Disruption to works impacting CoM 3. Disruption to works impacting local community 4. CoM exposure to liability 5. Officers' exposure to criminal litigation 6. Reputation damaged through adverse media coverage	Possible	Severe	HIGH	1. Flood prevention activities 2. Fire prevention activities 3. Planning/Building Fire Committee 4. Community education / development 5. Community Emergency Management Plan 6. Workplace Emergency Management Plans 7. Business Continuity Plan 8. Training Needs Analysis and conduct of required training 9. Response personnel 10.Events Mgt (CSC) - implementation of Crowded Place Risk Assessment and Notification Processes issued by SAPOL 11.Monitoring and management of Emergency Management work program actions (via EPC/BCWG/ZEMC) 12.Generator installed and commissioned to provide ICT backup/select power for IMT/EOC activities at Admin Building 13.ZEMC Recovery Exercise - increased understanding of Council's roles & responsibilities (Exercise RUMBLE 4/9/18) 14.Key staff trained in iResponda and Swift Water rescue (as per TNA)	Unlikely	Severe	HIGH	1.Finalise/distribute Corporate Emergency Management Risk Assessment 2.LGFSG training of officers 3.BCP Exercise - Extreme Heat 4.Drafting LGA Council Ready Action Plan	1.31/10/19 2.31/12/19 3.31/10/19 4.31/12/19	1.UM Risk 2.UM Risk 3.UM Risk 4.UM Risk	Rare	Severe	MEDIUM
Corporate Services	ICT	Council of Excellence	ICT02	**ICT Infrastructure/ Cybersecurity** Poor data quality and governance not supporting informed decision making	- Strategic awareness/oversight of corporate data and processes unknown - Lack of standardised Data Quality Assurance processes in place - Lack of awareness that there is a Data Governance Framework - Lack of organisational resource and capacity to oversee the Data Governance Framework and embedd the principles - Poor capture of data due to inconsistent processes - Lack of specialised skills across work units to capture quality data - Reluctance to use Corporate System databases versus personal spreadsheets due to systems not supporting business needs - Inadequate funds allocated in internal budgets for system improvements and ICT computer skills development for staff - Lack of ICT training for staff (no corporate ICT Trainer role) - Lack of mobility tools for outdoor staff - Ineffective use of end user reporting and query tools	1.Non compliance with related regulations/ legislation 2.Poor decision making 3.Failure to deliver identified business outcomes 4.Failure to address business issues. 5.Inability to provide innovation and improve efficiencies 6. Lack of data integrity 7. Failure to measure data value	Likely	Severe	EXTREME	1. ICT Steering Committee meets quarterly to discuss major initiatives and priorities 2. ICT working in line with the Strategic Management Framework, ICT Strategic Themes and Work Area Plan 3. Core application systems user groups in place with ICT business unit account manager roles (engagement partners / project co-ordinators) 4. Vendor management Reviews of required software enhancements and faults 5.Clarified roles and responsibilities of software ownership (org wide versus departmental) 6.Regularly reviewed policies, procedures & processes 7.ICT Digital Transformation Plan 2017-2022 and ICT Roadmap embedded into annual business plan and budget process, and updates provided to Council ISC committee 8.Business Systems "Fitness" Review completed & distributed to senior management with findings Dec 2018. 9. Development of the Information Technology Application Strategy 2019	Possible	Severe	HIGH	1.New business intelligence / data analytics reporting toolset (Microsoft PowerBI) to be deployed organisation-wide in 2019 2. Implementation of the Information Technology Application Strategy (ITAS) plan in 2019 3. Implementation of the ICT Service Review recommendations 4. Embed the Data Governance Framework accross the organisation 5. Seek endoresement of Data Governance/Database Administrator to implement and oversee the Data Governance Framework	1.31/12/19 2.30/06/20 3.30/06/20 4.30/06/20	1.Mgr ICT 2.Mgr ICT 3.Mgr ICT 4.Mgr ICT	Unlikely	Major	MEDIUM
Corporate Services	ICT	Council of Excellence	ICT04	**ICT Infrastructure/ Cybersecurity** Failure to deliver key corporate initatives/projects as identified by the business	- Lack of consistent organisation wide project management framework - Lack of appropriate business and ICT resource for project delivery - Excessive number of projects - Strategic Plan and Annual Business Plan projects don't consider ICT resource implications - Business as usual work committments under estimated resource-wise - System failure and data breaches - Lack of detailed project planning including project brief/scope, budget, resourcing, risks and quality assurance	1.Reputational risk of not delivery and utilising council funds effectively 2.Legislative requirements not being able to be met 3.Productivity loss due to system failures 4.Service Delivery impacts may lead to industrial action	Likely	Major	HIGH	1.Project Management Leader recruited 2.Use of ICT project management methodology and templates 2. Full scoping of project to create accurate/relevant project initiation document (PID) 3. Clearly identified roles & responsibilities within project team 4. Regular team/partnership meetings 5. Regular monitoring and review 6.Regularly reviewed ICT policies, procedures & processes 7.Regular project status reporting, monitoring and reviews (ELT Project Control Group and Project Steering Committees) 8.Part of the annual business planning process, ensure Work Area Plans are resourced and achievable 9.Project Management software solution implemented 10.CoM Project Management Office (PMO) framework 11. Cyber Security Awareness Program 12. Corporate Cyber Security Audit and CQR Program M78+M78	Possible	Major	HIGH	1.Implement the ICT Service Review outcomes	1.30/06/20	1.Mgr ICT	Rare	Major	MEDIUM

CITY OF MARION

Work Health & Safety - Monthly Performance Report - September 2019

Originating Officer	Unit Manager Risk - Sherie Walczak
Corporate Manager	Manager Corporate Governance - Kate McKenzie
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R20

REPORT OBJECTIVE

The objective of this monthly report is to provide Council with assurance that the City of Marion has effective strategies in place to meet its legal obligations as outlined in the Work Health and Safety Act (SA) 2012 and to monitor Council's core target of a 10% reduction of the Lost Time Injury Frequency Rate (LTIFR) from the previous year.

RECOMMENDATION

That Council:

1. **Notes the report and statistical data contained therein.**

DISCUSSION

Targets and performance indicators have been established in order to measure the continual improvement of the program. Performance against these targets are measured in two ways:

- positive performance indicators (PPI's); and
- lag performance indicators (LPI's) both of which are outlined in **Appendix 1.**

Council KPI is the achievement of a 10% reduction on last year's LTIFR of 11.0, to reach 9.9 or less in 2019/20 (it should be noted that, due to an undetermined 2018/19 claim being accepted during September 2019, the LTIFR for the 2018/19 period has been revised since our last report).

The rolling LTIFR, based on internal incident reports, is 11.0 with 7 lost time injuries being recorded over the last twelve months.

The current LTIFR, based on LGAWCS (Schemes) claims data, is 0.0 with no lost time injury claims being accepted so far this financial year (as outlined in **Appendix 1**). The LTIFR is the same when compared to last year's results and is currently below the industry comparison LTIFR rate of 2.0.

Key initiatives implemented aimed at the reduction of the LTIFR include:

- Implementation of a four year HSE 2019-23 Strategic Plan
- Review of the monthly SLT report to align with the new HSE Plan
- Recognition of and rewarding our Safety Champions
- Delivering visible safety leadership initiatives
- Delivery of further training to front-line leaders via Lead in the Field
- Review of the light duties register

- Program of hazardous manual task training and risk assessments
- Comprehensive review of Safe Work guidance documents
- Comprehensive review of Confined Space, Plan and Chemical Risk Assessments
- Improvement of hazard identification and control through mentoring of workplace inspectors
- Enhanced focus from Executive whilst LTIFR is trending upwards
- Further maturing of SkyTrust WHS Management System.
- Promotion of the Safety Observation program where front-line staff are observed by people leaders.
- Implementation of the internal WHS Audit and Contractor Surveillance program.
- Positive fit-for-work and well-being programs

CONCLUSION

The significant reduction in Lost Time Injuries of 62% from 28.8 in 2015-16 to 11.0 in 2018-19 has been a commendable achievement for the City of Marion as it continues in its commitment to place the community and safety at the forefront of everything we do in line with our corporate values. In the 2019-20 reporting period, we aim to further build on the good work already implemented in the aim to achieve Council's KPI of 10% or greater reduction in LTIFR compared to the end of 2018-19 reporting period.

Attachment

#	Attachment	Type
1	GC191022R - WHS Monthly Performance Report – September 2019	PDF File

APPENDIX 1 – WHS Monthly Performance Report – September 2019

City of Marion's HSE Vision is that **'We can all make a difference towards achieving zero harm, to people and the environment'.** We are specifically focused on further developing our leadership styles, organisational culture and systems committing to:

- Developing our people to lead the change across the City of Marion
- Embedding a culture of safety and wellbeing as a part of normal business practice
- Continually improving our WHS Management System (WHSMS) and Environmental Management System (EMS) to achieve best practice

Hazard and Near Miss Reports (Internal WHS SkyTrust reporting data)

Historical statistics inform us that when there is a healthy culture of Hazard/Near Miss Reporting, there is a consequential reduction in injuries to Workers. Hazards and Near Misses are reported to date for this financial year and are outlined in Table 1 and can be compared against those reported last financial year which are outlined in Table 2.

Table 1: Hazard and Near Miss Reports - Financial Year 2019-20

Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total	Ave
14	13	10										**37**	**12.3**

Table 2: Hazard and Near Miss Reports - Financial Year 2018-19

Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total	Ave
17	9	13	12	3	10	6	8	9	1	11	15	**114**	**9.5**

Lost Time Injuries Reported (Internal WHS SkyTrust reporting data)

Lost Time Injuries (LTI's) are those injuries where a whole work day or more has been lost due to a workplace injury. LTI's reported to date for this financial year are outlined in Table 3 and can be compared against those reported last financial year which are outlined in Table 4.

Table 3: Number of LTI's per month - Financial Year 2019-20

Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Total
0	1	0										**1**

Table 4: Number of LTIs per month - Financial Year 2018-19

Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Total
1	0	0	0	0	0	0	1	1	0	3	1	**7**

Table 5: Outline of LTIs reported - Financial Year 2019-20

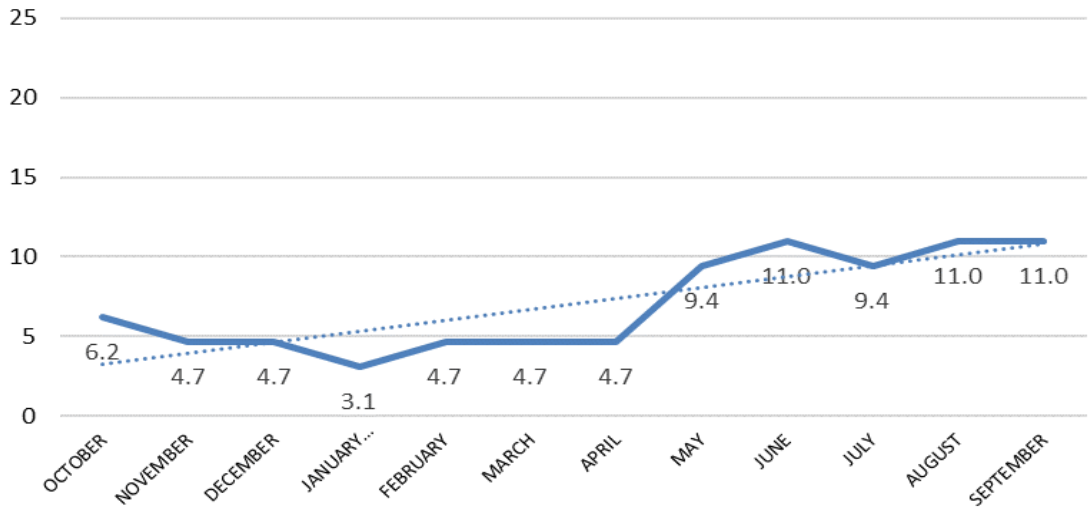
No.	Description of Incident	Mechanism of Injury	Injury Description
1	Slipped on wet floor of hard rubbish truck	Slip and fall on same level	Lower back strain

Rolling Lost Time Injury Frequency Rate (Internal WHS SkyTrust reporting data)
Rolling injury frequency rate over a 12 month or greater period is a common monitoring for performance of WHS and Return to Work performance. It continues over financial and calendar years rather than starting from zero so that longer term trends can be observed and appropriate action taken to address upward trends and/or seasonal spikes in injuries..

The rolling LTIFR, outlined with a solid blue line in Figure 1 from internal incident report data, provides analysis of the average LTIFR over the last 12 months. The dotted blue 'median' line tracks the trend.

Figure 1: Rolling LTIFR over 12 months

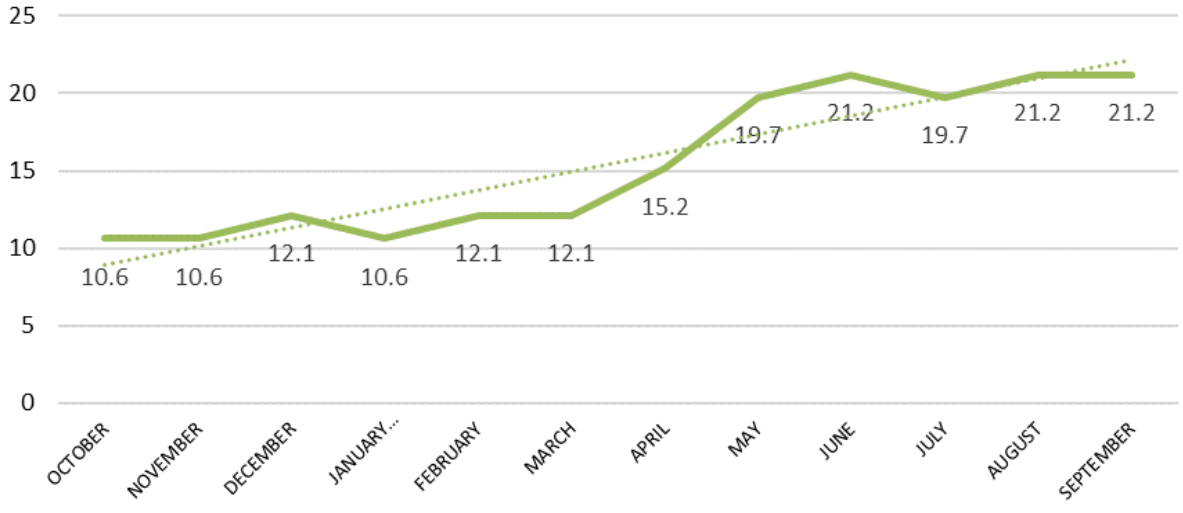
The current rolling LTIFR for the City of Marion is **11.0**, which represents a **77%** increase.



Rolling Total Recordable Incident Frequency Rate (Internal WHS SkyTrust reporting data)
Total Recordable Incidents include fatalities, LTI's and incidents resulting in the employee receiving medical treatment and/or is certified as only fit to undertake suitable duties. The Rolling Total Recordable Incident Frequency Rate (TRIFR), outlined with a solid green line in Figure 2 from internal incident report data, provides analysis of the average TRIFR over the last 12 months. The dotted green 'median' line tracks the trend.

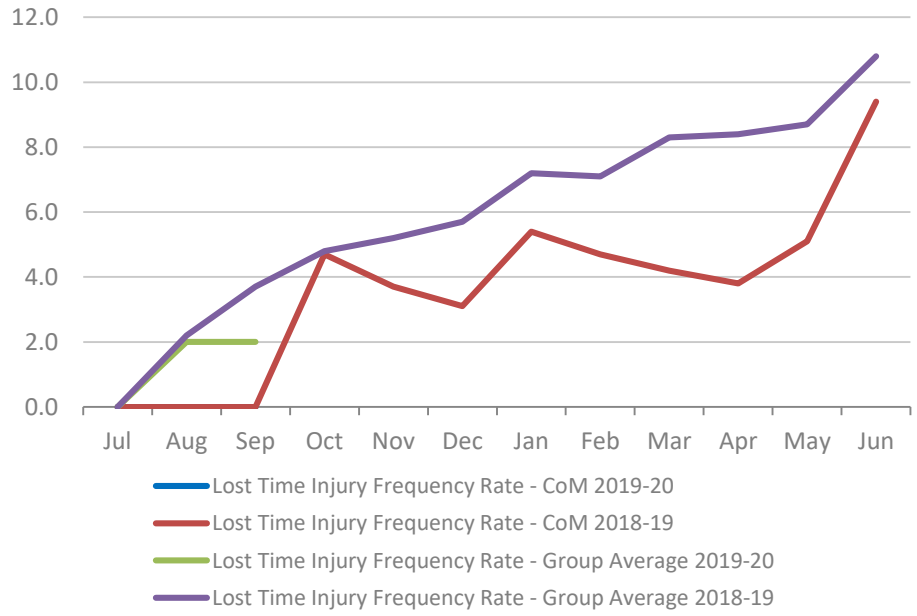
Figure 2: Rolling TRIFR over 12 months

The current rolling TRIFR for the City of Marion is **21.2** which represents a **100%** increase.



Lost Time Injury Frequency Rate (LGAWCS Claims Data)
Lost Time Injury Frequency Rate (LTIFR), is an industry standard tool for measuring LTI's within a given reporting period which enables comparison to other organisations. Council's LTIFR is outlined in Figure 3, from the LGA's Member Portal data once claims have been determined and can be measured and monitored against our industry counterparts being the Group A Councils ([1]GaC).

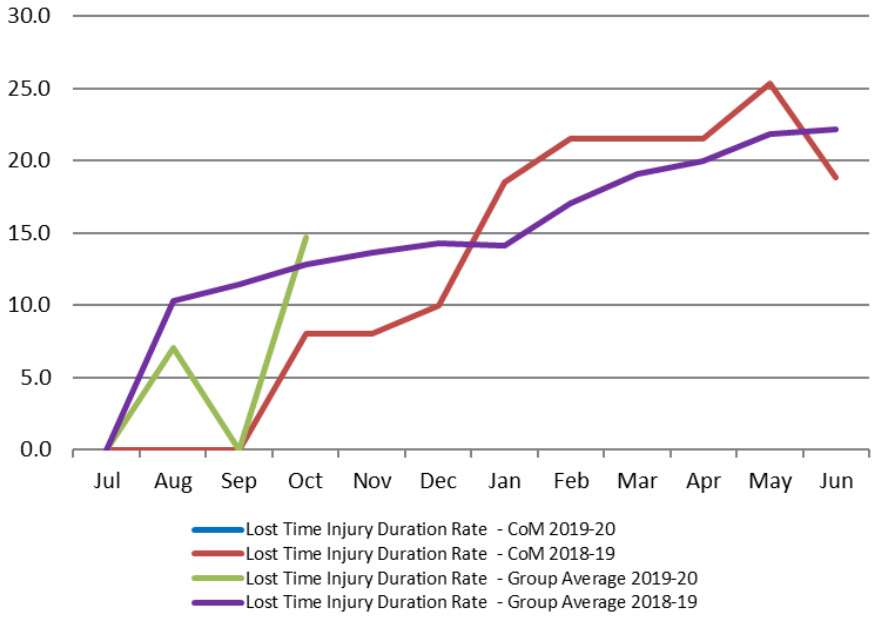
Figure 3: LTIFR compared against Group A Councils



The current LTIFR for the City of Marion (represented in blue) is **0.0**, compared to GaCs recording **2.0**, with zero LTI claims being accepted. It should be noted there is one LTI claim still to be determined.

Lost Time Injury Duration Rate (LGAWCS Claims Data)
The Lost Time Injury Duration Rate (LTIDR), is an industry standard tool for measuring the average days lost from LTI's within a reporting period to enable comparison to other organisations. Council's LTIDR is outlined in Figure 4, data is sourced from the LGA's Member Portal once claims have been determined and can be measured and monitored against our industry counterparts being the GaC.

Figure 4: LTIDR compared against Group A Councils



The current LTIDR for the City of Marion (represented in blue) is **0.0**, compared to GaCs recording **14.7**, with zero LTI claims being accepted. It should be noted there is one LTI claim still to be determined.

1 GaC are metropolitan councils with more than 300 staff (Marion, Adelaide, Charles Sturt, Onkaparinga, Playford, Port Adelaide Enfield, Salisbury and Tee Tree Gully).

CITY OF MARION

Review of Hire Charges of Council Operated Facilities

Originating Officer	Unit Manager Libraries - Damian Garcia
Corporate Manager	Manager Community Connections - Liz Byrne
General Manager	General Manager City Services - Tony Lines
Report Reference	GC191022R21

REPORT OBJECTIVE

To provide Council with a review of changes to the hire charges of Council operated facilities, which included a 50% reduction in hire fees for residents and local business'.

EXECUTIVE SUMMARY

In October 2018, Council approved a recommendation (GC181009R08) that from 1 January 2019, a 50% discount would be offered to residents and business' registered within the City of Marion on the hire of eight Council operated facilities located at:

- Cooinda Community Centre
- Glandore Community Centre
- Mitchell Park Community Centre
- Trott Park Community Centre
- Cove Civic Centre (CCC)
- Living Kaurna Cultural Centre (LKCC)
- Marion Cultural Centre (MCC) - Domain Theatre, Sturt and Green Rooms
- Perry Barr Farm - Castrol Shed

A Facility Hire Procedure has been developed and implemented to ensure consistency across Council operated facilities.

A promotional flyer was also developed and sent out with rates notices in April, along with an advertisement in the City Limits magazine and social media posts to advise the community of the changes.

A review of the hiring activity for each of the facilities has been conducted from 1 January 2019 to 30 June 2019 in comparison to the same period last year.

RECOMMENDATION

That Council:

1. **Notes the report.**

GENERAL ANALYSIS

A review of the hire activity at eight sites has been conducted for the period of 1 January 2019 to 30 June 2019 compared to the same period in 2018.

Each of the spaces are unique in their service offering, age of the building, technology infrastructure, staff support on site, and their primary purpose for existence.

The total number of hours each site has been hired, and the subsequent revenue generated by this activity, has been assessed for the eight sites.

It can be observed that the utilisation across some of our facilities has increased, while a reduction of revenue has also been realised due to the discounted fees for Marion residents and business.

Liveable: We will make our services, facilities and open spaces more accessible.

Engaged: We will ensure our community is well informed about the services we provide.

Connected: We will provide a variety of options for social interactions.

DISCUSSION

A review of the impact of the 50% discount of hiring Council operated facilities was conducted in August 2019. Each site was reviewed against the same period last year (2018) to determine the effect of the reduction in fees.

Not all sites are currently using the same booking system, which means it is not easily possible to determine the separation of data between City of Marion hirers and external hirers.

Below is a summary of each site.

Cove Civic Centre

The Cove Civic Centre is a high end facility with access to up-to-date technology and equipment, and near new furniture and facilities. The building was designed to allow for independent after hours usage with no requirement for staff to be on site. The facility exists to provide a space that may be used by small business operators, library customers, community groups, and larger organisations. There are 6 flexible spaces available for hire, ranging from a small meeting room which caters for 6 people, up to the hall which can accommodate 200 people.

Year	Utilisation in hours	Total Income
2018	1995	$27,378
2019	3100	$22,841
Variance	+1105	-$4,537

Of the 3,100 hours utilised during the January to June period in 2019, a total of 714 hours were directly used by the community. Of the 714 hours, 441 were from City of Marion residents at the reduced rate. There have also been a number of corporate bookings during this period, with a total of 493 hours used by Corporate entities. Of the 493 hours, 236 of those were by City of Marion business at the reduced rate.

There have been a number of initiatives that have helped to increase the overall utilisation of Cove Civic Centre. An increase in casual once off hirers, longer term business hirers of the spaces, as well as an increase in library programs for the community, have all helped to increase the utilisation at CCC in the last 12 months. Feedback from the community has been positive, and an increase of repeat hirers has also been experienced.

Marion Cultural Centre (MCC)

The MCC houses a premier performing arts space being the Domain Theatre, as well as a Green Room and separate meeting room, Library, Gallery and Café. While there is a strong community focus in the building, there is also an intention to be financially sustainable and competitive in its offerings for the Theatre.

For the purposes of this review, only the Domain Theatre, Green Room and Sturt Room were included. The other functions of the building do not include hireable spaces for the public.

Year	Utilisation in hours	Income
2018	2379	$60,150
2019	4563	$38,782
Variance	+2184	-$23,368

The 2019 numbers have been influenced by a very successful 2019 Fringe season which saw approximately 14,000 people attend various events during the festival. While it does appear that income has significantly reduced, some of the reduction can be accounted for by the cessation of internal charges for Council hire of spaces from the beginning of the 2018/19 financial year (the cessation of internal charges also affects other venues but to a much lesser degree).

Neighbourhood Centres

The City of Marion has four dedicated neighbourhood/community centres at Cooinda, Glandore, Mitchell Park and Trott Park. These centres are locally based multifunctional services that rely on a small core of paid staff and many volunteers. They function as a focal point for the local community, providing a meeting place and offer a range of activities, programs and events to assist individuals in community education, volunteering, health and wellbeing, social inclusion and life-skills. Neighbourhood/community centres are heavily reliant on external funding, which is provided for the community through funding agreements. Each agreement is different, however there are requirements to deliver specific key deliverables in each centre. As such, community centres are heavily used for program delivery for the community and not so much for adhoc hirers or for independent hirer groups.

The Glandore Community Centre has a number of leased buildings which are managed through the Land and Property business unit.

Cooinda

Year	Utilisation in hours	Income
2018	4680	$12,400
2019	5625	$9,996
Variance	+945	-$2,404

Mitchell Park

Year	Utilisation in hours	Income
2018	1116	$2,640
2019	1171	$2,760
Variance	+55	+$120

Trott Park

Year	Utilisation in hours	Income
2018	1283	$6,920
2019	1257	$5,081

Variance	-26	-$1,839

Glandore

Year	Utilisation in hours	Income
2018	3704	$55,797
2019	3902	$51,877
Variance	+198	-$3,920

While there has been no significant changes to the utilisation of the Neighbourhood Centres, they were already highly used venues prior to the changes, averaging between 64% and 88% capacity. Income has reduced as expected, but this is evidence of local community groups benefiting from the reduced fees for residents.

Perry Barr Farm - Castrol Shed

Perry Barr Farm comprises of several buildings, some of which are individually leased to the Hallett Cove Lions Club and Scouts group. The Castrol Shed is one of the buildings located on the property and is managed by Council. This review has taken into account the hiring of Castrol Shed only.

The Castrol Shed is a smaller building, however there are roof support poles in the main function room which does limit the usage of the space. At present, there are two regular hirers of the space. There is a dance group that use the space for rehearsals during school terms, and a Senior Citizens Group that meet weekly on Saturdays.

Year	Utilisation in hours	Income
2018	190	$3,420
2019	190	$1,900
Variance	0	-$1,520

There have been no additional hirers of these spaces to date, with only one regular hirer and no additional one off hirers. The local groups who do hire the venue have benefited from the reduced hire rates.

Living Kaurna Cultural Centre (LKCC)

The LKCC comprises the LKCC building itself and the adjacent Fairford House. While both of these spaces are open to the general public to hire, there is consideration given to the types of events and usage that relate to the cultural significance of the site.

An important function of LKCC is to develop business opportunities and skills (for both commercial and social/cultural outcomes) for Kaurna and other Aboriginal people. This is achieved through cultural tours, arts and cultural workshops, art gallery, retail shop, venue hire bookings, tourism, education and other programs and events.

Year	Utilisation in hours	Income
2018	216	$8,067
2019	357	$9,622
Variance	+141	+$1,555

To date, there have been no residents take advantage of the reduced rates at LKCC or Fairford House. However, there are a few businesses showing interest to make future bookings in the near future.

Summary table

Year	Utilisation in hours	Income
2018	15563	$176,772
2019	20165	$142,859
Total variance for all venues	+4602	-$35,913

Conclusion

Not all sites are currently using the same booking system, which means it is not easily possible to determine the separation of data between City of Marion hirers and external hirers. It does appear evident by the increase in overall utilisation, as well as the corresponding reduced income, that the Marion community is taking advantage of the reduced hire fees.

A promotional flyer was developed and sent out with the April 2019 rates notice to inform residents of the reduced fees, as well as a number of social media posts. Cove Civic Centre has seen the highest increase in utilisation, which has been a combination of resident bookings and an increase in community and business programming.

Attachment

#	Attachment	Type
1	Facility Hire Procedure - June 2019	PDF File

Facility Hire Procedure

1. RATIONALE

The City of Marion will provide consistent, fair and equitable processes for the external use, allocation, pricing and management of Council operated meeting rooms and multi-purpose facilities. These processes are in line with the City of Marion's Equity, Access and Social Inclusion Policy and the Fees and Charges Policy.

This procedure is intended to provide guidance to council staff regarding the principles, pricing and general conditions that relate to the use of meeting and multi-purpose facilities directly under the management and control of the City of Marion.

The City of Marion will continue to provide facilities that:

- Facilitate and increase access and participation in social, cultural, recreational, educational, health, economic to support informed, strong, and connected communities
- Cater for a wide range of cultural, social and recreational activities
- Meet the changing needs of the community through flexible and responsive arrangements.

2. PROCEDURE SCOPE

This policy applies to meeting and multi-purpose facilities under the management and control of the City of Marion and applies to the following venues and rooms.

Venue	Room	Venue	Room
Cove Civic Centre Library	Hall Meeting Rooms IT Training Suite	Cooinda Community Centre	Hall
Living Kaurna Cultural Centre	Meeting Room Fairford Hose	Trott Park Neighbourhood Centre	Hall Play/Seminar
Marion Cultural Centre	Domain Theatre Sturt Room Green Room Plaza Foyer	Glandore Community Centre	Clark Opal Slade Rugby
Perry Barr Farm	Castrol Shed	Mitchell Park Neighbourhood Centre	Hall

3. DEFINITIONS

Commercial (users) – are profit based organisations or individuals hiring venues for the sole benefit of that organisation or individual and/or as part of their normal operations.

Community (users) – are "not for profit groups or individuals who are providing activities, programs or events that are provided free (or at minimal cost) for the participation of the broader community.

Resident of Marion (businesses and individuals) – business or residential address must be within the City of Marion local government area.

4. PROCEDURE

BOOKINGS

All room hirers will enter into an agreement with the City of Marion using a booking form and/or other venue booking mechanism. It is at the discretion of management as to whether applications are accepted based on suitability of the proposed usage, alignment with Council policy and the availability of the space at time of application.

Priority of use will be given to regular and ongoing Council initiated programs and activities. Bookings will be managed to ensure that eligible commercial and community organisations are not discriminated.

Booking requests will be managed to ensure that no commercial, community or not-for-profit organisation has exclusive use of meeting or multi-purpose rooms, and the facility is equitably available for all.

All hirers must comply with the relevant terms and conditions of the venue.

INSURANCE and BONDS

The hirer must be the holder of a current public liability insurance policy for a sum insured of not less than 10 million dollars and be underwritten by an insurer authorised to conduct insurance business in Australia.

A copy of a "certificate of currency" must be provided with all venue hire applications.

The venue accepts no responsibility for the theft of, or damage to any Hirer's equipment, property, or other items whatsoever including the personal property of persons in the venue

and as such the Hirer is to insure against fire, theft, burglary and all relevant risks, all goods and equipment belonging to the Hirer that is brought to the venue.

Refundable security bonds and key deposits may apply.

FEE AND PRICING STRUCTURE

Council fees for meeting and multi-purpose rooms are determined using a baseline fee derived from commercial benchmarks for similar types of venues wherever possible. Fees and charges for council operated facility hire are reviewed bi-annually.

A fee structure is adopted that applies a graduated discount model to achieve Council's objectives for accessibility and inclusivity of community use. The model assumes the following structure and discounts for the various uses:

- Commercial Use
- Commercial Use with business registered within the City of Marion (50% discount of commercial use fee)
- Community Use
- Community Use for residents of Marion (50% discount of community use fee)
-

COUNCIL APPROVAL

Council reserves the right to refuse permission to hire Council venues for purposes, which are incompatible with Council policy.

The hirer must not use the booked venue for any other purposes than that described in the booking application.

RELEASE AND INDEMINTY

Release:

The hirer uses and occupies the venue at its own risk and releases the City of Marion from all claims resulting from any damage, loss, death or injury in connection with the venue and any items or equipment stored on site except to the extent that the City of Marion is negligent or in default of its obligations

Indemnity:

The hirer must indemnify and hold harmless the City of Marion against all claims resulting from any damage, loss, death or injury in connection with the facility and the use and occupation of the venue by the hirer except to the extent that the City of Marion is negligent or in default of its obligations.

Failure to comply with the policy and terms and conditions applicable to the venue or any other act or consequence arising for the hire may result in revocation of future hiring rights and the imposition of penalties by the City of Marion.

Hirers will be required to reimburse Council the cost of any restoration or repairs, which are required as a result of the use of the venue.

5. REVIEW AND EVALUATION

This policy will be reviewed whenever changes have occurred that impact on this procedure.

CITY OF MARION

Urban Activation Project - Data Update

Originating Officer	Unit Manager Economic Development - Donna Griffiths
Corporate Manager	Manager City Activation - Greg Salmon
General Manager	General Manager City Development - Ilia Houridis
Report Reference	GC191022R22

REPORT OBJECTIVE

To provide Council with an overview of the twelve months of data on the Urban Activation Project.

EXECUTIVE SUMMARY

The $250,000 Urban Activation Project (FY18/19) supported five lifestyle precincts in the City of Marion to:

- Create destinations for visitors and local residents
- Help small businesses to thrive
- Encourage evening and night-time economy
- Improve physical conditions and safety
- Increase employment opportunities
- Build community capacity to activate the public realm
- Support opportunity for community and commissioned public artworks
- Support the health of local residents who can walk and cycle to accessible cafes, shops and services
- Improve the environment
- Deliver Smart City solutions

During the 2017-19 financial years the following outlets received funding to support the activation of public realm:

1. Lampshade Coffee Lounge
2. Once and Again Book Café
3. SA Aquatic and Leisure Centre
4. Next Chapter Gourmet Café
5. Little Bici Bakery.

Data has been obtained from each site via a Kepler Analytics tool and is provided in the attached report (Attachment One).

Data collection will continue at all sites (except Little Bici Bakery) until August 2020. During this time an independent review of the whole urban activation project will be undertaken to review the approach and assess its value.

RECOMMENDATION

That Council:

1. **Notes the first year report for the Urban Activation Project.**
2. **Notes the Urban Activation Project has been successful at two of the five sites.**
3. **Considers the Urban Activation Project finalised without future monitoring or review.**

Attachment

#	Attachment	Type
1	Urban Activation Project - One Year of Data	PDF File

URBAN ACTIVATION PROJECT TREND DATA - SEPTEMBER 2019

EXECUTIVE SUMMARY

- Five outlets received funding through the Urban Activation Project to support the activation of the public realm within the City of Marion. In August 2019, the project reached the 12-month post-intervention milestone and provides an opportunity to commence analysing data for one period compared to the same period the previous year, in addition to the monthly change data currently captured.
- Data captured by Kepler Retail Analytics demonstrates in two cases, positive business growth and community uptake outcomes whilst other projects have made little impact. For example, 'The Next Chapter Café' where the data clearly shows that customer conversion is low. On this occasion, an assumption could be made that the Marion Cultural Centre Plaza is a pedestrian thoroughfare to access nearby locations rather than a location for people to linger longer.
- Qualitative feedback highlights the positive feedback that the Urban Activation Project has created a sense of community providing destinations for visitors and local residents to meet.

URBAN ACTIVATION PROJECT OVERVIEW

The $250,000 Urban Activation Project supported five lifestyle precincts in the City of Marion to generate the following outcomes:

- Create destinations for visitors and local residents
- Help small businesses to thrive
- Encourage evening and night-time economy
- Improve physical conditions and safety
- Increase employment opportunities
- Build community capacity to activate the public realm
- Support opportunity for community and commissioned public artworks
- Support the health of local residents who can walk and cycle to accessible cafes, shops and services
- Improve the environment
- Deliver Smart City solutions, and are
- Innovative by nature.

During the 2017-19 financial years the following outlets received funding to support the activation of public realm, within the City of Marion:

1. Lampshade Coffee Lounge
2. Once and Again Book Café
3. SA Aquatic and Leisure Centre
4. Next Chapter Gourmet Café
5. Little Bici Bakery.

The projects and trend data will be monitored from August 2018 to July 2020 via a Kepler Retail Analytics tool. Unfortunately, Little Bici Bakery ceased trading in January 2019, therefore, no further data will be provided.

Key Urban Activation Project Statistics:

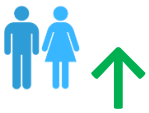
Budget

Lampshade Coffee Lounge	**$82,335**
Once & Again Book Café	**$17,957**
SA Aquatic and Leisure Centre	**$36,850**
Next Chapter Gourmet Café	**$10,000**
Little Bici Bakery	**$44,000**
Kepler Retail Analytics (2 year contract)	**$10,000**
Actual Total	**$201,142**

Average dwell time 12 minutes

Average return visit 11%

5 Businesses participated in the Southern Adelaide Business Advisory Session
And
4 Businesses undertook a Digital Growth Consultation



2 New jobs

Qualitative Feedback

- *The one-on-one business advisory session and digital growth consultations provided knowledge to grow our business.*
- *Two of the businesses are excited to have hosted South Australian Living Artists Festivals.*
- *The activations have created a place for the community to meet.*

Data Analysis

Kepler Retail Analytics tools have been installed at each site to capture data for each location to measure outside visitation, converted customers (visitors to the site with a smart device who linger for longer than three minutes), average dwell time and return visitors.

The data below shows the visitation before the intervention and monthly average post-intervention, noting that this is month on month trend data and does not take into account seasonality. In August 2019, the project reached the 12-month post-intervention milestone and provides an opportunity to commence analysing seasonality trends comparing one period to the same period the previous year.

The data demonstrates that some outlets have achieved an increase in customer conversion (highlighted green) whilst in the main the conversion rate is similar to visitation before the start of the intervention. Over the next 12-months, we will be able to measure the seasonal fluctuation trends of comparable monthly changes and long term patterns.

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

	Lampshade Café Lounge		Once and Again Book Café		SA Aquatic and Leisure Centre		Next Chapter Gourmet Café	
	Before intervention	12-month post intervention	Before intervention	12-month post intervention	Before intervention	12-month post intervention	Before intervention	12-month post intervention
Number of people outside location (with a smart device)	1,408	2,007	1,716	1,483	142,458	91,012	39,905	74,545
Customer conversion	891	1,298	1,189	881	64,371	36,932	1,770	4,152
Customer conversion	63%	65%	69%	59%	45%	41%	4%	6%

LAMPSHADE COFFEE LOUNGE

Before **After**

Summary

- Lampshade Coffee Lounge has received positive feedback from the local community who are enjoying the outside dining area and produce from the community herb garden.
- The Coffee Lounge has seen an influx of new customers demonstrated by the increase in converted customers. A seasonal comparison of data shows an increase of 2%, 1298 converted customers in August 2019 compared to 891 in the same month in 2018.
- To cater for the increase in customers Lampshade Coffee Lounge has hired two new team members.
- The Urban Activation has been successful on this site.

Project Overview

The Urban Activation Project has created a vibrant, generous space outside the café that enhances the streetscape and encourages community interaction.

The activation consists of a parklet, micro-community garden, lighting, public art and pergola. The outside space can accommodate small gatherings that engage the community, enhance interaction between neighbours and encourage visitors.

Average dwell time: 14 minutes

Total number between 1 August 2018 and 31 August 2019 of:

People outside (with a smart device): 24,104

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

Converted customers: 14,322 or 59%

Return customers: 1,894 or 13%

Facebook likes before activation – 350 and current likes - 650

Qualitative Feedback

- *'Lived here 30 years never seen someone care about the street' -resident*
- *The new outdoor space is being used by customers with dogs and young children in prams.*
- *It is joyful to see people of all ages hop along the footpath and kids stop to play hopscotch.*
- *Chilli, basil and rocket are being collected from the community herb garden by local residents an the pizza shop next door.*
- *The Post Office has been in the precinct for 30 years while the coffee shop has only been around for a year. Take the Parklet away, decide what to do and then bring it back. It is hard to get customers to come back.*

Activations hosted by Lampshade:

South Australian Living Artists Festival

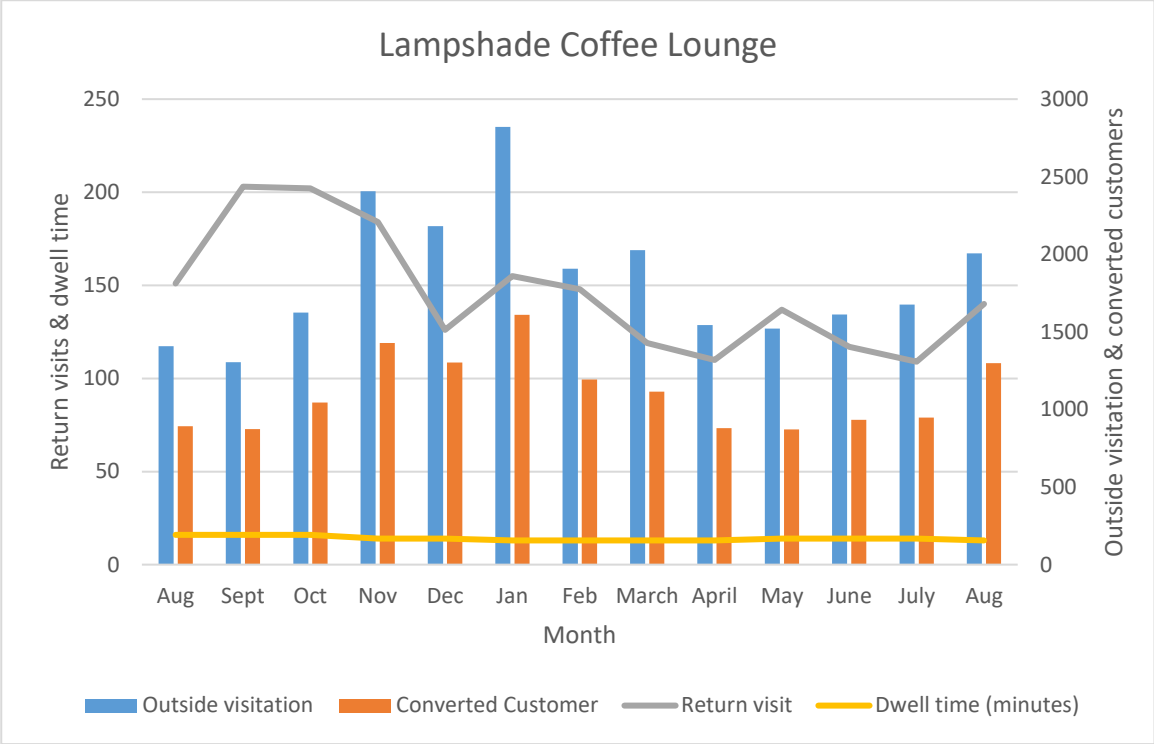
Lucinda PENN (LCND)
1-31 August 2019
Lucinda illustrates her perspectives on the people around her and the world in which we live in through the means of portraiture and symbolism.

Data Analysis

Trend data for Lampshade Coffee Lounge demonstrates consistent increases in outside visitation and converted customers compared to data captured before the intervention commenced. The average monthly outside visitation is 1866 and 1116 converted customers compared with outside visitation of 1408 and 891 converted customers in August 2018.

The number of return visitors is consistently high and not a direct correlation of outside visitation and converted customers. The dwell time is consistent, ranging between 13 and 16 minutes.

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.



Key Milestones

Part 1

Budget: $38,335	
2018	**2019**
- Project identified as an Urban Activation Project	January – 2 new employees engaged
June – Contract signed	March – Artwork finalised
August - Before intervention	Feb – Create wall and footpath mural
August – Kepler data analysis tool installed	May – Install planter boxes and micro community garden
October – Contract completion date	August – Pergola installed
October – Add street furniture	August – SALA event
	September – Bike rack installed
	September – Add crochet to stobie poles
	September – Planter pockets still to be completed
	September – project still to be completed

Part 2

Budget: $44,000	
2018	**2019**
- Project identified as an Urban Activation Project	March – Contract completion date
September - Contract signed	June – Contract completed
August – Before intervention	
August – Kepler data analysis tool installed	

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

October - Parklet installed	

ONCE & AGAIN BOOK CAFÉ

Before **After**

Summary

- In August 2019, Once & Again Book Café hosted their first South Australian Living Artists Festival event.
- Once & Again Book Café are active users of social media demonstrated by a high increase in Facebook followers and are active on Instagram with 1321 followers.
- Post-activation,. people linger longer and purchase additional items from the menu.

Project Overview

The Urban Activation Project has created a community destination and supports local artists, musicians, authors, local producers and businesses through the creation of a community hub where local residents can feel a sense of place. The project has upgraded the street frontage and created an outdoor dining area for locals to attend community activities including mini-markets, Adelaide Fringe and SALA events.

Average dwell time: 11 minutes

Total number between 1 August 2018 and 31 August 2019 of:

People outside (with a smart device): 18,942

Converted customers (within range for +3 minutes): 11,946 or 63%

Return customers: 1549 or 13%

Facebook likes before activation – 2600 and current likes – 3417
Instagram likes currently - 1321

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

Qualitative Feedback

- *The activation has created a place for the community to meet.*
- *People linger longer, and purchase additional items from the menu.*
- *We can see you from the road clearly now.*
- *How long have you been here, are you new?*
- *When it's done it will look like a Hyde Park cafe in Plympton Park.*

Hosted by Once & Again Book Café:

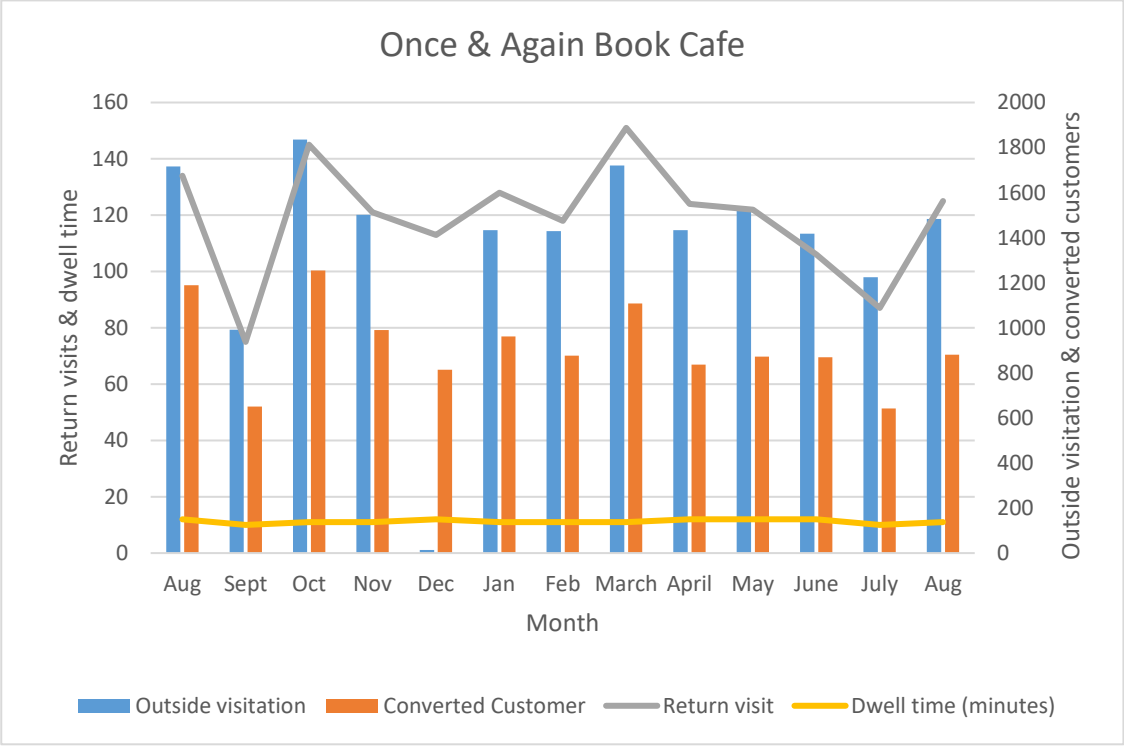
South Australian Living Artists Festival

Andres Bischoff
1-31 August 2019
Reflections of Tea: A visual feast of teapots, cups, forks and knives

Data Analysis

Post-intervention the number of converted customers has dipped slightly however it will be interesting to see if the Once & Again Book Café follow the seasonal trend over the coming months.

The number of return visitors is consistently high and is a direct correlation of outside visitation and converted customers. The dwell time is consistent, ranging between 10 and 12 minutes.



To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

Key Milestones

Budget: $16,325	
2018	**2019**
- Project identified as an Urban Activation Project	January and March – Painting of external building and verandah
June – Contract signed	November – Install outdoor street furniture
August - Before intervention	April – Green wall solution
August – Kepler data analysis tool installed	April – Greenery and vine over veranda
November – Install outdoor street furniture	May – Coffee cart
November – Painting of external building and verandah	June - Interactive public art mural
December – Contract completion date	***August – Contract completed***
	August – SALA event

SA AQUATIC AND LEISURE CENTRE

After

Summary

- The volume of outside visitation compared to converted customers suggests that the area outside of SA Aquatic and Leisure Centre is utilised as a pedestrian thoroughfare to access nearby locations.
- The average dwell time of 8 minutes is low compared to other Urban Activation Projects.

Project Overview

The Urban Activation project aims to achieve more foot-traffic in the plaza which will benefit the local café and increase recreational sport and swimming. Two art bench spaces and were installed within the Marion Central Plaza along with public Wi-Fi access encouraging people to linger longer.

Average dwell time: 8 minutes

Total number between 1 August 2018 and 31 August 2019 of:

People outside (with a smart device): 1,441,734

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

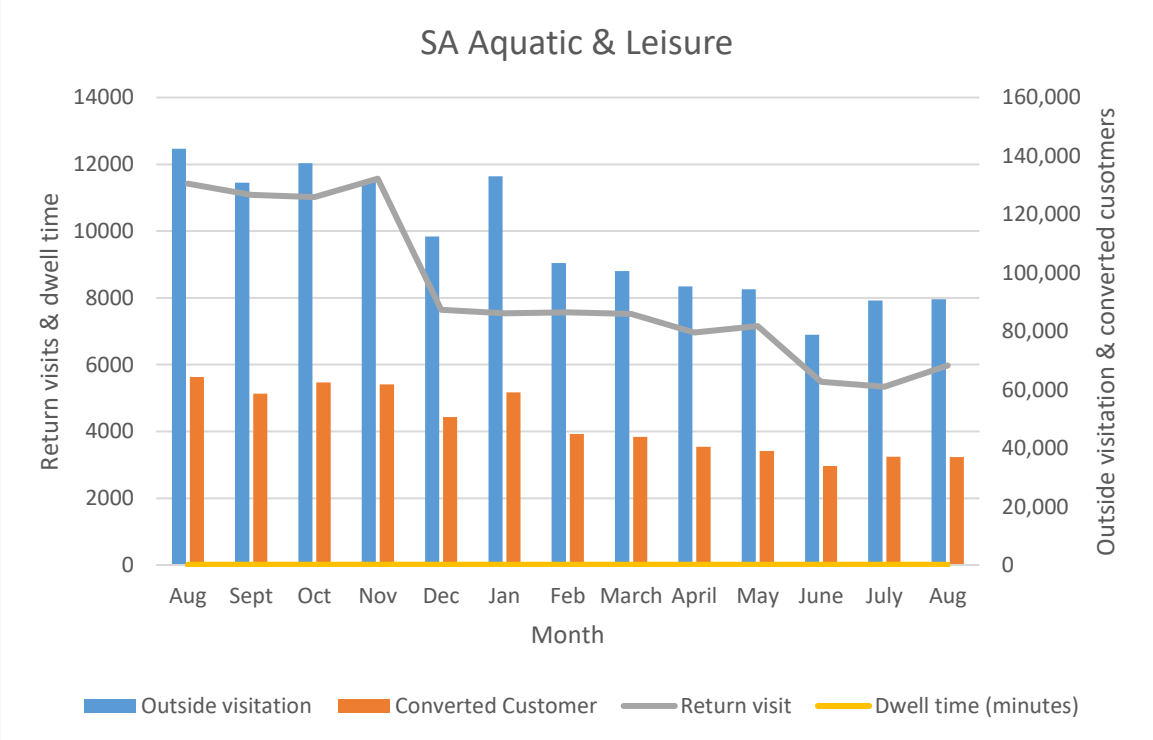
Converted customers: 633,039 or 44%

Return customers: 106,294 or 17%

Facebook likes before activation – 2600 and current likes – 10,427
Instagram likes currently – 11,016

Data Analysis

The volume of outside visitation compared to converted customers suggests that the area outside of SA Aquatic and Leisure Centre is utilised as a pedestrian thoroughfare to access nearby locations. Converted customers and return customers are highest between the months of August and January which correlates with the peak seasonal events period for the Aquatic Centre.



Key Milestones

Budget: $36,850	
2018	**2019**
May – Contract signed	***June – Contract completion***
May – Benches installed	
June – WiFi installed	

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

June – Wayfinder signage installed	
August - Before intervention	
August – Kepler data analysis tool installed	
November - Contract completion date	

THE NEXT CHAPTER CAFÉ (MCC)

Before After

Summary

- The volume of outside visitation compared to converted customers suggests that the area outside The Next Chapter Café is utilised as a pedestrian thoroughfare to access nearby locations.
- There is a 5% monthly average increase in visitation post-intervention however this could be attributed to customers entering either The Next Chapter Café and/or the Multicultural Centre.

Project Overview

The Urban Activation project aims to establish a 'lighter, quicker, cheaper, approach to the Marion Cultural Centre Plaza and Next Chapter Café to improve the public amenity in front of the café.

Benching that frames the outdoor dining area, tables and chairs and planter boxes were installed. The planter boxes have since been replaced by grass.

Average dwell time: 15 minutes

People outside (with a smart device): 573,541

Converted customers: 30,916

Return customers: 3,560

Current Facebook likes - 88

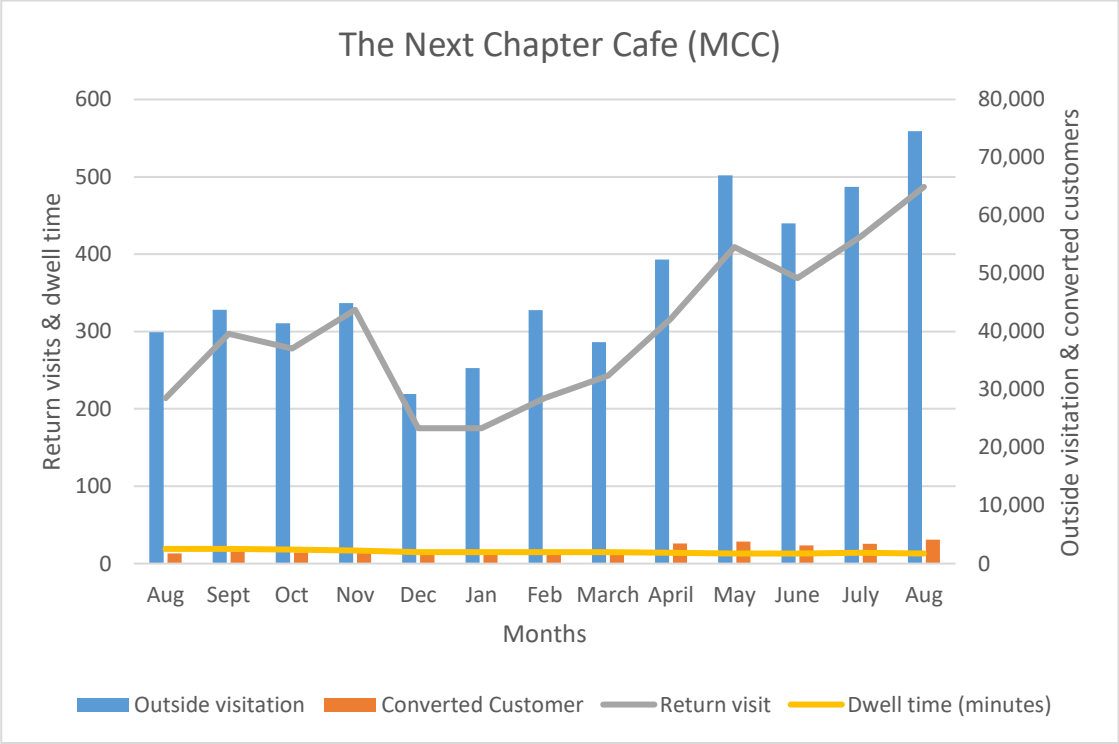
To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

Data Analysis

The volume of outside visitation compared to converted customers suggests that the area outside The Next Chapter Café is utilised as a pedestrian thoroughfare to access nearby locations.

There has been a 5% monthly average increase in visitation post-intervention however this could be attributed to customers entering either The Next Chapter Café and/or the Multicultural Centre.

Return visitors could be attributed to events at the Multicultural Centre.



Key Milestones

Budget: $10,000
2018
August - Before intervention
August – Kepler data analysis tool installed
November – Benches, tables and chairs, and planter boxes installed
November – Contract completion

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

LITTLE BICI BAKERY

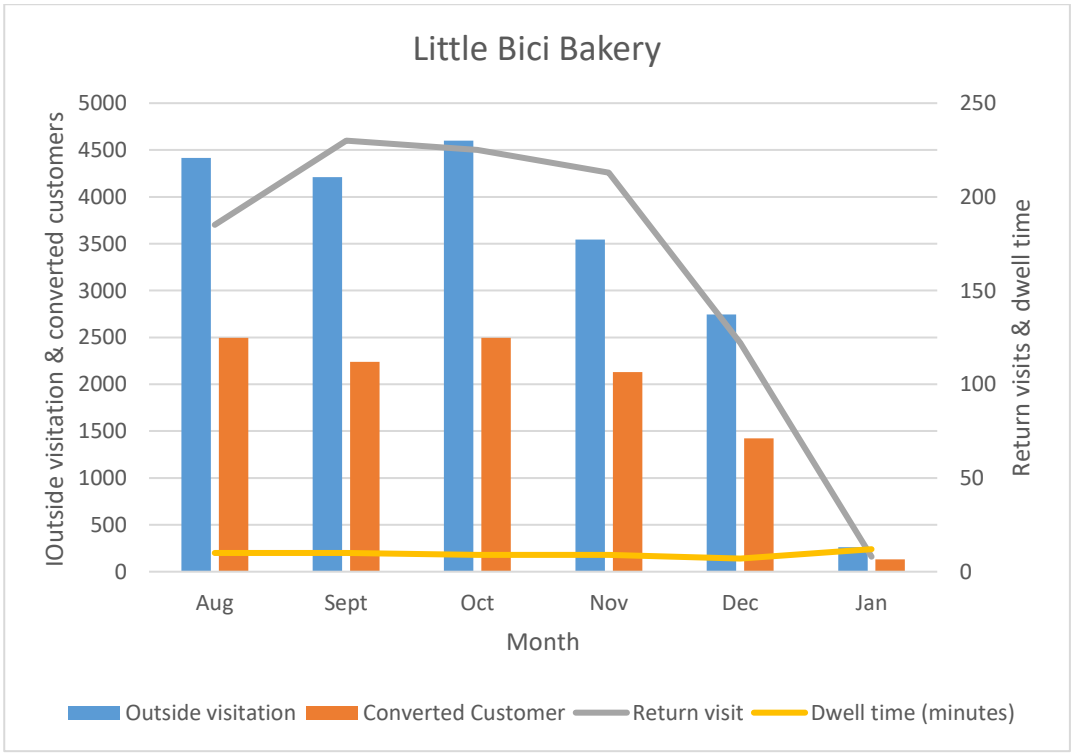
Summary

- Little Bici Bakery ceased trading in January 2019. The former Little Bicki tenancy is currently available for lease.

Project Overview

The purpose of the Little Bici Bakery Urban Activation project was to revitalise the tenancies and surrounding area in Trott Park Local Shopping Precinct to create a safe, attractive and place of convenience for local residents. Elements of the project included creating an ambient outdoor decking area, installing bike racks and bike pump/tools station, remodelling the gardens and repairing and remodelling the car park.

Data Analysis



To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

Key Milestones

Budget: $44,000
2018
August - Before intervention
August – Kepler data analysis tool installed
October – Bike park, deck, parklet seating and planters installed
October – Contract completion

RECOMMENDATIONS

- Note this report

ATTACHMENTS

- Appendix A – Urban Activation Project: Trend Data August 2018 – August 2019

To capture data from each project, Kepler Data Analytics tool has been installed at each site. The data captured includes: number of visitors to the site, average dwell time and return visits. Business owners have also been asked to provide data at key intervals as per their reporting requirements.

CITY OF MARION

Finance Report - September 2019

Originating Officer	Assistant Financial Accountant - Melissa Virgin
Corporate Manager	Manager Finance - Ray Barnwell
General Manager	General Manager Corporate Services - Sorana Dinmore
Report Reference	GC191022R23

REPORT OBJECTIVE

This report provides Council with information relating to the management of financial resources under its control as at September 2019.This report is one of a series of reports designed to assist Council in achieving and maintaining a financially sustainable position. Other reports assisting in this process include the Quarterly Budget Reviews and the LongTerm Financial Plan.

It is considered appropriate that financial information regarding Major Projects be presented on a monthly basis in this report. The principles used for assessment of reportable projects are according to the following criteria:

- Council has agreed to proceed with the project and approved a Section 48 Prudential Report.
- The Whole-of-Life Cost is greater than $4 million dollars (including grant assisted projects).

RECOMMENDATION

That Council:

1. **Receives the report "Finance Report – September 2019"**

GENERAL ANALYSIS

BACKGROUND

This report is presented on a monthly basis to provide Elected Members with key financial information to assist in monitoring Council's financial performance against budget.

APPENDICES

Appendix 1: Monthly Financial Reporting
Appendix 2: Capital Works Reporting including Major Projects
Appendix 3: Debtors Reports for Sundry Debtors & Rates Debtors

Attachment

#	Attachment	Type
1	Finance Report_ September Appendix 1 pts 1 2 3 4	PDF File
2	Finance Report_ September Appendix 2 pts 1 2	PDF File
3	Finance Report_ September Appendix 3 pts 1 2	PDF File

APPENDIX 1

Funding Statement – Actual versus Budget

The Funding Statement provides a view of Council's financial performance against the approved budget and is consistent with the information provided at budget reviews. It provides a review against all of the elements contained within the Statement of Comprehensive Income and the Statement of Financial Position that are adopted as part of the Annual Budget Report. It details Council's:

Statement of Comprehensive Income -

The operating result is recognised as one of Council's key financial indicators. The budget framework includes a commitment to its ongoing Financial Sustainability maintaining an Operating Surplus Ratio of between 0% and 10%, on average over each five-year period, which for 2019/20 means a targeted operating surplus of between $0 and $9.314m.

Comment: Council currently has a net operating surplus result of $3.474m before capital revenues, against a year to date forecast budget of $1.867m surplus. This position is detailed in the attached Funding Statement and variation notes.

Capital Budget - The Capital Budget is linked to Council's key financial indicator – "Asset Sustainability Ratio" and an actual to budget comparison reflects Council's progress in achieving its Capital program.

Comment: The actual to budget position reveals that 80.30% of the year to date Capital Renewal Budget has been spent.

Loans - The loans component of the Funding Statement identifies any new proposed loan receipts or principal payments. Council's borrowings are included in Council's key financial indicator – "Net Financial Liabilities" which reflects Council's total indebtedness.

Comment: $10.000m in new borrowings are included in the 2019/20 budget and principal repayments of $1.171m mean that the overall loan liability balance is forecast to increase by $8.829m to $15.635m at 30 June 2020.

Reserves & Cash - Various fund movements such as surplus budget review results, unspent grants and carryover projects at year end are reflected as transfers to reserves, whilst utilisation of reserve funds are recognised as transfers from reserves.

Cash may be utilised to fund expenditure within the context of Treasury Management to ensure loans are not drawn down where temporary cash holdings are available.

Comment: Councils Reserves are detailed in the below table. Transfer to Reserves of $0.520m and Transfers from Reserves of $22.252m are forecast to occur in 2019/20, and after accounting for amounts quarantined for specific projects or works, there is $7.439m available.

Reserves ($000s)	Asset Sustainability Reserve						Water Reserve - Oaklands Wetland	Open Space Reserve	Grants & Carryover Reserve	TOTAL ALL RESERVES
	Major Infrastructure Failure	General	Other	Major New Projects	CFPP	TOTAL ASR				
Opening Balance	**2,000**	**8,118**	**600**	**1,525**	**6,015**	**18,258**	**531**	**2,187**	**17,436**	**38,412**
Budgeted transfers to reserve	0	0	240	0	181	**421**	80	19	0	**520**
Budgeted transfers from reserve	0	(5,382)	0	(1,500)	(4,083)	**(10,965)**	0	0	(11,287)	**(22,252)**
Current Budgeted Closing Balance	**2,000**	**2,736**	**840**	**25**	**2,113**	**7,714**	**611**	**2,206**	**6,149**	**16,680**
Quarantined Funds	(2,000)	(392)	0	0	(539)	**(2,931)**	(161)	0	(6,149)	**(9,241)**
Projected Available Balance	**0**	**2,344**	**840**	**25**	**1,574**	**4,783**	**450**	**2,206**	**0**	**7,439**

The 2019/20 budget forecasts a net cash surplus of $0.000m.

*CFPP: Community Facilities Partnership Program
*Other includes Walking & Cycling and Energy Efficiency.

Funding Statement
as at 30 September 2019

Original Adopted Budget	Carryovers		YTD Actual	YTD Budget	YTD Variance		Annual Budget	
$'000	$'000		$'000	$'000	$'000		$'000	Note
		Operating Revenue						
79,265	-	**Rates**	19,885	19,877	8	F	79,265	
2,203	-	**Statutory Charges**	413	431	(18)	U	2,203	
2,210	-	**User Charges**	446	373	73	F	2,210	
7,180	(1,594)	**Operating Grants & Subsidies**	1,293	853	440	F	5,586	**A**
708	-	**Investment Income**	65	65	-	-	708	
530	-	**Reimbursements**	160	123	37	F	530	
1,361	-	**Other Revenues**	208	228	(20)	U	1,361	
1,278	-	**Net gain - Equity Accounted Investments**	-	-	-	-	1,278	
94,735	**(1,594)**		**22,470**	**21,950**	**520**	**F**	**93,141**	
		Operating Expenses						
35,905	-	**Employee Costs**	7,149	7,782	633	F	35,905	**B**
23,812	1,590	**Contractual Services**	4,741	5,155	414	F	25,402	**C**
5,021	42	**Materials**	1,204	1,297	93	F	5,063	
397	-	**Finance Charges**	-	-	-	-	397	
15,056	-	**Depreciation**	3,764	3,764	-	-	15,056	
7,263	33	**Other Expenses**	2,138	2,085	(53)	U	7,296	
87,454	**1,665**		**18,996**	**20,083**	**1,087**	**F**	**89,119**	
7,281	**(3,259)**	**Operating Surplus/(Deficit) before Capital Revenues**	**3,474**	**1,867**	**1,607**	**F**	**4,022**	
		Capital Revenue						
5,000	-	**Capital Grants & Subsidies**	18	-	18	F	5,000	
-	-	**Contributed Assets**	-	-	-	-	-	
-	-	**Asset Disposal and Fair Value Adjustment**	(702)	-	(702)	F	-	
5,000	**-**		**(684)**	**-**	**(684)**	**U**	**5,000**	
12,281	**(3,259)**	**Net Surplus/(Deficit) resulting from operations**	**2,790**	**1,867**	**923**	**F**	**9,022**	
15,056	-	***add*** **Depreciation**	3,764	3,764	-		15,056	
	-	***add*** **(Gain)/Loss on Asset Disposal**	702	-	702		-	
(1,278)	-	***less*** **Share of Profit Equity Accounted Investments**	-	-	-		(1,278)	
26,059	**(3,259)**	**Funding available for Capital Investment**	**7,256**	**5,631**	**1,625**	**F**	**22,800**	
		Capital						
12,063	1,614	***less*** **Capital Expenditure - Renewal**	807	1,005	198	F	13,677	**D**
32,265	7,420	***less*** **Capital Expenditure - New**	2,204	3,022	818	F	39,685	**E**
-	-	***less*** **Capital - contributed assets**	-	-	-	-	-	
-	-	***add*** **Proceeds from Sale of Surplus Assets**	-	-	-	-	-	
(18,269)	**(12,293)**	**Net funding increase/(decrease)**	**4,245**	**1,604**	**2,641**	**F**	**(30,562)**	

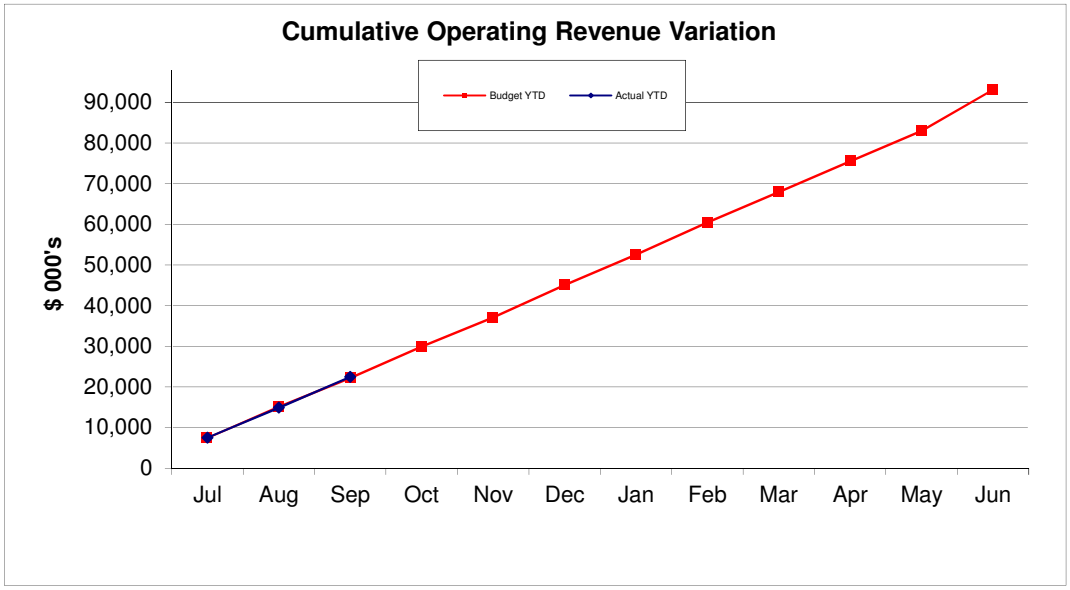
Original Adopted Budget $'000	Carryovers $'000		YTD Actual $'000	YTD Budget $'000	YTD Variance $'000		Annual Budget $'000	Note
		Funded by						
		Loans						
10,000		**Loan Principal Receipts (Net)**	-	-	-		10,000	
		Loan Receipts/(Payments) from Sporting Clubs (Net)	-	-	-		-	
(1,171)		**Loan Principal Repayments**	-	-	-		(1,171)	
8,829	**-**	**Loan Funding (Net)**	**-**	**-**	**-**		**8,829**	
		Movement in level of cash, investments and accruals						
-		**Cash Surplus/(Deficit) funding requirements**	13,685	11,044	2,641		-	
(9,440)	(12,293)	**Reserves Net - Transfer to/(Transfer from)**	(9,440)	(9,440)	-		(21,733)	
(9,440)	**(12,293)**	**Cash/Investments/Accruals Funding**	**4,245**	**1,604**	**2,641**		**(21,733)**	
18,269	**12,293**	Funding Transactions	**(4,245)**	**(1,604)**	**(2,641)**	**F**	**30,562**	**F**

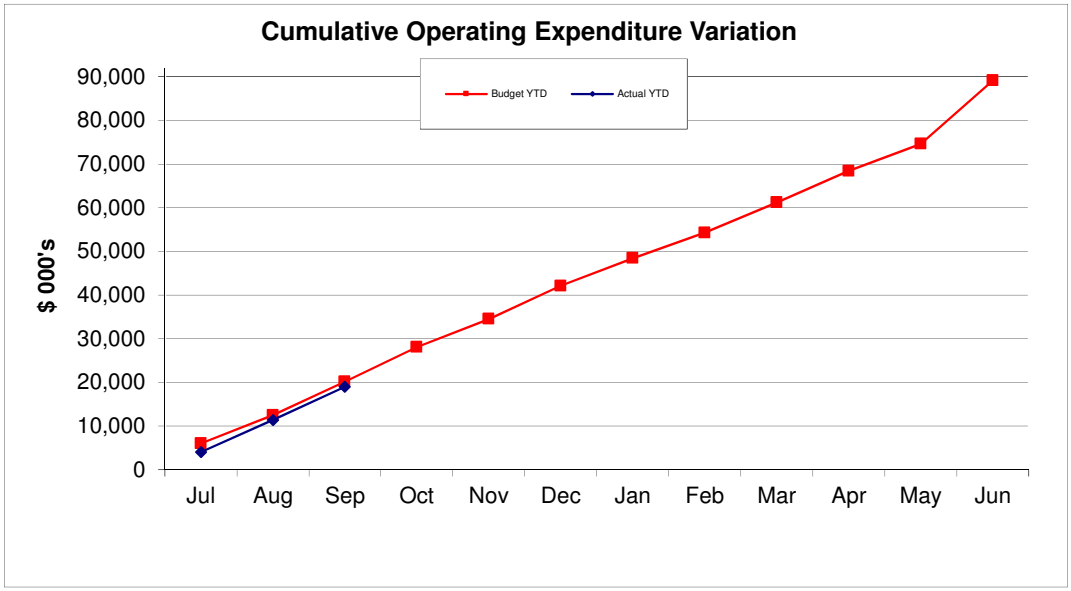
Variation Notes

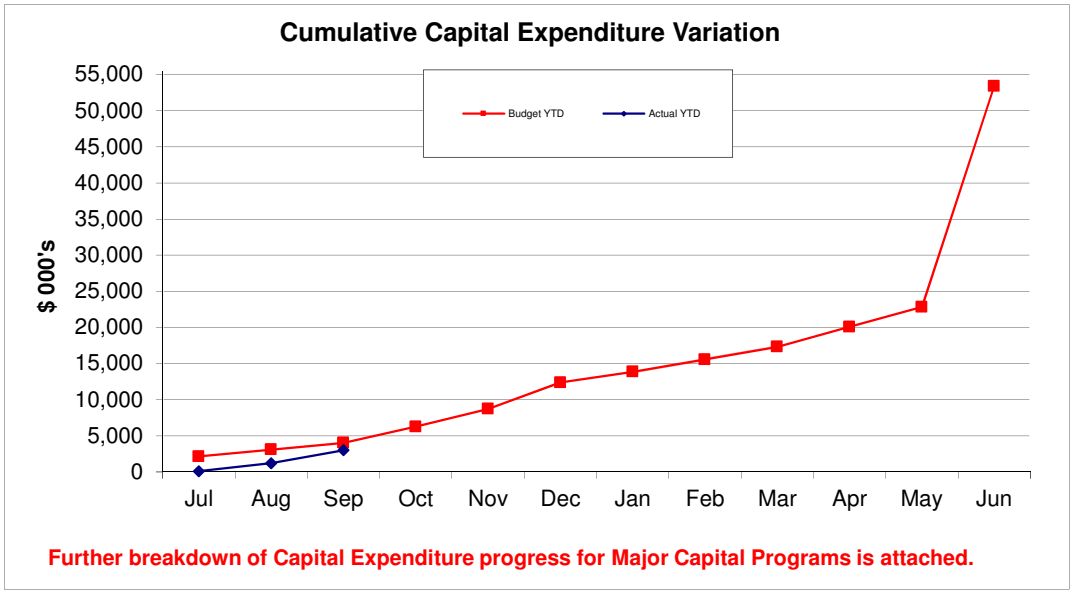
A	**Operating Grants & Subsidies**	**Favourable $440k**	Predominately reflects unbudgeted variances with regards to the receipt of a grants relating to the Hallett Cove R-12 Car Park ($200k), Move it Marion ($112k) and a number of other variances, which are individually insignificant.
B	**Employee Costs**	**Favourable $633k**	Predominantly reflects budget-timing variances in addition to savings from temporarily vacant positions.
C	**Contractors**	**Favourable $414k**	Predominately reflects budget-timing variances with regards to Smart Cities and Suburbs program (150k), Tree management framework ($150k), Cleaning ($98k) and a number of other variances, which are individually insignificant.
D	**Capital Expenditure (Renewal)**	**Favourable $198k**	Predominately reflects budget-timing variances with regards to Fleet Replacement ($100k) and Proactive Footpath Repair Program ($148k).
E	**Capital Expenditure (New)**	**Favourable $818k**	Predominately reflects budget-timing variances with regards to Streetscape Development.
F	**Funding Transactions**	**Favourable $2,641k**	This variance is the sum total of all variances and reflects an increase against council's expected YTD cash position.

The above comments referring to budget timing variations are where some monthly budget estimates are not reflective of the actual expenditure patterns as at the reporting date.

Funding Statement Cumulative Position - 2019/20



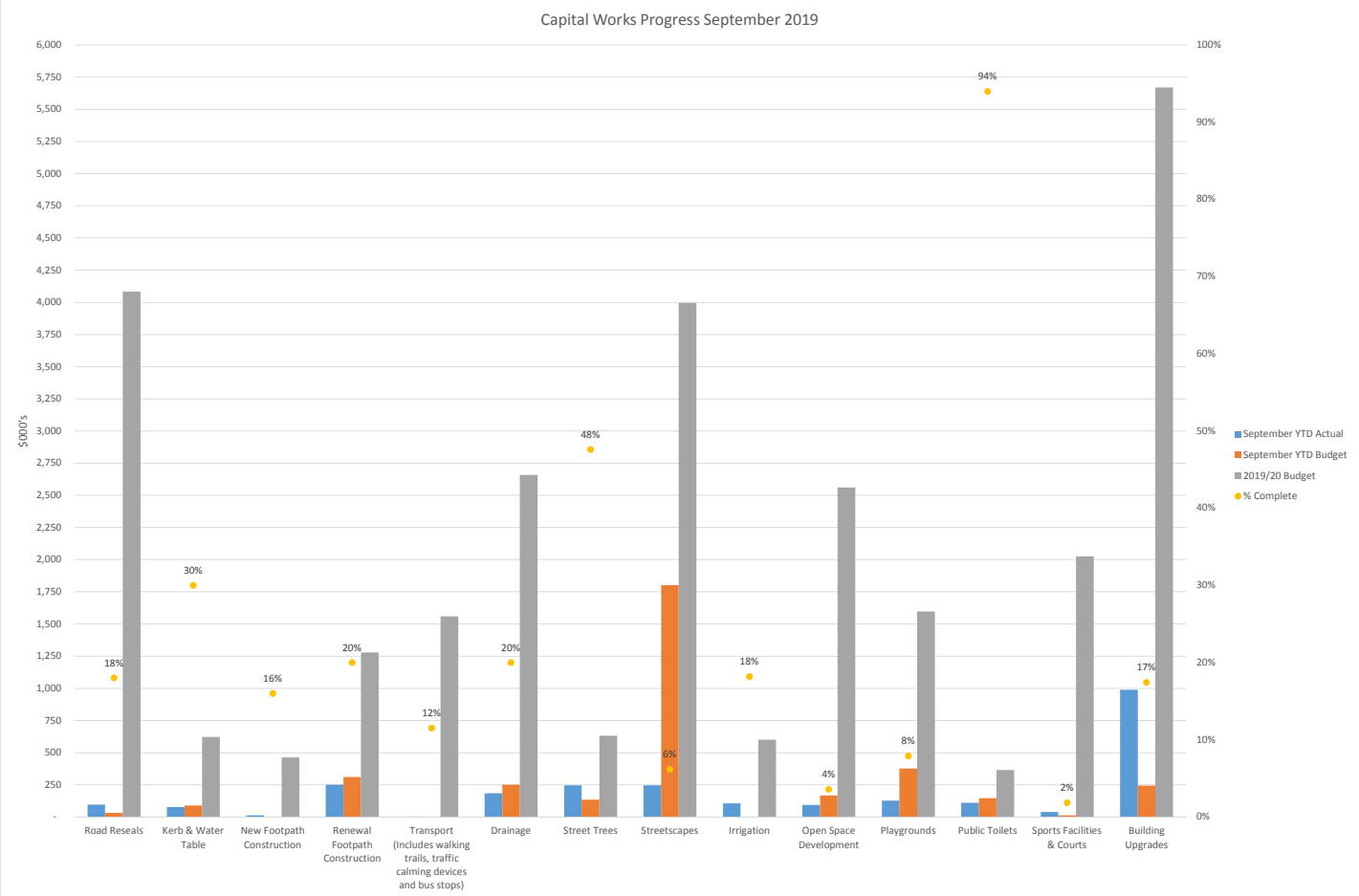




Further breakdown of Capital Expenditure progress for Major Capital Programs is attached.

* Major Projects timed for June include Mitchell Park Sports Club Redevelopment ($14.8m), Sam Willoughby International BMX Facility ($2.1m) and Southern Soccer Facility ($2.5m).

Appendix 2



Program	% complete	Comment
Road Reseals	18%	Program commenced - 18% complete, invoicing for August and September works received in October.
Kerb & Water Table	30%	Program commenced - 30% complete. Early completion is anticipated for this program.
New Footpath Construction	16%	Program commenced - 16% complete.
Renewal Footpath Construction	20%	Program commenced - 20% complete.
Transport (Includes walking trails, traffic calming devices and bus	12%	Design and planning commenced. Installation of bus stops is in progress.
Drainage	20%	Designs complete for Mercedes Ave, Shaftesbury Tce and Coolah Tce. Construction in progress for Alison Ave.
Street Trees	48%	Program commenced - 48% complete.
Streetscapes	6%	Railway Terrace - construction has commenced and due to be completed in Oct 2019. Birch Crescent - discussions with DPTI and their design consultant approached for fee proposal to design the short section of path immediately north of Sturt Road. Bray Street - construction commenced. Sturt Road - Design in progress. Quick Road - Survey and Design commenced.
Irrigation	18%	Program progressing well with Cross-Council Irrigation team.
Open Space Development	4%	Dwyer Road Reserve - consultant engaged for detailed design Hazelmere Dog Park - complete
Playgrounds	8%	First Avenue Reserve - Construction complete Shamrock Road Reserve, Mitchell Park Sports - Construction in progress Skipper Close - Final design commenced Central Avenue, The Crescent - Final design and documentation to commence
Public Toilets	94%	Hamilton Park Reserve and Shamrock Road Reserve Toilets have been installed.
Sports Facilities & Courts	2%	Planning commenced - works in progress.
Building Upgrades	17%	Marion Outdoor Pool Carpark complete - tree planting in progress. Stage 2 of Marion Outdoor Pool building works are complete.

Major Projects

Mitchell Park Sports and Community Club Development

	2019/20 Actual YTD 30/09/2019	2019/20 Budget	Project Cost At Completion
Income			
Federal Grant Contribution	-	5,000,000	5,000,000
Total Income	**-**	**5,000,000**	**5,000,000**
Expenditure			
Operating	-	-	-
Capital Construction	-	(15,000,000)	(15,000,000)
Total Expenditure	**-**	**(15,000,000)**	**(15,000,000)**
Project Result Surplus/(Deficit)	**-**	**(10,000,000)**	**(10,000,000)**

The net deficit forecast will be funded in the following manner:

Funded By : (Over Project Life)	**$**
Proposed Borrowings	10,000,000
	10,000,000

The Mitchell Park Sports and Community Club Development is subject to the approval of a prudential section 48 report.

Sam Willoughby International BMX Facility

	2019/20 Actual YTD 30/09/2019	2019/20 Budget	Project Cost At Completion
Income			
City of Onkaparinga Contribution	-	750,000	750,000
State Budget Grant Contribution		-	3,300,000
Total Income	**-**	**750,000**	**4,050,000**
Expenditure			
Operating	-	-	-
Capital Construction	(7)	(2,050,000)	(5,800,000)
Total Expenditure	**(7)**	**(2,050,000)**	**(5,800,000)**
Project Result Surplus/(Deficit)	**(7)**	**(1,300,000)**	**(1,750,000)**

The net deficit forecast will be funded in the following manner:

Funded By : (Over Project Life)	**$**
Reserve Transfer	1,750,000
- Asset Sustainability Reserve	
	1,750,000

The Sam Willoughby International BMX Facility is subject to the approval of a prudential section 48 report and the State Government funding the traffic management solution for Majors Road.

Council have received the State Governments $3.3m contribution to this project. This money is currently quarantined in council's reserves.

Appendix 3

Sundry Debtors Report - Aging report as at 30 September 2019

Debtor	Total Balance	Current	30 Days	60 Days	90 Days	90+ Days	Percentage of total 90+ day balance	Comments for 90+ Day balances
Employee Total	**3,920.10**	**.00**	**.00**	**3,920.10**	**.00**	**.00**	0%	
General Total	**4,107.70**	**2,375.20**	**.00**	**.00**	**1,732.50**	**.00**	0%	
Neighbourhood Centres Total	**32,378.25**	**27,963.25**	**500.00**	**90.00**	**410.00**	**3,415.00**	1%	Made up of 1 out of 11 debtors. This debtor is on a payment plan through the debt collector.
Regulatory Services Land Clearing Total	**3,591.42**	**.00**	**.00**	**.00**	**867.15**	**2,724.27**	1%	Made up of 3 out of 4 debtors, with one account totalling $1,725.35.
City Property Facilities Total	**58,818.34**	**12,824.60**	**28,330.88**	**.00**	**10,332.05**	**7,330.81**	2%	Made up of 4 out of 23 debtors, with one account totalling $4,107.39.
Civil Services Private Works Total	**48,829.00**	**12,210.00**	**9,420.00**	**3,060.00**	**350.00**	**23,789.00**	5%	Made up of 18 out of 36 debtors in this category, with seven of these totalling $7,839.00 relating to works not commenced, awaiting payment, one of the remaining accounts totals $3,190.00. Six accounts totalling $8,760.00 are on payment plans, payments of $195.00 have subsequently been received in October. One other account totalling $350.00 has subsequently been settled in October.
Swim Centre Debtors Total	**618.00**	**.00**	**.00**	**.00**	**.00**	**618.00**	0%	Made up of 1 debtor.
Grants & Subsidies Total	**659,269.40**	**259,269.40**	**.00**	**.00**	**.00**	**400,000.00**	88%	Made up of 1 out of 3 debtors. This account relates to the final progress claim for Edwardstown Soldiers Memorial Recreation Ground from the State Government. Payment of this invoice will occur following the assessment of the submission of final audit and acquittal, which is in progress.
Environmental Health Inspections Total	**12,155.60**	**2,869.10**	**1,240.00**	**121.00**	**242.00**	**7,683.50**	2%	Made up of 45 out of 77 debtors, with none individually significant. Two accounts totalling $242.00 have subsequently been settled in October.
Regulatory Services Other Total	**19,768.00**	**3,465.00**	**.00**	**2,730.00**	**2,850.00**	**10,723.00**	2%	Made up of 54 out of 88 debtors in this category, with none individually significant.
Living Kaurna Cultural Centre Total	**9,346.40**	**8,493.80**	**852.60**	**.00**	**.00**	**.00**	0%	
Local Government Total	**7,644.63**	**7,644.63**	**.00**	**.00**	**.00**	**.00**	0%	
Marion Cultural Centre Total	**5,878.50**	**2,831.00**	**3,047.50**	**.00**	**.00**	**.00**	0%	
Total	**866,325.34**	**339,945.98**	**43,390.98**	**9,921.10**	**16,783.70**	**456,283.58**		
Total Aging Profile		**39%**	**5%**	**1%**	**2%**	**53%**		

Category	Description
Employees	Anything that relates to CoM employees.
General	Anything that does not fit into one of the below categories.
Neighbourhood Centres	For hire of rooms in Neighbourhood Centres, etc. - usually charged out at an hourly rate. Also includes cultural workshops and tours.
Regulatory Services Land Clearing	When council has had to clear land due to non-compliance of owner.
Sporting Clubs & Other Leases	Rent, electricity, water, maintenance, etc. charged out to lessees.
Civil Services Private Works	Repairs or modifications to infrastructure (footpaths, kerbs, driveway inverts). Can be at resident request.
Swim Centre Debtors	Outdoor Swimming Centre - used for lane hire, school visits, etc.
Grants & Subsidies	Government grants and subsidies.
Environmental Health Inspections	Food Inspection fees.
Regulatory Services Other	Vehicle Impoundment fees and other regulatory services.
Supplier Refunds	Where a supplier owes the City of Marion funds. This category is used to keep track to ensure we have received payment for credits.
Development Services	Includes contribution from residents and/or developers for the removal and/or replacement of Council Street Trees and significant trees.
Living Kaurna Cultural Centre	Relates to programs run through the LKCC.
Environmental Health Testing	Environmental testing fees.
Local Government	Transactions with other Local Government corporations.
Communications	Anything related to communications.
Economic Development	Events, etc. relating to economic development within the City of Marion.
Marion Cultural Centre	Hiring of the Marion Cultural Centre.

*any category that does not have any outstanding invoices will not be displayed.

Rates Report - Collection of Rates to 30 September 2019

ANALYSIS OF OUTSTANDING RATES AS AT 30 SEPTEMBER 2019

	Note			% of Total Annual Rates
CURRENT	1	$	52,383,387	66.1%
OVERDUE	2	$	990,544	1.2%
ARREARS	3	$	2,164,505	2.7%
INTEREST	4	$	88,036	0.1%
POSTPONED	5	$	203,486	0.3%
LEGALS	6	$	23,750	0.0%
		$	**55,853,708**	70.5%
TOTAL ANNUAL RATES FOR 2019/20		**$**	**79,264,817**	

Note 1: Current
Current rates represent the total amount of rates levied in the current financial year that are not yet due for payment. For example at 1st January this represents Quarter 3 & Quarter 4 rates unpaid.

Note 2: Overdue
Overdue rates represent rates levied in the current financial year that remain unpaid past their due payment date. For example on 1st January, this represents rates from Quarter 1 and Quarter 2 that remain unpaid.

Note 3: Arrears
Rates in arrears represent rates and charges levied in previous financial years that remain unpaid .

Note 4: Interest
Interest represent the fines and interest applied to overdue rates and rates in arrears.

Note 5: Postponed
Postponed rates represent any rates amount due by seniors that have been granted a deferral, until the eventual sale of their property, as allowable under the Local Government Act. Interest is charged on these deferred rates and is recoverable when the property is sold.

Note 6: Legals
Legals represent any legal fees, court costs that have been incurred by Council in the collection of rates in the current financial year. These amounts represent costs that have been on-charged to the defaulting ratepayers and are currently outstanding.

WORKSHOP / PRESENTATION ITEMS - Nil

MOTIONS WITH NOTICE

Elected Member Conduct Register

Elected Member Councillor Luke Hutchinson

Report Reference: GC191022M01

Motion:

That Council:

1. Establish an “Elected Member Conduct Register” and publish it on the City of Marion website by December 2019, with the following parameters:

a. Disclosure types will include all resolved/confirmed:
i. Censures;
ii. Meeting suspensions;
iii. Confirmed misconduct;
which transpired/transpires in the course of an elected member formally discharging their duties.

b. Disclosures shall provide:
i. The name of the elected member;
ii. The date of resolution;
iii. A description of the nature of the conduct.

c. Disclosures shall include a hyperlink relevant public reports and/or minutes relating to the resolution.

d. Disclosures shall encompass the period from the commencement of the 2014 council term to current date, then be rolling as no less than 2 consecutive council terms.

e. Disclosures shall be updated as resolutions are passed by council.

Supporting Information:

For many years Local Government has been plagued by unacceptable elected member behaviour; that behaviour has brought into question the personal and collective integrity of council and perception of other elected members by the behaviour of a few.

Similarly, the community do not have a single, one stop resource to judge the conduct of elected members. The community is solely reliant on the intermittent, and at times biased view of the media. Thus, unacceptable behaviour is notionally hidden from public view, by virtue of fact behavioural matters are lost amongst the many thousands of pages of meeting minutes.

Voters have a democratic right to know who they are voting for - by understanding an elected member’s impost on council finances, time and effort. Council already has a robust process for the disclosure of elected council member interests and expenses, as such, implementing a public disclosure of unacceptable behaviour is equally, if not more important.

Response Received From: Unit Manager Governance & Council Support - Jaimie Thwaites

Corporate Manager Manager Corporate Governance - Kate McKenzie

General Manager General Manager Corporate Services - Sorana Dinmore

Staff Comments:

Under the Code of Conduct for Council Members:

- A breach of the Part 2 (Behavioural) must be the subject of a report to a public meeting of the Council.
- A report from the Ombudsman that finds a Council member has breached Part 3 (Misconduct) of the Code of Conduct must be provided to a public meeting of the Council.

If Council approves, a register could be maintained of the above reports as recommended by the motion. The register would exclude items where confidential provisions apply (eg ICAC matters).

Citizenship Dress Code

Elected Member Mayor Kris Hanna

Report Reference: GC191022M02

Motion:

That Council:
Write to the Minister for Home Affairs submitting the following dress code for the Minister's approval:
"Candidates for citizenship and others attending citizenship ceremonies should be dressed to reflect the significance of the occasion. Candidates are welcome to wear the national dress of their original country".

Supporting Information:

The Minister for Immigration and Citizenship wrote to all councils in Australia in September attaching a new manual for citizenship ceremonies, the "Australian Citizenship Ceremonies Code".
There is a new section regarding the dress code for ceremonies. It states,
"The attire of attendees at Citizenship Ceremonies should reflect the significance of the occasion.
A Dress Code is to be set by individual councils.
Councils must provide a current copy of their Dress Code to the Department of Home Affairs".
Council has never been asked to supply a dress code to the department before. All of our attendees have dressed respectably.
It is been our custom for many years to hold citizenship ceremonies on or about 26th January. For the past several years these ceremonies have included outdoor events. Attendees tend to wear more casual clothing to outdoor ceremonies were a barbecue is provided.
The Department of Home Affairs sends out the invitation letters on Council's behalf. I am advised Council has never provided content for that letter other than date and venue.

Response Received From: Craig Clarke, Unit Manager Communications

Corporate Manager Manager Customer Experience - Karen Cocks

General Manager General Manager City Services - Tony Lines

Staff Comments:

Should Council support the motion, a letter can be prepared for the Home Affairs Minister regarding dress standards at City of Marion citizenship ceremonies.

Marion Council confers citizenship on up to 900 new Australians a year spread across 12 citizenship ceremonies.

While Council stages the event, the Department of Immigration communicates directly with candidates, notifying them about the time and location of a ceremony.

Council has previously not set a dress standard. Candidates have always dressed appropriately, sometimes wearing their national costume or formal dress.

CITY OF MARION

Rescission Motion - Youth Engagement and Consultation Report

Elected Member Councillor Ian Crossland

Report Reference: GC191022M03

Motion:

That Council:

1. ***Rescinds the following motion GC190924R07 - Youth Engagement and Consultation Report***

   1. Notes the report provided by Youth Affairs Council SA (YACSA) (Appendix 1).

   2. Notes that Administration will utilise the findings from the YACSA report to help inform current and future youth priorities throughout the City of Marion.

   3. Adopts option 3 (maintain status quo and establish a Youth Advisory Committee) relating to youth leadership opportunities and participation groups (Appendix 2).

   4. Endorses the ongoing funding allocation for 0.5 FTE for year 1 and 0.4 FTE ongoing required for option 3, noting $45,000 for year 1 and $36,000 ongoing will be incorporated into the 2019/20 budget through the quarterly budget review process.

2. ***Adopts the following proposed motion:***

   1. Notes the report provided by Youth Affairs Council SA (YACSA).

   2. Notes that Administration will utilise the findings from the YACSA report to help inform current and future youth priorities throughout the City of Marion and that a report will be brought to the Elected Member Forum on 2 November 2019 to further discuss a review of the Youth Services.

   3. Adopts option 1 - Maintains the status quo - continue working with funded programs and partnership initiatives.

   4. Notes there is no change to FTE resources as this would be covered within existing resources and budget.

Supporting Information:

NIL

Response Received From: General Manager City Services - Tony Lines

Corporate Manager N/A

General Manager General Manager City Services - Tony Lines

Staff Comments:

The motion GC190924R07 was Carried Unanimously at the General Council Meeting on 24th September 2019. Should council wish to rescind this motion, a report on Youth Servies can be brought to the 2nd November 2019 Elected Member Forum.

Marion Ewell Vineyards Historical Signage

Elected Member Councillor Bruce Hull

Report Reference: GC191022M04

Motion:

That Council endorses administration to explore appropriate signage recognising the historical significance of the 110 year old Marion Ewell Vineyards site, this exploration exercise may include repurposing the existing brick wall or installing a new structure to identify the vineyards role in our local history, remember those who contributed to the vineyards establishment and protection. And that Administration report back on their findings, with suggested options including an estimated budget by February 2020 General Council meeting.

Response Received From: Manager Community Connections - Liz Byrne

Corporate Manager Manager Community Connections - Liz Byrne

General Manager General Manager City Services - Tony Lines

Staff Comments:

Should Council support this Motion then a report will be prepared for the February 2020 General Meeting of Council.

Noise Pollution - Delaine Ave, Edwardstown

Elected Member Councillor Joseph Masika

Report Reference: GC191022M05

Motion:

That:

1. **Council to engage Acoustics Professionals and technology to investigate the level of noise decibels caused by heavy traffic on Delaine Ave, Edwardstown. The report and findings to be presented to the next General Council Meeting.**

2. **Council investigate alternative traffic control devices or modifying the Driveway Link installed on Delaine Avenue in 1997 to reduce the impact of traffic noise for surrounding residents.**

Supporting Information:

The motion is to find solution to the noise pollution experienced by residents living in Delaine Avenue, Edwardstown South Australia. The residents have lodged petition asking the City of Marion to take action. While urban noise may seem inevitable and unavoidable, even the most dense and active places can take steps to limit noise.

Motor vehicle noise at Delaine Avenue Edwardstown includes noise from automobiles, motorcycles and buses accessing the Avenue 24 hours a day. The volume of heavy vehicles passes through the avenue is huge compared with other surrounding streets within Edwardstown. The Motor vehicle noise is a result of (1) vehicle traction systems including the engine, braking, exhaust (2) the interface of the wheel and the road and (3) displacement of air, which is important at high speeds.

Excessive noise levels over a long period of time will damage your hearing. This may happen so gradually and painlessly that you may not notice the minor deterioration from one day to the next. Excessive noise presents a risk of hearing damage and other health problems.

Long term exposure to noise from road traffic results in physiological and psychological stress, which indirectly may contribute to heart disease, and high blood pressure. The degree of hearing loss depends on the loudness of the noise and how long you are exposed to it. The long-term consequences of these effects on children‘s development are particularly significant.

Some people exposed to excessive noise develop tinnitus, which is described as a constant ringing sound. Having Tinnitus at night or during the day is impossible to sleep or to function as human. Insufficient or poor quality sleeps results in stress, fatigue, and changes in body’s chemical balances and affects frail elders badly who lives on the Delaine Avenue, Edwardstown.

Associated effects of constant noise pollution

Apart from damage to hearing, exposure to constant and excessive noise can cause other health problems including:

- headache
- elevated blood pressure
- fatigue
- irritability
- digestive disorders
- increased susceptibility to colds and other minor infections.

While there has been progress in limiting speed along Delaine Avenue, there has been limited progress on noise management over the past several decades to the extents the residents are experiencing the above mentioned symptoms. We all know that once hearing is damaged, it can't be restored and Council should take all necessary steps to protect the residents from health problems.

Response Received From: Unit Manager Engineering Services - Mark Griffin

Corporate Manager Manager Engineering and Field Services - Mathew Allen

General Manager General Manager City Services - Tony Lines

Staff Comments:

All Australian state road authorities (including South Australian) have developed road noise polices or guidelines. In South Australia, the Department of Planning, Transport and Infrastructure has developed the 'Road Noise Guideline – 2016' which applies to road infrastructure projects and not existing networks where no works are being undertaken. Common strategies to reduce noise levels include:

- Traffic management;
- The installation of noise mitigation measures, for example road barriers/walls and improvements to dwellings;
- More stringent standards for new vehicles;
- Enforcement for in-service vehicles;
- Separation of more sensitive land uses from highly trafficked roadways.

Noise emissions from vehicles negotiating traffic calming devices, such as slow points typically installed on local roads by Councils, must be balanced against their operational and safety outcomes.

To undertake an assessment of the noise levels in Delaine Avenue associated with the driveway link it would be necessary to:

- Recognise and/or identify acceptable noise levels;
- Separate general road noise from noise generated by the driveway link;
- Undertake similar testing at other driveway links (to ascertain if there is a difference);
- Determine the frequency of occurrence (noise);
- Day time and night time measurements.

It should be noted that Council has many traffic devices that result in a change in road level, including a dozen driveway links.

For information, the typical noise levels in various situations is attached as Appendix 1.

Performance of the driveway link

The available traffic data indicates that the driveway link is operating well, as detailed below:

- Since the installation of the driveway link vehicle speeds have significantly reduced to an average speed of 36 km/h;
- A review of available crash data for the period from 2014 to 2018, has revealed that only one collision has been reported in the vicinity of the driveway link (near Macklin Street). The details of this accident are:
    - A property damage only crash (PDO) occurring on Wednesday 17 August 2016 – estimated cost $5,000.
    - It involved a westbound vehicle leaving the road and hitting a fixed object (classified as a single vehicle accident) – it should be noted that the driveway link was not mentioned.
    - Apparent error –inattention.

Recent Meeting with Mr & Mrs Dunlop – dated 20 February 2019
This meeting discussed the performance, condition and noise levels associated with the driveway link and involved Mr & Mrs Dunlop, Councillor Joseph Masika, Adrian Skull and Mark Griffin. At the time it was related to Mr & Mrs Dunlop that the driveway link was a road safety device and could not be removed based on noise levels.
However, the following actions were agreed:

- Undertake a further traffic investigation to determine the effectiveness of the driveway link and ascertain if additional treatment was required. This investigation concluded that the device was operating well and additional treatment or modifying the device was not required or feasible.
- The landscaping of the device would be reviewed. This resulted in Mr Brett Jaggard (Unit Manager Open Space) visiting Mr & Mrs Dunlop to ascertain their concerns and determine what they wanted in regards to landscaping.

Accordingly:

- Additional planting occurred;
- Various trees have been trimmed;
- Inappropriate plants were removed.

Furthermore, on-going maintenance of landscaping occurs on a regularly basis.

Time frame and Cost
An independent traffic consultant can be engaged to investigate the level of noise and alternative traffic control devices. The investigation will take approximately 1 month at an estimated cost of $7,000. A report outlining the findings of the investigation can be presented to the 10 December 2019 General Council meeting.

Suggested amended motion
Should Council endorse this initiative, it is recommended that the motion be amended to the following:

That Council:

1. **Engages Acoustics Professionals and technology to investigate the level of noise decibels caused by heavy traffic on Delaine Ave, Edwardstown. The report and findings to be presented to the 10 December General Council Meeting.**

2. **Investigates alternative traffic control devices or modifies the Driveway Link installed on Delaine Avenue in 1997 to reduce the impact of traffic noise for surrounding residents.**

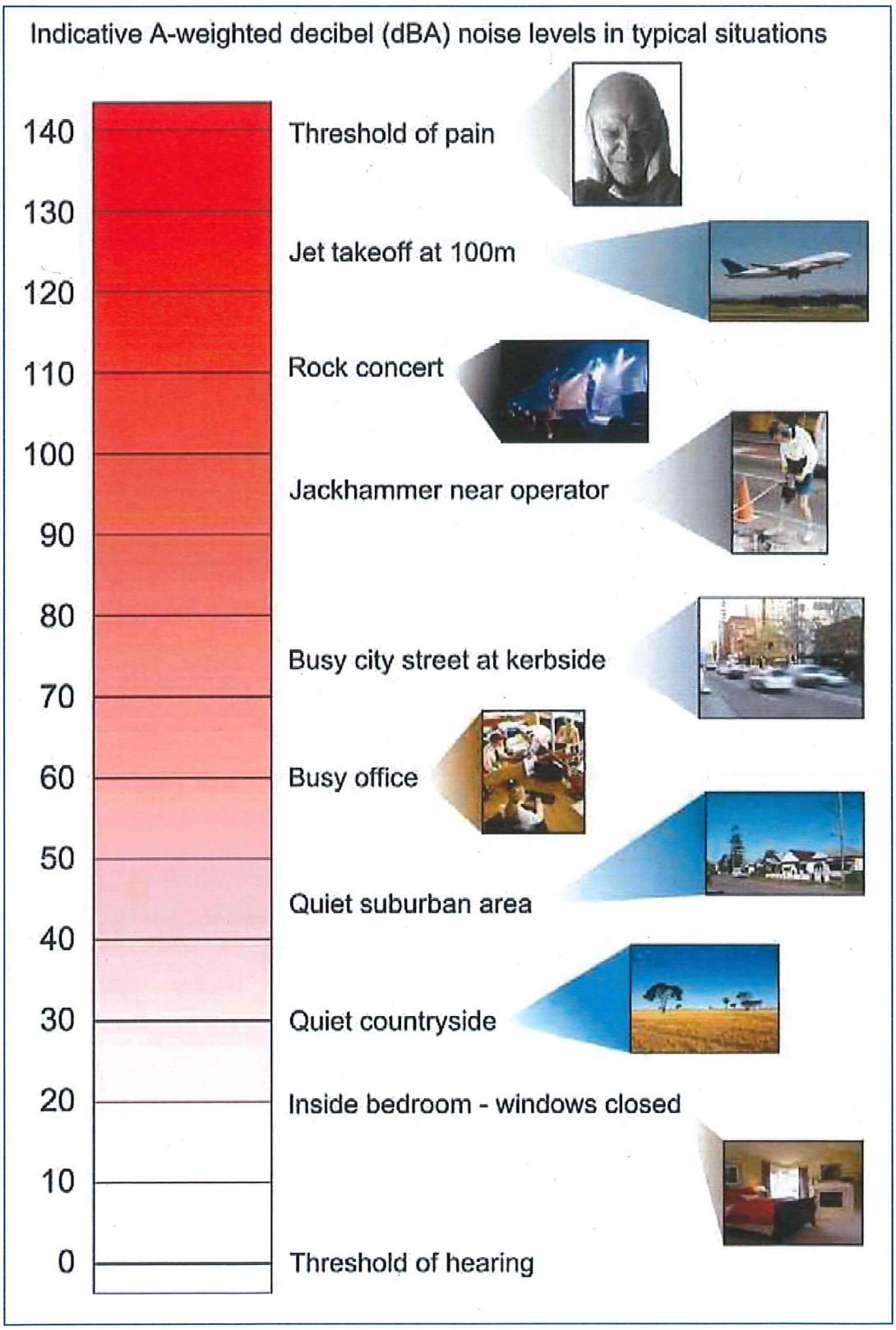
ATTACHMENTS:

#	Attachment	Type
1	Delaine Avenue - motion - noise levels in various situations - Appendix 1	PDF File

Appendix 1

C11 Common sources of noise

Figure 3 Some common sounds and their typical noise level



Central Avenue Reserve Re-Development

Elected Member Councillor Ian Crossland

Report Reference: GC191022M06

Motion:

That:

1. **The Central Avenue Reserve re-development be upgraded to a neighbourhood level playground based on the current gaps in provision of playgrounds in the area.**

2. **Council endorse funding the additional amount of $140,250 to increase the hierarchy of Central Avenue Reserve from local to neighbourhood in the 2020/2021 budget with an increase of operations and maintenance cost of $9,818 per annum and depreciation of $5,610 per annum in the Long Term Financial Plan.**

3. **Note the upgrade will be delivered across financial years with the existing budget of $95,250 still timed for 2019/2020.**

Supporting Information:

Central Avenue Reserve has been classified as a local level playground and is scheduled for an upgrade in this financial year.

Community consultation results indicates that the level of service required from the community is at a neighbourhood classification.

Central Avenue Reserve provides the only playground in an area bounded by Conservation Parks and a railway line.

Response Received From: Acting Unit Manager Open Space and Recreation Planning - Renee Pitcher

Corporate Manager Manager City Activation - Greg Salmon

General Manager General Manager City Development - Ilia Houridis

Staff Comments:

Central Avenue Reserve is the only playground in the area and is bounded by roads, Conservation Parks and a railway line. Appendix 1 maps the playground location with a 500m buffer.

A local level upgrade is currently scheduled for construction in the 19/20 financial year.

Findings from recent community consultations (Appendix 2 and 3) suggest that facilities residents would like are more in line with a neighbourhood level playground upgrade than a local level upgrade. Amenities such as BBQ, Shelter, Basketball half court and bike track were high on a list of equipment outside the scope of a local level playground.

A neighbourhood upgrade would cater for the intent of what the community consultation results have returned.

Local Playground Service Levels	Neighbourhood Playground Service Levels
Play equipment ie swings, slide, combination system Seats / Furniture, including at least one bench Vegetation amenity plantings including adequate planting for shade Pathways	Play equipment - ie swing, slide combination system and natural play elements where possible Seats and picnic facilities, drink fountain Plantings for shade Pathways Basketball / netball half court Rubber soft fall Shelter structure Other play features Artificial shade over play equipment

The existing budget for this upgrade is $95,250. An extra $140,250 is required to increase the hierarchy from local to neighbourhood and an increase of operations and maintenance cost of $9,818 per annum and depreciation of $5,610 per annum into Council's Long Term Financial Plan.

This would be warranted in the context of meeting the longer term needs of the community and resolve the gap in provision in that area.

The upgrade in hierarchy will result in a delay for construction, and therefore the work will be timed to occur across financial years with the existing $95,250 to be spent in 2019/2020 and the additional $140,250 in 2020/2021.

ATTACHMENTS:

#	Attachment	Type
1	Playground Map with barriers and topography Central Avenue	PDF File
2	Central-Avenue-Reserve-Fryer-Street-Reserve-Community-Engagement-Findings-September-2018	PDF File
3	Central-Avenue-Community-Engagement-Report-December-2018	PDF File

Playgrounds Works Program

Current status 2017

Upgraded and remaining upgrades

- Local Future
- Local Remaining upgrade
- Local Upgraded
- Neighbourhood Future
- Neighbourhood Remaining upgrade
- Neighbourhood Upgraded
- Regional Future
- Regional Remaining upgrade
- Regional Upgraded

Playgrounds AllClass buffer 500m

Note: The buffer layer shows the 500m radius buffers for all of the 3 play space classifications, and are modified where access is difficult.

Future Playground Works buffer

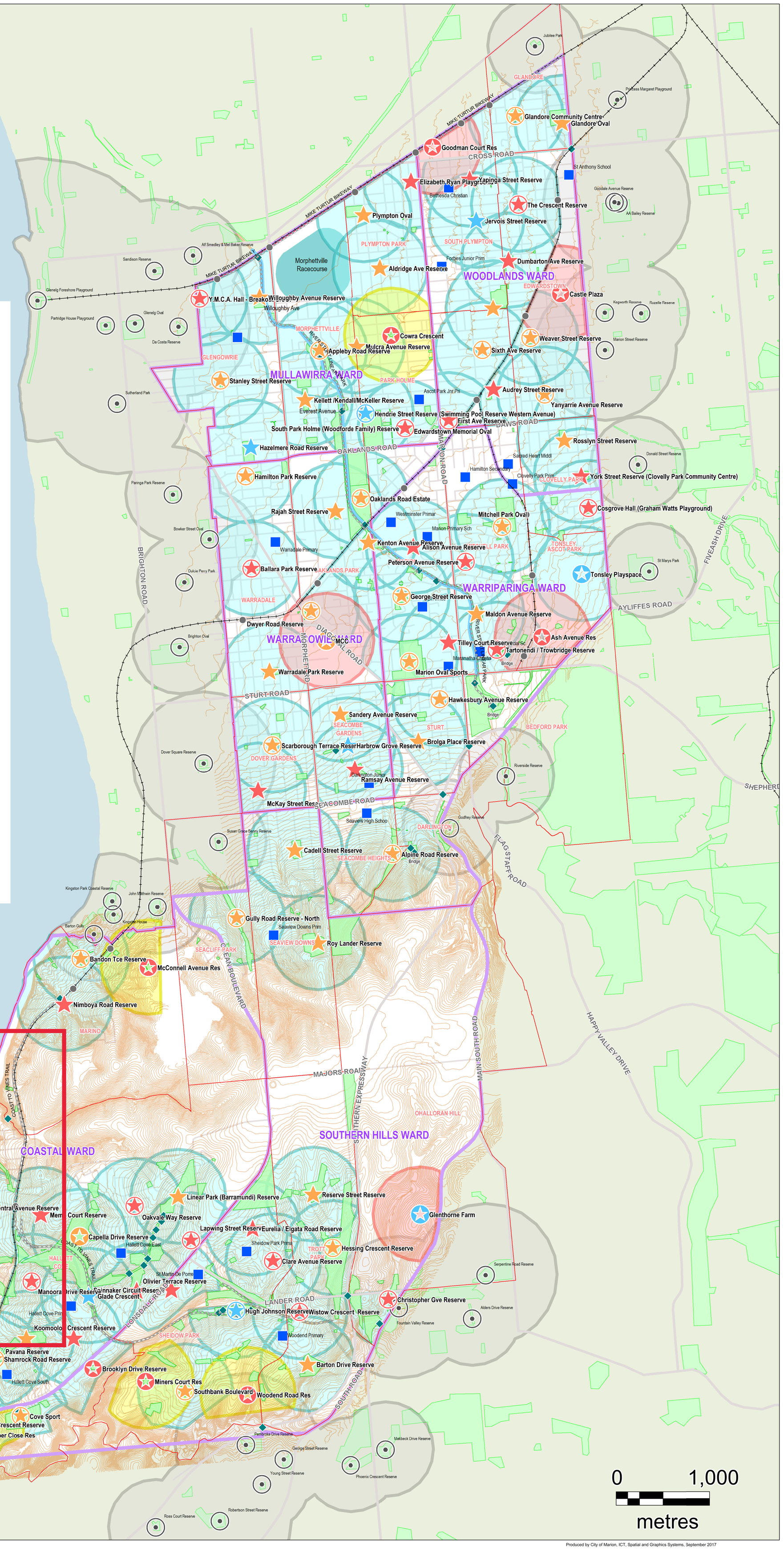
Potential Playground Works buffer

Playgrounds adjacent City of Marion

Playgrounds adjacent CoM 3 buffers

Note: The 'neighbouring CoM' buffer layer is a composite of the 500m, 750m and 1500m radius buffers for each of the 3 play space classifications respectively.

- Schools
- Wards
- Suburbs
- Bridges
- Rail stations



Produced by City of Marion, ICT, Spatial and Graphics Systems, September 2017

Central Avenue Reserve / Fryer Street Reserve

Playground Upgrade

Community Engagement Findings

September 2018

Introduction

The playground at Central Avenue Reserve has reached the end of its useful life and will be upgraded. Construction of a new playground is a two year process with consultation and design in year 1 (18/19) and construction of the new playground in year 2 (19/20).

In response to feedback received from the community for alternative locations, Elected Members wanted to ensure the new playground is installed in a location preferred by the community. Further, concerns had been raised within the local community that children's safety was at risk when playing between the two sections of Central Avenue Reserve.

To address this a motion was presented at the General Council meeting 26 June 2018, where Council endorsed the following recommendations:

> ***Moved Councillor Crossland, Seconded Councillor Gard***
>
> *That:*
>
> 1. *Council as part of the planned Central Avenue playground upgrade, that council consult with the community prior to commencing the development of the concept plan and;*
> 2. *Undertakes a pre design community engagement process seeking feedback from the community for:*
>   a. *The location of the playground at either Central Avenue or Fryer Street Reserve*
>   b. *Amenities the community would like to see within each reserve*
> 3. *Requests Administration investigate opportunities for a toilet near the Coastal Walking trail and reports the outcomes of the investigation to Council by September 2018.*
> 4. *Requests Administration investigates support for the closure of Central Avenue Road within the constraints of the reserve corridor concurrently with the pre-design community engagement process as a separate process and report to Council.*

Community consultation was undertaken over a three week period to 3 September 2018 including:

- A Making Marion online survey
- Postcards delivered to 430 households directing them to the online survey
- Signs installed at Central Avenue Reserve and Fryer Street Reserves.
- Social media marketing

The purpose of the engagement was to:

- Seek feedback on a preferred location for the development of a new playground in Central Avenue Reserve or Fryer Street Reserve
- Understand the wants and needs of the community for play equipment
- Seek feedback on a potential road closure to join the two portions of Central Avenue Reserve

The following report provides an analysis of the feedback that was received.

Executive Summary

In summary, during the 3 week consultation period Council received:

- 83 completed surveys
- 89 responses within the survey
- 7 Facebook comments

Of the 83 residents who responded **75.3% preferred the playground to remain at Central Avenue Reserve**. With the majority of respondents (68.7%) who supported Central Avenue Reserve, preferred leaving the playground in its current location.

While the playground is classified as a local level playground with minimal facilities and equipment, respondents to the survey made suggestions for equipment and amenities outside of the scope, such as:

Amenity	Number of comments
Toilets	12
BBQ	10
Shelter	8
Basketball court	5
Bike track	7
Flat, grassy kick about area	5

Nature play elements were requested and can be incorporated into the design of the playground planned for early 2019.

Requests for a grassy kick about area will require further irrigation at the reserve/s. Central Avenue Reserve 1 (playground) has 500m^2 irrigation around the playground. There is currently no irrigation in operation at Central Avenue Reserve 2 or Fryer Street Reserve.

Suggestions were made to spread facilities across the two Central Avenue Reserve sites, with a playground at one and leisure facilities at the other.

While Fryer Street Reserve was not the preferred location for a playground, suggestions were made for its improvement including:

Amenity	Number of comments
More seating to enjoy the view and rest while walking the coast trail	6
Landscaping	3
Kick about goals	5

The **Central Avenue Road between Second and Third Avenues was not supported by 59%** of respondents. While the majority of respondents do not support the closure, it was not an overwhelming majority and there may be scope to revisit this closure with further consultation.

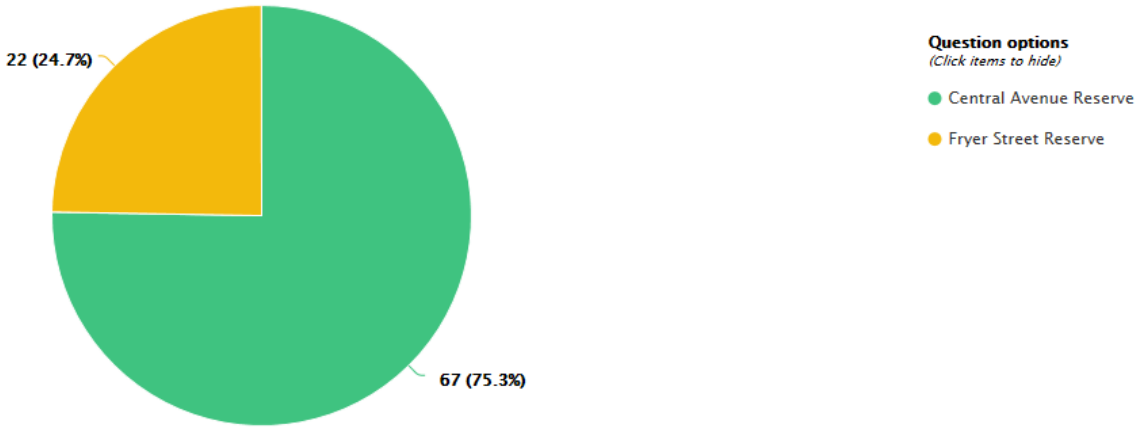
Suggestions were made to calm traffic instead of closing the road to improve safety for children while crossing the road.

The survey also indicated support to provide wayfinding from the Conservation Park, through Central Avenue and Fryer Street Reserves to the Coast Park Walkway.

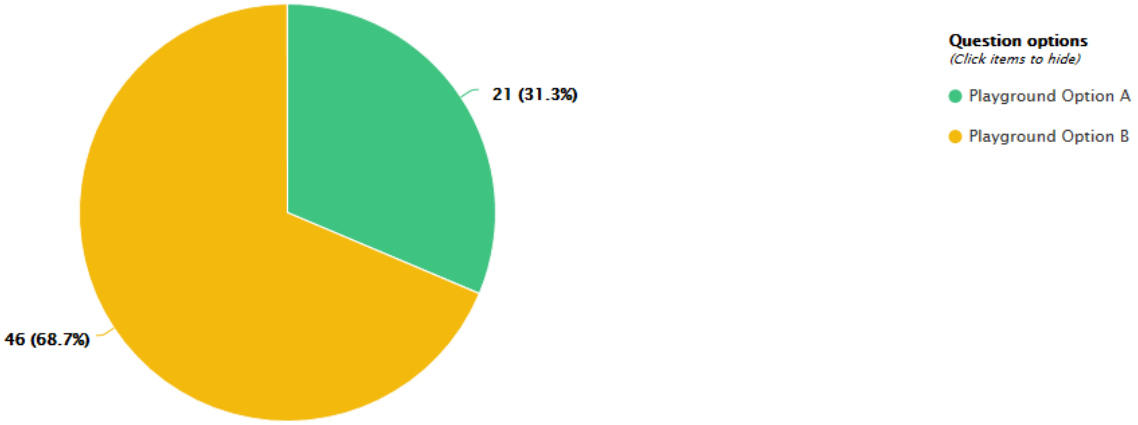
Consultation Findings

Consultation was held over three weeks, closing on the 3 September 2018. Five questions were asked and the findings are consolidated below.

Question 1
My preferred location for the playground is:



Question 2.
If Central Avenue Reserve was chosen, my preferred option is



OPTION ONE
- NEW PLAYGROUND AT CENTRAL AVENUE RESERVE AT LOCATION A OR B

OPTION TWO
- NEW PLAYGROUND AT FRYER STREET RESERVE
- REMOVE EXISTING PLAYGROUND AT CENTRAL AVENUE RESERVE

OPTION THREE
- CLOSE PORTION OF CENTRAL AVENUE TO CREATE ONE LARGE CONNECTED RESERVE

CITY OF MARION

CENTRAL AVENUE RESERVE/ FRYER STREET RESERVE
NEW PLAYGROUND LOCATION OPTIONS

Question 3.

PLAYGROUND FACILITIES

The new playground will be designed as a local level playground (External link) and will have the following types of facilities: - Play equipment – i.e. swing, slide, combination unit - seats / furniture, including at least one bench seat - plantings, including adequate plantings for shade - Pathways A similar type of playground is located at Mema Court Reserve, Hallett Cove (External link).

Do you have any comments about the facilities?

We are in favour of the playground remaining in current location.
Plenty of shade required; drinking fountain necessary; closing Central Ave a positive move as children currently just run across. Current large significant trees to remain.
The reserve is quite large, I would like to see a playground as stated, but also maybe a Pump Track, that would be suitable and available for older kids as well as younger kids. Playgrounds are fun, but only up until the age of about 10. Hallett Cove has a Skate Park, but a Pump Track is very different to a Skate Park and appeals to a different type of sport. Maybe Fryer Street could be fenced off as a Dog Park.
Consider the needs of people with disabilities
This should be upgraded to a larger playground as it's the only playground for residents in this area.
Central avenue reserve is best as there is parking all around the reserve. Gets a lot of foot traffic from local train station, conservation park and board walk. The park would benefit from a flying fox, slides, swings, climbing frames, bbq area. Shaded benches, fenced off, soft surfaces, water play, toilet facility as closest one is at the train station. As a resident on south avenue, there are many kids and adults who would love to have proper grass area to have a picnic and bbq. The current playground even though old gets a lot of use during the day and weekends. The central reserve is flat, which is less of a hazard for children who like to kick the footy or soccer ball unlike Fryer reserve were the are us hidden and hilly. Looking forward to see it come together. Been waiting 20+ years.
Add 2x park benches and table would be great
Flying fox, slides, swings, modern swings, basketball court, bbq area, shaded area for picnics
don't close the street
Regular swing sets, slides and low level play equipment would be great. Consider facilities for people walking by on the board wall trail.
We would need a toilet in the new playground.
Given how young kids are around our area a playground similar to Southbank Blvd., Sheidow Park would be better suited, one that is enclosed and has toilet facilities. Central Ave is better suited as it is already has shade from the trees. The fryer st reserve has no shade, not sheltered from the weather so very windy and dogs in nearby house constantly roam of leash with no owner supervision, not to mention all the dog poo on the reserve.

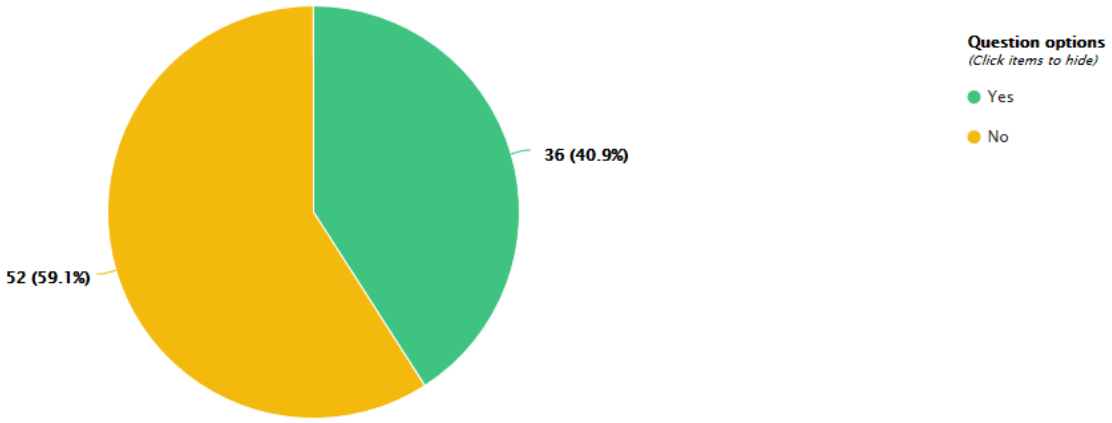
As Fryer street reserve is reasonably flat, it would be a better idea installing a couple of football goal posts there as it's the only flat levelled reserve around this area. As a kid/teenager, we used to go there to kick the football in the early 90's and had transport our own goal posts. The space is ideal for ball sports but for a playground I don't think it is. It's often very windy there, as it comes straight off the sea. This would be a huge deterrent for parents to take their young kids and toddlers to a playground there.
If possible for the playground equipment to be fenced off with a gate so kids cannot run away. Also central avenue would be ideal as it is sheltered from the harsh winds from the coastline
I do not oppose the Playground development BUT I do not support the closure of Central avenue as this will cut off transport access.
I fully support the upgrade of the playground. Under no circumstances do I want Central Avenue closed. This is a quiet street and does not need any traffic changes. It's bad enough we have a long drive to get to the main road and shops, without any more roads being closed.
Plenty for a little bigger kids too like the rock climbing at Quailo Ave park. The grass area at the moment isn't great there is a lot of 3 corner jacks and weeds. Grass to kick a football would be great too!
Climbing frames, equipment for older children. Basketball court, rock climbing
Would love to see some nature play equipment installed as well as some native planting or edible native plants with educational boards.
Sounds good to me
Shade is better at central avenue so we should use it. Trees on fryer street reserve would block the view. A path suitable for Kids bikes would be good.
A nature play style playground with natural materials would be fantastic and really complement the area's surrounds! I feel that playground option A is ideal due to the ability to centralise people within the site and use the area tucked away from the streets to the west. A pergola/ shelter would also be fantastic. This being a relatively skinny site, I'm also concerned about fencing as I've just moved to the area from living opposite Jervois Street reserve in South Plympton where a lack of fencing resulted in a couple of accidents and a pet fatality on the street.
A new playground at Central Ave North would be great use of this space, with Fryer Ave left as open space to enjoy other events with that view! OPTION A PLAYGROUND is best use of safe space and would be BEST TO HAVE IT FENCED, to separate young children from dogs in the area and allow safe free running places. Also CLOSING THE ROAD to create one large space would really enhance park and safety!
Maybe a native edible bush tucker plant garden with plants like Muntries, pigface and ruby salt bush? Some education about local environment.
I believe the existing site option B. is the ideal site for younger children and I believe the Fryer Street reserve should be set up for older children and adults exercise area where they need more space and can play more physical games; kicking footballs, cricket, flying kites without running in to trees and shrubs, or into hazards of small kids. This is the only area of this type in our community and should set aside for this purpose.

A toilet should be included. The railway one is too far. I would like the drainage to allow a shallow pool for kids to play. Also, could a flying fox be included? It was such an attraction while it was there!
I think option 3 would be great!
Consultation with children living on Fryer Street tell us they would like the following at the proposed park: Monkey bars Single monkey bar to swing on Kids dirt BMX track (if unable to do this, a hard dirt track with bumps, similar to the path surrounding the flying fox at the park near the Hallett Cove shops). Flat grassy place to kick the footy with goals Swinging basket Flying fox Climbing wall
Mema park has features that many children do not tend to use. The long rubber hanging ropes with coloured steeping circles are expensive and take up room yet kids at schools as a teacher I observe just do not use. The same can be said for the structure with a couple of hoops at Mema reserve designed for kids to climb through, again kids use it once and do not go back to it. Look at Sixth Ave Ascot Park for better playground equipment that kids generally prefer.
This park has facilities that I would not choose, the climb from one rope to the next will not be used.
Not a large number of young children in area.
Playground in Central Avenue Reserve will be a little more sheltered from weather as well as crowds on the coastal path
The kids grow out of the equipment by age 6... What then?
Fryer Reserve will make a much nicer playground than the current area.
I do not disapprove of the idea of the upgrade of the playground But I do not Approve of the CLOSURE of Central ave.
Toilet & bbq facilities.
A fenced in playground, toilet facilities. given the age of children in the area, a playground similar to Southbank Blvd. sheidow park would be more suited.
Dirt track around park for bikes. Flat grassed area for footy/soccer kicking, climbing wall, rope climbing structure, swinging baskets, monkey bars plus single monkey bars, flying fox, soft cool rubber surface, no infested chemically treated bug bark. Shade sails, shelters. Toilets, drinking fountain, water play, I found trampolines like Adelaide zoo and marshmallow pk.

Reason for my choice. Central Avenue reserve is safe from motor traffic and is relatively protected from the coastal winds. Fryer Street reserve is open to coastal strong winds blowing from the South and North West. I am also concerned that children could wonder too close to the cliffs edge and fall over. Parking on Fryer Street would restrict normal traffic flow if cars parked on both sides of Fryer Street. Cars travelling downhill down Fryer street often pick up speed in excess of 50KPH and is a danger to pedestrians especially children returning to cars or crossing the road. Speed humps would need to be introduced
I have chosen playground option B because it is protected from strong winds coming off the sea. Has safe parking facilities and existing shade from trees. The reason I have not picked Option A is because now and then there is a strong smell that comes from the sewerage tank situated in that park and now and then noticed council workers trying to rectify the situation.
A BBQ facility and shade area would complement the playground
It would be good if there is a BBQ near playground
Slides, climbing frames, flying fox, swings, modern basket swing, water play, bbq area, shaded seating
Yes. I am happy for the new playground equipment to be installed where the current old playground equipment is located. There is sufficient street parking near the current playground. The other park across Central Avenue is a lovely park that is relatively quiet and this park complements the nearby playground park. Fryer Street Reserve offers very tranquil views. A playground here is not necessary. There is very limited street parking near Fryer Street reserve. More seating in Fryer Street Reserve would be useful.
While a playground like that at Mena Court looks fine, it is quite a standard design, and does not incorporate elements that connect children with the local environment and nature. Much valuable, interesting and fun aspects for children's play can come from incorporation of substantial nature-play elements, such as those described here: https://natureplaysa.org.au/
My suggestion leave new playground in existing place make a picnic area in other reserve between central & fryer street with table chairs & bbq
A bbq would be good to add as well
1. Update the playground where it is currently located. 2. Using the northern aspect would be a major problem as there is a sewer vent where you are proposing it and there are houses close by that could have their privacy infringed upon. 3.Seats Furniture and some trees near the western aspect of Fryer Street Reserve: it is popular clifftop walk and invites many visitors so why not provide some seating and cover for a refreshment break. 3. The water view from this Reserve currently contains one lonely bench and one sad gumtree and a bin. This could be made user friendly for those who want to sit and admire the wonderful sunsets...especially for those using prams that can barely be used on the clifftop walk and importantly the older members of community who cannot manage the walk but would enjoy the views from a beautiful vantage point. 4. Closing off the Central Ave Road would have significant risk management issues and traffic concerns. First traffic would be diverted predominantly down Fryer St and create an inconvenient zig-zag route around Second, South and Third avenues for no great advantage. Limiting access to those residents, for emergency vehicles is also problematic and unduly

inconvenient. Secondly, if an emergency arose then the only adequate access would be Fryer St. Sensibly and to mitigate risk you would think that a minimum of two straightforward access routes would be reasonable. Thirdly the clifftop walk including the access south of South Avenue is a popular local and tourist venture and if emergencies arose, including fire and trauma, then there would only be convenient access through Fryer St. This poses a significant risk to the local community for efficient and timely access. There have been major incidents requiring emergency services in this area and limiting to one major access makes no sense. Limiting access to such a popular and wide area that the cliff top walk encompasses could pose a risk to the community in terms of time and access. Finally, if the wheel isn't broke why fix it - the road does not appear to create any inconvenience. The numbers of people observed using the park, and I have live across from it for over two decades, would not seem to warrant such a drastic, costly venture. Money could be better served to update older infrastructure (playground) and develop new benches and table on Fryer St Reserve.
5. Money could be better served watering the trees (? do you still use water conserving trucks for replenishing the native trees in dry conditions) and planting ones near the Fryer St Reserve as well nearer the proposed benches and tables. A better return on investment than closing a road for no alleged gain.
6. Finally, thank you for planting trees in the Northern Central Avenue Reserve to replace the few older trees we have lost in the past 18 months.
7. PLEASE do not block of Central Avenue.

Question 4.
Do you support the potential closure of Central Avenue Reserve between Second and Third Streets?



Question 5.
Do you have any additional comments?

Not in favour of road closure in Central Avenue due to the increase in traffic up and down Fryer Street. More and more cars are both travelling up and down, as well as residents parking their cars on the road on Fryer street instead of on their property/drive way. Fryer Street is already become more and more difficult to transverse.
Great plan.
Additional comments are only to make use of all the spaces, and to appeal to older kids as well as younger kids. A Pump Track / BMX / MTB Track would be a great addition.
Fryer street reserve should be identical to Bandon Tce reserve with a playground, basketball hoop benches and irrigated grass.
Central Avenue all the way. Many of the homes on south, second avenue and third have young children.
Please don't put the playground on Fryer Street Reserve. I live on Fryer Street and as well as blocking our view of the water I would prefer a more natural feel when walking the boardwalk. Ideally I would like those reserves to become semi joined to the conservation park and allow the area to revert to its original form
Central Avenue is a lot nicer and less hazardous for children. Lots of foot traffic
It is a perfect location and should stay where is just simply upgrade the facilities
Please don't remove any trees. Please plant more local plants to soften look of playground, this forms part of the play space as well.
I support a Playground on Fryer St reserve. Also closure on central avenue and use this area for tennis courts, basketball hoops and picnic area. Toilet facilities on one of these areas.
We wouldn't mind the closure, would stop people speeding up Central Avenue, and would was result in a safer play space At the playground.
Just as long as the playground stays on the Central Ave reserves. "
As stated before I do not support the closure of Central Ave. But have no objection for the playground development,
Both are wonderful ideas and as a resident of Central Avenue I look forward to the future of our street
There are plenty of families in this area, each year we have a Christmas party here even though the park is tired there is always a great turnout and everyone always brings a plate of treats to eat. It's well used also by families who park in the area to access the conservation park.
Build the playground but do not close central ave to make access to the 26 houses west of third st even harder by the residents and utilities/emergency services
Love the idea and fully support the redevelopment.
Easy bike access up central should be retained through the closed section.
Playground must have shade so central is the best option.
A new playground at Central Ave North would be great use of this space, with Fryer Ave left as open space to enjoy other events with that view!
OPTION A PLAYGROUND is best use of safe space and would be BEST TO HAVE IT FENCED, to separate young children from dogs in the area and allow safe free running places.
Also CLOSING THE ROAD to create one large space would really enhance park and safety!

DON'T CLOSE THE ROAD, WHO THINKS OF THESE THINGS??? MAKES IT HARDER FOR EMERGENCY SERVICE VEHICLES AND LOCAL RESIDENTS
I don’t believe a full road closure is necessary; I believe a partial closure to slow down traffic because 50 kph is too high especially being in close proximity with children playing in the parks. I believe a 's' shaped chicane with a 'giveway' sign at the eastern side would slow down traffic enough to protect child pedestrians from hazard of through traffic.
I would prefer a chicane to be placed on Central Ave. rather than a full closure. It will still be safer for children to cross and slow traffic as well.
Central Ave is safer and sheltered from wind. Also, to have a playground in Fryer St might mean helicopters are unable to land in emergencies, such as falls from the cliff face or other medical reasons. Hallett Cove is not conducive to fast vehicle response due to Cove Rd having many roundabouts.
Please give consideration to ensuring the park is level and do take into consideration what the local children would like.
Shade sails should definitely be part of the park for sun safety.
Water play areas are also very popular.
A toilet and drinking fountains are a must."
As a teacher who has seen what kids tend to use on a long term basis in terms of equipment, these include having a track that goes right the way round the park that kids can scoot and ride on with some humps for jumps. Kids love to run or use their bikes on flat smooth tracks which can be compacted dirt. Kids like a flat grassy area to kick balls and run around. Having permanent goals for ball sports is even better in these areas. Having a small section with a basketball ring is an easy addition that adds a whole other facility without having to do a whole court, just a small cement section in front of the hoop suffices.
Climbing walls are a favourite or big netting climbing structures (not a rope wall) but the structure has multiple rope walls. Swings of course, the swings with large baskets are fantastic and always one of the most popular features, so 2 of these is a best. Monkey bars and single swinging bars, a flying fox is a draw card, shade, toilet and drinking fountain.
In ground trampolines like the city parks on South Terrace, a dirt track surrounding the park for kids to ride bikes on, with bumps like a BMX track. Climbing Wall. Rope climbing structure. Swinging baskets. Monkey Bars. Flying Fox. NO BARK, soft fall rubber surface. Shade Sails. Toilet. Drinking Fountain. Water Play. A fort up to a high slide. Single monkey bars. Flat, grassed area with gaols for kicking balls.
We would not like Central Avenue closed off. There would be increased traffic on Third Street and when Second Avenue is closed for roadworks it would be difficult to get onto cove road. There is a direct route at the moment to the train station along Central Avenue.
I don't want Central Ave closed because I don't want increased traffic past our house in Third Ave.
Closing Central Ave would be very unfair to residents who already have to travel longer distances whilst moving around suburb.
Had one scary moment with our kid running across between reserves on way to park on Central Avenue. 'wait for us..!!!' Linking the two without a road is good for park users.
Don't close Central Ave off, the money is better spent on a new playground at fryer Street for families to enjoy.

Your survey is too superficial. The closure of Central Ave on the face of it has no justification but should the council actually want to properly upgrade and manage the park (ie plant and maintain some lawn) then that would change the discussion.
Putting a playground in the Fryer street Reserve would put dogs and kids in potential conflict. Option A for the playground places the play equipment right next to, if not actually over, the poo pumping facility that currently dominates that piece of the reserve.
IF you are serious about upgrading the 3 patches of reserves then some commitment to improving the entire amenity is required. As it stands there is no argument for closing Central Avenue that I can imagine. However if you decided to upgrade the grass to the level of that on Bandon Tce (Forrest Ave), add a toilet for the clifftop walkers, a BBQ, some soft fall and a decent set of equipment such as that near Quailo Ave then maybe closing Central Ave might make sense. Right now it seems underdone...
Oh, and by the way. The big swing set has been there for more than 40 years. It is the only piece of equipment regularly used by anyone over the age of 6. Maybe you should consider some play equipment for people over that age... A fitness trail? A decent sized swing? "
Central Ave Reserve is not used very often and does not need that road closed
Closure of that portion of CENTRAL ave cuts off the direct access to the Cove Road.
Please do not Close off the proposed section of Central avenue! "
central ave reserve would be better suited as it is more protected from the weather and safer for the kids
Thank you for the opportunity, this kind of progress is needed for the young family's health and well-being.
By closing off the street between second and Third Street would cause extra traffic flow in the surrounding streets. Keep the parks separate one for playground and the other for residents and visitors to play ball games, nature walk without the necessity to be among children playing.
It would be better to keep both parks separate allowing no disruption to residents. By installing BBQ facilities in park A could be nice for family get togethers. Of course situated some distance from the sewerage tank!
The park seems a bit too shady especially in winter, I wonder if some of the non-significant trees could be removed and maybe replaced with smaller ones thanks
Yes. I disagree with the potential road closure of a portion of Central Avenue. In case of an emergency, access to and egress from the area will be restricted. I do not believe it is a problem to safely and easily cross Central Avenue when traversing the two parks. There is great visibility to look both West and East along Central Avenue when crossing Central Avenue.
I believe that of the Options presented, Option 1 with the playground located between Central and Fryer Streets (in the north reserve) is the best use of these parks for the future. It centralises the play area across the reserves.
Option 2 places a playground in a very exposed (often very windy) location that would mean far less use than in the other two reserves by children and families. However, I think Option 3, with the playground in the same position between Fryer and Central is a far better use of the available spaces. Both the removal of the Central Street through-road access, and the placing of the playground there each serve to improve child safety. The removal of a road close to the playground is an obvious safety plus, and the existing westerly finger of northern park section provides a well-bounded play area for children to expand to that is away from roads.
Why not make central avenue a chicane & leave the road open but slow traffic down would be my preferred option

Social Media

City of Marion
August 13 at 4:11 PM ·

Consultation opportunity - Central Avenue Reserve / Fryer Street Reserve, Hallett Cove.

The playground at Central Avenue Reserve has reached the end of its useful life and will be upgraded.

We're seeking feedback about whether the new playground is built at Central Avenue Reserve or Fryer Street Reserve.

Consideration has been given to joining the two reserves at Central Avenue between Second and Third Streets as indicated as Option 3 on the map.

You're invited to provide feedback on the potential location of the playground and potential road closure through the survey at www.makingmarion.com.au/central-avenue-reserve-fryer-street...

14 7 Comments 1 Share

Most Relevant

Write a comment...

Susie Hayes What about the playground at Tigress drive.. what's the plan for there?

Like · Reply · 2w

City of Marion Hi Susie, Lapwing Street Reserve is our playground upgrade schedule and is timed for design in 2021/22 with construction the following year. We will consult with local residents when we are designing the playground.

Like · Reply · 2w

Dion Gregory Jamie Kerslake-Weber Ashley Weber . Have you guys already filled out this survey ?

Like · Reply · 2w · 1

Ashley Weber Sure have 1

Like · Reply · 2w

Jamie Kerslake-Weber Yes me too 1

Like · Reply · 2w

Write a reply...

Maraya Verdonk Amanda Gregory Dion Gregory have you seen this?

Like · Reply · 2w · 1

Amanda Gregory We got the pamphlet in the letterbox yesterday. Very exciting, really hope they keep it where it is now as there is more shade and less wind.

Like · Reply · 2w · 2

Write a reply...

Amanda Gregory Lyn Dempster Anjelica Dempster Jacqueline Dempster make sure you do the survey

Like · Reply · 2w · 2

Jacki Bishop Victoria Chigwidden Roxy Walsh 1

Like · Reply · 2w

Brandon Fry Kristina Carrie-Ann 1

Like · Reply · 2w

Kyerin Grundy Sam Smith

Like · Reply · 2w

Write a comment

Phone Call Feedback

Opposed to road closure - When towing a boat along Central Avenue – the road closure will make it difficult. The turning circle of the boat and trailer and the cars parked along the roads make this a factor when deciding to close the road.

Central Avenue Reserve Playground

Draft Concept Community Consultation Findings

November/December 2018

1. Introduction

This report summarises the community consultation undertaken on the draft concept plan for the development of Central Avenue Reserve.

Central Avenue Reserve consists of two reserves Central Avenue Reserve North, located between Fryer Street and Central Avenue, Hallett Cove and Central Avenue South, located between Central Avenue and South Avenue, Hallett Cove.

The playground at the reserve was installed in approximately 1990 and consists of the following facilities: play castle with flying fox, small play castle and double swing set all on bark chip base.

Central Avenue Reserve playground has reached its useful life expectancy and is in need of an upgrade.

2. Consultation Program

The community engagement was undertaken in the following way:

- A survey was uploaded on to Council's community engagement platform, Making Marion available at www.makingmarion.com.au/central-avenue-reserve.
- A face-to-face community consultation at Concert at the Cove (24 November) event.

The community was informed about the survey and the face-to face engagement in the following ways:

- A hard copy flyer was distributed to households within roughly 400m radius of the reserve containing information about accessing the survey online and the period of consultation.
- Social media posts placed on the City of Marion Facebook page.
- Signs on the site.

3. Consultation Overview

Community members were invited through the online survey to provide feedback on the draft concept plan for Central Avenue Reserve.

As a summary, during this 3-week consultation period Council received:

- 19 electronic responses from Making Marion.

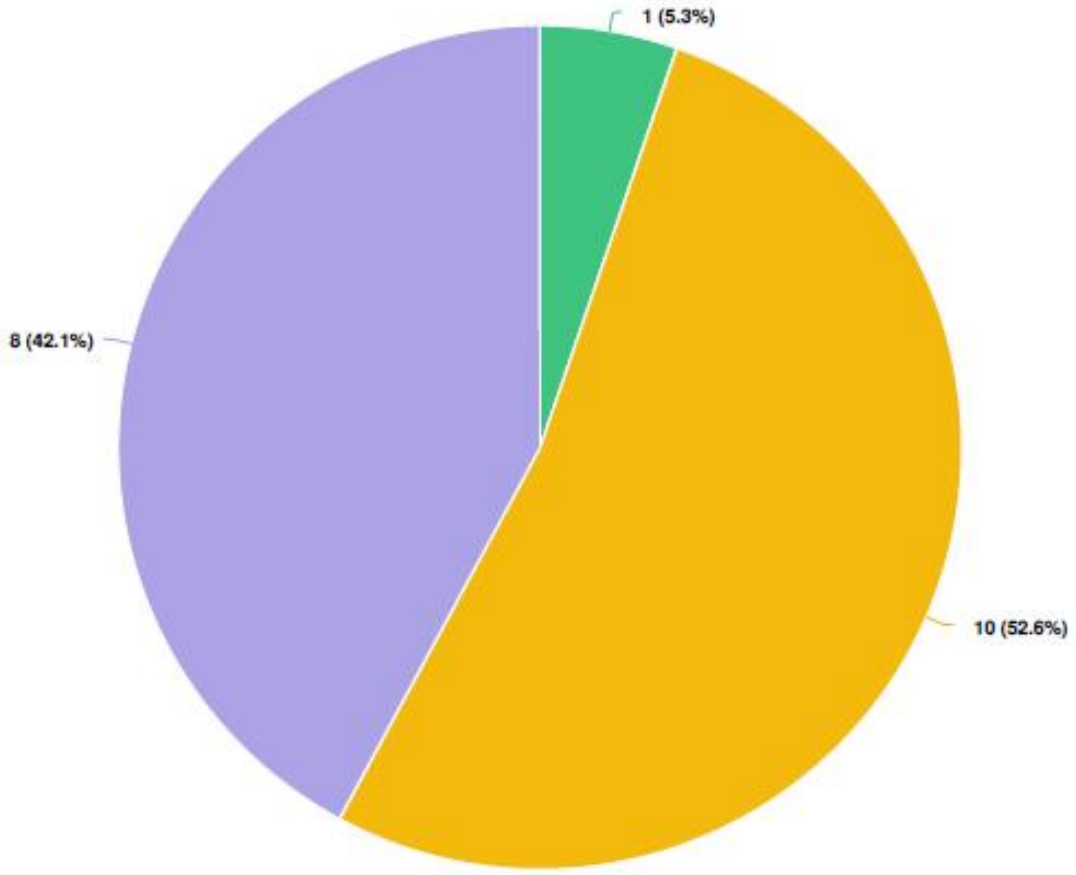
4. Consultation Findings

Overall, the survey was well participated by the community and responses were very constructive.

In summary:

- A total of 53 visits were recorded between the 3 week period to the project's Making Marion web page where survey tools including the Draft Concept and Precedent Images were available for viewing.
- A total of 19 responses to the survey were received.
- Please see below for the results of this survey. A hard copy of the survey can be found in Attachment 1.

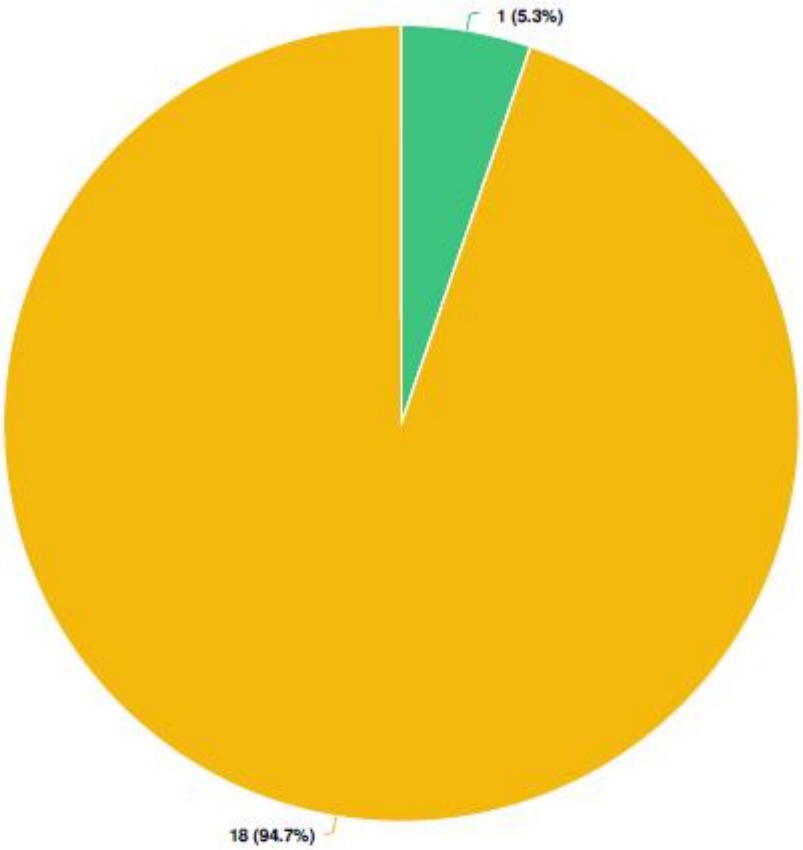
Q1 Which type of swing do you like most?



Summary of results:

Standard swing (toddler and standard seat)	10	52.6%
Basket Swing	8	42.1%
Tree swing	1	8.3%
Total	**19**	**100%**

Q2 The consultation in August identified the community favoured a bike / trike track. Which type of track surface do you like most?



Question options

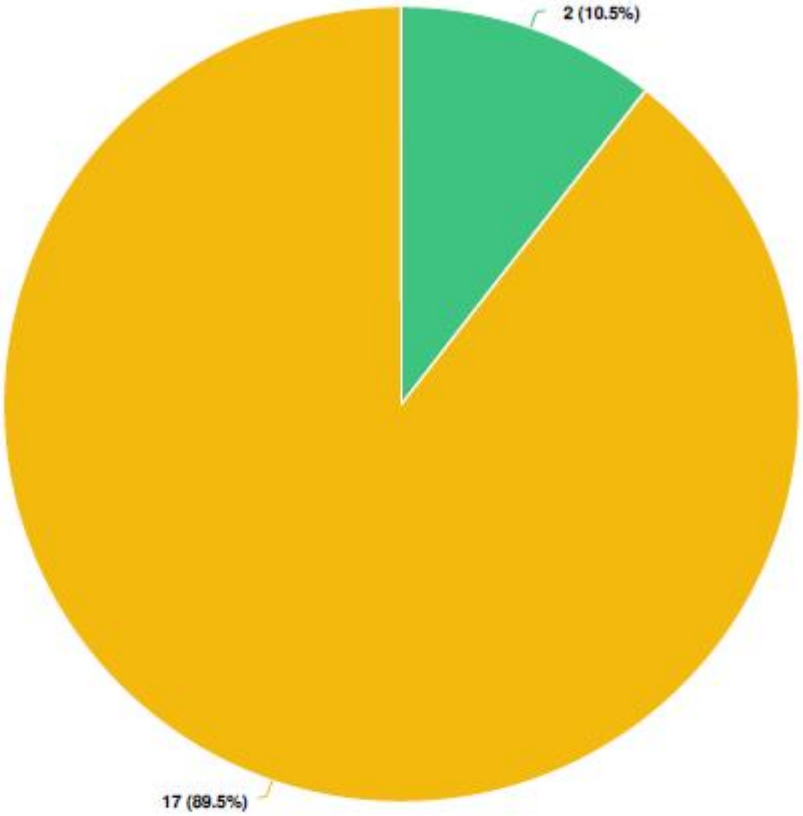
Dirt track Bitumen track

(19 responses, 0 skipped)

Summary of results:

Bituman Track	18	94.7%
Dirt Track	1	5.3%
Total	**19**	**100%**

Q3 The consultation in August identified the community favoured a flying fox. Which style of flying fox seat do you like?



Question options

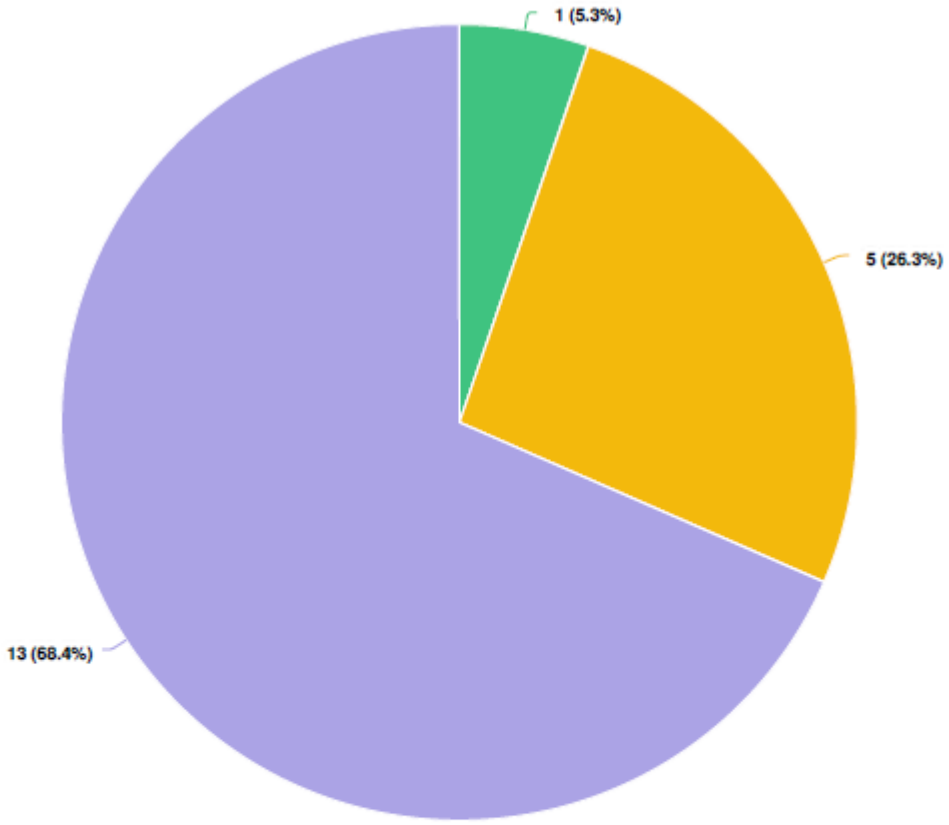
Swing seat with harness Pommel seat

(19 responses, 0 skipped)

Summary of results

Pommel Seat	17	(89.5%)
Swing seat with harness	2	(10.5%)
Total	**19**	**100%**

Q4 What style of seating would you like?



Question options

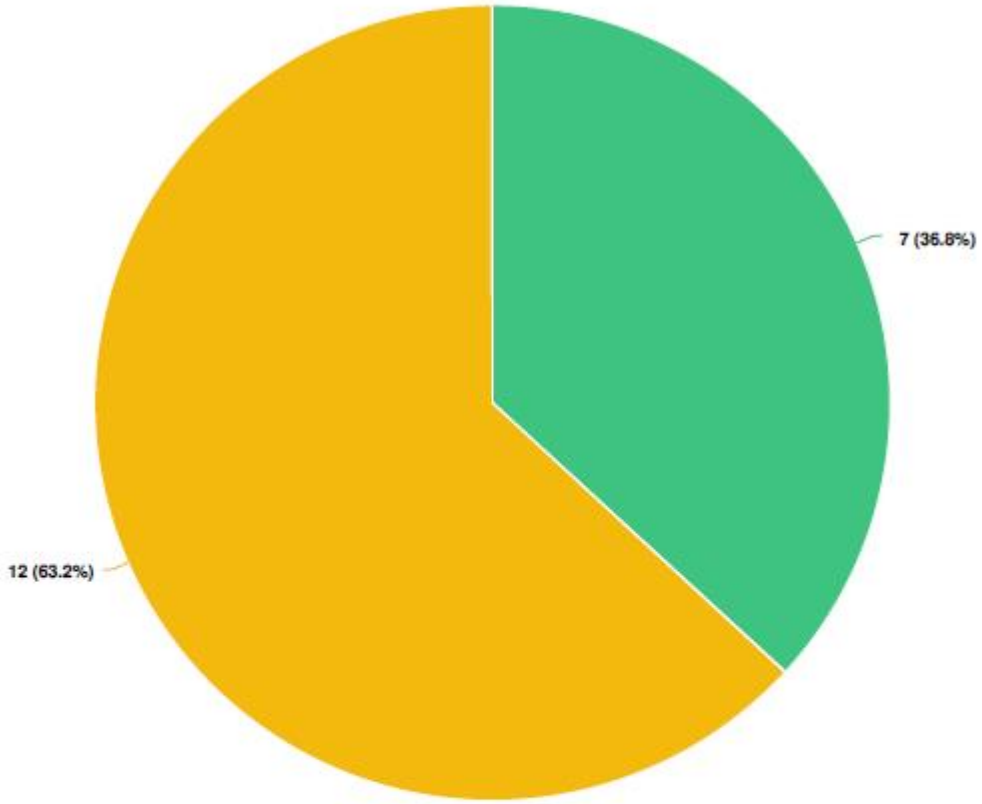
Hammock Bench seat Both

(19 responses, 0 skipped)

Summary of results

Both (Hammock and Bench Seat	13	68.4%
Bench Seat	6	26.3%
Hammock	1	5.3%
Total	**19**	**100%**

Q5 The concept proposes the redevelopment of the area currently used for a smaller play structure into a bocce court. Do you support the bocce court?



Question options

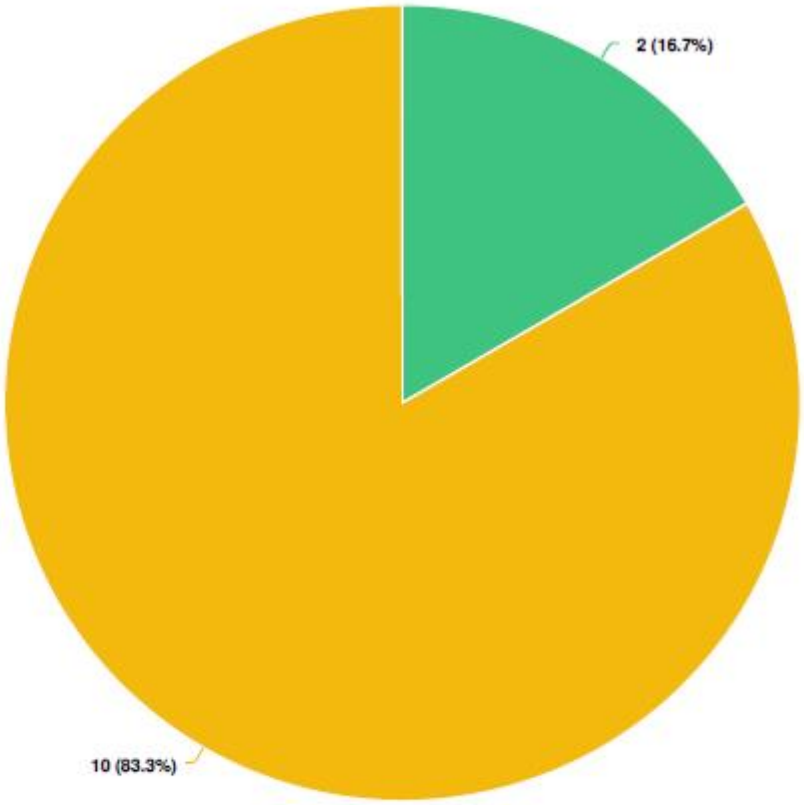
Yes No (please suggest an alternative)

(19 responses, 0 skipped)

Summary of Responses

No	12	63.2%
Yes	7	36.8%
Total	**19**	**100%**

Q6 If not what alternatives to a bocce court would you like to see?



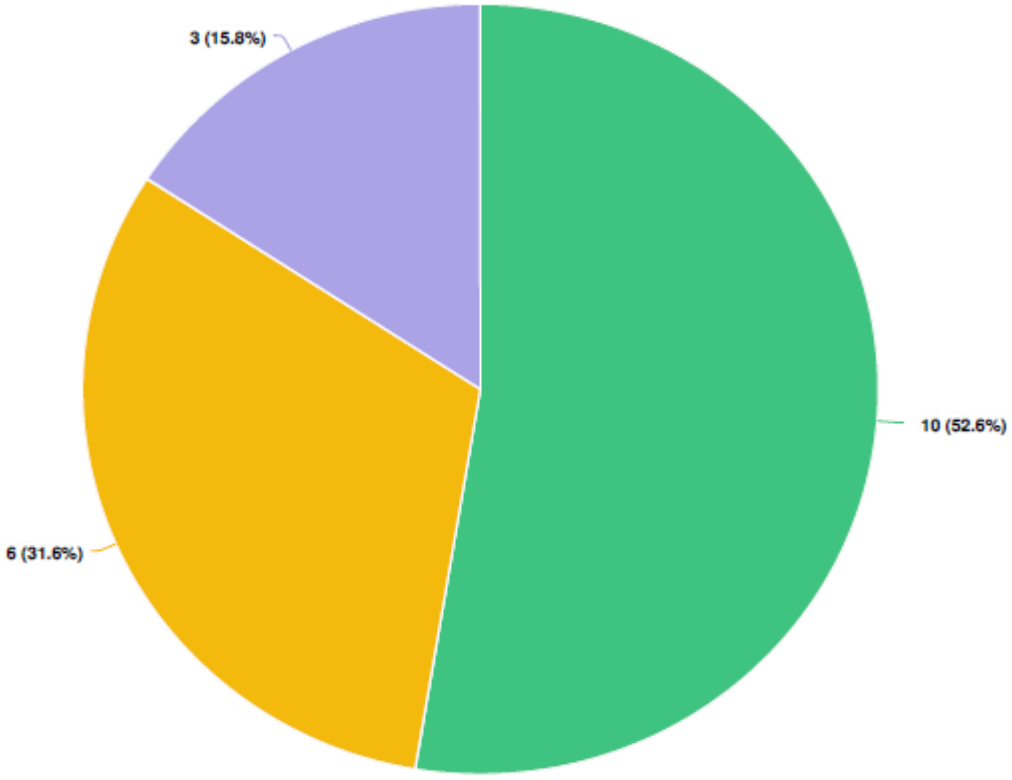
Question options

Sandpit Other (please let us know what other ideas you have)

(12 responses, 7 skipped)

Other (Basketball/netball court)	***9***	
Sandpit	***2***	
Other (climbing structure)	***1***	
Other (tennis court)	***1***	
Other (tunnel)	***1***	
Garden Bed	***0***	

Q7 Overall, what is your level of support for the draft concept of the reserve playground?



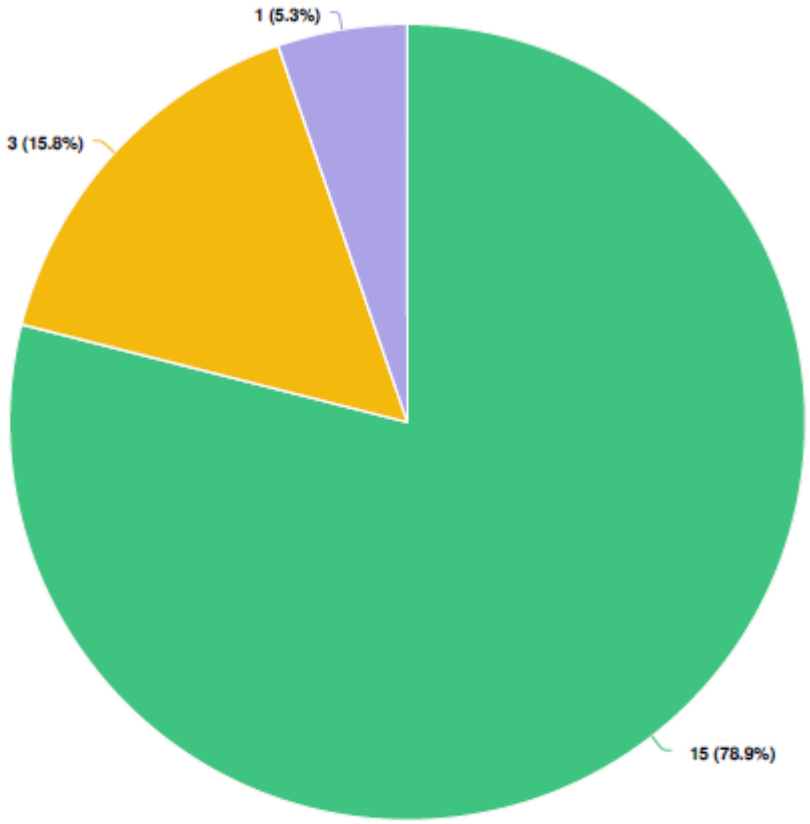
Question options

Strongly support Support Neutral

(19 responses, 0 skipped)

Strongly support	10	52.6%
Support	6	31.6%
Neutral	3	15.8%
Don't approve	0	0
Strongly disapprove	0	0
Total	**19**	**100%**

Q8 Do you have children in your household?



Question options

Yes No Prefer not to say

(19 responses, 0 skipped)

Yes	15	78.9%
No	3	15.8%
Prefer not to say	1	5.3%
Total	**19**	**100%**

Numbers of children in households

No. of Children within household	No. of households
1 child	2
2 children	8
3 children	3
4 children	1
5 children	2

Age of children of survey respondents.

0-2	15
3-6	19
7-10	9
10-12	5
12+	1
Total children	**64**

Q9. Do you have any other comments or suggestions regarding the playground upgrade?

Responses have been listed as worded by the respondent. For privacy reasons, respondents' details have not been included.

- Once again park development between Central Avenue and Fryer Street is being neglected. I realise that this is a survey on the playground, but the dust is increasing in the other section of the park as summer approaches. We are grateful for the tree plantings but how about some irrigation and/or groundcovers to improve the arid landscape.

- A sandpit or basketball hoop would be excellent! The upgrade will be perfect for my toddler!

- There should also be seating on the other side of the park as well. I would highly recommend a slide of some sort as well.

- This reserve used to have a well used BBQ which was used as a community meeting place. The BBQ should be re-installed as part of the upgrade. It could be located in the northern section of the reserve.

- fresh water; fencing to make it secure for toddler; Toddler suitable play equipment

- We are fortunate to live in walking distance and our grandchildren love the idea of the new playground.

- Having a working tap would be useful. Thankyou.

- So many people in the local area have dogs, it would be nice to have a dog park where the dogs are safe and the locals can chat.

- I chose Bitumen over Dirt for the bike / pump track, but what other options could be considered, possibly the 'soft' material used on some footpaths near tree roots? Also -

noting that the decision not to combine the park across Central Avenue (which I preferred) has been made, i strongly support the installation of a 'chicane' or similar traffic quieting road furniture. We have three small children and a dog and use the facilities on a regular basis, this will be an important improvement in terms of safety and stopping through traffic from speeding through the area between the current parks (either side of Central Ave). As we have a dog i am very supportive of appropriate facilities for dog owners to manage dog waste etc. I have previously raised the issue with council of the very limited parking available at the western end of Central Avenue. To date there has been no response to the suggestion of increasing the number of parking 'bays' along Central Ave. Improving amenities at other parks has seen significant additional patronage of those parks. Presumable the same is anticipated for this development. It therefore makes it very important to ensure complementary development of support infrastructure to manage the additional traffic / patronage. I am happy to engage further on this as required. I am aware that some residents have raised concerns re access for emergency services as a result of this consultation. Improvements in signage and road markings would offer a clear solution to these concerns and make it easier for people from outside of the immediate area to find the facilities. Happy to discuss, Steve

- It also needs a bbq area and toilet facility

- A basketball court would be fantastic to have in the area

- I don't see on the plan that seats are proposed on the South Avenue boundary where the table and chairs currently are situated. I would hope that seating and BBQ area is placed in this area as it is used often by the current residents for local gatherings. The current plan does not show any such area. Please confirm what you intend to do. It would be a shame to remove the current table setting and not replace in same position with something similar and more appropriate to the new upgrade. It does not necessarily have to have a BBQ but at least an area to sit and enjoy a picnic atmosphere with friends and neighbours.

- fresh water; well fenced for toddler area; pump track would be good to be bigger and with some jumps theres alot of kids who use bikes and scooters around this area so would be good if it could accommodate

- I understand that a basketball half court is not specified in the Local Level plan however I really think this or the like would by highly used. It could be used by all ages, genders and I know that the children in the area have expressed access to one.

- A half basketball court would go a long way here. I'd use it with my kids a lot.

- lots of kids play sport. I think a basketball court or half court would be used or a half tennis court or the like. Bocce would never get used. Kids don't play bocce....

- It would be great to have some nature based climbing equipment.

- In dire need of upgrade will be well received when completed.

- This park needs to have climbing and swing for the children plus and or a basketball court

5. Summary of feedback received

The table below identifies some of the concerns and issues raised regarding the playground upgrade.

There were some key themes that emerged throughout the consultation and evaluation process. Which has influenced the final design.

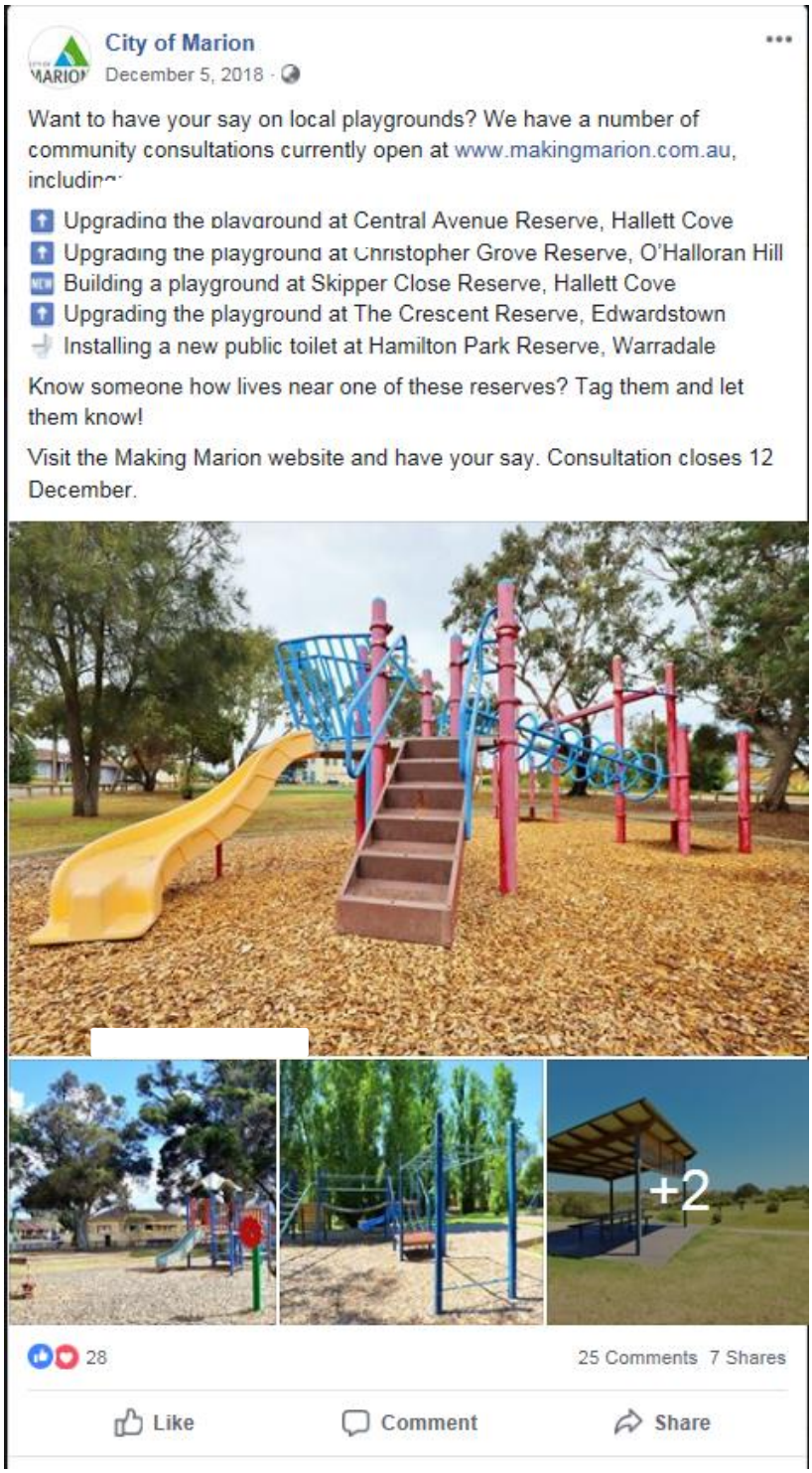
Overall summary of key themes received

Key Theme	*No. times issue raised*	*Design response*
Equipment requested: Sandpit Slide Climbing equipment	 1 1 2	To be considered through detailed design.
Basketball Court request	6	This item is not within the service level of the reserve but will be considered through detailed design if funds allow (as per Bocce feedback).
Provide fresh water/drink fountain/tap	3	To be considered through detailed design and budget review process. There is existing tap on site providing potable water.
Provide secure fencing	2	Insufficient funds to accommodate. Buffer planting will be considered as an alternative.
Install Barbecue	2	This item is not within the service level of the reserve.
Seating request on Central Avenue Reserve North	1	To be considered through detailed design.
Concern over condition and use of Central Avenue Reserve North	1	This item will be further considered in open space planning and maintenance.
Provide play equipment suitable for toddlers	1	Noted.
Provide dog friendly area	1	This item is not within the service level of the reserve.
Provide traffic calming measure between the two reserves	1	Traffic study will be undertaken to determine the need for any measures.
Improve parking and traffic management on Central Avenue.	1	Traffic study will be undertaken to determine the need for any measures.
Request for toilet	1	This item is not within the service level of the reserve.
Clarification on the location of a new picnic setting	1	To be considered through detailed design.
Larger pump track with jumps	1	To be considered through detailed design and budget review. Site has many significant trees, hence a large scale pump will not be possible.

5. Social Media Post

Social media posts were made on Facebook during the consultation period. There was a strong engagement on social media with individual post reaching over 4000 people. Facebook posts and statistics are provided below.

Date of Post: 5 December 2018



We thank the community who took the time to provide their feedback and participate in the engagement process.

Attachment 1: Copy of Hardcopy Survey and Concept plan

Introduction

The City of Marion is pleased to advise that Council is upgrading Central Avenue Reserve playground, Hallett Cove.

Community consultation to determine the preferred playground location and amenities at Central Avenue Reserve playground was undertaken over a three week period to 3 September, 2018. The outcomes of the survey determined the preferred playground location was the current location in Central Avenue Reserve. Respondents provided suggestions for equipment and amenities such as a flying fox, bike track and grassy kick about areas. The Community Engagement Findings can be found: www.marion.sa.gov.au/Central-Avenue-Reserve-Fryer-Street-Reserve-Community-Engagement-Findings-September-2018.

The outcomes of community consultation have informed the concept design of Central Avenue Reserve and are incorporated with the following proposed local level reserve elements:

- new play structures
- nature play
- seating
- landscaping
- pathways

Council plans to remove the old equipment and commence construction for the new playground in the 2019/20 financial year.

Consultation

We invite you to participate in the concept development by completing our survey. This information will assist us to shape the final design. Please refer to the draft concept plan for further information.

Central Avenue
Third Street
Second Street
South Road
6
2
2
1
3
4
5
CENTRAL AVENUE SOUTH RESERVE
DRAFT CONCEPT PLAN
0 2 5 10 20
N
1 Proposed Flying Fox
2 Proposed Nature Play Area
3 Proposed Picnic Area
4 Proposed Bocce Court
5 Turf
6 Proposed Improved Access
Proposed Seating
Proposed Swing
Proposed Pathway
Proposed Pump Track
Existing Fence
CITY OF MARION

Please select which play element you would like to see in the playground (please note: the images shown are examples of the play element and may not be the actual structure selected at the time of construction).

1. Which type of swing do you like most? *(Choose only one)*

☐ Tree swing

☐ Standard swing (toddler and standard seat)

☐ Basket swing

2. The results of the consultation in September identified that you wanted a bike/trike track. Which style of pump track/ trike track surface do you like most? *(Choose only one)*

☐ Dirt track

☐ Bitumen track

3. The results of the consultation in September identified that you wanted a flying fox. Which style of flying fox seat do you like? *(Choose only one)*

☐ Swing seat with harness

☐ Pommel seat

4. What style of seating would you like?

☐ Hammock

☐ Bench seat

☐ Both

5. The concept proposes the redevelopment of the area currently used for a smaller play structure into a bocce court. Do you support the bocce court?

☐ Yes

☐ No

If not what alternatives to a bocce court would you like to see?

☐ Sandpit

☐ Garden bed

☐ Other suggestion

_____

6. Overall, what is your level of support for the draft concept of the reserve playground?

☐ Strongly support

☐ Support

☐ Neutral

☐ Don't approve

☐ Strongly disapprove

7. Do you have any other comments or suggestions regarding the playground upgrade?

_____

_____

_____

_____

8. What suburb do you live in?

_____
__

9. What is the age of your child(ren)?

_____

The outcomes of the consultation will be made available in the New Year at:
www.marion.sa.gov.au/central-avenue-reserve.

You can be notified by subscribing to our Parks and Playgrounds Newsletter at:
www.marion.sa.gov.au/email-newsletters-subscribe.

Thank you for taking the time to complete this survey.

CITY OF MARION

QUESTIONS WITH NOTICE

Solar Garage at Tonsley Project

Elected Member Mayor Kris Hanna

Report Reference: GC191022Q01

Question:

1. In 2017, Council approved a partnership funding contribution of $30,000 towards the “Solar Garage @ Tonsley” project, which would provide a facility free of charge to the community to enable them to charge-up their electric vehicles as and when required. Can Council please have an update on the progress of this project?

Supporting Information:

A copy of the 8 August 2017 General Council report “Solar Garage @ Tonsley” Project (Report Reference: GC080817R03) is attached as appendix 1.

Response Received From:

Staff Comments:

The following response to the question was provided by Flinders University on 17 October 2019:

The Solar Garage project @ Tonsley has been approached by Evie Networks to install their 350KW Ultra Fast charging stations as part of the installation, these chargers represent the most modern and up to date electric vehicle re-charging stations currently on the market, and have a retail value of around $400,000. Compared to the 50KW Tritium fast chargers that were going to be put into the Solar Garage at a significantly lower retail value. These new charger would future proof the Solar garage and see it serve the community for a longer period of time. However, Evie did want to implement a fee for service model on the charging stations, which was not acceptable to the stakeholders. However in the last few weeks Evie have made an offer of not requiring a fee for service for 5 years, hence now their offer was deemed to be acceptable and arrangements are now being made to install their hardware into the Solar Garage. This includes connection to the enwave power supply to be installed at Tonsley, since this is the only energy retailer at Tonsley that could manage the power load required by the Evie re-charging stations. It is expected that the Solar Garage will be ready to be launch by the end of the calendar year, and it is proposed do a joint launch in conjunction with SA Gov’s EV strategy at Tonsley. It also must be noted that free EV re-charging will still be available at the Solar Garage using the AC rechargers that are available in 4 of the 6 bays.

While the progress of the Solar garage has been slow the outcomes it can now achieve are far greater than what was expected at the outset of the project, the ev industry and associated re-charging technology is moving so fast it would be unproductive to install technology that would be outdated before it began operation.

ATTACHMENTS:

#	Attachment	Type
1	Appendix 1 - Solar Garage at Tonsley	PDF File

CITY OF MARION
GENERAL COUNCIL MEETING
8 August 2017

Originating Officer: **Jaimie Thwaites, Unit Manager Governance and Records**

General Manager: **Vincent Mifsud, General Manager Corporate Services**

Subject: **"Solar Garage @ Tonsley" Project**

Report Reference: **GC080817R03**

REPORT OBJECTIVES:

The purpose of this report is to seek Council's endorsement to partner with Flinders University and Mitsubishi Motors with a funding contribution of $30,000 towards the implementation of a Solar Garage at Tonsley, which is in line with contribution commitments received from other funding partners. This project will provide an electric vehicle charging facility that will be powered by solar energy and supported with battery storage that will provide a proposed total of 6 charging bays, two fast charging and four Level 2 chargers. This facility will be provided free of charge to the community to enable them to charge-up their electric vehicles, as and when required.

EXECUTIVE SUMMARY

As a key stakeholder involved with the Tonsley project, Flinders University and Mitsubishi Australia have invited the City of Marion to consider being a funding partner with them in their Solar Garage project. The 'Solar Garage @ Tonsley' project aims to build a solar garage in the far south eastern car park bordering South Road to assist sustainable transport solutions. The garage will have high profile exposure to South Rd, and will have all stakeholder logos visible on its sign board. All ongoing responsibility for the operating and maintenance costs of the project will rest with Flinders University and Mitsubishi Australia.

The project is estimated to cost in the vicinity of $320,000. To date $280,000 in contributions (Cash and In-kind) have been committed from a variety of partners including Mitsubishi, Flinders University, South Australian State Government, Zen Energy, Siemens and Enwave Energy Australia. Additional funding is being sought from key partners in the Tonsley project, including the City of Marion, South Australian Power Networks and Gelco.

A presentation on the 'Solar Garage @ Tonsley' project will be provided at the Council meeting by Professor Rocco Zito (Professor and Head of Civil Engineering School of Computer Science, Engineering and Mathematics) from Finders University and Mr Craig Norris (National PHEV Sales Manager) from Mitsubishi Motors.

RECOMMENDATIONS	**DUE DATES**
That Council:	
1. Notes the presentation by Finders University and Mitsubishi Motors on the potential for a Solar Garage at Tonsley.	**8 Aug 2017**
2. Approves a partnership funding contribution of $30,000 in 2017, towards the "Solar Garage @ Tonsley" project, to be funded from Council's Asset Sustainability Reserve (Energy Efficiency fund).	**8 Aug 2017**

MOTIONS WITHOUT NOTICE

QUESTIONS WITHOUT NOTICE

OTHER BUSINESS

MEETING CLOSURE

Council shall conclude on or before 9.30pm unless there is a specific motion adopted at the meeting to continue beyond that time.